



# Creating the future

ANNUAL REPORT 2024



# We are a material solutions company



## ABOUT THIS REPORT

This Annual Report provides a comprehensive overview of our performance in 2024. All material information has been integrated into this one entirety.

### Corporate Sustainability Reporting Directive (CSRD)

The EU Corporate Sustainability Reporting Directive (CSRD) introduces a standardised mandatory reporting framework that requires companies to disclose comprehensive information about their environmental, social and governance performance. This includes actions to mitigate climate change, address human rights and promote good governance.

Under the CSRD, the European Sustainability Reporting Standards (ESRS) outline the new EU requirements and indicators, and provide detailed guidelines on the content and format of reporting on sustainability-related impacts, risks and opportunities.

We have included the European Sustainability Reporting Standards (ESRS) relevant to our business and the material topics identified through the double materiality assessment in the Sustainability Statement (on pages 125–245).

### UPM's corporate responsibility reporting in accordance with GRI standards and AA 1000

UPM has reported in accordance with the standards of the Global Reporting Initiative (GRI) for the period 1 January 2024 to 31 December 2024. Our GRI index document shows where the material topics and general disclosures can be found in the Annual Report, on UPM's website or in the GRI index document itself. It also includes information about omissions, additional explanations and disclosures on the management approach. The document is available on UPM's website [www.upm.com/sustainability](http://www.upm.com/sustainability).

UPM is also committed to the principles of inclusivity, materiality, responsiveness and impact as defined in the AA 1000 AccountAbility Principles Standard (2018).

### The reports online

All online reports can be found at [www.upm.com/annualreport](http://www.upm.com/annualreport)  
 UPM Annual Report 2024 PDF version  
 UPM Corporate Governance Statement 2024  
 UPM Remuneration Report 2024  
 Accounts for 2024 in XBRL format  
 UPM GRI Content Index 2024  
 UPM Material Balance 2024  
 Interactive Analyst tool for financial and sustainability data

Read more about our responsibility agenda at [www.upm.com/sustainability](http://www.upm.com/sustainability).



## Contents

### WE ARE UPM

CEO Review	4
This is UPM	6
UPM businesses presented	8
Our performance in 2024	10
2024 highlights	12

### OUR STRATEGY

Our strategic direction	18
Executing our growth strategy	20
Ensuring performance	22
Creating value for customers	24
Innovating for the future	26
Value from sustainability	28
2030 sustainability targets and progress	30
Risks and opportunities	33
Generating shareholder value	36

### OUR BUSINESSES

Renewable fibres	40
UPM Fibres	40
Advanced materials	42
UPM Raffatac	42
UPM Specialty Papers	43
UPM Plywood	44
Communication papers	45
UPM Communication Papers	45
Decarbonisation solutions	46
UPM Energy	46
UPM Biorefining	47

### SUSTAINABILITY

Actions for environment	
Sustainable forestry	50
Enhancing biodiversity	52
Committed to climate action	54
Towards fossil-free energy	57
Responsible water management	60
Driving a circular bioeconomy	61
Creating value for people and society	
Active dialogue with stakeholders	62
People and culture	66
A diverse and inclusive working culture	70
Safety and wellbeing	72
Collaborating on human rights	74
Committed to compliance	76
Ensuring a sustainable supply chain	80
Contributing to society through taxes	82
Our societal and environmental impacts	84

### GOVERNANCE

Corporate Governance Statement	88
Board of Directors	90
Group Executive Team	101

### ACCOUNTS AND PERFORMANCE

Report of the Board of Directors	110
Sustainability Statement	125
Financial Statements	254
Auditor's report	332
Sustainability Assurance Reports	339
Other financial information	350
More on sustainability	356
Contact us	360

## REVIEW BY THE PRESIDENT AND CEO

# Delivering performance and positioning for the future

UPM delivered improved performance in 2024. Supported by the successful ramp-up of the UPM Paso de los Toros pulp mill and improved volumes in advanced materials, we navigated a year of gradual recovery.

However, the pace of market improvement slowed in the second half of the year. We implemented decisive measures to improve performance and were able to reduce fixed costs by EUR 103 million during the year.

Our comparable EBIT 2024 increased by 21% from the previous year to EUR 1,224 million, or 11.8% of sales. Our operating cash flow and financial position remained solid.

## From transformation to growth

UPM has transformed into a material solutions company, with leading global market positions in several businesses. In 2024, nearly three quarters of the company's sales came from our product range in renewable fibres, advanced materials and decarbonisation solutions. Geographically, already 46% of our sales originated from outside Europe.

Today, we are well-positioned to seek value-enhancing growth in renewable fibres, advanced materials and decarbonisation solutions, serving customers in growing product segments and faster growing geographies. In the mature communication papers business, we continue to focus on strong cash flow generation.

## Creating value in an uncertain operating environment

We enter 2025 with a broad portfolio of attractive businesses and valuable assets. To enhance the value of the company in the current uncertain operating environment, we are acting on three fronts: accelerating growth in targeted areas, improving overall performance and considering opportunities in our business portfolio.

In renewable fibres, 2025 will be the first year of full production at the UPM Paso de los Toros pulp mill in Uruguay. This will add approximately 300,000 tonnes of pulp production and unlock further potential in our highly competitive Uruguayan platform. We continue to optimise the Uruguayan business platform to drive down costs, and plan for debottlenecking opportunities at the mills to further increase production in the medium term.

In Finland, the wood market remained structurally tight, keeping wood costs high. In the second half of the year, we implemented a streamlined operating model that optimises the profitability of our Finnish fibres platform. As a result, we have been able to operate our well-maintained pulp mills profitably despite high wood costs and low pulp prices.

In advanced materials, we aim to grow in the attractive labelling materials, specialty paper and flexible packaging markets, and faster growing geographies. The recent acquisitions of Metamark, Grafityp and AMC have given us a significant position in the fast-growing, high-value-added graphic solutions business. Both UPM Raflatac and UPM Specialty Papers are sharpening their competitiveness by reducing fixed costs, streamlining the product portfolio and optimising production. With these measures, we aim for the businesses to improve margins and accelerate growth.

In decarbonisation solutions, 2025 will be an exciting year as we launch the new business in UPM Biochemicals. The UPM Leuna Biorefinery has initiated the sequen-

tial start-up, and the integrated commercial production of the site is expected to begin in the second half of 2025. Commercial interest in our products and side streams has been confirmed with customer agreements and we are managing a sales and product qualification pipeline that is multiple times the annual capacity. This allows us to optimise the product mix.

Finally, shaping the business portfolio is an ongoing strategic process. This analysis is especially important in times of uncertainty and major shifts in the global operating environment. In UPM Fibres, we have built a very strong platform in Uruguay, which we can leverage for growth. In UPM Raflatac, we decided to build a strong position in the attractive graphics business through acquisitions. In biofuels, we decided to take two years to thoroughly validate and test the business case before taking the next larger growth steps. At the same time, we look forward to a successful launch of the biochemicals business and using the learnings for next steps. We exited the biocomposites business and plan to exit the biomedical business to focus our development work.

## Sustainability at the core of our operations

Sustainability is an integral part of our strategy and operations. We are committed to creating value for our customers, using sustainable, renewable feedstocks, fossil-free energy, reducing our own environmental footprint and enhancing our positive societal impact.



## WE RENEW THE EVERYDAY

Our ability to innovate and our commitment to customers and sustainability have transformed us as a company. With our expertise and broad portfolio of materials and solutions, we enable sustainable everyday choices and the transition from fossil-based materials to renewables across multiple value chains.

We strive to create value for our customers every day through the performance and quality of our products, the reliability of our service, and the sustainability of our own actions. We want to be the trusted partner to our customers and stakeholders and make a positive impact to their lives through our daily actions and choices.

*"We took decisive actions to improve performance, accelerate growth and deliver value."*

Our leading position in sustainability is based on world-leading standards, commitment to respected global initiatives and third-party verification. We believe in science-based action and raising the bar on sustainability.

## Creating shareholder value

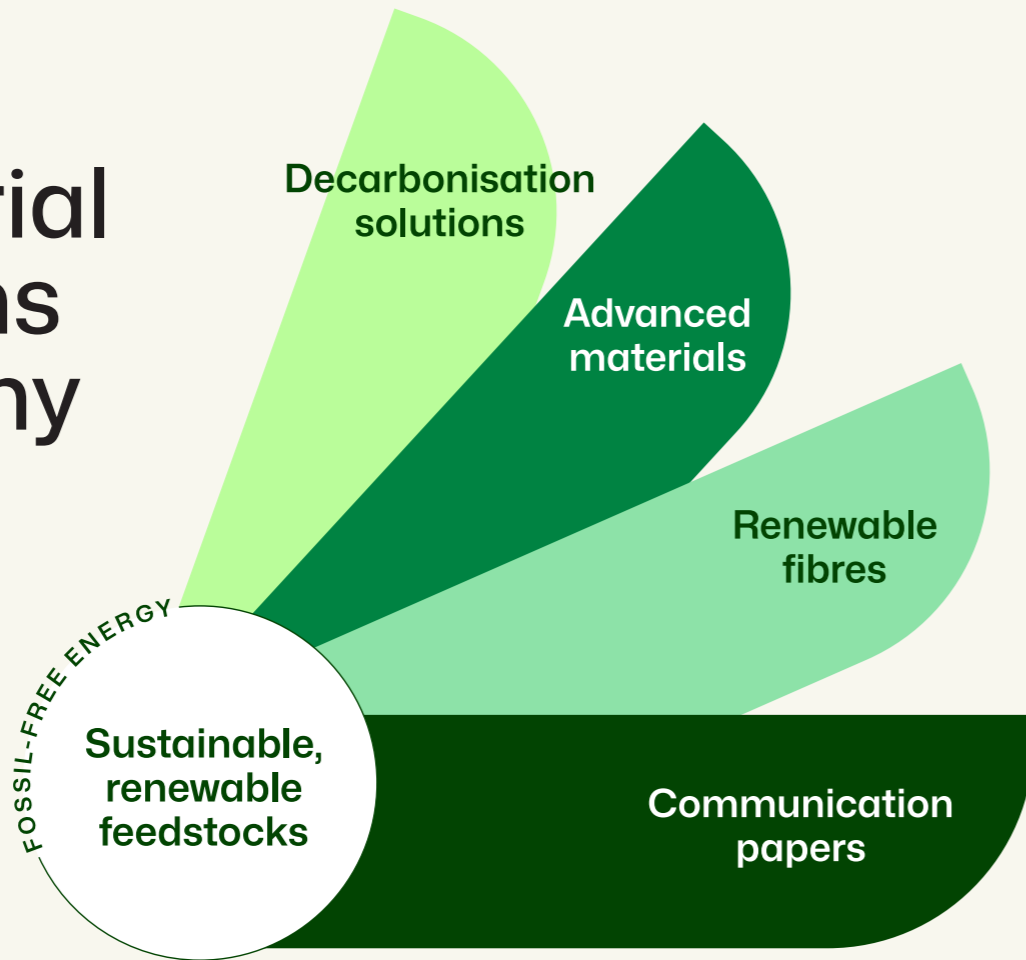
The major investment cycle of 2020-2024 is coming to an end. We will maintain our disciplined capital allocation approach, targeting value-enhancing growth investments, while offering attractive shareholder distribution and maintaining a strong balance sheet.

We are confident in UPM's ability to create value from our portfolio of businesses and our recent large investments. On this basis, the Board of Directors has proposed a dividend of EUR 1.50 per share for the year 2024. The Board has also decided to launch UPM's first share buyback programme.

In 2024, UPM's teams once again demonstrated their resilience by successfully navigating volatile markets and challenging conditions. I would like to thank them and all our customers, shareholders and other stakeholders for their continued commitment and trust, and I look forward to our shared success in 2025!

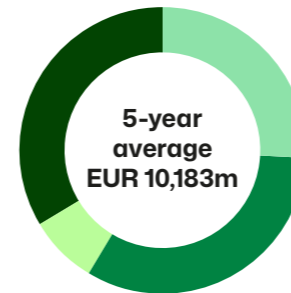
**Massimo Reynaudo**  
President and CEO

# We are a material solutions company

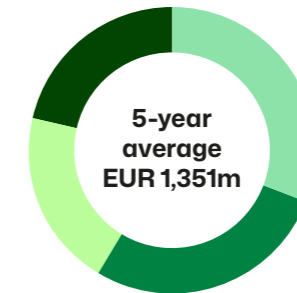


## STRONG BALANCED PORTFOLIO FOR THE FUTURE

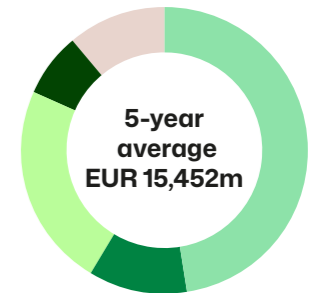
Sales



Comparable EBIT



Capital employed



Renewable fibres Advanced materials Decarbonising solutions Communication papers Other operations

Unconsolidated



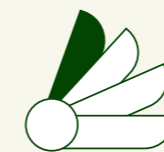
## This is UPM

Your partner in renewing materials and value chains

UPM contributes to the sustainable transformation of society with material solutions, utilising renewable feedstocks. We create long-term value through our extensive portfolio of renewable fibres, advanced materials, decarbonisation solutions and communication papers, collaborating with industries and brands worldwide.

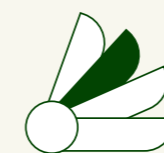
[www.upm.com](http://www.upm.com)

Take a closer look at our businesses on the next page



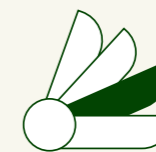
### DECARBONISATION SOLUTIONS

Our wood-based renewable biochemicals replace fossil-based materials in textiles, PET bottles, packaging, cosmetics, pharmaceuticals, detergents, rubbers and resins. UPM's renewable diesel is suitable for all diesel engines and renewable naphtha serves as a biocomponent for gasoline. Our CO<sub>2</sub>-free electricity supports the decarbonisation of the energy system and we explore opportunities in the electrification of the society.



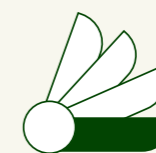
### ADVANCED MATERIALS

UPM's advanced materials deliver value-added technical solutions for a variety of growing applications, including paper and film labels, graphic solutions, flexible packaging, and labelling. Our plywood is ideal for construction, vehicle flooring, and LNG shipbuilding.



### RENEWABLE FIBRES

UPM's renewable fibres cover a wide range of applications, providing pulp grades well suited for tissue, specialty papers, packaging papers, graphic papers and board. We also offer sawn timber that is perfect for joinery, packaging, furniture, planing and construction.



### COMMUNICATION PAPERS

UPM's communication papers offers the widest range of magazine papers, newsprint and fine papers. These products are ideal for advertising and publishing, as well as for everyday use in homes and offices.

# Global operations, strong market positions

UPM's strong and balanced business portfolio in renewable fibres, advanced materials and decarbonisation solutions will provide us with a number of attractive growth opportunities in the coming years. With our head office in Finland, our main markets are in Europe, Asia and North America.

## RENEWABLE FIBRES

### UPM FIBRES

UPM Fibres consists of pulp and timber businesses. UPM Pulp offers a versatile range of pulp grades suitable for many end uses such as tissue, specialty papers, packaging papers, graphic papers and board. UPM Timber offers certified sawn timber for joinery, packaging, furniture, planing and construction.

- The annual pulp production capacity of 5.8 million tonnes produced at two pulp mills in Uruguay and three pulp mills in Finland
- Annual capacity in tonnes by mill: UPM Paso de los Toros 2.1 million tonnes; UPM Fray Bentos 1.3 million tonnes; UPM Kymi 870,000 tonnes; UPM Pietarsaari 800,000 tonnes and UPM Kaukas 700,000 tonnes
- 492,000 hectares of owned and leased plantations in Uruguay
- Certified sawn timber with an annual capacity of 1.4 million cubic metres, produced in four sawmills in Finland
- UPM RaumaCell, annual capacity of 100,000 tonnes of fluff pulp, produced in Rauma, Finland

### Pulp mills

Finland: UPM Kaukas (Lappeenranta), UPM Kymi (Kouvola) and UPM Pietarsaari

Uruguay: UPM Fray Bentos, UPM Paso de los Toros and certified eucalyptus plantations

### Sawmills

Finland: UPM Alholma (Pietarsaari), UPM Kaukas (Lappeenranta), UPM Korkeakoski (Juupajoki) and UPM Seikku (Pori)

### Market position

**#3** pulp globally

## ADVANCED MATERIALS

### UPM RAFLATAC

UPM Raflatac offers high-quality self-adhesive paper and film products, including label materials, graphic solutions and removable self-adhesive products.

- 14 factories and 20 slitting and distribution terminals on all continents

### Labelstock factories

Belgium: Houthalen

China: Changshu

Finland: Tampere

France: Nancy

Germany: Hagenow and Kaltenkirchen

Malaysia: Johor

Poland: Kobierzycze (Wroclaw) and

Nowa Wies (Wroclaw)

United Kingdom: Scarborough and Lancaster

USA: Mills River, NC; Fletcher, NC and Dixon, IL

### Slitting and distribution terminals

Argentina: Buenos Aires

Australia: Melbourne

Canada: Toronto

Chile: Santiago

China: Guangzhou

India: Navi Mumbai

Indonesia: Jakarta

Italy: Osnago

México: Ciudad de México, Guadalajara and Rosarito

New Zealand: Auckland

South Africa: Johannesburg

South Korea: Suwon-Si

Spain: Barcelona

Thailand: Bangkok

Turkey: Istanbul

Ukraine: Kiev

USA: Vancouver, WA

Vietnam: Bien Hoa City

### Market position

**#2** globally

### UPM SPECIALTY PAPERS

UPM Specialty Papers offers specialty packaging materials for flexible packaging, labelling and industrial release liners, as well as office and graphic papers in the Asia-Pacific region.

- Total annual production capacity of 2.0 million tonnes

### Paper mills

China: UPM Changshu

Finland: UPM Jämsänkoski (Jämsä) and

UPM Tervasaari (Valkeakoski)

Germany: UPM Nordland Papier (Dörpen)

### Market position

**#1** Labelling materials and release liner base papers globally

### UPM PLYWOOD

UPM Plywood offers high-quality WISA® plywood and veneer products for construction, vehicle flooring, LNG shipbuilding, parquet manufacturing and other industrial applications.

- Annual production capacity of 805,000 cubic metres

### Plywood mills

Estonia: UPM Otepää

Finland: UPM Joensuu, UPM Pellos 1, 2, 3 (Mikkeli) and

UPM Savonlinna

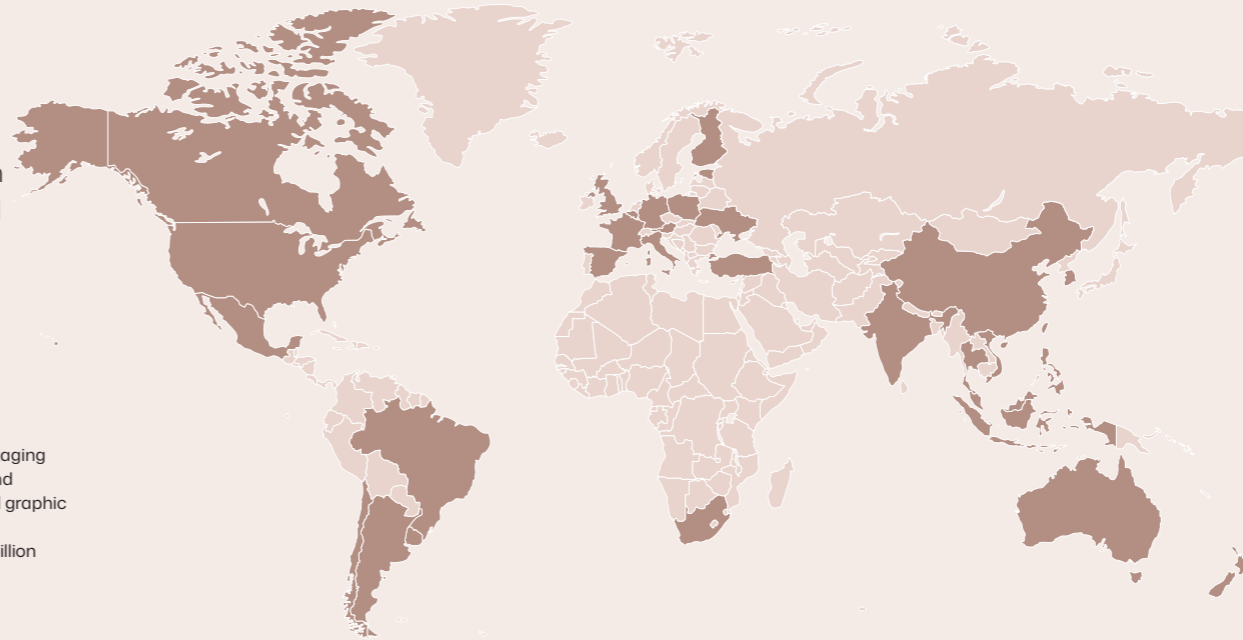
### Veneer mill

Finland: UPM Kalso (Kouvola)

### Market position

**#1** High and mid segments in EMEA

**#1** LNG plywood globally



## DECARBONISATION SOLUTIONS

### UPM ENERGY

UPM Energy generates carbon-free electricity in its own and co-owned power plants. The business also trades electricity and its derivatives on the market and explores opportunities in energy transformation. UPM Energy is the second largest electricity producer in Finland.

- The total electricity generation capacity is 1,951 MW, including UPM's own hydropower plants and shareholdings in other energy companies
- Approx. 31% share in the OL3 nuclear power plant unit through the shareholding in Pohjolan Voima Oyj (PVO)
- Market flexibility and optimisation services
- Largest shareholdings:
  - 49.8% of Pohjolan Voima Oy (PVO), which is the majority shareholder (58.5%) in Teollisuuden Voima Oyj (TVO)
  - 19% of Kemijoki Oy's hydropower shares

### Hydropower plants:

Finland: Kallioinen (Sotkamo), Kaltimo (Joensuu), Katerma (Kuhmo), Keltti (Kouvola), Kuusankoski (Kouvola), Tyrvää (Sastamala), Voikkaa (Kouvola) and Äetsä

### Market position

**#2** in Finland

### UPM BIOREFINING

UPM Biochemicals offers wood-based renewable biochemicals to replace fossil-based raw materials in various applications such as textiles, PET bottles, packaging, cosmetics, pharmaceuticals, detergents, rubbers and resins.

UPM Biofuels produces wood-based renewable diesel for all diesel engines and renewable naphtha that can be used as a biocomponent for gasoline or for replacing fossil raw materials in the petrochemical industry.

- UPM Leuna Biorefinery: Annual production capacity of 220,000 tonnes of wood-based, renewable glycols, renewable functional fillers and industrial sugars
- UPM Lappeenranta Biorefinery: Annual production capacity of 130,000 tonnes of wood-based renewable diesel and naphtha

### Biorefineries

Germany: UPM Leuna Biorefinery (commercial production to start in H2 2025)

Finland: UPM Lappeenranta Biorefinery

## COMMUNICATION PAPERS

### UPM COMMUNICATION PAPERS

UPM Communication Papers offers a wide range of magazine papers, newsprint and fine papers for advertising and publishing, as well as for home and office use. The business has extensive low-cost operations in Europe and the USA, a global sales network and an efficient logistics system. Its main customers are publishers, cataloguers, retailers, printers and merchants.

- Annual paper production capacity of 4.3 million tonnes, produced in 10 paper mills
- Capacities: Annual production capacity of 2.3 million tonnes of magazine papers, 0.5 million tonnes of newsprint and 1.5 million tonnes of fine papers
- The combined heat and power (CHP) plants at the paper mill sites included in the business area
- Owns 76,000 hectares of forest land in the USA

### Paper mills

Finland: UPM Jämsänkoski (Jämsä), UPM Kaukas

(Lappeenranta), UPM Kymi (Kouvola) and UPM Rauma

Germany: UPM Augsburg, UPM Ettringen,

UPM Nordland Papier (Dörpen) and UPM Schongau

United Kingdom: UPM Caledonian Paper (Irvine)

USA: UPM Blandin (Grand Rapids, MN)

### Market position

**#1** in Europe

## OTHER OPERATIONS

### UPM FOREST

UPM Forest secures competitive wood and biomass for UPM's businesses and manages UPM-owned and privately owned forests in Northern Europe. UPM Forest also provides forestry services to forest owners, from private forest owners to forest investors.

- Wood and biomass sourcing in 15 countries, 522,000 hectares of own forest land in Finland, offering forestry services to private forest owners in Finland

### UPM BIOMEDICALS

UPM Biomedicals develops and supplies wood-based biomedical products for wound care, cell therapy and 3D bioprinting. The main ingredient of our high-quality products is nanocellulose, extracted from birch.

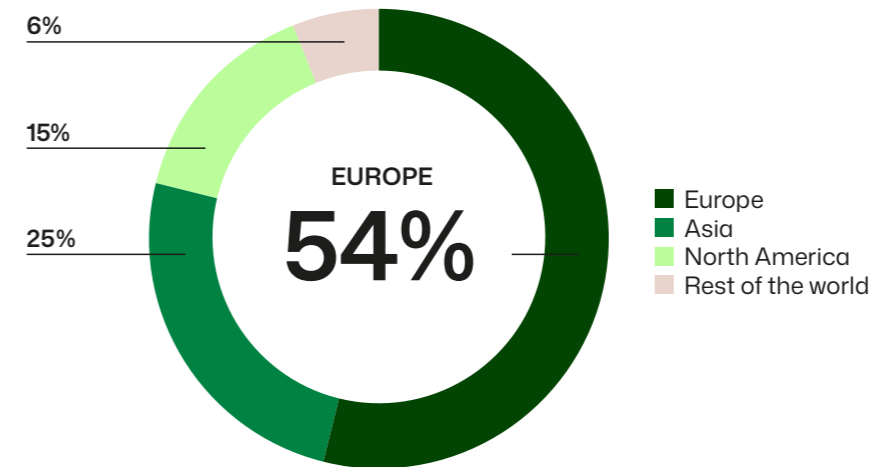
- Wood-based biomedical products for medical and life science applications

Finland: Biomedicum research and educational centre, Helsinki and UPM Northern Europe Research Center (NERC), Lappeenranta

# Our performance in 2024

<p><b>SALES</b> EUR</p> <p><b>10.3bn</b> -1%</p>	<p><b>ATTRACTIVE DIVIDEND</b> Dividend (proposal), EURm</p> <p><b>800</b> +0%</p>	<p><b>STRONG BALANCE SHEET</b> Net debt, EURm</p> <p><b>2,869</b> Net debt/EBITDA ratio 1.66</p>
<p><b>PERFORMANCE</b> Comparable EBIT, EURm</p> <p><b>1,224</b> +21%</p>	<p><b>FOCUSED INVESTMENTS</b> Capital expenditure, EURm</p> <p><b>550</b> attractive returns with disciplined and effective investments</p>	<p><b>CASH FUNDS</b> and unused credit facilities, EUR</p> <p><b>3.2bn</b></p>
<p><b>PERFORMANCE</b> Comparable ROE</p> <p><b>8.3</b> +2.1pp</p>	<p><b>CASH FLOW</b> Operating cash flow, EURm</p> <p><b>1,352</b> EUR 2.269 million</p>	<p><b>BUSINESS AREAS</b> Business areas achieved their financial targets</p> <p><b>3/6</b></p>

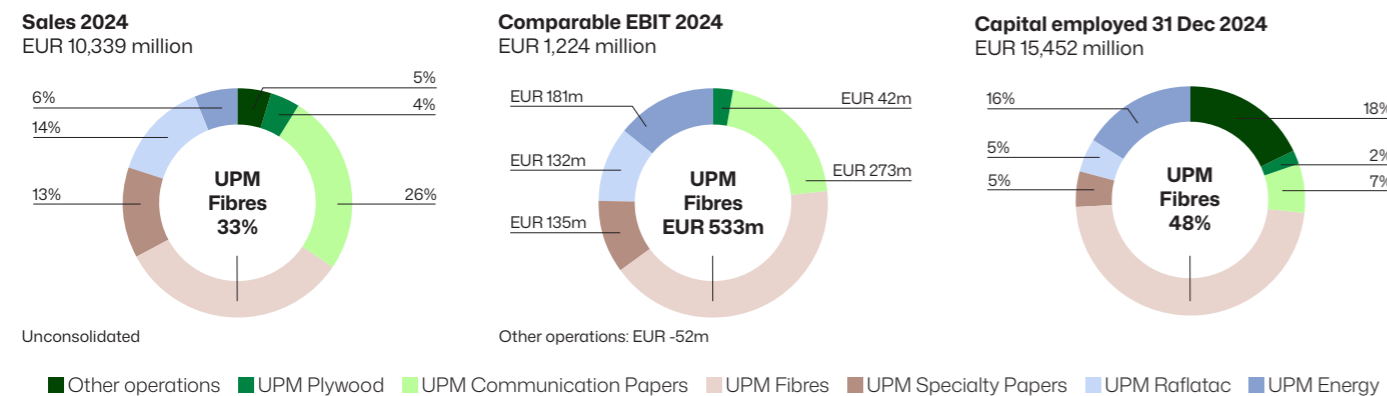
## SALES BY MARKET



*“We are confident in our ability to create value from our broad portfolio of attractive businesses and our recent large investments.”*

## AIMING FOR CONTINUOUS IMPROVEMENT

<p><b>ACTIVE EMPLOYEES COMPLETED CODE OF CONDUCT TRAINING *</b></p> <p><b>99%</b> +1pp</p> <p>The UPM Code of Conduct lays the foundation for responsible business operations and continuous improvement.</p>	<p><b>EMPLOYEE ENGAGEMENT SCORE</b></p> <p><b>70</b> +0 points</p> <p>Engaged, high-performing people drive our success.</p>	<p><b>FOSSIL CO<sub>2</sub> EMISSIONS (SCOPE 1 AND 2)</b></p> <p><b>3.4Mt</b> -9%</p> <p>Creating climate solutions and working towards carbon neutrality.</p>
<p><b>SHARE OF SPEND COVERED BY OUR SUPPLIER CODE</b></p> <p><b>91%</b> +2pp</p> <p>Transparent supplier requirements form the basis of responsible sourcing throughout the entire supply chain.</p>	<p><b>SHARE OF CERTIFIED WOOD</b></p> <p><b>88.5%</b> +1.5pp</p> <p>Forest certification is an excellent tool for ensuring sustainable forestry. Chain-of-Custody requirements ensure 100% supply from controlled sources.</p>	<p><b>TOTAL RECORDABLE INJURY FREQUENCY</b></p> <p><b>5.1</b> -0%</p> <p>Ensuring a safe working environment for employees and everyone working for UPM.</p>



\* excl. UPM Raflatac companies acquired in 2024.

# 2024 highlights

## JANUARY

- 1 Massimo Reynaudo takes over as President and CEO of UPM-Kymmene Corporation
- 15 Saara Tahvanainen is appointed Executive Vice President, UPM Stakeholder Relations and member of the Group Executive Team as of May 2024

## FEBRUARY

- 6 CDP recognises UPM with double 'A' score for transparency on climate change and forests
- 7 UPM launches a new forest habitat programme to increase biodiversity in its own forests in Finland

## MARCH

- 5 UPM Raflatac opens a new slitting and distribution terminal in Mumbai, India
- 26 UPM Biochemicals launches a new range of bio-based plant stimulants, UPM Solargo™

## APRIL

- 4 UPM holds its Annual General Meeting
- 25 Tim Kirchen is appointed Executive Vice President, UPM Raflatac and member of the Group Executive Team as of 1 August 2024

## MAY

- 29 UPM announces plans to permanently close the UPM Hürth newsprint mill and a fine paper machine at Nordland Papier (PM3) in Dörpen, Germany. The mill is closed in August and PM3 is closed in December

## JUNE

UPM Paso de los Toros pulp mill reached nominal capacity before its first maintenance shutdown

- 18 UPM announces plans to discontinue the UPM Biocomposites business and to close the production units in Lahti, Finland and in Bruchsal, Germany by the end of the year
- 27 Gunnar Eberhardt is appointed Executive Vice President, UPM Communication Papers and member of the Group Executive Team as of 1 October 2024



- 27 UPM Biochemicals and Nokian Tyres introduce the first concept tyre with UPM BioMotion™ Renewable Functional Fillers

## JULY



- 23 UPM Raflatac acquires Belgian-based Grafityp to accelerate its growth in graphic solutions

## AUGUST

- 8 UPM Energy announces that it will invest in a new ultracapacitor in Kuusankoski to balance the grid
- 21 UPM issues its fourth Green Bond of EUR 600 million
- 26 UPM receives platinum in the EcoVadis responsibility assessment

## SEPTEMBER



- 5 UPM holds a Capital Markets Day in London, UK, with the theme "From transformation to growth"
- 20 UPM Biochemicals and Södra announce plans to accelerate commercialisation of innovative lignin-based solutions
- 24 Harald Dialer is appointed Executive Vice President, Technology and UPM Biorefining and a member of the Group Executive Team as of 1 January 2025

## OCTOBER

- 15 UPM Raflatac opens a new slitting terminal in Toronto, Canada
- 29 Mika Kekki is appointed Executive Vice President, UPM Specialty Papers as of 1 January 2025

## NOVEMBER

- 27 UPM Raflatac announces the gradual closure of its Kaltenkirchen factory in Germany during 2025 to improve competitiveness
- 28 UPM supports Save the Children Finland, focusing on children and families living in conflict areas such as Ukraine and Gaza

## DECEMBER

- The new central railway from Paso de los Toros to the pulp terminal in Montevideo in full use
- 2 Susanna Rinne is appointed interim Executive Vice President of UPM Plywood, effective 1 January 2025
- 23 UPM is listed in the Dow Jones Global and European Sustainability Indices (DJSI) for the years 2024-2025 as the only company in its industry

## LEADER IN SUSTAINABILITY

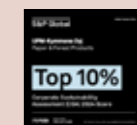
**Dow Jones Sustainability Index:** The only forest and paper company in the Dow Jones European and World Sustainability Indices (DJSI) for 2024-2025.

**MSCI ESG ratings:** An AAA rating in the assessment. MSCI ESG Research provides ESG ratings on global public companies, according to their exposure to industry specific ESG risks and ability to manage those risks relative to peers.

**CDP Programme:** A score for our leadership in corporate transparency and action on climate change and leadership level score A- for forests and water stewardship.

**S&P Global's Sustainability Yearbook:** Top 10% S&P Global CSA Score in the Sustainability Yearbook 2024 as one of the top-scoring companies in our industry.

**EcoVadis:** The highest possible Platinum level for our sustainability performance for which only 1% of over 100,000 companies assessed globally attain.



We are a participant in the UN Global Compact.



# UPM enters the biochemicals business with a new biorefinery in Leuna

UPM Biochemicals offers innovative, sustainable and competitive wood-based biochemicals to replace fossil-based raw materials and improve environmental performance in various applications. Our products are uniquely positioned to decarbonise the raw material supply of our customers and major global brand owners. The biorefinery will create new market opportunities for UPM with significant growth potential.

The biorefinery will convert solid wood into next-generation biochemicals: bio-monoethylene glycol (BioMEG) and Renewable Functional Fillers (RFF). The biorefinery will also produce bio-monopropylene glycol (BioMPG) and industrial sugars. End-use segments for renewable glycols include textiles, PET bottles, packaging, coolants, composites, pharmaceuticals, cosmetics and detergents. Lignin-based Renewable Functional Fillers (RFF) provide a sustainable alternative to carbon black and precipitated silica in a wide



## IN BRIEF

- Annual production capacity of 220,000 tonnes of 100% wood-based biochemicals
- Investment estimated at EUR 1,275 million
- Competitive wood supply, unique production process and efficient logistics
- The ROCE target for UPM Biochemicals is 14%
- High standards of safety and sustainability in the value chain
- Biorefinery expected to reach full production and positive EBIT in 2027
- Extensive partner network in multiple value chains

range of rubber and plastic applications.

The combination of wood from sustainably managed forests, a unique technology concept, integration into the existing infrastructure at Leuna and proximity to customers will ensure the competitiveness of the operation.

The commissioning and start-up was initiated in late 2024 and good progress has been made in most units. However, in the quality assurance checks, certain corrective works required in the sugars-to-chemicals process were identified. These works have been arranged and will take a few months. Meanwhile, the sequential start-up in the other units continues. The integrated commercial production of the site is expected to start in H2 2025. The biorefinery is expected to reach full production and positive EBIT in 2027.

All teams, business processes and systems are operational, we have secured the required materials to start and run the refinery as well as the infrastructure and

capacity to ship our products.

Commercial interest in the products and side-streams has been confirmed with customer contracts. We are managing a sales and customer qualification pipeline multiple times the annual capacity. Commercial activities continued to proceed positively in various product and application areas. For example, commercial partnerships for both UPM BioPura™ renewable bio-monoethylene glycols and UPM BioMotion™ Renewable Functional Fillers products were successfully launched.

UPM Biochemicals has established partnerships with companies such as Nokian Tyres (page 47), Södra and Bormioli Pharma to develop innovative products using its biochemicals. These partnerships demonstrate the potential for sustainable alternatives in various industries, including automotive and pharmaceutical packaging.

➤ [UPM Leuna Biorefinery](#)

# The UPM Paso de los Toros pulp mill is an important milestone for UPM

The new world-class pulp mill has significantly increased UPM's earnings and shareholder value by increasing pulp capacity by more than 50%. This has positioned us as one of the world's leading suppliers of eucalyptus pulp.

The positive long-term outlook for pulp demand is driven by global megatrends such as urbanisation, population growth and the need for renewable materials. With the new capacity and stronger global customer reach, we are well positioned to capture opportunities of growing end-use markets competitively.

The mill complies with strict Uruguayan environmental regulations and international standards. Our extensive environmental monitoring programme covers water and biota, air, soil, noise, and socioeconomic aspects.

The UPM Paso de los Toros mill features state-of-the-art design, high automation, and

premium-quality pulp production. It generates a surplus of about 1 TWh of renewable wood-based electricity annually, contributing to Uruguay's energy balance.

UPM's eucalyptus plantations in Uruguay provide a renewable raw material base, secured through owned and leased

plantations and wood sourcing agreements with private land owners. These plantations act as significant carbon sinks and neither compete with food production nor affect natural forests.

➤ [Paso de los Toros pulp mill](#)



## IN BRIEF

- Annual production capacity of 2.1 million tonnes of eucalyptus pulp
- Total investment USD 3.47 billion
- Full production from Q3 2024
- High safety and sustainability standards
- World-class cost competitiveness
- Competitive wood supply, best available techniques and efficient logistics
- The deep-sea pulp terminal and port operations in Montevideo
- The rail connection from the mill to the port terminal in full use at the end of 2024



# Our strategy

Our strategic direction .....	18
Executing our growth strategy .....	20
Ensuring performance .....	22
Creating value for customers .....	24
Innovating for the future .....	26
Value from sustainability .....	28
2030 sustainability targets and progress .....	30
Risks and opportunities .....	33
Generating shareholder value .....	36

# Our strategic direction

We seek profitable, sustainable growth through performance and capitalising on our major investments. Our strong and balanced business portfolio in renewable fibres, advanced materials and decarbonisation solutions will provide us with several attractive growth opportunities in the coming years.

Our recent USD 3.47 billion investment in the pulp business platform in Uruguay has reached nominal capacity and it is expected to significantly contribute to our earnings. In the coming years, we will seek further earnings growth in advanced materials and decarbonisation solutions and strive to seize opportunities in growth geographies.

In our pursuit of growth, we will maintain our disciplined capital allocation principles. We will select opportunities that offer strong returns, supported by robust demand growth outlook and structural competitive advantages. At the same time, we will remain committed to predictable and attractive dividends, which may be complemented with share buybacks.

We are committed to creating value for our customers, using sustainable, renewable feedstocks, reducing our own environmental footprint and enhancing our positive societal impact.

We are among the global sustainability leaders. We comply with international standards and are committed to respected global initiatives. We raise the bar through science-based action and verify the results with third-party when possible.

## KEY ENABLERS



### PEOPLE

We are committed to enabling performance, engaging people and creating a safe working environment while always acting with integrity. Diversity and inclusion, working conditions, learning and development, responsible leadership and our respect for people are at the core of our work. Our long-term goal is to ensure high performance and continuous professional development.



### PRODUCTIVITY

We focus on leveraging advanced technologies, sustainable practices and strategic initiatives to improve efficiency and performance across our operations. We are taking active measures to improve productivity to ensure the competitiveness of our businesses and support our growth ambitions.



### COMMERCIAL EXCELLENCE

We focus on optimising commercial interfaces and supporting processes to ensure security of supply and an enhanced customer experience for our customers. This is part of our continuous drive to maintain and grow earnings. We concentrate on recognising growth opportunities and identifying the best means for commercial success.



### SUSTAINABILITY

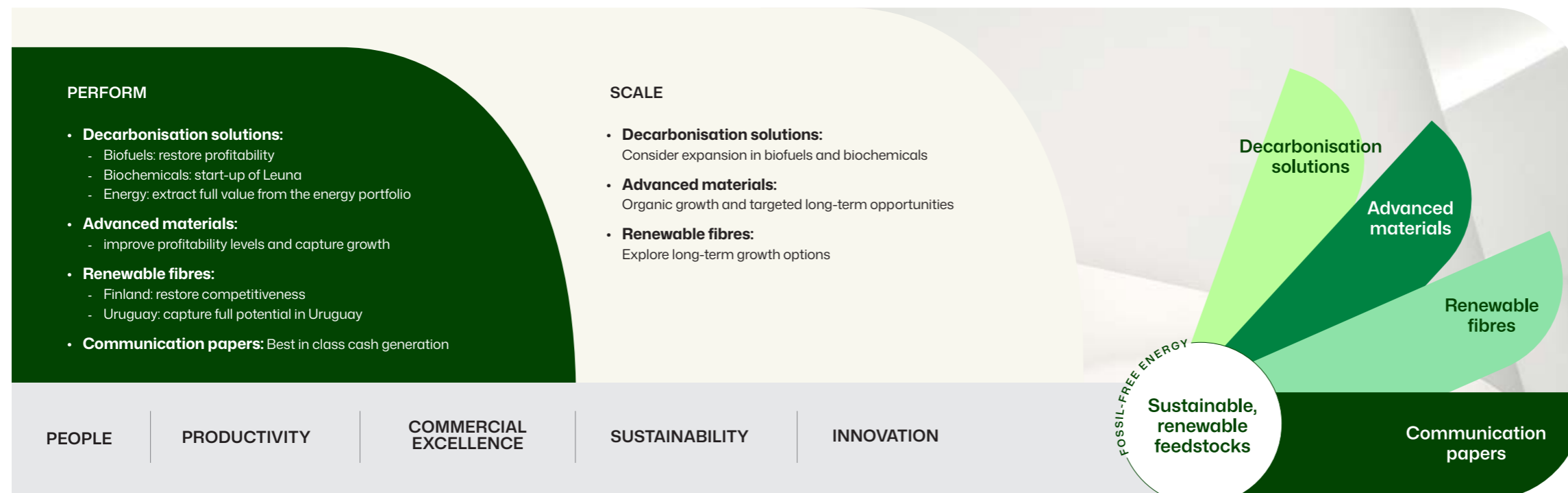
The UPM Code of Conduct underlines our commitment to integrity and responsible operations. Our strategy guides us to achieve our 2030 sustainability targets and contribute to the UN Sustainable Development Goals (SDGs). We create value from renewable and recyclable materials, reduce our environmental footprint, and enhance our positive societal impact.



### INNOVATION

Sustainability, circular economy and our customers are at the heart of innovation at UPM. We harness new ideas and develop new business and products from renewable raw materials that contribute to the ever-growing need for more sustainable materials. We innovate climate-positive products and turn them into growing businesses.

## UPM STRATEGY: PERFORM TO GROW



*Our top priority is to further improve competitiveness. With timely and targeted actions, we are setting ourselves up to capture the recovery and future growth in our product markets.*

# Executing our growth strategy

We are well positioned to seek growth with our broad portfolio in growth geographies. Our business portfolio is based on sustainable and renewable feedstocks and fossil-free energy sources. This foundation outlines our focus areas for sustainable, profitable growth.

We aim to accelerate our growth in the coming five years. Our business portfolio offers robust growth opportunities in renewable fibres – namely, pulp; in advanced materials such as adhesive materials, specialty papers and plywood; and in decarbonisation solutions such as biochemicals, biofuels and CO<sub>2</sub>-free energy.

## RENEWABLE FIBRES

In renewable fibres, we aim to optimise our production and realise the full potential of the world-class, low-cost business platform in Uruguay (page 15).

Q3 2024 was the first quarter of full production at our two pulp mills, paving the way for the next phase of cost optimisation. Full utilisation of the railway connection between the UPM Paso de los Toros mill and the port terminal in Montevideo will reduce logistics costs. As with UPM Fray Bentos, we expect the UPM Paso de los Toros

mill to produce more than its current nominal capacity.

In Finland, we have large well-maintained mills. To manage the increased wood costs, we have taken measures to optimise production to ensure profitability. In addition to the temporary shutdowns, we have taken efficiency measures in our pulp, forest and timber operations to streamline the organisation.

## ADVANCED MATERIALS

We see attractive growth prospects in advanced materials in the medium to long term. We already have strong positions in fast-growing product markets and geographies, and we aim to grow in both current and adjacent markets.

In UPM Raflatac, we are taking the actions to be in the best position to capture these growth opportunities. These actions include simplifying the organisation and

reducing fixed and variable costs.

UPM Raflatac strengthened its position in the attractive graphics solutions business with the acquisition of Belgium-based Grafityp in 2024. We will continue to explore targeted M&A opportunities to further strengthen our presence.

The advanced materials businesses – UPM Raflatac and UPM Specialty Papers in particular – experienced significant volatility, with an unusually low cycle in 2023 and an inconsistent recovery in 2024. The extended value chains in these businesses mean that inventory levels play a crucial role, amplifying fluctuations in demand and leading to greater volume fluctuations than actual changes in consumer demand.

Despite these short-term cycles, the medium- to long-term demand outlook remains strong. The fundamental drivers of demand are robust, and growth is expected to exceed GDP growth over time.

## DECARBONISATION SOLUTIONS

Decarbonisation solutions offer innovative and sustainable options to meet the urgent need to decarbonise society. With the launch of the biochemicals business, the preparations for the expansion of the biofuels business and by capturing the value of the energy market transformation, UPM is addressing key sectors that are critical for decarbonisation.

Minimising the use of fossil fuels is the most important way to mitigate climate change. We will contribute to the decarbonisation of the electricity system by increasing the supply of reliable and renewable CO<sub>2</sub>-free electricity. Demand for electricity is expected to grow significantly in the coming years, driven by the electrification of heating, traffic, the industry's green transition, and the digitalisation and AI that will require more and more data centres.

With our 12 TWh of CO<sub>2</sub>-free generation, we are well-positioned to capture a fair share of the growing demand for reliable CO<sub>2</sub>-free electricity. We will continue to optimise our production and maximise value creation in the electricity market.

In Biochemicals, the start-up of the UPM Leuna refinery marks a significant milestone (page 14). While we are expecting a long ramp-up process due to the first-of-its-kind nature of this facility, we are confident that it will establish a robust competitive position in a completely new market. This strategic initiative underlines our commitment to innovation and market leadership in sustainable solutions.

## WE EXPLORE THE POSSIBILITIES OF ENERGY TRANSFORMATION

Moving away from fossil fuels means increasing the electrification of society. However, since it is impossible to electrify the entire economy, we also need other solutions to mitigate climate change. UPM Biofuels supplies renewable fuels for decarbonising traffic. We are also exploring the use of clean and green hydrogen and biogenic CO<sub>2</sub> to produce synthetic fuels and chemicals in the future. The biogenic CO<sub>2</sub> generated as a by-product of pulp production and energy generation processes can serve as a raw material for new carbon-neutral synthetic fuels and materials.

The energy crisis has driven up energy prices in Europe. It has also increased the risks associated with political intervention and changes in energy market regulation and taxation. It is crucial that such measures do not reduce the incentives for energy investments that drive the transition to a low-carbon economy. Regulatory measures should not interfere with the market price signals, which are necessary to balance the electricity market in all circumstances.

In Biofuels, our current plans for the potential biofuels refinery in Rotterdam in the Netherlands are based on an annual capacity of up to 500,000 tonnes of high-quality renewable fuels, including advanced biofuels and possibly jet fuels, as well as renewable chemicals. Most of the basic engineering has been completed, and the chosen technology has been validated at a demonstration scale. The focus is now on testing the novel proprietary technology at a larger scale and on flexible feedstock options. This work is expected to take approximately two years, until 2026.

## COMMUNICATION PAPERS

Communication papers is expected to continue strong cash flow generation. In 2024, UPM Communication Papers generated free cash flow of EUR 254 million, which corresponds to a free cash flow return on capital employed of 22%.

In 2024, market demand in Europe was stable after the sharp decline in the previous year, but the market decline is expected to continue in the medium to long term.

UPM comparable EBIT\*



UPM Sales\*



\*) This is illustrative, not a forecast

# Ensuring performance

We aim for continuous improvement in financial performance through our agile operating model, performance culture and effective capital allocation. In 2024, our comparable EBIT increased by 21% from the previous year in a challenging market.

In 2024, the recovery of our product markets from the exceptional cycle of 2023 proved uneven and gradual. This affected UPM's overall performance. We took measures in several of our businesses to safeguard profitability and improve competitiveness in this slow recovery scenario. We continue to take decisive action to ensure the competitiveness of our businesses and to support our growth ambitions.

At UPM, a major investment cycle is coming to an end. We ramped up our strategic growth projects and continued to lay the foundations for future growth. The highly competitive business platform in Uruguay performed well. The third quarter was the first quarter of full production at both pulp mills in Uruguay, paving the way for further optimisation to reach the targeted performance levels.

**Our performance improved, supported by a good contribution from the new pulp mill in Uruguay and modestly improved volumes in the advanced materials businesses.**

### Priority to improve profitability and competitiveness

- Cost-effectiveness
- Efficient use of assets and capital
- Commercial excellence
- Capitalise on corporate benefits and synergies
- Agile operating model

### Setting up to capture the recovery and future growth in our product markets

- Top performance in each business
- Growth in comparable EBIT
- Attractive returns
- Strong balance sheet
- Sustainability
- Innovation and technology
- Engaging employees
- Global reach

The sequential start-up of the Leuna biorefinery commenced at the end of 2024, and the ramp-up of production is expected to proceed throughout 2025. The biorefinery is expected to reach full production and positive EBIT in 2027.

### Agile operating model

Our businesses in various parts of the bio and forest industry value chain operate as separate market-facing entities, both in terms of customers and suppliers. This enables agility in a fast-changing business environment, higher efficiency, differentiated commercial strategies, optimal sourcing, the right incentives, wider product development opportunities and effective capital allocation.

At the business area level, we are targeting top performance in their respective markets. We have also set long-term return targets (ROCE %, below) for the six business areas. The return targets apply over business and investment cycles. In 2024, three out of six business areas achieved or exceeded the targeted returns.

### Capturing corporate synergies

We build on corporate synergies, adding value to our businesses and stakeholders with:

- Competitive and sustainable wood sourcing, forestry and plantation operations
- Efficient and responsible global functions
- Technology development and intellectual property rights
- Global business platform
- Disciplined and effective capital allocation
- Compliance, UPM Code of Conduct and strong UPM brand

### Effective capital allocation

Capital allocation is key to attractive long-term returns, as well as developing the business portfolio in areas with the best long-term value creation potential. At UPM, capital allocation decisions take place at the corporate level.

UPM plans to allocate capital in order to:

- Invest to grow the company and its earnings. UPM invests in sustainable businesses with strong long-term fundamentals for demand growth and a clear competitive advantage or high barrier to entry for superior returns. UPM targets growth in comparable EBIT and comparable return on equity exceeding 10%.
- Pay attractive dividends. UPM aims to pay attractive dividends, targeting at least half of the comparable earnings per share over time. The targeted earnings growth drives dividend growth over time.
- Maintain a strong balance sheet. According to UPM's leverage policy, net debt to EBITDA ratio is to be less than 2. An investment grade rating is an important element in the financing strategy.
- Share buybacks. They are a complementary tool that may be used relative to investment opportunities and company valuation.

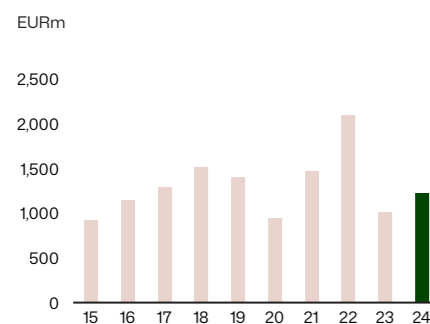
- Executing our growth strategy on page 20
- 2030 sustainability targets and progress on page 30
- Generating shareholder value on page 36
- Financial Statements on page 254

Comparable ROE  
**8.3%**

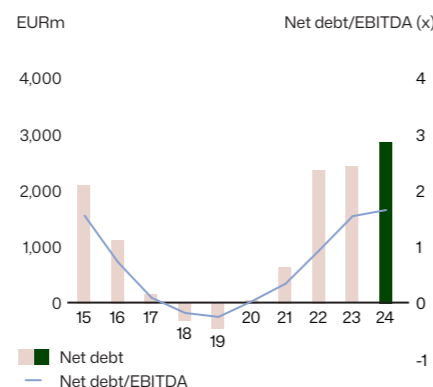
Comparable EBIT of sales  
**11.8%**

## BUSINESS AREA RETURNS AND LONG-TERM TARGETS

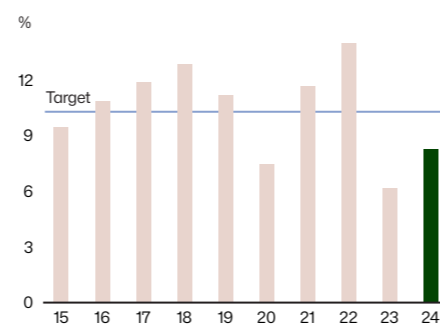
### Comparable EBIT



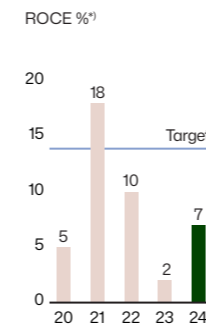
### Net debt and leverage



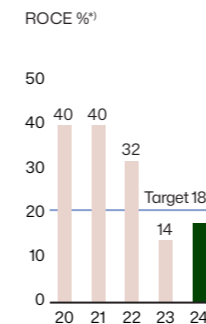
### Comparable ROE



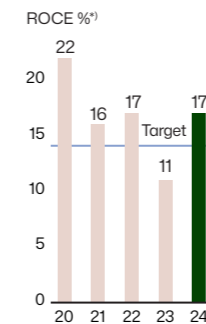
### UPM Fibres



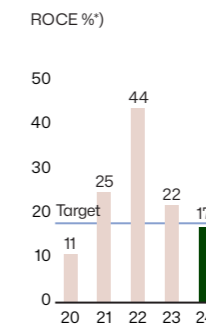
### UPM Raflatac



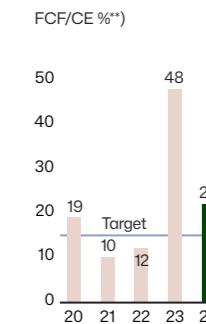
### UPM Specialty Papers



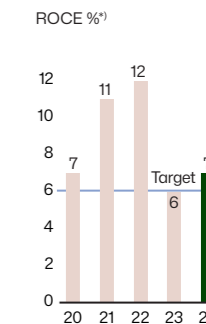
### UPM Plywood



### UPM Communication Papers



### UPM Energy\*\*\*



\*ROCE % = Return of capital employed excluding items affecting comparability

\*\* Free cash flow after investing activities and restructuring costs

\*\*\* Shareholdings in UPM Energy valued at fair value


# Creating value for customers

We offer sustainable material solutions to everyday products to customers and consumers.

## OUR COMMITMENT

We are committed to creating value for our customers, using sustainable, renewable raw materials. Our products help mitigate climate change by replacing fossil-based products and materials with renewable alternatives.

## WE OFFER RENEWABLE AND RECYCLABLE PRODUCTS FOR

-  Packaging
-  Labelling
-  Transportation
-  Electrification
-  Construction
-  Communication
-  Tissue and hygiene end uses
-  Manufacturing
-  Bioplastics
-  Biomedicals

UPM's businesses offer a wide range of products and services. We collaborate globally with well-established industries and innovative companies committed to promoting sustainability. Our product portfolio enhances business through decarbonisation solutions, advanced materials, renewable fibres and communication papers – all based on sustainable, renewable feedstock.

We provide products that improve our customers' business processes and performance, creating mutual benefit and societal value. Our innovative and sustainable wood-based biomedical products and our pharmaceutical and healthcare labelling solutions are examples of where we have a direct societal impact.

Our wood-based biochemicals will provide renewable alternatives for many consumer products in packaging, automotive, textiles and various industrial segments.

Several of our products are made from sidestreams and residues or from materials recovered after product use, supporting a circular bioeconomy.

By listening to our customers' motivations, goals and drivers, we can help them transform sustainability into tangible solutions and products that respond to global trends and change consumer behaviour. Ultimately, we can enable consumers to make more sustainable choices.

### Continuous dialogue and collaboration

Each business has its own customer relationship management process and way of interacting with customers. Our approach is based on a thorough understanding of each market, the end-uses of our products and our customers' needs.

We maintain a continuous dialogue with our customers and work with them on various product-related development projects. Our businesses conduct regular customer satisfaction surveys. These surveys also help us identify areas for improvement.

Based on the results, the overall satisfaction with UPM as a supplier is 85% (85%). Actions to mitigate climate change and enhance biodiversity remain high priorities for our customers. Product safety, sustainable forest management, recyclability and management systems are also highly valued.

### It all starts with product design

Consumers and customers around the world are focusing on sustainability. To offer a truly sustainable alternative, we consider all aspects of sustainability from the early stages of product development.

Our approach to sustainable product design considers circularity throughout the product lifecycle. We address environmental and social impacts from material selection through production, use, reuse and recycling.

The key tools we use in our concept are a self-developed tool to map the impact of products on the UN SDGs, Life Cycle Assessment (LCA) and carbon footprint analysis. They are used to support decision-making and validate environmental claims for our products. LCA is used to calculate the potential environmental impacts of new raw materials or products. Other tools include biodegradability and recyclability testing.

Our Sustainable Product Design concept supports product development in all UPM's businesses, ensuring a sustainable product life cycle approach and alignment with the UN SDGs. Our concept ensures that every new product and service has a proven sustainability value proposition.

In addition, we introduced the first ever UPM Product Stewardship Standard in 2024. It aims to ensure that all our products produced and placed on the market anywhere in the world are safe for their intended use, compliant and sustainable throughout their lifecycle.

- [➤ Sustainable forestry on page 50](#)
- [➤ Ensuring a sustainable supply chain on page 80](#)



## TRANSPARENCY BRINGS ADDED VALUE TO CUSTOMERS

We provide environmental data and product declarations for most of our products.

Most of our products are certified with widely recognised international and regional ecolabels such as the EU Ecolabel. UPM Biofuels has both ISCC EU and ISCC PLUS certification, and UPM Biochemicals and four UPM Raflatac factories have ISCC PLUS certification.

All our businesses that use round wood or wood chips as raw material have FSC™ and/or PEFC Chain of Custody certification. This verifies the origin of the wood and guarantees that all wood used in our products is legally harvested from sustainably managed forests and does not originate from controversial sources.

We provide product safety profiles for paper, for example. We also provide environmental and compliance declarations for our products. UPM's non-use warranty provides information on chemical substances that are not used in our products. UPM's Chemical Management Standard requires careful assessment and pre-approval of chemicals to ensure a minimal negative impact on human health, the environment and UPM's products. The list of restricted chemicals includes substances of concern (SoC) and substances of very high concern (SVHC), which may have environmentally harmful or endocrine disrupting properties.

[➤ Certificate Finder](#)

## CASE STUDY



## MATERIAL GUIDES HELP MAKE SUSTAINABLE MATERIAL CHOICES

### ➤ CHALLENGE

How can we support brands and manufacturers in navigating a world full of material choices, sustainable value propositions and an ever-stricter regulatory environment?

### ➤ ACTION

The UPM Packaging Material Guide, the UPM Fashion Raw Material Guide and the UPM Raflatac Packaging Recyclability Guide provide guidelines, definitions and criteria to help select the ideal material for specific end-uses. The aim is to provide more information about

materials that can replace fossil-based ones and minimise the carbon footprint. These guides are available in an easy to browse e-book format, answering questions such as: What is the material made of? What can it be used for? Which materials can it replace? How is it recycled?

### ➤ IMPACT

Easy access to reliable fact-based information makes it simpler to make sustainable material choices that address global megatrends such as climate change and resource scarcity.



# Innovating for the future

Innovation and R&D programmes are essential for the development of new products and technologies.

Research and development expenses cover the development of new technologies, businesses and processes. In 2024, we spent EUR 488 million (EUR 538 million) on research and development, which accounted for 36.1% (23.7%) of our operating cash flow. In addition to direct R&D expenditure of EUR 70 (66) million, the figure includes negative operating cash flow and capital expenditure in developing businesses, transformative business prospects and digitalisation projects.

The patents, trademarks and intellectual property rights protecting our innovations support the journey from innovation to business. We have more than 3,700 patents and patent applications, and more than 1,900 trademarks globally. The licensing of innovations and technologies provides an excellent basis for value creation with customers and technology partners.

## R&D infrastructure

UPM's three research centres in Finland, China and Germany accelerate the development

of bio-based products. The centres focus on research, piloting and analytics, enabling seamless collaboration with customers, value chain partners and research organisations such as universities. They work closely with UPM's mills, businesses and business-specific research centres in various countries.

In Germany, we have intensified biochemical R&D and piloting in several of our laboratories in connection with the biochemicals refinery. In Finland, our research centre in Lappeenranta concentrates on developing biomolecular and advanced materials businesses. In Uruguay, we focus on piloting future pulp end-uses in close collaboration with our forestry research centre specialising in eucalyptus plantations.

We continuously develop our competences for the future needs of our businesses. In recent years, we have significantly enhanced our chemical expertise, leading to substantial advancements in chemical processing. This progress has also paved the way for the successful commercialisation of future products.

## Extensive partner network

Our close-knit global partner network includes customers, universities, research organisations, suppliers and start-up companies. Collaboration speeds up the development and launch of new business solutions.

Our network includes the Circular Bio-based Europe Joint Undertaking (CBE JU), the European Chemical Industry Council (Cefic) and the Renewable Carbon Initiative (RCI). We are a member of the 4evergreen alliance, an initiative created by the Confederation of European Paper Industries (Cepi) to raise the overall recycling rate of fibre-based packaging to 90% by 2030. We are also a member of EUROPEN, the European association that strives towards achieving carbon neutrality in the packaging value chain.

- [Creating value for customers on page 24](#)
- [R&D in the Report of Board of Directors on page 246](#)

## OUR INNOVATION FOCUS IN 2024

### INNOVATING DECARBONISATION SOLUTIONS



With the launch of the biochemicals business, our customers will be able to switch from fossil raw materials to wood-based alternatives in textiles, plastics, PET bottles, packaging and pharma. UPM Biochemicals will be well-positioned to provide renewable chemicals made from sustainably sourced wood with a CO<sub>2</sub> product footprint that is considerably below that of fossil-based chemical products and credibly documented by our third-party-reviewed LCA.

UPM Biochemicals formed several commercial partnerships to speed up product development.

UPM Biochemicals and Nokian Tyres introduced the industry-first concept tire partly based on UPM BioMotion™ Renewable Functional Fillers (RFF). The partnership demonstrates the possibilities of using a lighter, 100% renewable alternative to traditional CO<sub>2</sub>-intensive fillers (page 47).

UPM Biochemicals, Selenis and Bormioli Pharma have partnered to produce the world's first pharmaceutical bottles made of partially wood-based PET. The bottle uses standard PET which is made with UPM BioPura™, UPM's world first wood-based BioMEG.

### SUSTAINABLE PACKAGING



The demand for sustainable packaging continues to grow. In food packaging, barrier protection ensures food reaches the consumer in perfect condition. Traditionally, plastic packaging has been used to provide this protection. Packaging requirements vary, depending on the characteristics of the food, the surrounding climate conditions, the size and format of the package and logistics route. Sugar-coated confectionery, dark chocolate and cereals are well preserved with lower barrier protection. Our existing barrier paper portfolio is well-suited for these types of end-uses. However, the majority of packaging end-uses require higher barrier

protection. Through co-creation with the packaging value chain, UPM Specialty Papers aims to enhance the performance of fibre-based packaging and enable brand owners and converters to make the transition to fibre-based packaging.

Our barrier papers are optimal for further converting. Co-creation projects have resulted in innovative packaging solutions combining high barrier properties, sealability and runnability on high-speed packaging machines. These solutions are designed for demanding end-uses, including coffee, chocolate and confectionery.

### SHIFTING GEARS IN AI



AI is expected to transform the global economy, leading to productivity gains and a faster discovery of new ideas. We have launched an AI programme to develop a comprehensive AI strategy and implement the selected transformations. The programme assesses opportunities, sets directions and accelerates AI adoption and learning across the company. It provides clear, agile governance to ensure that AI delivers value. The AI strategy has been developed with contributions from more than 150 employees across multiple businesses and functions.

The strategy identifies high-impact AI transformations such as increased sales, optimised supply chains and improved processes. AI principles include ensuring the ethical, secure and transparent use of AI, with human oversight and the consideration of cybersecurity, privacy and data quality. AI is expected to significantly increase efficiency and streamline workflows. We are working to bring its benefits to our customers, employees and business development.

### IMPLEMENTING SUSTAINABLE PRODUCT DESIGN CONCEPT



The UPM Sustainable Product Design concept (page 24) supports and steers our product development projects, ensuring that every new product and service has a proven sustainability value proposition and supports the UN Sustainable Development Goals (SDGs).

We use the concept in new product development, using a tool that we have developed to map our impact on the SDGs. We have also used Life Cycle Assessment (LCA) and carbon footprint to provide

credible environmental data over the lifecycle. The concept has been used in existing business areas, and in the development of lignin and fibre-based products.

UPM Biochemicals launched UPM Solargo™, a new range of bio-based plant stimulants. They support plant growth by improving the quality of the soil microbiome and increase drought stress tolerance of the plants. UPM has entered the large agrochemical market with an innovative, sustainable alternative to fossil-based products.



# Value from sustainability

It is an integral part of our strategy to create value for society, both as a responsible company and through our renewable and sustainable solutions.

## OUR COMMITMENTS

We respect international agreements such as the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

Our values, the UPM Code of Conduct, and the UPM Sustainability Policy Statement form a solid foundation for our decision-making, management and operations.

We are committed to creating value using sustainable and renewable resources, reducing our environmental footprint and enhancing our positive societal impact.

Our strategy is based on the versatile use of renewable wood biomass, driven by a commitment to innovation and sustainability. It is a response to some of the biggest challenges facing the world today, such as resource scarcity, climate change, biodiversity loss and increasing inequality. Our strategy also guides us in achieving our 2030 sustainability targets and contributing positively to the UN Sustainable Development Goals (SDGs).

We have linked our financing to our sustainability performance. Our revolving credit facility is linked to our long-term biodiversity and climate targets, and we have issued four green bonds since 2020.

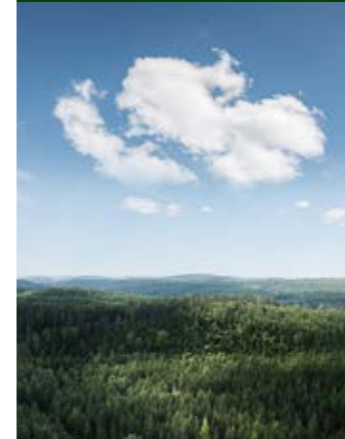
Sustainability is managed by the Board of Directors and the Group Executive Team,

as well as by businesses and functions. Sustainability measures are included in our management remuneration. These include reducing fossil CO<sub>2</sub> emissions from our onsite combustion and purchased energy, and achieving a net positive impact on biodiversity in our own forests in Finland and gender pay equity globally. These measures account for 20% of all performance measures.

- [Our 2030 sustainability targets and progress in 2024 on pages 30–32](#)
- [Committed to compliance on page 76](#)
- [Sustainability Statement on pages 125–245](#)
- [Our transition plan on page 149](#)

## OUR SUSTAINABILITY FOCUS IN 2024

### ENHANCING BIODIVERSITY AND CLIMATE ACTIONS



We participated in the Science Based Targets for Nature Network (SBTN) Corporate Engagement Programme to develop methods, tools and guidelines for setting science-based targets for maintaining and enhancing biodiversity (page 53). We also tested a new scientific methodology, environmental DNA, for measuring biodiversity in field tests in Finland and Uruguay (page 53).

We also carried out several actions to restore habitats, develop new ecologically sustainable forest management practices, and improve the monitoring and measurement of UPM's impact on forest ecosystems. As part of our Forest Action Programme, we launched the UPM Habitat Restoration Programme (page 51). By 2030, at least 3,000 hectares of peatland habitats will be restored, and management plans will be implemented on at least 100 other sites in UPM-owned forests in Finland.

We continued to prepare SBTi net-zero targets but were unable to proceed due to the further suspension of the forest and wood fibre pathway by the SBTi.

We continued the -30 by 30 Programme to reduce CO<sub>2</sub> emissions of purchased goods and services and logistics, with expanded data collection from key suppliers. We also developed category-specific action plans for all UPM's business areas.

The Finnish Meteorological Institute updated its earlier climate scenarios for UPM, and the study was published as part of its scientific series in December. The study observed past changes and future projections for Finland, Germany, Uruguay and China. It is almost certain that temperatures will rise in all these regions, but emissions reductions will help mitigate the effects.

### STRENGTHENING SOCIAL RESPONSIBILITY AND HUMAN RIGHTS WORK



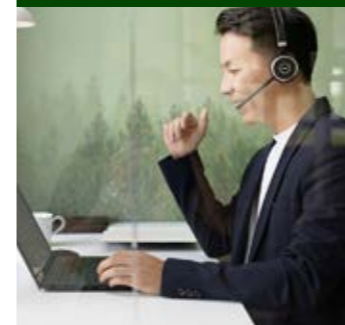
We continued to develop our human rights risk assessment approach. We carried out a corporate human rights saliency assessment and updated our corporate human rights salient issues accordingly. As part of our ongoing development of UPM's human rights due diligence, a human rights impacts assessment was conducted in Uruguay with an external partner (page 75).

We worked on contractor management, focusing on contractors working on UPM's production sites and forest operations. We collaborated with one of our maintenance service providers to develop a common model for verifying fair terms and conditions of work in our subcontracting chains. This comple-

ments the contractor safety work. Implementation of our Sustainable Supply Chain Programme, launched in 2023, continued.

We proceeded with our global safety project, which aims to further develop safety practices and increase employee engagement in safety. We also developed process safety further. We participated for the first time in Workplace Pride's annual assessment of LGBTIQ+ practices in companies, and the activities in Employee Resource Group, BeU continued. The network focuses specifically on creating a welcoming and inclusive workplace for members of the community worldwide.

### DEVELOPING REPORTING AND GOVERNANCE



The EU Corporate Sustainability Reporting Directive (CSRD) has expanded the requirements for sustainability reporting. These requirements complement our previous approach of integrated corporate reporting, GRI limited assurance, EU EMAS reports for our pulp and paper mills, and product level information. UPM's Sustainability Statement begins on page 125.

The revised UPM Sustainability Policy Statement, approved by the Group Executive Team, complements our Code of Conduct. The statement describes in more detail our responsible business practices and defines the principles and commitments to be applied. The statement also defines how sustainability issues will be governed and how

UPM's environmental and social performance will be assessed, managed and continuously improved. A new Product Stewardship standard, approved by the Marketing, Sustainability and Communications function's Management Team, complements the UPM Sustainability Policy Statement.

We also updated the UPM Supplier and Third-Party Code to meet the evolving requirements of corporate responsibility regulation. We strengthened our requirements for suppliers' human rights and environmental due diligence practices and reporting obligations.

# Sustainability targets and progress

To implement our strategy and manage our sustainability activities, we have defined several sustainability focus areas, targets and key performance indicators for 2030. These are reviewed annually based on the strategy and the results of the double materiality assessment (DMA), which identifies our impact on people and the environment, as well as sustainability-related risks and opportunities.

Our sustainability targets contribute positively to achieving the UN Sustainable Development Goals. We have selected six goals and 12 targets within them that are most relevant to us, based on where we can


have the greatest impact, either by minimising our negative impacts or by increasing our positive impacts on people, societies and the environment. There are others that are also relevant to us, but to a lesser extent.

### New responsible sourcing target


In 2024, we aligned the targets for responsible sourcing with our Sustainable Supply Chain Programme launched in 2023. We set a new target for 2030 to highlight the importance of strategic, critical and high sustainability risk suppliers. Our goal is for all these suppliers to indicate low sustainability risk in the EcoVadis assessment.

### Climate change mitigation


We focus strongly on contributing to climate change mitigation. We have SBTi-approved targets for reducing fossil CO<sub>2</sub> emissions from our own combustion processes (Scope 1), from purchased electricity and heat (Scope 2), and from sourced materials and logistics (Scope 3). The Scope 1 target is supported by targets for increasing energy efficiency and the use of biomass-based fuels and to phase out the use of coal and peat. We have also set targets to promote climate-positive land use and a climate-positive product portfolio.




**Goal 6:**  
Clean water and sanitation  
(Target: 6.3)




**Goal 7:**  
Affordable and clean energy  
(Targets: 7.2 and 7.3)




**Goal 8:**  
Decent work and economic growth  
(Targets: 8.2, 8.5 and 8.8)



**Goal 12:**  
Responsible consumption and production  
(Targets: 12.2, 12.4 and 12.5)



















**Goal 13:**  
Climate action  
(Target: 13.1)






















**Goal 15:**  
Life on land  
(Targets: 15.2 and 15.5)

## ECONOMIC

Focus area	Key performance indicator	2030 target	Contribution to the SDGs	2024 result
<b>Profit</b> Creating value to shareholders	Comparable EBIT	Comparable EBIT growth through focused top-line growth and margin expansion (continuous)		21% increase to EUR 1,224 million (1,013 million)
	Comparable ROE	10% (continuous)		8.3% (6.2%)
	Net debt/EBITDA	2 times or less (continuous)		1.66 times (1.55)
<b>Governance</b> Ensuring accountability and compliance	Participation in UPM Code of Conduct training*	100% (continuous)	   	99% (98%) of active employees completed the training *)
<b>Responsible sourcing</b> Adding value through responsible business practices	UPM spend covered by UPM Supplier and Third-Party Code	80% (continuous)	   	91% (89%)
	Strategic, critical and high sustainability risk supplier spend covered by EcoVadis assessment indicating low sustainability risk	100%	   	New target
	CO <sub>2</sub> emissions from materials and logistics (Scope 3), compared to 2018	-30%		-22% (-23%) compared to 2018

\* excluding UPM Rafatac companies acquired in 2024

## ENVIRONMENTAL

Focus area	Key performance indicator	2030 target	Contribution to the SDGs	2024 result
<b>Forestry</b> Ensuring sustainable land use	Climate-positive land use in UPM's own and leased forests	Forests as carbon sinks (continuous)	 	Five-year annual average carbon sink was approx. -2.1 Mt of CO <sub>2</sub> equivalents
	Share of certified fibre <sup>1)</sup>	100%		88.5% (87.0%)
<b>Biodiversity</b> Enhancing biodiversity	Positive impact on forest biodiversity and developing a monitoring system <sup>2)</sup>	Positive development (continuous)	 	Overall positive development measured in Finland and in Uruguay
	Obstacle-free streams <sup>3)</sup>	500 km		287 km (263 km) reached
<b>Climate</b> Creating climate solutions and working towards carbon neutrality	Fossil CO <sub>2</sub> emissions from UPM's on-site combustion and purchased energy (Scope 1 and 2), compared to 2015	-65%		-50% (-45%) compared to 2015 and -9% compared to 2023
	Coal and peat usage in on-site energy generation	0		7% of total fossil fuel usage, +4% compared to 2023
	Annual energy efficiency improvement	1% (continuous)		Not achieved
	Share of renewable fuels	70% (continuous)		80% (76%)
	Acidifying flue gases (NO <sub>x</sub> /SO <sub>2</sub> ) for a UPM average product, compared to 2015	-20%		-19% (-17%)
<b>Water</b> Using water responsibly	Chemical oxygen demand (COD) for a UPM average product, compared to 2008 <sup>4)</sup>	-40%		-44% (-39%)
	Wastewater volume for a UPM average product, compared to 2008 <sup>4)</sup>	-30%		-16% (-7%)
	Nutrients used at effluent treatment from recycled sources <sup>4)</sup>	100%		33% (33%)
<b>Waste</b> Promoting material efficiency and circular bioeconomy – reduce, renew, reuse, recycle and recover	Process waste sent to landfills or to incineration without energy recovery	0		18% increase compared to 2023, 83% (87%) of UPM's process waste recovered or recycled
<b>Product stewardship</b> Taking care of the entire lifecycle	Climate-positive product portfolio	Continuous		Decarbonisation solutions: 8% of sales
	Development of new products and services with contribution to SDGs	Continuous	 	For example, UPM Solargo™, a new range of bio-based plant stimulants
	Share of applicable products eligible for ecolabelling out of UPM sales	100%		89% (89%)

<sup>1)</sup> Forest management certification

<sup>2)</sup> Covers UPM's own forests in Finland and UPM's land in Uruguay

<sup>3)</sup> Relevant for Finland, based on year 2015, methodology change in 2024, recalculation of 2023 figure

<sup>4)</sup> Relevant for pulp and paper production



SOCIAL

Focus area	Key performance indicator	2030 target	Contribution to the SDGs	2024 result
<b>Continuous learning and development</b> Enabling continuous professional development for high performance, growth and future employability	Goal setting discussions are held and development plans are created for employees	100% completion rate		85% (85%) of employees completed individual goal setting or annual discussion, 78% (81%) of employees had a development plan documented
	Employee perception of good opportunities to learn and grow	Clearly above benchmark		In the Employee Engagement Survey average score of 65 (64). Below global average benchmark by 7 points.
<b>Responsible leadership</b> Emphasising value-based and inspiring leadership and integrity	Employee engagement	Clearly above benchmark		In the Employee Engagement Survey average score of 70 (70). Below global average benchmark by 4 points.
	Employees' sense of belonging	Among the top 10% of benchmark companies		In the Employee Engagement Survey average score of 68 (68). Below top 10% benchmark companies by 11 points.
<b>Diversity and inclusion</b> Developing an organisational culture and workplace to ensure a diverse and inclusive working environment for business success	Continuous improvement in female representation in professional and managerial roles. Developing leadership and decision-making capabilities with increased diversity	40% female representation		34.5% (32.3%)
	Diversity and inclusion initiative	Continuous		Dialogue continued on developing inclusive behaviours. Established Employee Resource Group (BeU) on LGBTQ+ community. Gender pay gap closed.
	Employees' pay meeting at least local living wage: implementing a yearly review	Continuous		Company-wide review done considering the threshold of typical family for local living wage. Pay adjustments implemented to close identified pay gaps related to local living wage.
<b>Fair rewarding</b> Ensuring fair, equitable and competitive rewarding for all employees	Gender pay equity for all employees: implementing a yearly review process to identify and close unexplained pay gaps	Continuous		Company-wide review done and pay adjustments implemented to close identified, statistically significant unexplained gaps related to gender.
	<b>Safe and healthy working environment</b> Ensuring the safety and health of our employees, contractors and the local communities close to our operations	Fatalities or serious accidents in UPM operations	0 (continuous)	
Total recordable injury frequency (TRIF), including contractors		<2		TRIF 6.1 (6.1) for UPM workforce and 5.1 (5.2) including contractors
Process safety integrated in safety management		All sites and businesses		Process safety gap analyses done in all business areas and roadmap actions being implemented
Employees' sense of worklife balance		Among the top 10% of benchmark companies		In the Employee Engagement Survey average score of 72 (72). Below top 10% benchmark companies by 7 points.
Absenteeism rate		<2%		4.2% (4.3%)
<b>Community involvement</b> Ensuring local commitment and positive impact on communities	Assessment of quality of community relationships and define measures at relevant sites	Continuous		A third-party Human Rights Impact Assessment conducted in Uruguay and a development plan created. A preliminary policy for community engagement established, with implementation planned for 2025.
	Long-term initiative(s) that impact their mill communities defined in line with the UPM Share and Care programme	All businesses (continuous)		Supported local education and learning initiatives to help local communities within our operational sites and continued to provide aid to people, especially children, impacted by conflicts, wars and natural disasters, such as flooding in Poland and the USA.

# Risks and opportunities

The operating environment exposes UPM to a number of risks and opportunities. Many of them arise from general political and economic activity and global megatrends.

- Sensitivity to pulp and electricity prices on page 115
- Risks in the report of Board of Directors on page 120
- UPM's cost structure is presented on page 272
- Main currency exposures are presented on page 305

**CYCLICAL AND COMPETITIVE BUSINESS ENVIRONMENT**

UPM's current product offering competes in markets where there are competing alternatives for customers and where the shifts in supply and demand continuously influence prices. Changes in production capacity, supply chain shifts, new product or raw material development, and competitor and consumer behaviour may impact the price levels for our products and main inputs, and cause demand fluctuations. Rapid acceleration in digitalisation and e-commerce may expedite the decline in demand for communication papers and simultaneously increase demand for sustainable packaging products.

**Management:** Industry-leading balance sheet. Continuous improvement in competitiveness, resource efficiency and customer offering. Responsible operations. Business portfolio development.

**Opportunity:** Growing need and consumer preference for renewable and recyclable solutions create business opportunities and drive demand growth.

**CLIMATE CHANGE**

The transition to a low-carbon economy can cause policy changes and shifts in market preferences, standards, and technologies, which in turn may result in changes to cost structures or the commercial opportunities of biomass and change the competitiveness of products, raw materials, industries, and countries. The physical impacts of climate change include more frequent and severe extreme weather conditions, which can increase droughts, floods and forest fires and cause uncertainties in business operations or damage UPM's or suppliers' production assets. Damage caused by insects and tree diseases can become increasingly common.

**Management:** Long-term targets and science-based measures to mitigate global warming through sustainable forestry, emissions reductions and innovating novel products. Enhancing biodiversity.

**Opportunity:** Transition opportunities include those driven by resource efficiency and the development of new technologies, CO<sub>2</sub>-free electricity, products and services that could bring new markets, customers, sources of funding and competitive advantage for us. Longer forest growing season in northern hemisphere.

**GEOPOLITICAL AND ECONOMIC UNCERTAINTY**

Russia's war in Ukraine, the conflict in Gaza, the continuing high interest rate environment, energy price volatility in Europe, rivalry between the US and China, policies of the new US presidential administration, as well as political uncertainties in several countries continue to cause uncertainty in trade policies, economic growth and the rule of law, and challenge competitiveness and predictability for companies with international value chains and operations in several countries. The testing relationships between businesses, governments and society and the growing international focus on military conflicts, hybrid activities and a protectionist approach to trade may stress the economic and political environment and cause local challenges to our operations or influence demand, sales prices or input costs for our products.

**Management:** Monitoring through international trade associations. Compliance. Continuous improvement in competitiveness. Continuous monitoring of geopolitical landscape. Disciplined planning and selection of investments. Business portfolio development.

**Opportunity:** Diverse business portfolio, geographical presence and responsible business practices may present opportunities for supply chain optimisation or strategic opportunities (incl. M&A) in an economic downturn.

### CHANGES IN POLICIES, LEGISLATION AND STAKEHOLDER EXPECTATIONS



The rising concern of the cost-of-living crisis and the strain on natural ecosystems have intensified expectations for companies to deliver economic, social and environmental benefits and complement the actions of governments. Changes in regulation, taxation or subsidies could have an effect on our performance, competitiveness and the costs and availability of raw materials. Unpredictable and rapid changes in e.g. US or EU policies or local legislation may occur. Environmental regulations may continue to become more stringent. As policies, legislation or stakeholder expectations, or the application of them change, additional costs in complying with more stringent requirements or fines for non-compliance may be imposed on us.

**Management:** Responsible operations in the value chain enhance the ability to operate and influence long-term business success, including environmental management systems, sustainable forestry and compliance.

**Opportunity:** Creating value for society, as a company and through our renewable and responsible solutions, is an integral part of our strategy. The bioeconomy offers new opportunities for value creation and business growth.

### EXECUTION OF STRATEGIC INVESTMENT PROJECTS



We invest in selective strategic projects to enable profitable growth. Investment projects are often large and may take several years to complete. They may also involve strategic, technical and operational risks. Our biochemical refinery project in Germany involves new technology and opens new markets for us. The recent high inflation and interest rate environment, price uncertainty of construction materials, and availability of skilled labour as well as bottlenecks in the global logistics and supply chains have added new challenges to large investment projects.

**Management:** Stringent and continuous operational planning, steering and supervision, quality control, input procurement, scheduling as well as resource and cost monitoring. Environmental, health, safety and social impact assessments and protocols. Stakeholder engagement.

**Opportunity:** Carefully selected and implemented growth projects improve our earnings and returns and change the positioning of the company.

### INPUT PRICE FLUCTUATIONS ON THE MAIN RAW MATERIALS AND SERVICES



The main production inputs required in the manufacturing of our products are wood, fibre, chemicals, energy and water. The prices for many of these inputs have been volatile in recent years and are expected to remain volatile for the foreseeable future. Ongoing military conflicts, governmental protection, geoeconomic rivalry, climate change, supply chain disruptions, environmental policies and other governmental actions or restrictions, could continue to cause further uncertainty around the prices and availability of these inputs as well as logistics services.

**Management:** Continuously improving resource efficiency and supply chain optimisation and diversification. New technologies. Long-term supply contracts and relying on alternative suppliers. Selected ownership of forest land and long-term forest management contracts.

**Opportunity:** Circular economy, continuous improvement in resource efficiency and supply resilience to withstand price fluctuations offer competitive advantage.

### INFORMATION TECHNOLOGY AVAILABILITY AND INCREASING CYBERCRIME ACTIVITY



Our business operations depend on the availability of supporting information systems and network services. Unplanned interruptions in critical information system services can cause disruptions to the continuity of operations. The information systems may be exposed to a cyber-intrusion that could cause leakage of sensitive information, violation of data privacy regulations, theft of intellectual property, AI-generated misinformation or disinformation, production outages or damage to reputation.

**Management:** We systematically maintain and further develop our measures for cybersecurity protection.

**Opportunity:** Sophisticated IT systems enable efficient operations and optimised performance, as well as new customer services and data security.

### OPERATIONAL HAZARDS, HEALTH AND SAFETY ISSUES AND BUSINESS INTERRUPTION



Our operations are exposed to risks arising from the environment, fires, natural events, machinery breakdowns, site security and occupational health and safety. A major incident at a UPM site or at a critical part of the supply chain could cause a shutdown or curtail production. Any failure to maintain high levels of safety management could also result in physical injury, sickness or liability to employees, contractors or third parties and cause business interruption.

**Management:** We systematically maintain and further develop our management, safety, security and loss prevention programmes as well as insurance protection and business continuity. Development of process safety.

**Opportunity:** Industry-leading environmental performance provides competitive advantage. Health and safety performance strengthens engagement, efficiency and productivity.

### FINANCIAL RISKS



Financial risks include foreign exchange and interest rate fluctuations, challenges in refinancing, counterparty or credit risks or changes in taxes. Changes to the monetary policies of major central banks may significantly impact interest rates and consequently various currencies that directly or indirectly affect UPM. Our foreign exchange rate risk primarily relates to the US dollar, British pound sterling and Japanese yen.

**Management:** Continuous hedging of net currency exposure. Hedging the balance sheet. Continuous improvement in competitiveness. Disciplined planning and selection of investments. Business portfolio development.

**Opportunity:** Diverse business portfolio and geographical presence, focus on competitiveness and strong balance sheet may present strategic opportunities in a changing currency environment.

### EMERGING RISKS

Artificial Intelligent (AI) -generated misinformation, disinformation or other adverse effects of AI technologies could erode trust of democratic processes, deepen polarised views and increase sophisticated cybercrime events. Such events could lead to e.g. erroneous deliveries, non-payments of delivered products or high-value decisions based on falsified information and documents.

**Management and opportunity:** Strong balance sheet. Maintaining and developing cybersecurity protection. Ensuring AI governance to unlock advantages of AI.

Biodiversity refers to the diversity and variation of species and ecosystems on our planet. According to the UN, and despite ongoing efforts, biodiversity is deteriorating worldwide. Our operations are widely linked to biodiversity, and most significant impacts on biodiversity arise from wood sourcing activities. Deterioration of biodiversity could lead to slower forest growth which could impact the availability and increase costs of wood for UPM in the long term. Biodiversity loss arising from wood sourcing could lead to claims against UPM or restrictions to wood use.

**Management and opportunity:** Global 2030 Forest Action Programme combines measures on climate, biodiversity, soil, water and social contribution. Biodiversity is instrumental in maintaining healthy forest growth.

# Generating shareholder value

Making more sustainable choices increases demand for our products and attracts investor interest. We aim to grow our earnings and valuation in the coming years, while providing our shareholders with an attractive dividend.

## DRIVING LONG-TERM VALUE CREATION



### An attractive business portfolio drives profitability and valuation

Increasing our share of higher-margin growth businesses improves our long-term profitability and increases the value of our shares. On average, our growth businesses have EBIT margins more than twice as high as the mature communication paper business.



### Strong balance sheet

Our strong balance sheet mitigates risks and enables us to implement our strategy, even in uncertain times.



### Attractive dividends

We aim to pay attractive dividends, targeting at least half the comparable earnings per share over time.



### Top performance enables investments in growth, innovation and sustainability

We make good use of commercial strategies, tight cost control, material and energy efficiency, effective capital allocation, and efficient use of assets to continuously improve our financial performance. We seize opportunities through our agile operating model, while capitalising on corporate synergies.



### Value-creating growth

Consumer megatrends are driving growth in demand for most of our material solutions. This is further supported by the increasing need for sustainable alternatives to fossil-based materials and energy. We grow businesses with strong long-term demand fundamentals, where we have a clear competitive advantage. Thus, we seek growth in renewable fibres, advanced materials and decarbonisation solutions and strive to capture opportunities in higher growth geographies. This underpins attractive returns on invested capital.



### Sustainability at the core

We see sustainability as a key driver of growth and competitiveness. We are seizing the opportunities presented by responsible consumer choices and stricter regulations to mitigate climate change and address the plastics challenge, for example. Responsible operations and value chains help mitigate risks.



### Innovating for the everyday

We drive innovation to create high-value business opportunities – for example, in biochemicals, biofuels and specialty packaging materials. Successful commercialisation and scaling up to a significant size are important. We protect our intellectual property.



**-22%**

Share price 2024

Dividend proposal  
EUR

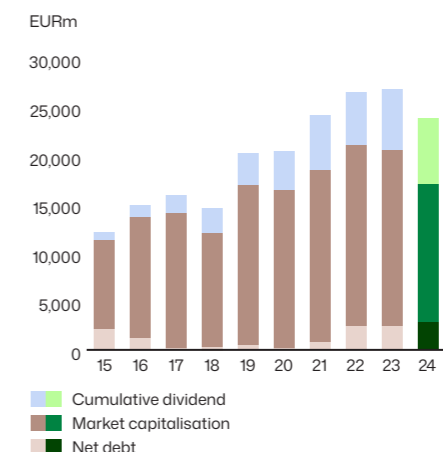
**1.50**

per share

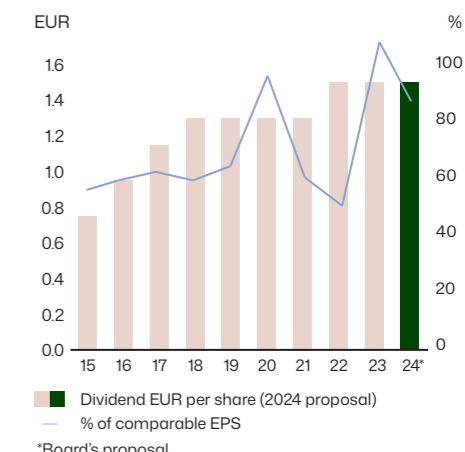
**51%**

Share of ESG-focused investors of all institutional shareholders

### Enterprise value and cumulative dividends



### Dividend per share



### 5-year share performance and valuation multiples

	2024	2023	2022	2021	2020
Share price at 31 Dec, EUR	26.56	34.06	34.93	33.46	30.47
Comparable EPS, EUR	1.74	1.40	3.09	2.22	1.37
Dividend per share, EUR	1.50 <sup>1)</sup>	1.50	1.50	1.30	1.30
Dividend to comparable EPS, %	86	107	49	59	95
Effective dividend yield, %	5.6	4.4	4.3	3.9	4.3
P/E ratio	32.5	46.8	12.2	13.9	29.0
P/BV ratio <sup>1)</sup>	1.27	1.63	1.49	1.65	1.74
EV/EBITDA ratio <sup>2)</sup>	9.82	13.1	8.3	10.2	11.3
Market capitalisation, EUR million	14,165	18,165	18,629	17,845	16,250

<sup>1)</sup> 2024: Board's proposal

<sup>1)</sup> P/BV ratio = Share price at 31 Dec./Equity per share

<sup>2)</sup> EV/EBITDA ratio = (Market capitalisation + Net debt)/EBITDA

# Our businesses

**Renewable fibres**

UPM Fibres .....40

**Advanced materials**

UPM Raflatac .....42

UPM Specialty Papers .....43

UPM Plywood .....44

**Communication papers**

UPM Communication Papers .....45

**Decarbonisation solutions**

UPM Energy .....46

UPM Biorefining .....47

# UPM Fibres

UPM Fibres leads the multifibre pulp industry with solid platforms in Uruguay and Finland. Our sustainable forestry operations, efficient sawmills, state-of-the-art pulp mills, logistics and customer-centricity give us a strong competitive edge in meeting the growing global demand for sustainable solutions.

UPM Fibres is the world's leading pulp producer with a multifibre portfolio. Our multifibre strategy is based on two platforms: the southern plantation-based eucalyptus hardwood pulp platform and the northern coniferous softwood pulp platform.

The southern platform in Uruguay consists of two state-of-the-art pulp mills, eucalyptus plantations and tree nurseries. Operational excellence combined with efficient rail and sea logistics make our southern platform one of the most competitive in the industry. The successful ramp-up of the Paso de los Toros pulp mill was the highlight of the year for UPM Fibres and UPM as a whole (page 15).

The new mill reached its nominal capacity in June. The rebuilt and modernised state-owned railway from the mill to the port of Montevideo was completed and gradually put into operation. With these strong foundations in place, the optimisation of wood costs, mill productivity and outbound logistics will continue and bring additional competitive advantages.

In our northern platform, which consists of three pulp mills and four sawmills in Finland as well as our wood sourcing and forestry operations, we focused on profitability and competitiveness in a challenging market environment. Our well-maintained mills, which have benefited from targeted investments, are efficient and flexible to operate. To ensure that we actively manage the entire value chain from the forests to our pulp and timber end customers, we reorganised our Finnish operating model in 2024, bringing our pulp, timber and forestry operations under the same leadership.

We have direct pulp and timber sales in all major strategic markets, with our own dedicated sales force, customer service and technical support. This focus on customers and the excellent service we provide them is one of our key competitive advantages.

Pulp demand is growing in line with overall GDP growth and is driven in the medium to long term by global megatrends such as urbanisation and the growth of the middle

## KEY FIGURES 2024

### SALES

EURm

**3,728**

+22%

### COMPARABLE EBIT

EURm

**533**

+357%

### PERSONNEL

on 31 Dec.

**2,740**

### COMPARABLE ROCE

%

**7.5**

+5.7pp



## AVAILABILITY OF WOOD RAW MATERIAL IS FUNDAMENTAL

At the end of 2024, we owned 916,000 hectares of forest land in Finland, Uruguay and the USA. Most of this land is in Finland, totalling around 522,000 hectares. In Uruguay, we own about 318,000 hectares of eucalyptus plantations, grasslands and conservation areas, and 76,000 hectares of forest in the USA. We also lease about 174,000 hectares in Uruguay and manage about 1.6 million hectares of private forests in Finland.

Our commercial forests and tree plantations are a strategic choice for us. The value of our forests and plantations, including land, was over EUR 3.5 billion in 2024.

We source wood as raw material for UPM's sustainable and recyclable products from a total of 15 countries. Wood harvested from our forests and plantations and from our partners covers about 65% of our annual wood demand globally. We receive around 18 million cubic metres of wood from our own sources of a total consumption of 28 million cubic metres.

In Uruguay, 90% of the wood delivered to the two pulp mills comes from our own or leased plantations. In Finland, this share is about 50%. We buy wood from around 14,500 private forest owners in Finland.

Partnership in wood trade means jointly agreed, planned and long-term measures to ensure sustainable forest management. Sustainable growth, economic returns and consideration for biodiversity are key elements of the partnership.

In Central Europe, we source wood for paper mills and for the new Leuna Biorefinery. The paper mills mainly use spruce as a raw material. The main raw material for the biorefinery is beech from private forest owners.

Our business is based on the use of forest biomass. We follow the same strict sustainability standards wherever we operate. Good forest management allows us to increase the use of forests while strengthening their carbon stocks and biodiversity.

➤ [Sustainable forestry on page 50](#)

➤ [UPM Forest website](#)

## CASE STUDY



## SETTING SIGHTS ON NORTH AMERICA

Having established a strong presence in Europe and Asia-Pacific, UPM Pulp is now expanding into North America, the world's third largest pulp market. After entering the market in 2021, our pulp deliveries will triple by 2025.

Key to this success is the reliable delivery of products directly to customers' production sites, a critical factor given the lean stock practices of many customers. We also provide technical support to help customers optimise the use of hardwood and softwood pulp in their products.

UPM sees significant growth potential in the North American market for high-quality tissue products, which is well suited to UPM Euca pulp from Uruguay. The service model, with a dedicated team working closely with customers, is another of our strengths.

class, which will lead to increased demand for tissue paper especially in regions where current per capita tissue consumption is markedly lower than that in Western Europe or the USA.

Another major growth driver is the replacement of plastics with sustainable fibre-based solutions in the packaging value chain. The pulp production process also generates recoverable sidestreams such as lignin and crude tall oil that can be used as raw materials in new wood-based businesses.

In the timber business, we expect a gradual turnaround in the construction sector, creating demand for wood construction and for sustainably produced, long-term carbon sequestering sawn timber to replace fossil building materials.

Being a leader in sustainability is a competitive advantage and a key element in serving our customers. For example, in 2024, UPM Pulp enhanced product-level carbon footprints using Life Cycle Assessment studies which help our customers track their Scope 3 emissions more accurately and plan their carbon reduction strategies. UPM was also one of the frontrunners in preparing for the EU Deforestation Regulation, ahead of the implementation deadline, ensuring that we and our customers are ready to comply with this new regulation (page 78).

➤ [More key figures on page 116](#)

➤ [www.upmpulp.com](http://www.upmpulp.com)

➤ [www.upmtimber.com](http://www.upmtimber.com)

# UPM Raflatac

UPM Raflatac continues to strengthen its competitiveness and growth prospects through strategic initiatives. The Graphics business, in particular, shows a high potential for organic growth, complemented with acquisitions.

UPM Raflatac delivers long-term value in self-adhesive paper and film products. Our global customer reach is supported by a strong and efficient production, distribution and sales network. Our expertise in product development and adhesive technology enables us to excel in advanced label applications as well as in adjacent markets such as graphics solutions and speciality tapes.

The Graphics business, in particular, offers high growth potential through organic and acquisition opportunities. The specialty tape sector, due to its fragmented nature, offers significant opportunities for acquisitions.

We continued to strengthen our competitiveness and growth prospects through strategic initiatives. An important highlight was the acquisition of the Belgian company Grafityp. This acquisition strengthens our competitive position in the graphics sector and provides us with access to new, fast-growing end-uses such as vehicle wrapping.

We also took the strategic decision to close the Kaltenkirchen factory in Germany in order to accelerate our growth

in Films and Graphics by improving the overall profitability of our operations and maximising synergies. The label materials production of the factory will be transferred to Poland and Finland. Graphics production will be transferred to Belgium during 2025.

We want to increase our global reach and expand in both existing and new markets. We aim to gain a market share in our core markets of EMEIA and North America. To strengthen our position in North America, we opened a new terminal in Toronto, Canada. We are also looking for expansion and growth opportunities in the fast-growing regions of Asia, India and Latin America.

Sustainability is one of our key competitive advantages. There is a strong market demand for solutions that reduce CO<sub>2</sub> emissions and promote circularity, such as our Carbon Action portfolio and the New Wave label launched in 2024. We have also received a new validity certificate for our unique RafCycle™ recycling service from DEKRA, a leading international assurance service provider.

## KEY FIGURES 2024

### SALES

EURm

**1,562**

+5%

### COMPARABLE EBIT

EURm

**132**

+28%

### PERSONNEL

on 31 Dec.

**3,224**

### COMPARABLE ROCE

%

**18.3**

+4.3pp

Despite a challenging market environment, we remain optimistic about the future. Positive signs of continued demand recovery in our core markets have strengthened our belief that the overall demand for pressure sensitive label material will return to pre-pandemic growth levels.

➤ [More key figures on page 117](#)  
➤ [www.upmraflatac.com](http://www.upmraflatac.com)

# UPM Specialty Papers

UPM Specialty Papers is poised for growth in labelling materials and the packaging segments, driven by global megatrends, sustainability and regulatory compliance. The business is well-positioned for growth.

UPM Specialty Papers has a long history of success in the specialty and APAC fine paper markets. Our success is based on long-term customer relationships, financial strength, and reliability. With our global reach, we are able to meet the needs of international customers, while providing services and expertise locally in their markets.

UPM Specialty Papers has a strong foothold in Europe and the growing markets of Asia Pacific. In recent years, we have also strengthened our position in the Americas. In label papers, we are an established global market leader and aim to continue to grow with the market. In APAC fine papers, we are focusing on renewing the business and concentrating on segments in which sustainability adds value.

There are also significant growth opportunities in the flexible packaging segment. The substitution of plastic packaging with fibre-based solutions offers opportunities for our barrier papers. With our expertise in producing highly demanding specialty papers, innovative solutions, and the support of UPM's strong R&D resources, we have established ourselves as a viable partner in

this segment. In 2024, we launched several co-created packaging solutions with our partners; our aim is to offer proven concepts that can be adopted by packaging converters, thus supporting their transition to fibre-based materials.

The year 2024 was a year of perseverance for UPM Specialty Papers, as the recovery of our product markets started after unusually high destocking in our value chains. The focus of the organisation was on margin management, cost saving measures and maintaining the agility to respond to the volatile markets of recent years.

Sustainability is a key driver and design principle for our products. Key considerations include ensuring recyclability and sustainable fibre sourcing and replacing fossil-based materials with renewable alternatives. Regulatory developments, particularly in the EU, are placing new demands on the paper and packaging value chain. For example, the Packaging and Packaging Waste Regulation (PPWR) will require all packaging in Europe to be recyclable by 2030. The EUDR (European Deforestation Regulation) will also have a global impact,

## KEY FIGURES 2024

### SALES

EURm

**1,467**

-1%

### COMPARABLE EBIT

EURm

**135**

+37%

### PERSONNEL

on 31 Dec.

**1,945**

### COMPARABLE ROCE

%

**17.1**

+5.8pp

requiring fibres to be traceable and sourced from sustainable sources. We are well prepared to help our customers meet these requirements.

➤ [More key figures on page 117](#)  
➤ [www.upmspecialtypapers.com](http://www.upmspecialtypapers.com)

## CASE STUDY



### NEW SOLUTION FOR PLASTIC PACKAGING

UPM Raflatac has introduced the New Wave paper label material, the first of its kind to be certified by RecyClass for use on rigid plastic containers made of high-density polyethylene (HDPE) and polypropylene (PP). The test results confirm compatibility even with natural and white material streams, which require the highest purity of recycle from recycling processes.

The label is ideal for home and personal care products such as soap bottles and detergent containers. It can be washed clean at 40 °C with plain water, resulting in a recycle that can be reused.

This innovation makes it easier for brands to certify their packaging as recyclable and offers more options for using label materials from a renewable source.

## CASE STUDY



### NEW SOLUTIONS FOR LEADING BRANDS COLLABORATION

The demand for sustainable packaging is growing fast. Our many co-creation projects aim to improve the performance of fibre-based packaging and provide brands and converters with paper-based barrier solutions for more demanding end-uses.

The projects with customers and expert partners in the packaging industry have resulted in improved barrier properties that are essential to preserve the freshness and quality of products such as coffee, chocolate and spices, and to safeguard food safety.

The collaboration results in innovations that offer brands and end-users options that can be recycled in fibre recycling streams, or that are even compostable in some cases.

# UPM Plywood

UPM Plywood is committed to high-quality products and exceptional customer service. We focus on maximising the capacity of our mills and exploring new growth opportunities.

UPM Plywood's long-term loyal customers include large market leading distributors and industrial users, who value high-quality products, a reliable supply of plywood and veneer and professional customer service.

UPM is the largest plywood producer in Europe. The clear priority for the future is to bring all mills up to full capacity after the sharp decline in construction activity since 2023. Full operation will significantly increase volumes and therefore profitability while we are exploring opportunities for growth investments.

In terms of organic growth, we see all our key end-uses growing in the mid-term faster than GDP. Of particular interest is the LNG end-use, as there is an extraordinary boom in demand for LNG and therefore also LNG tankers. Our WISA-Birch plywood is the clear market leader in LNG cargo containment systems, with more than half of the current fleet supplied. We are exploring opportunities to increase our LNG plywood production capacity to meet this growth.

We are also looking at new geographies, new species to complement spruce and

birch, and new product categories to broaden our product portfolio. A big untapped opportunity is North America, and we are well-positioned to capture a share of this market with our focused offering.

We have one of the largest R&D organisations in the industry. Innovations in material sciences enable us to continually improve product performance to meet our customers' needs and sustainability expectations. WISA plywood products store five times more biogenic CO<sub>2</sub> during their lifecycle than the Scopes 1, 2 and 3 fossil emissions from our operations. Our patented proprietary WISA BioBond glueing technology contributes by replacing half the fossil-based phenol with wood-based lignin, significantly reducing the CO<sub>2</sub> footprint.

Recent targeted investments enabled us to expand our product range with the WISA-Birch LG product and further automate our veneer processing capabilities. These improvements enhance production quality and productivity, especially for LNG plywood. The investments were completed as planned and the results are already visible in the key figures of the mills.

## KEY FIGURES 2024

### SALES

EURm

**430**

+2%

### COMPARABLE EBIT

EURm

**42**

-26%

### PERSONNEL

on 31 Dec.

**1,598**

### COMPARABLE ROCE

%

**17.1**

-5.1pp

➤ [More key figures on page 118](#)

➤ [www.wisaplywood.com](http://www.wisaplywood.com)

# UPM Communication Papers

UPM Communication Papers is known for its diverse product portfolio, global reach, and commitment to sustainability. We continue to deliver strong performance through proactive asset management and customer-focused solutions.

UPM Communication Papers is a leading producer of graphic papers. Our global reach, diverse product portfolio, and ability to deliver large volumes foster long-term customer relationships. This strong foundation, coupled with our commitment to sustainability and market understanding, forms our competitive edge.

Our proactive asset management ensures competitiveness in a dynamic market. Our global network of paper mills provides flexibility, allowing us to meet our customers' demands even in challenging circumstances.

In 2024, despite unexpected shifts in raw material markets, our resilience delivered a strong cash flow and profitability. We have enhanced customer understanding and satisfaction. With detailed customer insights, we are taking targeted actions in order to meet evolving needs and drive commercial performance.

Our wide and diverse product portfolio is a key strength. As the market evolves, we are adopting a focused strategy, driving competitiveness across paper categories and key markets, and prioritising areas with at-

tractive margins and growth potential. This strategy aligns our offering with the needs of our customers.

Sustainability is central to our strategy, enabling long-term value creation for our customers. We support our customers in meeting stringent sustainability regulations, addressing global megatrends such as climate change, nature's role and digitalisation.

In 2024, we reduced our environmental footprint, particularly in logistics, by piloting transportation solutions that reduced CO<sub>2</sub> emissions by two-thirds and yielded significant cost savings. Our energy management approach focuses on flexibility, optimising electricity use, and replacing fossil fuel-based power generation with electric boilers, significantly reducing emissions.

UPM Communication Papers is well-positioned for high performance, supported by our strong market presence, our focus on high-value product segments, and our commitment to sustainability. Our competitive edge lies in our adaptability, platform health, and the ability to create lasting value for customers and stakeholders. We are confident

## KEY FIGURES 2024

### SALES

EURm

**2,953**

-18%

### COMPARABLE EBIT

EURm

**273**

-41%

### PERSONNEL

on 31 Dec.

**5,190**

### COMPARABLE ROCE

%

**23.8**

-8.7pp

that paper will remain a viable medium that will continue to deliver value to companies and societies for years to come.

➤ [More key figures on page 118](#)

➤ [www.upmpaper.com](http://www.upmpaper.com)

## CASE STUDY



### LIFE CYCLE ANALYSES FOR ALL SPECIAL BIRCH PLYWOOD PRODUCTS

UPM Plywood has published LCA summaries for WISA® birch plywood products that are not included in the Environmental Product Declarations (EPDs). These summaries provide customers with third-party-reviewed LCA information about the environmental performance of these products from cradle to gate.

The LCA assesses various environmental impact categories such as climate change, ozone depletion, and water and resource use. Climate change is particularly high on the agenda.

Customers are increasingly interested in calculating their carbon footprint. The LCA summaries help them compare the environmental impacts of different product options. The LCA process helps us understand the effects of changes in raw materials or emissions, aiding continuous operational improvements.

## CASE STUDY



### WIND POWER FOR GERMAN MILLS

A significant step in 2024 was UPM's Wind Power Purchase Agreement (PPA) with German onshore wind farms. This agreement will supply our German mills with up to 430 GWh of fossil-free wind power annually, the same capacity as a similar agreement signed in Finland in 2022. This option supports our customers in our joint efforts to produce printed products with improved environmental performance.

In combination with the recently commissioned power-to-heat boilers with a total capacity of 230 MW, UPM's German paper mills are now able to generate fossil-free heat and replace the use of natural gas. By utilising the flexibility potential of our mills, we have been able to benefit from lower spot market prices and reduce costs in an increasingly volatile energy system.

# UPM Energy

UPM Energy is driving a sustainable future with fossil-free nuclear and hydropower that plays a key role in balancing the Nordic power markets. We explore opportunities in wind, solar and power-to-X.

UPM Energy is the second largest electricity producer in Finland, with its own and co-owned power plants, and a major player on the Nordic electricity markets. Our 99% fossil-free production portfolio consists of firm nuclear power and flexible hydropower, and we have active trading operations both in the physical and financial electricity markets. Looking forward, we are exploring opportunities in wind and solar power development, as well as in power-to-X-solutions.

As UPM is both a large producer and consumer of electricity, we have a unique position in the markets. Besides producing competitive fossil-free electricity, we play an important balancing role in the volatile Nordic markets with our hydropower and paper mills. We have strong expertise in optimising hydropower production and industrial power consumption in the volatile power markets. Our flexibility is needed to balance the power system, which benefits society as a whole.

Electricity demand is expected to grow significantly with decarbonisation and digitalisation. Industrial and district heating is already electrifying rapidly. Digitalisation

continues, requiring ever-larger data centres. Increasing demand for both firm and flexible electricity capacity offers attractive business prospects for us.

2024 was the first full year of continuous commercial production for the Olkiluoto 3 nuclear power unit, which increased UPM Energy's electricity production by almost 50% in one go. The new unit performed well considering that it is one of the largest nuclear power units in the world in terms of nominal capacity.

Another highlight of the year was the decision to install an ultracapacitor at the UPM Kuusankoski hydropower plant. An ultracapacitor enables the plant to provide very fast reserves through short-term energy storage (see below).

- [More key figures on page 116](#)
- [www.upmenergy.com](http://www.upmenergy.com)

## KEY FIGURES 2024

### SALES

EURm  
**627**

-0%

### PERSONNEL

on 31 Dec.  
**91**

### COMPARABLE EBIT

EURm  
**181**

-0%

### COMPARABLE ROCE

%  
**7.5**

+1.5pp

# UPM Biorefining

UPM Biorefining is leading the transition to renewable solutions, addressing the urgent need to reduce emissions. We pave the way for a sustainable future with biofuels and biochemicals that lower CO<sub>2</sub> footprints and use sustainable raw materials.

UPM Biorefining consists of UPM Biofuels and UPM Biochemicals. These businesses aim to grow in markets that need to replace fossil-based materials with renewable solutions to reduce greenhouse gas emissions in line with climate targets. With fuels and chemicals contributing to roughly a quarter of emissions, the market for renewables is vast. The value of UPM's products comes from a drastically reduced CO<sub>2</sub> footprint and the sustainable raw materials used.

The UPM Biofuels refinery in Lappeenranta utilises crude tall oil (CTO), a pulp mill residue, as feedstock for producing renewable UPM BioVerno™ diesel and naphtha, an intermediate chemical used in sustainable fuels and materials like PET and polyester. CTO does not compete with food production or cause land-use change, and results in high-quality end products. Tall oil-based fuels are being qualified for use as Sustainable Aviation Fuels (SAF) as we seek to enter this high-value global market.

UPM's current biofuels operations provide a strong basis for profitable growth. Basic engineering for a second refinery has progressed, and our focus will be on broadening the feedstock pool and testing new

proprietary technology at a larger scale and on flexible feedstock options.

The production of our new biorefinery in Leuna, Germany, will ramp up in 2025. The biorefinery is expected to reach full production and positive EBIT in 2027. The refinery's products offer an attractive value proposition for consumer brands seeking sustainable materials. The supply of sustainable solutions in chemicals is limited, and UPM is entering with an innovative portfolio of renewable-based chemicals and materials, positioning itself as a forerunner.

For example, UPM Biochemicals is among the first to offer Renewable Functional Fillers (RFF), a renewable product that can replace fossil-based carbon black in various plastics and rubber applications, such as tyres, with a significantly reduced CO<sub>2</sub> footprint and comparable or superior technical properties. Another product stream aims to replace fossil-based glycols, widely used in PET packaging, polyester textiles and other materials used in clothing, footwear, building products, cooling agents, and heat exchange fluids.

UPM Biochemicals has established several strategic partnerships with leading companies across different industries and regions,

## KEY FIGURES 2024

### PERSONNEL

on 31 Dec.

**468**

### UPM LAPPEENRANTA BIOREFINERY

In operation since 2015

**130,000**

Annual capacity in tonnes

### UPM LEUNA BIOREFINERY

Full capacity expected in 2027

**220,000**

Annual capacity in tonnes

testing a wide range of applications. The demand for renewable wood-based chemicals has been confirmed, and UPM's frontrunner status allows it to address markets and segments where demand and value are highest.

- [www.upmbiofuels.com](http://www.upmbiofuels.com)
- [www.upmbiochemicals.com](http://www.upmbiochemicals.com)

## CASE STUDY



### NEW ULTRACAPACITOR AT KUUSANKOSKI

An ultracapacitor strengthens the ability of hydropower to balance the grid. The system uses short-term energy storage to respond in milliseconds to peaks in demand and production on the grid and to produce balancing power more quickly.

Ultracapacitors are known for their ability to discharge at high power. They are maintenance-free and have a much longer lifetime than batteries, making them an ideal choice for sustainable energy solutions. The project will use digital systems and automation to optimise the performance of the energy system.

UPM's second ultracapacitor will be installed at the Kuusankoski hydropower plant site and is expected to be operational by the summer of 2025. The system was successfully piloted at the Katerma hydropower site in 2022.

## CASE STUDY



### UPM AND NOKIAN TYRES ENTER A SIGNIFICANT COOPERATION

The partnership with Nokian Tyres marks UPM's entry of UPM BioMotion™ Renewable Functional Fillers (RFF) into the global tyre market and demonstrates the versatility of replacing traditional CO<sub>2</sub>-intensive fillers with fully renewable alternatives.

Functional fillers account for around 30% of a tyre and consist of materials such as primarily carbon black and precipitated silica. According to an initial test series by Nokian Tyres, replacing traditional carbon black with renewable functional fillers enables the production of more sustainable tyres.

Nokian Tyres is the first tyre manufacturer to incorporate UPM's Renewable Functional Fillers in concept tyres. The company aims to increase the share of recycled or renewable raw materials used in tyres to 50% by 2030.



# Sustainability

## Actions for environment

Sustainable forestry .....	50
Enhancing biodiversity .....	52
Committed to climate action .....	54
Towards fossil-free energy .....	57
Responsible water management .....	60
Driving a circular bioeconomy .....	61

## Creating value for people and society

Active dialogue with stakeholders .....	62
People and culture .....	66
A diverse and inclusive working culture .....	70
Safety and wellbeing .....	72
Collaborating on human rights .....	74
Committed to compliance .....	76
Ensuring a sustainable supply chain .....	80
Contributing to society through taxes .....	82

## Our societal and environmental impacts..... 84

## ACTIONS FOR ENVIRONMENT

## Sustainable forestry

Our business is based on sustainable forest management. We grow and harvest wood to produce renewable materials and products.

Forests and wood-based products play a unique role in climate change mitigation. Well-managed forests and plantations are a sustainable and efficient way to provide fibre for the increasing global demand. Forestry also creates wealth and prosperity for local communities.

- [Sustainability Statement, ESRS E4 Biodiversity and ecosystems on page 189](#)
- [Ensuring a sustainable supply chain on page 80](#)

## FACTS AND FIGURES

Globally, about 135,000 hectares (15%) of UPM's own land is protected or in restricted use. Protected areas include valuable habitats, natural forests and other important areas such as wetlands or culturally significant sites.

Of our four modern tree nurseries, three are in Uruguay, and one in Finland. All UPM-owned forests and plantations are certified or in the process of being certified if the site is new. In 2024, 90% of our own forests were FSC™ and PEFC double-certified, and 8% only PEFC (SFI) certified.

Our FSC™ group certification schemes in Finland and in Uruguay support access to certification for small forest owners. In 2024, the forest area covered by UPM's FSC™ group certification covered approximately 570,000 hectares in Finland and 14,000 hectares in Uruguay.

UPM forests and plantations	2008	2024
Forest and plantation land, own and leased (1,000 ha)	1,012	1,090
Forest growth (million m <sup>3</sup> )	4.3	15.6
Wood harvested from UPM forests and plantations (million m <sup>3</sup> )	2.2	10.5
Value of forests and plantations, including land (EURm)	1,270	3,566

## ACTIONS IN 2024

- In 2022, we began working with Natural Resources Institute Finland to improve soil carbon models for Uruguay using field data. Field measurements in eucalyptus plantations continued in 2024.
- In Finland, a habitat programme was launched (on the right).
- In the USA, we restored about 305 hectares of mixed forest and continued to build relationships with indigenous peoples, including employee training.
- Cooperation with the University of Weihenstephan started in Germany to better understand the growth and carbon cycle of beech in the changing climate.

## OUR COMMITMENTS

## Sustainable forest management

Our third-party verified and certified wood origin monitoring systems ensure full traceability. No deforestation and no wood is sourced from tropical rainforests. No establishment of plantations by converting natural forests or in areas where water is scarce. We do not use genetically modified trees. We require our suppliers and contactors to implement responsible practices in accordance with the UPM Supplier and Third-Party Code, the company's policies and rules, and respective forest certification chain of custody standards.

## Climate-positive forestry

We ensure that our forests and plantations grow more than they are harvested and continue to act as carbon sinks. We ensure regeneration of forests. Our carefully selected tree seedlings are

important not only to produce wood raw material but also for carbon sequestration, biodiversity restoration in forests and increased resilience to climate change.

## Enhancing biodiversity

Forest biodiversity is critical to mitigating the effects of climate change and in preserving species and habitats. We are committed to enhance biodiversity in Finland, Uruguay and the United States where we own forests and plantations. We ensure that our forests remain resilient and diverse in changing climate conditions and grow well for future generations.

## Respect for human rights and indigenous peoples

We respect human rights and the rights of indigenous peoples in all areas of our operations.

## OUR PRIORITIES

## Forest Action Programme

Our global forest responsibility programme, Forest Action, outlines an ambitious agenda for us to maximise the positive impact of our forestry operations by 2030. The programme covers targets and actions in climate, biodiversity, soil, water and social contribution.

## Climate

For our forests to remain carbon sinks, growth must exceed harvesting. The annual carbon sink of UPM-owned forests in Finland and the USA and the plantations on our own and leased land in Uruguay has averaged -2.1 million tonnes of CO<sub>2</sub> equivalent over the last five years. The carbon sink is calculated annually by Natural Resources Institute Finland, and calculation methods are updated with the latest scientific developments.

## Biodiversity

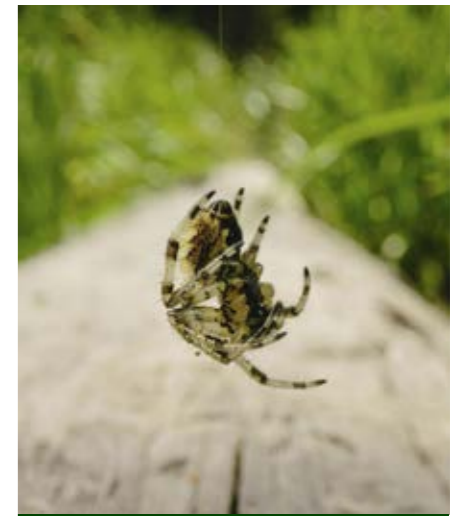
In Finland and the USA, biodiversity is monitored and enhanced in the protected areas and commercial forests we own. In Uruguay, biodiversity is monitored and enhanced in conservation areas around the plantations. 40% of the land area we own in Uruguay is not planted and includes conservation areas and land in traditional use such as cattle grazing.

## Water and soil

Our main harvesting practice is to leave untouched buffer zones along watercourses. In Finland, our forest inventory systems are updated annually to include the locations of valuable habitats and waterbodies in relation to wood harvesting activities. In Uruguay, we monitor water quality close to our plantations. The plantations are not irrigated apart from tree nurseries. We minimise our impact on soil and water in boreal and temperate forests by increasing the share of continuous cover forestry in peatlands and by monitoring soil damage.

## Social contribution and stakeholder engagement

We provide jobs in rural areas related to forests, forestry and biodiversity, as well as on-the-job training and learning opportunities for children and young people. We have a long collaboration with academia and NGOs in sustainable forestry. We participate in forest and environmental forums, including the Biodiversity Roundtables in Finland. We work with stakeholders and NGOs in Uruguay and local indigenous communities in the USA. We also work with FSC™ and PEFC to develop certification schemes and promote sustainable forest management.



## CASE STUDY

## IMPROVING AND RESTORING THOUSANDS OF HECTARES OF HABITATS

## ➤ CHALLENGE

Biodiversity loss threatens the balance of ecosystems and the diversity of life in forests.

## ➤ ACTION

In February, we published a new forest habitat programme in Finland, identifying more than 20,000 hectares of potential management and restoration sites. The programme includes measures such as increasing the share of broadleaved trees, managing peatlands, groves, sunlit esker slopes and burnt environments, and restoring drained peatlands. Under the programme, we will restore a minimum of 3,000 hectares of peatland habitats and implement a management plan on at least 100 other sites by 2030.

## ➤ IMPACT

We increase biodiversity and carbon sequestration and improve the restoration of hydrology in our own forests in Finland. We also gain experience to educate our own personnel.

## ACTIONS FOR ENVIRONMENT

# Enhancing biodiversity

Our main impacts on biodiversity result from forest and land management and wood sourcing, as well as from stream water dams and production sites.

Biodiversity is essential for maintaining healthy forest growth and ensuring that forests adapt to the changing climate. We recognise the vital role biodiversity plays in the health and sustainability of our forests and plantations.

UPM's operations at its production sites also have an impact on the local environment and waterbodies, which is why our commitments and priorities for enhancing biodiversity are considered holistically in all our operations.

## ACTIONS IN 2024

- Participation in SBTN pilot (on the right)
- Stream restoration continued in Finland
- New forest habitat programme launched in Finland (page 51)
- eDNA pilot in Finland and Uruguay (on the right)

## OUR COMMITMENTS

### Biodiversity programmes

The first forest biodiversity programmes was launched in 1998. Currently we have two biodiversity related programme: the Forest Action Programme with biodiversity as one focus area (since 2022) and the Stream Water Programme (since 2016).

### Net-positive impact on forest biodiversity (NPI)

We are committed to enhancing biodiversity in our forests in Finland and the USA and in our plantations and land areas in Uruguay. Progress against our NPI target is monitored with specific key performance indicators.

## OUR PRIORITIES

### Healthy and resilient forests

We maintain healthy forests and plantation areas that are vital for business, resilient to climate change, and support diverse habitats and species and thriving ecosystems. Certification plays a crucial role in managing biodiversity in our own forests and other wood sources.

### Habitat restoration and monitoring

We take actions to restore habitats, develop sustainable forestry and hydropower generation practices, and improve monitoring and measurement of biodiversity impacts, both in our own forests and in hydropower generation. We collaborate with various scientific and professional organisations such as Natural Resources Institute Finland. We are active in dismantling migration barriers in stream water and test new ways to restore fish stocks across Finland.

### Mitigating negative impacts in production

We use best available techniques in production to minimise harmful emissions from production sites, improve water and soil quality and enhance local biodiversity.

### Biodiversity as part of financing and management remuneration

We have linked part of our financing to enhancing biodiversity and included biodiversity as a measure in UPM's management remuneration. We have integrated the requirements of the Taskforce on Nature-related Financial Disclosures (TNFD) into our reporting.

- [Sustainability Statement, ESRS E4 Biodiversity and ecosystems on page 189](#)
- [Sustainable forestry on page 50](#)



## ■ CASE STUDY

### COLLABORATION CONTINUED WITH THE SCIENCE BASED TARGETS NETWORK (SBTN)

In 2023-2024, we participated in SBTN's Initial Target Validation Pilot to test methods for setting targets to enhance biodiversity. Initially, the whole UPM portfolio was in scope, but we narrowed it to wood sourcing, forest and plantation management in Finland, Uruguay and the US, as well as water use in our production units. In addition to our own data, we used information from the authorities and researchers, and tools like the WWF Risk Filters.

The SBTN methodology provided new insights into data availability and tools. For our own operations and wood sourcing, good-quality data exists, but for the rest of the supply chain, we currently lack sufficient data to measure our impact on biodiversity. We have tools to gather primary data on carbon emissions from suppliers, and similar tools have the potential to be used in the future to gather biodiversity-related primary data.

We already have metrics for setting and following up our biodiversity targets. Participating in the pilot helped us reflect on our initiatives and insights how to develop our targets.

## ■ CASE STUDY

### VALUE FROM eDNA RESEARCH

There are certain indicators to follow up on the biodiversity development, but more exact methodologies and tools are continuously being explored. We have been actively screening opportunities for eDNA research for several years.

In 2024, we joined a three-year biodiversity project, "NORTHDIvERSITY," led by Natural Resources Institute Finland, Umeå University and the University of Oulu as project partners. To gain a better understanding of altered ecosystems and biodiversity, the project will develop environmental eDNA monitoring methods and

tools tailored to northern habitats.

Part of this project will be implemented on our land in Finland as part of our stream water programme to evaluate the positive impact of barrier removal on biodiversity. We have also started an eDNA pilot in Uruguay with the Instituto de Investigaciones Biológicas Clemente Estable in 2024 to study aquatic biota in a selected protected area. According to the preliminary results, 24 additional fish species were detected, including one entirely new species. The pilot will continue in 2025, and the results indicate that eDNA methodology works as expected.

ACTIONS FOR ENVIRONMENT

# Committed to climate action

Our strategy is driving the transition to a low-carbon economy.

In our strategy, forests, wood-based products, low-carbon energy and fossil CO<sub>2</sub> emissions reduction play a key role in mitigating climate change. We have set ambitious targets for all these areas as part of our Group-level sustainability targets for 2030.

## OUR COMMITMENT

### Limiting global temperature rise

We are committed to take climate action and to set science-based targets that contribute to limiting the global temperature rise and mitigating climate change.

## OUR PRIORITIES

### We act through forests

Forests and forest biodiversity are critical for mitigating the effects of climate change. We ensure that our forests and plantation areas continue to act as carbon sinks, remain resilient and diverse in changing climate conditions, and thrive for future generations.

For our forests to remain carbon sinks, growth must exceed harvesting. The annual carbon sink of UPM-owned forests in Finland and the USA and the plantations on our own and leased land in Uruguay has averaged -2.1 million tonnes of CO<sub>2</sub> equivalent over the last five years. The carbon sink is calculated annually by Natural Resources Institute Finland, and calculation methods are updated with the latest scientific developments.

### We act through emission reduction

Minimising the use of fossil fuels and raw materials is the most important way to mitigate climate change. We favour renewable and other carbon-neutral energy sources and produce CO<sub>2</sub>-free hydro and nuclear power in Finland. We are also committed to reducing the emissions in our supply chain.

Our focus is on achieving our 2030 targets, including a 65% reduction in fossil CO<sub>2</sub> emissions (Scopes 1 and 2) from 2015 levels and a 30% reduction in fossil CO<sub>2</sub> emissions from sourced materials and logistics (Scope 3) from 2018 levels. Our fossil CO<sub>2</sub> emissions reduction targets have been validated by the Science-Based

*Minimising the use of fossil fuels and raw materials is the most important way to mitigate climate change.*

Targets initiative (SBTi) to be consistent with the 1.5 °C pathway outlined in the Paris Agreement. Our position and resilience in different climate scenarios have been evaluated for our businesses and functions from both a physical and transitional perspective, using the expertise of the scientific community.

### We act through products

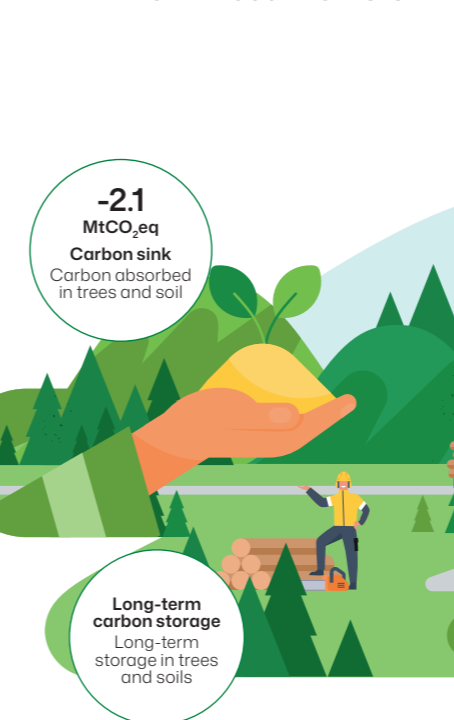
Innovating new products that are not based on fossil raw materials is at the core of our strategy. We develop safe and sustainable products that offer alternatives to fossil materials. Many of our products are already proven to be climate positive.

The key action is the investment in the world's first industrial-scale biorefinery for wood-based biochemicals in Leuna, Germany. The renewable chemicals will have a CO<sub>2</sub> product footprint well below that of fossil-based chemical products, as assessed by a third-party-reviewed Life Cycle Assessment (LCA). In addition, development work towards a climate positive product portfolio has been done and will continue in several areas.

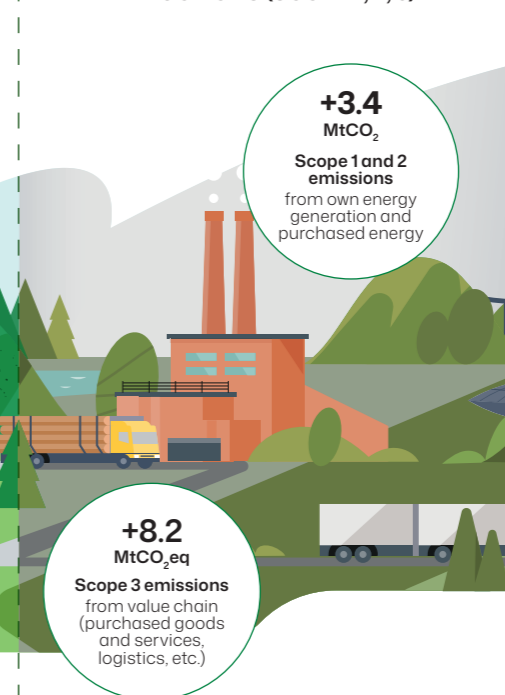
- [Sustainability Statement, ESRS E1 Climate change on page 148](#)
- [Our 2030 sustainability targets and progress on page 30](#)

## TOWARDS NET-ZERO EMISSIONS

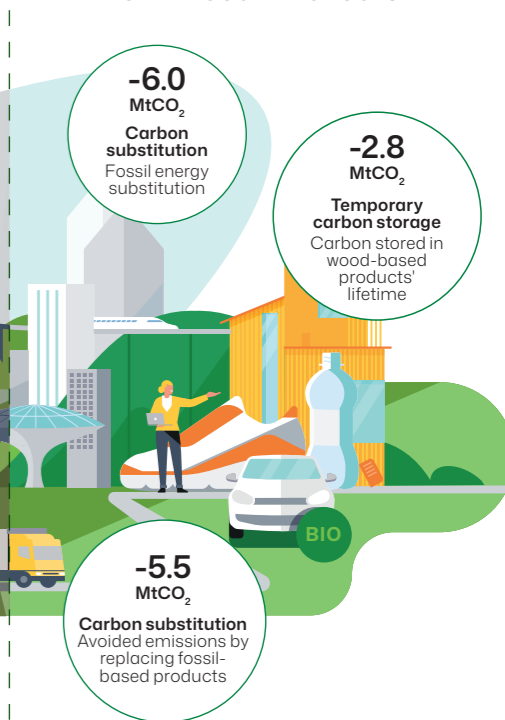
### WE ACT THROUGH FORESTS



### WE ACT THROUGH EMISSION REDUCTIONS (SCOPE 1, 2, 3)



### WE ACT THROUGH PRODUCTS



We act through forests: Trees and soil absorb carbon and act as long-term carbon storage. This means that they bind CO<sub>2</sub> from the atmosphere, marking a negative in our carbon calculation. We act through emission reductions: Emissions from our own operations and those of our supply chain increase the amount of CO<sub>2</sub> in the atmosphere, marking a positive in our carbon calculation. We act through products: By replacing fossil-based products and fossil-based energy, we reduce emissions, marking a negative in the carbon calculation. Our products act as temporary carbon storage over their lifetime, binding CO<sub>2</sub> from the atmosphere. In 2024, the annual carbon stock of our products sold increased compared to the previous year, marking a negative in the carbon calculation. We will align our net-zero approach with recognised international carbon accounting and assurance standards when they are finalised.

### ACTIONS IN 2024

- The FMI issued a report on the future physical impacts of climate change on our main operation areas in Finland, Germany, Uruguay and China (on the right).
- We invested in electric boilers for steam generation at three paper mills in Finland and Germany. The boilers secure the steam supply, provide flexibility and enable emissions to be reduced.
- Energy efficiency measures were implemented at several production sites
- More suppliers were included in the data collection scope. Carbon footprint data from suppliers is available for more than half of UPM's raw material spend.



### CASE STUDY



### THE FINNISH METEOROLOGICAL INSTITUTE'S (FMI) REPORT HELPS PREDICT THE FUTURE IMPACTS OF CLIMATE CHANGE

The FMI has issued a report to help us predict the future physical impacts of climate change on our main operation areas in Finland, Germany, Uruguay and China. Published in December 2024, the report examines changes in weather conditions between 1961 and 2023 and the future climate projections in these areas. This report is an update of a wider FMI report ordered in 2019.

Observational data shows a statistically significant increase in seasonal temperatures. Mean temperatures are expected to rise in all four regions, although the magnitude of

change varies considerably. With general warming, hot extremes will become more frequent. Precipitation is likely to increase in Finland during the winter and decrease in Germany during the summer. Extreme precipitation events are expected to intensify in all four regions.

In the second half of the 21st century, the extent of climate change will strongly depend on the evolution of greenhouse gas emissions. If emissions are effectively reduced, the changes will probably be less severe. The results are considered in our strategy work.



# Towards CO<sub>2</sub>-free energy

Our energy portfolio consists mainly of energy sources that do not cause fossil CO<sub>2</sub> emissions. As the green transition progresses, more fossil-free electricity, as well as expertise in optimising energy use, will be required.

## Our role as a producer and consumer of electricity

UPM is the second largest electricity producer in Finland, but also the largest electricity consumer. Being both a producer and a consumer has given us valuable expertise now that price and supply volatility have become the new normal in the electricity markets.

We contribute to maintaining the electricity system's balance by helping when there is a risk of electricity shortages, either by reducing consumption at our paper mills or increasing production at our hydropower plants.

This is also good business for us, as we optimise both our electricity production and consumption according to the price and demand for electricity, i.e. to meet the needs of the electricity system.

UPM Energy is a major electricity supplier in Finland with assets in Finnish hydropower and nuclear power, and to a

lesser extent, thermal power. Hydropower is the most effective and sustainable method of producing balancing power for the increased volatility of the electricity grid.

Nuclear power provides a reliable baseload generation of electricity, based on Finland's unique and safe solution for final disposal of spent fuel. 99% of UPM Energy's electricity is CO<sub>2</sub>-free. The start of operations at OL3 has increased UPM Energy's CO<sub>2</sub>-free electricity generation by nearly 50%.

We are continuously developing our energy portfolio, managing our CO<sub>2</sub>-free electricity generation assets in UPM Energy and converting our energy-consuming operations to lower-emission energy sources.

We generate significantly more electricity than we consume, and this net sales position increased to over 7 TWh with the new OL3 nuclear power plant unit in Finland and the new UPM Paso de los Toros pulp mill in Uruguay.

In 2024, UPM Energy decided to invest in the second ultracapacitor for balancing the grid (page 46). The new facility will be located next to the Kuusankoski hydropower plant and is expected to be operational by the summer of 2025. UPM Energy is also exploring the development of wind and solar power projects, mainly on UPM-owned land in Western and Eastern Finland.

## We follow up our energy and CO<sub>2</sub> targets

In 2024, we decreased our fossil CO<sub>2</sub> emissions from energy generation (Scope 1) and purchased energy (Scope 2) by 9% compared to the previous year in line with our 65% reduction target for 2030.

The use of coal and peat increased by 4% compared to 2023. Our target is to stop using coal and peat for on-site energy generation by 2030. Currently, coal is the main fuel at the UPM Changshu paper mill in China,

## CASE STUDY



### SUPPORTING TOP RESEARCH ON THE CLIMATE IMPACTS OF FORESTS

#### CHALLENGE

It is important to understand how commercial forests affect climate change in ways other than as carbon sinks and stores. For example, forests also have an impact on the formation of aerosol particles and clouds, rainfall and the reflection of sunlight back into space.

#### ACTION

UPM has donated EUR 400,000 to the University of Helsinki to study the overall climate impact of commercial forests in the Carbon Sinks+ research project. With this significant donation, we want to promote cutting-edge research at an international level and gain knowledge to support our own operations.

#### IMPACT

The study will measure more than 1,200 different variables, and the main measurement site is the Hyytiälä forest station at the University of Helsinki. The station and its research forest measure atmospheric greenhouse gases and aerosols, tree ecophysiology, and soil and weather variables, for example. The donation enables the continuation of high-quality measurements and research. A concept has also been developed that will allow measurements to be made in any forest in the future.

## Working on several fronts

Efforts to reduce environmental impact	Targets
CO <sub>2</sub> emissions reduction targets	<ul style="list-style-type: none"> <li>Energy generation and purchased energy: 65% reduction by 2030 (Scopes 1 and 2)</li> <li>Materials and logistics: 30% reduction by 2030 (Scope 3)</li> </ul>
New technologies	<ul style="list-style-type: none"> <li>Exploring clean hydrogen, synthetic fuels and electricity storage innovations</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>Annual 1% increase in energy efficiency through audits, innovations and investments</li> <li>Implementing energy-efficient technologies and practices</li> </ul>
Optimising energy use	<ul style="list-style-type: none"> <li>Lowering emissions by optimising purchased electricity sources</li> </ul>
Best Available Techniques (BAT)	<ul style="list-style-type: none"> <li>Applying the most effective methods to minimise emissions</li> </ul>
Supplier collaboration	<ul style="list-style-type: none"> <li>Collecting CO<sub>2</sub> emissions data through the -30 by 30 programme</li> </ul>
Increasing the share of renewable and fossil-free energy	<ul style="list-style-type: none"> <li>Using biomass-based fuels</li> <li>Stop using coal and peat for onsite energy generation by 2030</li> <li>Installing electric boilers to replace natural gas</li> <li>Exploring wind and solar power and investing in hydropower</li> </ul>
Minimise other air emissions	<ul style="list-style-type: none"> <li>Ensuring that the targets for acidifying flue gases (NO<sub>x</sub> and SO<sub>2</sub>) are met</li> </ul>
Monitoring and reporting	<ul style="list-style-type: none"> <li>Conducting thorough reviews for accurate emissions reporting</li> </ul>
Policy advocacy	<ul style="list-style-type: none"> <li>Supporting regulations that encourage low-carbon investments</li> </ul>
Energy market support	<ul style="list-style-type: none"> <li>Offering flexibility with nuclear, hydropower and thermal power for stability and balance</li> </ul>

where alternatives have been unavailable in the past. Peat is used in Finland.

We are on course to meet our 2030 target for acidifying flue gases (NO<sub>x</sub> ja SO<sub>2</sub>), although emissions increased in 2024 with the start-up of our new pulp mill in Uruguay. We did not meet our target of improving energy efficiency by 1% annually.

**We take action at our production sites**  
Most of our energy consumption is related to production processes at our pulp and paper mills, where electricity and heat are needed for mechanical pulping, pumping and drying. We generate steam and electricity through combined heat and power (CHP) plants.

Biomass-based fuels account for 80% (76%) of our fuel consumption at production sites. At some mills, all or part of the required energy is produced by external or co-owned power plants.

We are seeking ways to improve our energy efficiency across our operations through audits, innovations and invest-

ments. Improvements usually also lead to a reduction in CO<sub>2</sub> and other air emissions.

**We work with suppliers to reduce CO<sub>2</sub> emissions**

We also assess emissions from other indirect sources (Scope 3), such as purchased materials, transport and the processing of sold products. Our target is to reduce fossil CO<sub>2</sub> emissions from materials and logistics by 30% by 2030 (from 2018 levels). These account for a significant share of our total Scope 3 emissions.

To achieve this, we have launched the -30 by 30 programme. New and existing suppliers are required to provide data on the carbon footprint of the goods and services sold to UPM, including all relevant emissions from the supplier's own upstream supply chain and operations.

In 2024, we achieved a reduction of 22% compared to 2018 for the target scope. Our total Scope 3 emissions were 8.2 million tonnes, an increase of 6% compared to the previous year. Approximately 80% of our supply of pigments, pulp and chemicals is already covered by primary CO<sub>2</sub> emissions data from suppliers, and more than 66% of our deliveries are calculated based on supplier data.

Electricity consumption  
**9.7 TWh**  
(9.6)

Share of biomass-based fuels at production sites

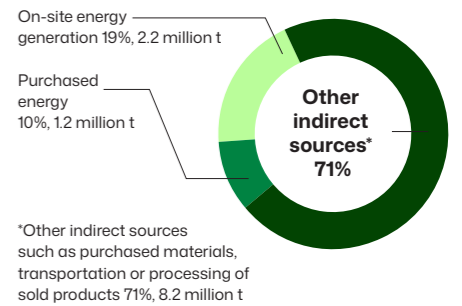
**80%**  
(76%)

Share of UPM Energy's CO<sub>2</sub> free electricity  
**99%**  
(99%)

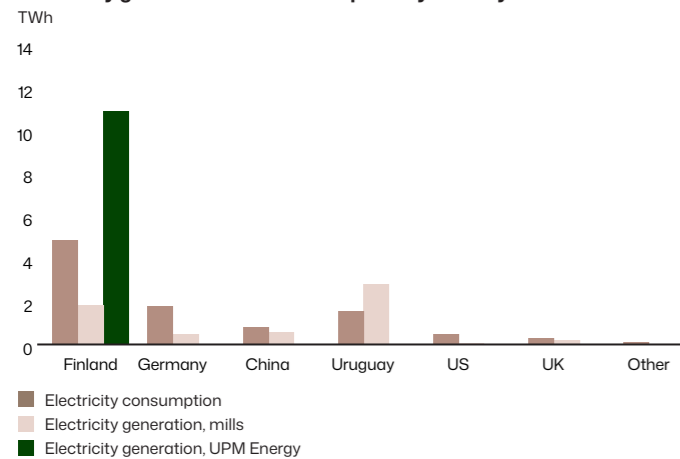
**Capacity to generate power through own power plants and shareholdings**

	Nominal MW
Hydropower	729
Nuclear power	1,089
Thermal power	133
<b>UPM Energy in total</b>	<b>1,951</b>
Mill site combined heat and power (CHP)	1,560
Mill site hydropower	7
<b>Mill site power generation in total</b>	<b>1,567</b>
<b>Total UPM</b>	<b>3,518</b>

**Sources of UPM's fossil CO<sub>2</sub> emissions**

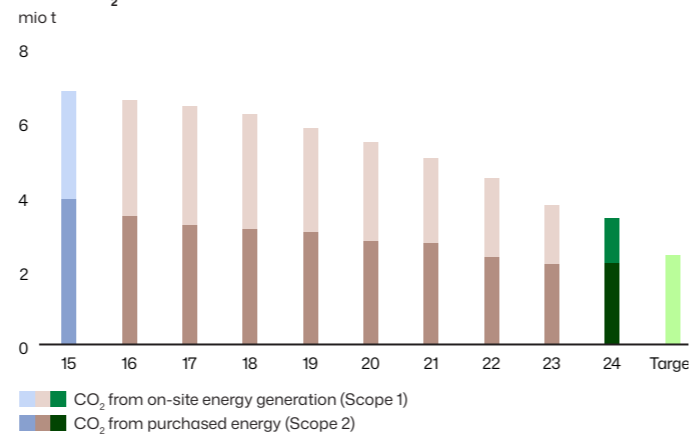


**Electricity generation and consumption by country 2024**



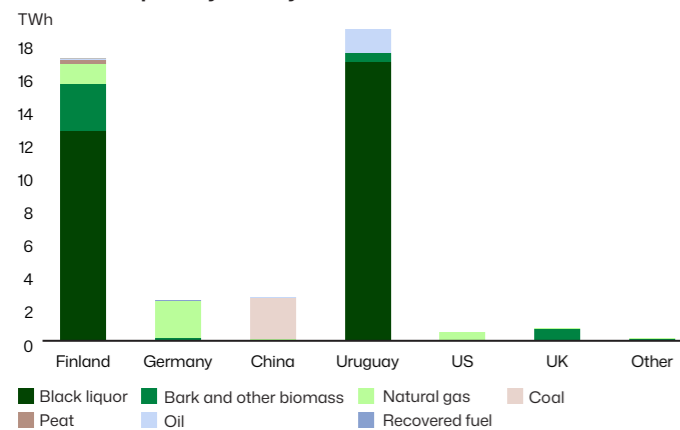
UPM is a net seller of carbon neutral electricity in Finland and Uruguay.

**Fossil CO<sub>2</sub> emissions**



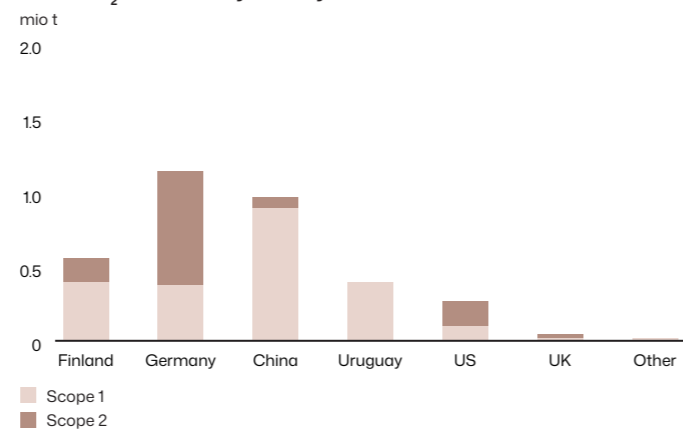
UPM has been reducing its fossil CO<sub>2</sub> emissions rapidly towards the 2030 target.

**Fuel consumption by country 2024**



UPM uses mainly renewable fuels in Finland and Uruguay. Natural gas is used in Germany and coal is used only in China.

**Fossil CO<sub>2</sub> emissions by country 2024**



The largest fossil CO<sub>2</sub> emissions come from purchased energy in Germany and fuels in China.

**CASE STUDY**



**NEW MODERN TECHNOLOGY LNG VESSELS HAVE EXCEEDED EXPECTATIONS**

**> CHALLENGE**

The key sustainability challenge in maritime transport is to reduce greenhouse gas emissions and other pollutants while maintaining operational efficiency. This requires the use of cleaner fuels and the implementation of advanced technologies.

**> ACTION**

In 2022, UPM introduced seven new liquefied natural gas (LNG) powered vessels to its European maritime operations. These vessels, equipped with dual-fuel engines, were expected to reduce CO<sub>2</sub> emissions by 25%. The

introduction of LNG vessels also contributes to UPM's -30 by 30 programme.

**> IMPACT**

After one year of operation, the LNG vessels have reduced greenhouse gas emissions by more than 26% per tonne transported per quarter compared to 2020 levels. This figure accounts for the well-to-wheel emissions, including the methane slip. The use of LNG has also led to significant reductions in emissions of nitrogen gas (NO<sub>x</sub>), sulphur dioxide (SO<sub>2</sub>), and particles, improving air quality in harbour areas.

## ACTIONS FOR ENVIRONMENT



# Responsible water management

Water plays a crucial role in our business, from sustainable forestry to logistics and production. It is also an important source of renewable energy.

Pulp and paper production is by far our most water-intensive operation and the focus of most of our water efforts. On average, every litre of water withdrawn is used approximately 20 times in the production process, thanks to internal recirculation. Using less water in processes also means using less energy and sometimes chemicals.

All wastewater from our pulp and paper mills is treated using both mechanical and biological processes. Purified water is usually returned to the same watershed from which it was taken.

CDP has recognised UPM with an A- score for our actions to improve water stewardship.

## ACTIONS IN 2024

- The water risks of the largest business units were assessed, and the results compared with previous risk assessments.
- Piloted the SBTN Science-Based Targets for Nature methodology, which includes freshwater use as part of biodiversity pressures.

- UPM's Santana nursery in Uruguay improved its water recycling system.
- The UPM Changshu paper mill in China invested in the recycling of its wastewater to be used as cooling water in the power plant, saving 0.3 m<sup>3</sup> of water per tonne of paper.

## OUR COMMITMENTS

### Reducing water use and effluent load

We continuously reduce the effluent load and volume generated by our operations.

### Protecting aquatic ecosystems

Our efforts to protect and restore aquatic ecosystems improve the quality of watercourses and the natural habitat of species that live in them.

### Water stewardship

As a signatory to the UN Global Compact's CEO Water Mandate, we follow the principles of environmentally sustainable, socially equitable and economically beneficial water use.

## OUR PRIORITIES

### Efficient water use

Water-intensive operations in areas with sufficient water resources, efficient use of recycling techniques and managing processes using Best Available Techniques (BAT).

### Continuous improvement towards 2030 targets

Each pulp and paper mill has a plan to achieve effluent volume and load reduction targets by 2030, using advanced process controls and predictive models to optimise wastewater treatment.

### Mitigating water risks

Our production sites are in areas of low to medium water scarcity.

### Collaboration

We cooperate with local stakeholders and participate in projects to further improve the quality of local waterways.

- [Sustainability Statement, ESRS E3 Water and marine resources on page 184](#)

## ACTIONS FOR ENVIRONMENT

# Driving a circular bioeconomy

We use materials, energy and water efficiently, and some of our products are made from side streams, residues or recovered materials.

Resource efficiency and a circular bioeconomy respond to resource scarcity, contribute to climate change mitigation and provide sustainable solutions for customers and consumers.

- [Sustainability Statement, ESRS E2 Pollution on page 176](#)
- [Sustainability Statement, ESRS E5 Resource use and circular economy on page 200](#)

## OUR COMMITMENTS

### Product stewardship

Our sustainable product design concept considers circularity throughout the product lifecycle. We aim to achieve ecolabelling for all applicable products, increase our climate positive product portfolio, and develop new products and services that contribute to the UN SDGs.

### Efficient use of resources

We minimise waste and work consistently to ensure that no process waste is sent to landfill or incinerated without energy recovery by 2030. We maximise the utilisation of materials and side streams, and we have a target of using only recycled nutrients in our own wastewater treatment plants by 2030.

## OUR PRIORITIES

### Sustainable product design

We consider the environmental and social impacts of our products throughout their lifecycle, from material selection to production, use and recycling. Our sustainable product design concept guides our product development and ensures that every new product and service has a proven sustainability value proposition.

### Making use of residues, side streams and recovered materials

We share best practices, research results and ideas across the company and established internal working groups that focus on the use of side streams and nutrient recycling. Some examples of our side streams and residues are bark, sludges, ash, crude tall oil and lime.

Organic production residues such as bark and fibre-containing sludge are used for energy generation and as soil improvers. Ash has multiple uses – for example, in earth construction, the cement industry, as a fertiliser or as raw material for paper fillers, or internally to replace caustic soda.

We are working hard to find a sustainable use for green liquor dregs, one of our most challenging process waste to utilise. We welcome partners to co-create circular innovations related to the use and valorisation of side streams.

### Working with various stakeholders to enhance circularity

We are members of organisations such as INGEDE (International Association of the Deinking Industry), the 4evergreen alliance and the CLIC Innovation Ltd innovation cluster. UPM Raflatac actively cooperates with the Ellen MacArthur Foundation. UPM Specialty Papers and UPM Raflatac are members of CELAB, which promotes the development of a circular business model in the self-adhesive label industry.

## ACTIONS IN 2024

- The UPM Product Stewardship Standard was developed and approved.
- Further work was done to find a solution for green liquor dregs recycling at UPM's pulp mills in Uruguay and Finland. Dried green liquor dregs were successfully tested in cement production in Uruguay.
- WISA birch plywood started to be wrapped and shipped in packaging made of 30% post-industrial plastic.
- Trials were conducted at several mills to test recycled nutrients in effluent treatment.



## CREATING VALUE FOR PEOPLE AND SOCIETY

# Active dialogue with stakeholders

Understanding the views and expectations of our stakeholders plays a crucial role in the success of our company and the acceptance of our operations.



The impact of our operations extends from the local level to society at large. We aim to provide a fact-based, balanced view of the economic, environmental and social aspects of our operations. Our collaborative activities ensure that we maintain a transparent, responsive and proactive relationship with our stakeholders, fostering mutual understanding.

### A clear picture of our future

We aim to provide stakeholders with a clear picture of our strategy and how we create long-term value. We disclose relevant accurate information in accordance with market regulations.

As many of our stakeholders see UPM primarily as an economic operator, discussions focus on financial success, stability, good governance, the future outlook and growth. Many discussions also address forests and forest use.

Stakeholder mapping, active dialogue and the systematic collection of feedback play an important role in our stakeholder relations work. We analyse feedback to understand our stakeholders' expectations and take them into account in development and decision-making. Every year, we receive around 350 enquiries or concerns from the general public.

### ACTIONS IN 2024

- Numerous customer and partner visits to the Leuna Biorefinery and nearby forests.
- A railway safety awareness programme in Uruguay with the Uruguayan Ministry of Transport and Public Works and the Automóvil Club del Uruguay.
- Continued engagement with local indigenous peoples' communities to learn more about their approach to forest management in the USA.
- Initiated the development of a policy on local community engagement, following an assessment of local community engagement practices in 2023.

### Sustainability initiatives

We continue to participate in the UN Global Compact initiatives, including the Global Compact Finland Network. We are also a member of the UN Global Compact Forward Faster initiative, which aims to accelerate progress towards the UN's Sustainable Development Goals. UPM's Faster Forward commitment is related to gender equality, living wages and the net-zero emissions target.

We cooperate with various stakeholders on responsibility issues on a voluntary basis, addressing topics such as ecolabels, fish migration, living wages, fair rewarding and nature conservation. As part of the Forest

Action Programme, we collaborate with the Finnish Osprey Foundation and Vida Silvestre in Uruguay.

We are an active international stakeholder member of the PEFC (Programme for the Endorsement of Forest Certification, PEFC/02-44-41) and participate in the development of the PEFC forest certification system, reflecting our aim to promote sustainable forest management globally.

Responsibility issues are also being raised in customer enquiries, with product safety, sustainable forest management and climate change key themes.

Globally, we continue to work with the local permit authorities.

### Green transition high on the policy agenda

Through public affairs work, we aim to promote the necessary prerequisites for our operations, particularly in our main oper-

ating countries Finland, Uruguay, Germany and China. Active influencing at the EU level is also important.

Our public affairs activities are based on our strategy and are also in line with the Paris Agreement. We also have topic-specific steering groups that guide our public affairs activities, and the Group Executive Team regularly reviews these topics.

We cooperate with several trade associations, the most important being the Finnish Forest Industries Federation (FFIF) and the Confederation of European Paper Industries (Cepi).

As we enter into new businesses, we also need to find new ways and forums for cooperation. For example, UPM is a founding member of the Advanced Biofuels Coalition in the EU and is a member of the European Chemical Industry Council (CEFIC).

Our company is also represented in the decision-making bodies of these trade associ-



### CASE STUDY

### FUTURE SCHOOL INSPIRES YOUNG PEOPLE TO SHAPE A BRIGHTER FUTURE

#### CHALLENGE

Less than half of young Finns believe that humanity can solve the biggest global problems. A frightening future undermines hope and the ability to act.

#### ACTION

UPM has supported the Children and Youth Foundation's Future School in 2022-2024 as part of its Share and Care programme. The aim of the school is to teach young people skills to see alternative futures and provide tools to deal with complex phenomena. Over three years, hundreds of workshops have been held, more than 600 education professionals have been trained and digital learning materials have been developed. Launched in September, "The Future Agency" is the world's first open digital futures thinking environment, available in Finnish, English and Swedish.

#### IMPACT

Young people have a better understanding of the changes affecting the future, strengthening their willingness and ability to influence it. Almost 60,000 young people have learned future thinking and skills.

### HOW WE ENGAGE WITH OUR STAKEHOLDERS

#### Active dialogue and feedback

We organise regular stakeholder events and discussions on key topics such as financial success, governance and environmental issues. We also systematically gather and analyse feedback to understand and address stakeholder expectations.

#### Sustainability initiatives

We participate in UN Global Compact initiatives and other sustainability programmes, and we work with various environmental organisations and certification bodies. We engage with local and international stakeholders on sustainability issues.

#### Public affairs and policy influence

We work with various trade associations, industry initiatives and decision-making bodies. We actively participate in policy discussions related to climate change, sustainable forest management and energy markets in key countries and at the EU level.

#### Community engagement

We engage with local communities through mill visits, forums and educational events. We maintain an active dialogue with local forest owners and others involved in forest management in the countries where we operate. We regularly evaluate and strive to improve our local community engagement practices. Our annual EMAS statements cover societal and environmental impacts, including cooperation with local stakeholders.

#### Supporting local communities and volunteering

We coordinate sponsorships, donations and employee volunteering through the UPM Share and Care programme. The programme focuses on causes and projects that are relevant to our business, support innovation and sustainability, or promote local vitality and wellbeing.



**OUR MOST IMPORTANT STAKEHOLDERS**

Our strategy forms the foundation of our stakeholder dialogue. The key focus areas and activities vary locally and according to stakeholder needs. Key stakeholders are defined on the basis of materiality: UPM's operations have a significant impact on stakeholders and/or vice versa.

- Investors
- Customers
- Current and future employees
- Suppliers
- Communities
- Media
- Governments and regulators
- NGOs
- Researchers

ations, so that we can influence and monitor their positions to ensure that they are in line with our strategy. The basic requirement for membership of any trade association is the principal alignment with UPM's strategic positions.

As UPM is an active participant in the energy market, both as an energy-intensive consumer and as an energy producer, we regularly remind decision-makers of the importance of functioning energy markets.

Climate change and our commitment to the UN's 1.5-degree agenda continue to be of great interest to our stakeholders. We hold discussions with environmental organisations, certification bodies, the authorities and decision-makers. Forests' impact on climate are linked to policies on land use, land-use change and forestry (LULUCF). We have highlighted the importance of sustainable forest management and wood-based products replacing fossils as effective ways to mitigate climate change.

The EU's Fit for 55 package proposal, initially published in 2021, has seen significant progress. By 2024, both the European Parliament and the EU member states will have finalised almost all the necessary

changes to align the EU's climate and energy legislation with the EU's climate targets. This comprehensive package aims to reduce net greenhouse gas emissions by at least 55% by 2030, setting the EU on a clear path towards climate neutrality by 2050.

We actively promote the cost-competitive and consistent implementation of forest and climate-related policies. UPM calls for predictable regulations that enable investments in the circular bioeconomy. EU policies must therefore ensure the sustainable use of forests and the availability of wood as a key resource for green growth.

**Focus on local community impacts**

Building and maintaining good relations with the local communities close to UPM's operations and supporting their vitality are essential for the acceptance of operations and for understanding the challenges, key risks and opportunities in the operating environment.

We take several measures to identify and mitigate our environmental and social impacts on surrounding communities, including environmental and social impact assessments, collaboration forums, cooperation with local schools and education networks, and dialogue with local forest owners, the neighbours of harvesting sites, and other people impacted by forest management.

Our mills in Europe, the USA and Uruguay have the potential to create a significant local societal impact through employment and tax generation.

We promote positive impacts in local communities – for example, by developing infrastructure. Other activities include apprenticeship programmes in Finland and Germany, and cooperation with educational institutions to contribute to science and research. In Uruguay, the UPM Foundation promotes education and entrepreneurship through cooperation with local organisations.

Our EMAS statements disclose the societal and environmental impacts of our pulp and paper mills and cooperation with local stakeholders. These statements complement UPM's corporate EMAS report and are published annually on our website [www.upm.com/sustainability](http://www.upm.com/sustainability).

➤ [Sustainability Statement, ESRS 2](#)  
[General information on page 129](#)



**CASE STUDY**

**TRANSPARENT INFLUENCING**

➤ **CHALLENGE**

Demands for decision-making transparency have increased. Sustainability reporting also emphasises the need to disclose the principles of influencing.

➤ **ACTION**

We are open in our dialogue with governments and regulators. Our ID number in the EU Transparency Register is 861194311863-31. We are also registered in the German Lobby Register and the Finnish Transparency Register. Every UPM representative submits their own disclosures to the new internal reporting tool. Employees have also received training on the topic.

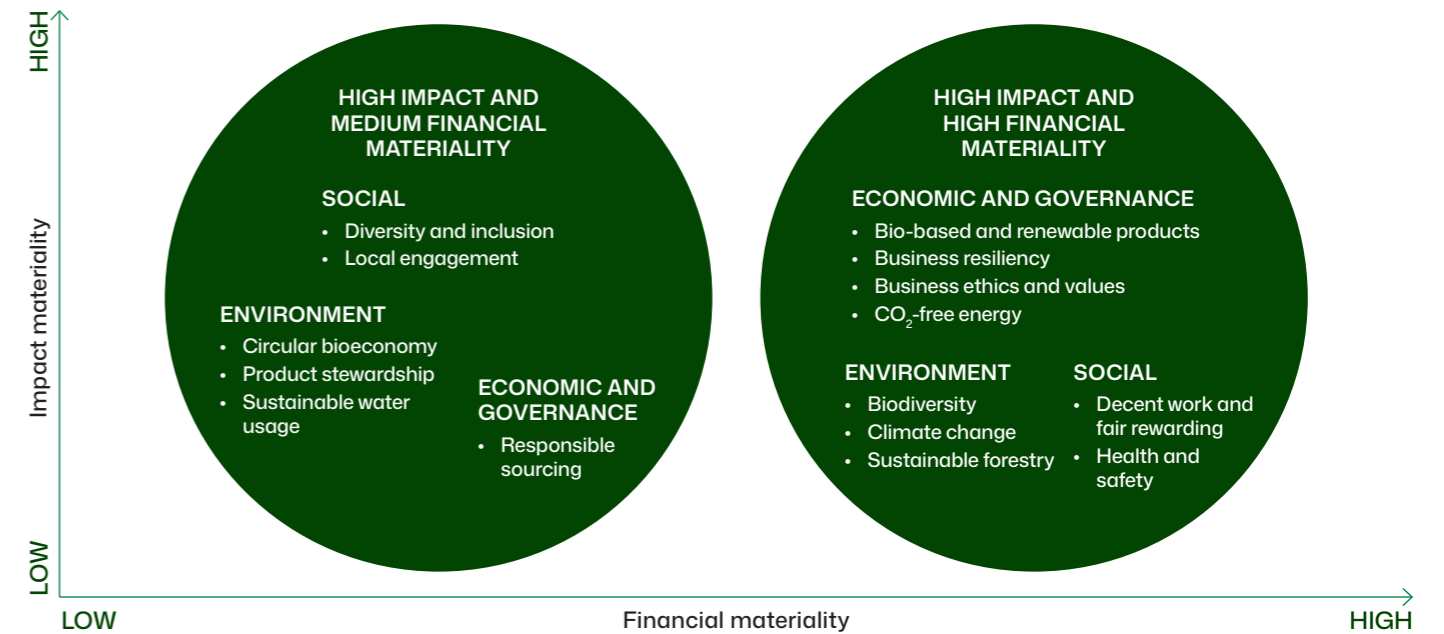
➤ **IMPACT**

Our role is to ensure that decision-makers understand the impact of laws and decisions being prepared on our business. At the same time, we gain an understanding of the decision-making process and the views of different stakeholders. The Transparency Register helps us communicate more widely about our influencing work, its principles, and why we see certain issues as important. At its best, increased transparency will help others understand how business success benefits society as a whole.

**UPM'S MATERIALITY ANALYSIS 2024**

Every year, we conduct a materiality analysis to identify the topics on which UPM has a significant impact, or which have a significant impact on the company. The analysis is based on internal assessments, as well as stakeholder interests and concerns. The annual double materiality assessment (DMA) takes the interests, views and rights of UPM's workforce, value chain workers and affected communities into account.

We use multiple ways to embed the views and insights gained from stakeholder engagement into our business decisions and strategy. These methods include regular interviews and surveys, open dialogue, and engagement events.



**SPONSORSHIPS, DONATIONS AND VOLUNTARY WORK**

The UPM Share and Care programme focuses on delivering positive impacts for communities through various initiatives. The programme demonstrates our commitment to responsibility and local community involvement through sponsorships, donations and employee volunteering.

We support projects focusing on reading and learning, Beyond fossils initiatives, and community engagement. UPM does not support political parties or individual candidates.

Local sponsorships and other contributions within the programme amounted to approximately EUR 0.8 million. This figure includes support for the Uruguayan UPM Foundation, which continued with a contribution of USD 400,000. The foundation supports and promotes education, entrepreneurship, employment, healthy living and entertainment in local communities in rural Uruguay.

In 2024, we donated a total of EUR 920,000 to charities or other non-profit organisations such as Aalto University, University of Helsinki, Save the Children Finland, Junior Achievement (JA) Finland and American Red Cross.

Following the floods in Poland and the USA, we provided financial support to the communities for humanitarian aid and the reconstruction of the affected areas, as well as funding projects to prevent future flood damage.

Employee volunteering underlines local commitment and impact. UPM's employees can volunteer for up to eight hours a year during working hours. In 2024, more than 400 UPMers participated in voluntary initiatives in many of our operating countries, including Finland, Poland, Germany, China, Malaysia and the USA. Activities included for example stream restoration, tree planting, helping children and young people. Several UPM sites participated in environmental clean-up activities.

In September, floods brought destruction and hardship to communities in Poland and the USA, both of which are home to many UPMers. In Poland, UPM's employees organised a collection of daily goods for flood victims. In the USA, a team set up a food and water distribution centre at the Mills River factory to provide these essentials to employees and their families.

## CREATING VALUE FOR PEOPLE AND SOCIETY

# People and culture

Our culture of Aiming Higher encourages all UPMers to grow as individuals and as a company. Our values – Trust and be trusted, Achieve together and Renew with courage – guide us.

Our values are the foundation of who we are. We are accountable, collaborative, performance-driven and forward-looking. We offer a safe and healthy working environment, interesting and meaningful work, good leadership, and ample career growth opportunities.

We are committed to being a responsible and attractive employer, now and in the future. Being the employer of choice has become critical in recruiting new employees, especially younger professionals. As a result of our systematic efforts to develop our work environment, external parties have recognised our position among students and professionals in Finland and China.

## We develop the employee experience

The UPM Experience programme is a Group-wide, multiyear effort to engage UPMers and improve the employee experience across businesses, functions and locations. As part of the programme, we have enhanced our project way of working and continue to build digital capabilities for shopfloor employees as well. Developing our safety practices from employees' perspective is one important area of the programme. We have engaged employees to improve safety practices in the workplace by making safety observations easy for all, for example.

Expert communities enable sharing and learning across the company. We encourage UPMers to join existing expert communities and create new ones. In communities, we can build and retain corporate knowledge on topics such as sustainability, AI and citizen development.

We have run several successful graduate programmes in recent years. Our apprenticeship programmes are a way of ensuring the required level of expertise for future employees. The programmes typically focus on production or maintenance work and are carried out with vocational training partners.

## We encourage continuous professional development and growth

In an increasingly complex business environment, enhancing the skills and wellbeing of employees is important for both business success and sustained employability.

All employees are encouraged to create and maintain an individual development plan.

Our development planning process and tools enable employees to create individual development plans at least once a year – and flexibly as required. Managers ensure that the plans are relevant to the business. The aim is to support employees in keeping their passion and expertise fresh for current and future roles through continuous development.

We invest in the growth of our people and expect individuals to be eager to learn and develop. Our approach to learning emphasises opportunities to learn and grow on the job, and to share knowledge with and learn from each other.

One way to learn at work is to participate in gigs. These are short-term value-adding projects for which employees can use 10–20% of their working time. Gigs support employee development and enable dynamic resourcing of smaller business-relevant projects.

***Promoting diversity and inclusion in the workplace is a prerequisite for our business success and a healthy working environment.***

## ACTIONS IN 2024

- Update of management team development concept and leadership development portfolio.
- Experimenting with AI.
- Introduced new learning methods such as microlearning creation.
- Continued discussions on diversity and inclusion.
- Reviewed management team diversity and diversity KPIs.
- Company-wide safety project continued.
- Development of process safety competence.
- Continued implementation of the UPM Health and Wellbeing concept.

Our digital learning content and online programmes encourage individuals to strengthen their self-leadership and support leaders in enabling their teams to perform and grow. We offer e-learning content to develop skills in areas such as commerce, sourcing, finance, compliance, safety, leadership and design thinking.

## We set forward-looking goals

We want to strengthen employees' sense of belonging and meaningful work. This drives productivity, engagement and wellbeing.

We set individual strategy-related goals for all employees worldwide. Regular one-to-one discussions between managers and their team members provide opportunities to ask for, give and receive feedback on performance and individual development.

## Our leadership

At UPM, we aim to strengthen the leadership culture based on UPM's values and the Aiming Higher mindset, which enables everyone to grow, perform and achieve business results. We invest in leadership development to ensure that leaders throughout UPM have the capabilities to lead themselves, people and the business.

Our leadership development programmes are designed to achieve these long-term goals. The key themes in leadership development are building high-performing teams, ensuring



leaders can perform in any situation and strengthening human-centric leadership.

**We reward and recognise high performance**

Our rewards aim to attract, retain and motivate employees. Our reward concepts are designed to provide fair, equitable and com-

petitive rewards for all our employees. They are based on business needs and our values and are differentiated by performance and impact.

We use a total rewards approach, which is a combination of monetary and non-monetary elements. The monetary elements consist of base salary, benefits and incentives,

which are determined by UPM's global rules, local legislation, general agreements, local market practices, the level of the position and individual performance. Gender, age, ethnic origin and nationality play no role in determining monetary rewards.

All employees belong to a unified annual Short-Term Incentive (STI) scheme, which is designed to encourage high performance, increase motivation and engagement, and recognise and reward employees for achieving set targets. The scheme covers Group and business-level targets, personal and team targets to differentiate and reward high performance.

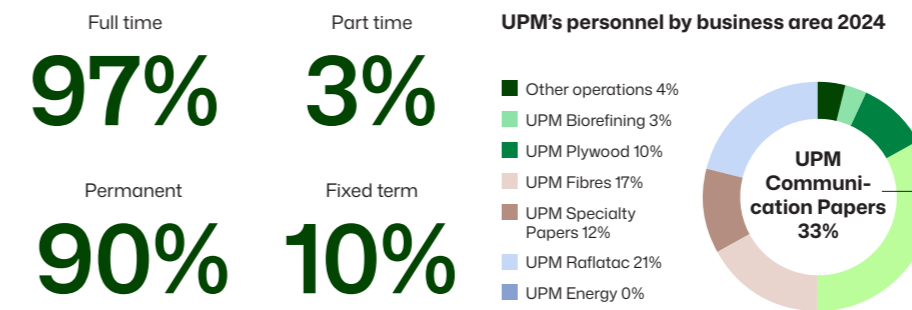
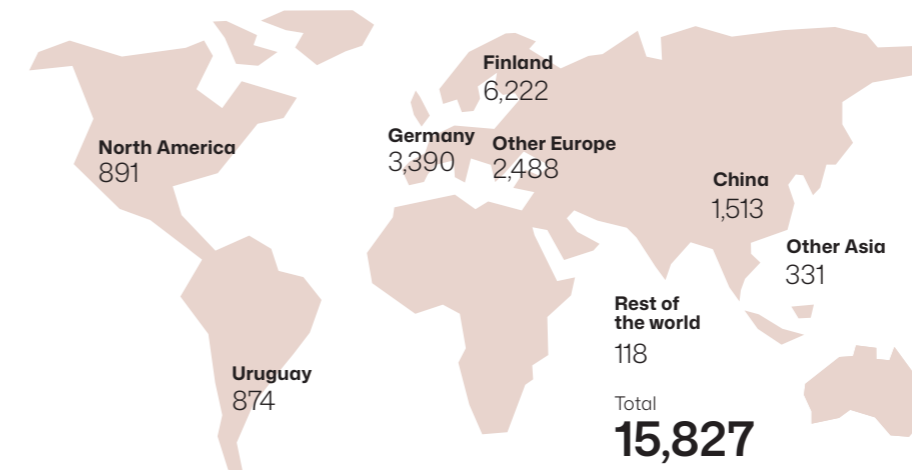
We also recognise significant individual or team success with a separate Achievement Award concept. It is designed to support UPM's high-performance culture and to recognise individuals and teams for outstanding contributions, significant achievements and exceptional performance.

In addition to the Short-Term Incentive scheme, we have two main long-term incentive plans: the Performance Share Plan (PSP) for senior executives; and the Deferred

Bonus Plan (DBP) for other key employees. We are also committed to gender pay equity and to paying all employees at least the local living wage. The status of both these commitments is reviewed annually, and we take corrective action when necessary.

- Sustainability Statement, ESRS S1 Own workforce on page 209
- A diverse and inclusive working culture on page 70
- Safety and wellbeing on page 72

**Our employees by region**



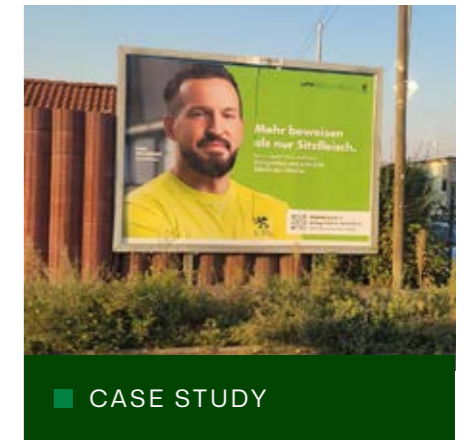
**WE REGULARLY MEASURE OUR PROGRESS**

Since 2007, the annual Employee Engagement Survey (EES) has invited all employees to evaluate various aspects of their work. The high participation rate of 76% (81%) shows that UPM employees are interested in improving their workplace. The overall engagement score is 70 (70).

78% (81%) of employees had documented development plans in 2024. In the EES, the score for the question about good opportunities to learn and grow at UPM was 65 (64).

The annual incentives paid in 2024 for the 2023 Short-Term Incentive (STI) scheme amounted to EUR 48.7 million, and the estimated amount of annual incentives for the 2024 scheme is EUR 46.5 million.

Approximately 420 people participated in the apprenticeship programmes in 2024.



**CASE STUDY**

**RAISING OUR PROFILE AS AN EMPLOYER IN THE CHEMICAL INDUSTRY**

**➤ CHALLENGE**

As the Leuna Biorefinery is ramping up in 2025, we want to increase the visibility of our employer brand to attract and retain specialists for the operations teams.

**➤ ACTION**

UPM Biochemicals, known for its diverse and international team, launched an employer marketing campaign in Germany. The campaign aimed to attract operators by highlighting the benefits of working at UPM, such as contributing to a unique project. The campaign focused on targeted out-of-home (OOH) advertising, particularly in areas frequented by chemical technicians, such as chemical parks and access roads in the region.

**➤ IMPACT**

Our aim was to create regional and targeted visibility to ensure we could attract the talent we needed. We also wanted to enhance overall awareness of UPM as an employer and a company widely recognised as an innovator in the chemicals and materials sectors. The campaign resulted in a 55% increase in website sessions and a 71% increase in job applications.

UPM personnel in figures	2024	2023	2022
Employees	15,827	16,573	17,236
Turnover, %	13.6	11.1	14.7
Turnover, % (voluntary)	4.8	5.1	6.8
Average age	44.4	44.3	44.1



# A diverse and inclusive working culture

We develop an organisational culture and local conditions that ensure a diverse and inclusive working environment.

Promoting diversity and inclusion in the workplace is not only the right thing to do: it is a prerequisite for our business success and a healthy working environment. Different perspectives improve decision-making and business performance. All UPM employees are treated as individuals, regardless of gender, sexual orientation, age, ethnic origin or nationality, for example. We welcome

the talent of people with different skills and backgrounds in our global team. We respect the privacy of our employees and promote equal opportunity and objectivity in employment and career development. Diversity and inclusion are part of our Aiming Higher mindset and are therefore part of our cultural development plan.

**Three action areas**  
Our Diversity and Inclusion initiatives are divided into three areas:

1. Commitment to diversity and inclusion
2. Creating and leading an inclusive culture
3. Regularly reviewing our data and processes

### Our commitment to diversity and inclusion

We are committed to developing an inclusive culture and working environment. In 2016, we signed the EU Diversity Charter. Our commitment and expectations regarding D&I are set out in our HR Rules and the UPM Code of Conduct.

At UPM, we have worked systematically to increase diversity and inclusion in recent years. Our D&I-related social responsibility targets focus on our employees' sense of belonging and the representation of women in professional and managerial roles. We have set an ambitious target of 40% female representation by 2030.

With this increased diversity, we aim to develop our leadership capabilities. Our situation varies by organisation. Each business and function therefore needs its own targets and plans to increase female representation. According to our analysis, men and women have equal opportunities to progress at UPM.

Since 2021, we have carried out an annual gender pay equity review to close the gender pay gap that cannot be explained by the factors that typically determine a person's salary and its development. We

will continue to monitor this annually and make adjustments where necessary. In 2023, we committed to the UN Forward Faster Initiative on gender equality. Progress on the initiative will be reported for the first time in 2025.

### Creating and leading an inclusive culture

To further develop an inclusive leadership and culture, we continued our dialogue with management teams across the company in 2024. About 3,500 people have participated in the dialogue since 2019. In recent years, we have expanded our understanding of leading diverse teams and developed awareness of LGBTIQ+ diversity and inclusion in the workplace. UPM is a member of Workplace Pride and provides e-learning training on this topic for all UPMers. Over 800 people have taken the training.

In 2024, we participated in Workplace Pride's annual assessment of the LGBTIQ+ practises in companies. The network members and the core team plan activities to support the community and raise awareness at UPM. The focus in 2024 was on networking and communication, learning from other companies, and working on initiatives to

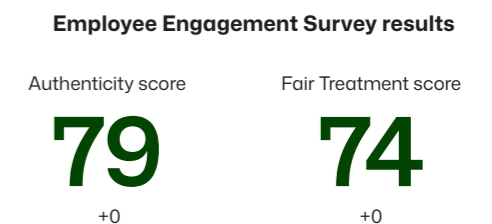
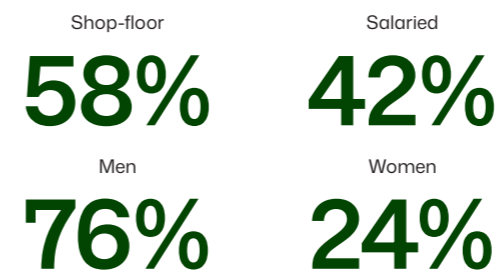
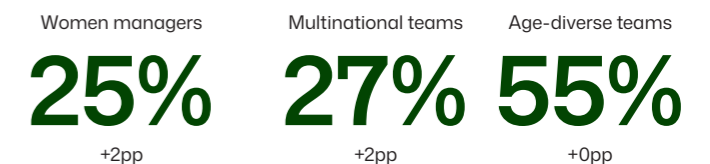
create an LGBTIQ+ inclusive workplace.

Inclusive behaviour is integrated into our leadership development programmes and training on the UPM Code of Conduct. Since 2022, we have been measuring inclusive leadership, i.e. how UPM's leaders value different perspectives. According to the 2024 Employee Engagement Survey (EES) results, there is a positive trend. Inclusive leadership will continue to be a development area for us.

We have set a target for a sense of belonging, benchmarking ourselves against the top 10% of companies. Our EES also measures authenticity (i.e. feeling comfortable as oneself) and fair treatment, which are important strengths for us that we monitor on an ongoing basis.

### Regular monitoring

We regularly review our diversity status and data. Our management teams conduct self-assessments on diversity and inclusion. Managers and HR have dashboards with diversity data. Processes such as rewarding and recruitment are regularly monitored. We also regularly report progress to several external indices.



CREATING VALUE FOR PEOPLE AND SOCIETY

# Safety and wellbeing

Our safety work is based on long-term planning, strong leadership and effective communication.

Investing in employee wellbeing is a strategic business decision that can drive long-term success. A focus on wellbeing and safety fosters a positive working environment and improves team collaboration. This can lead to more innovative solutions and better overall performance.

UPM workforce including contractors	2024	2023	2022
Total injuries per one million hours worked, TRIF	5.1	5.2	5.9
Lost-time accidents per one million hours worked, LTAF	3.2	3.4	3.3
Serious accidents	3	5	5
Fatalities	0	0	3

## FACTS AND FIGURES

Following discussions with employees, we renewed our safety vision, revised our safety principles and updated our safety rules in 2024. Despite our continuous efforts to prevent all accidents, we had three serious accidents in 2024. Of the accidents, one happened to a contractor, and two to UPM employees.

All accidents were thoroughly investigated in close cooperation with the authorities and contractors. We initiated corrective and preventive actions and shared key learning points across all businesses to prevent similar accidents in the future.

In 2024, we reported a total of 53,000 safety-related near misses and safety observations and conducted 37,000 safety walks and discussions.

Based on the feedback from the employee dialogue discussions, the 2024 pulse survey on health and wellbeing included more health-related questions than before. In general, the scores decreased slightly compared to the 2023 survey.

The Korkeakoski sawmill received the UPM CEO Safety Award 2024. The sawmill effectively involves contractors in safety and has a thorough orientation process for new employees.



## OUR SAFETY COMMITMENTS AND PRIORITIES

### Employee wellbeing

We focus on the overall health and wellbeing of employees, taking a holistic approach divided into four themes: body; mind; heart; and soul (see below). The safety vision and our safety rules, including safety principles, form the basis of our commitment to a safe working environment. We have set an ambitious target of being an accident-free workplace.

### Building the safety culture

We develop a caring safety culture through employee participation and open and positive communication. Safety is a value that guides us to make the right decisions and choices. Our behavioural safety leadership training supports our managers in leading safety as a natural part of daily operations and ways of working. This includes activities such as regular safety observations and suggestions for improvement, as well as participation in risk assessments, incident investigations and safety training.

### Strong focus on process safety

Our UPM-wide process safety standard sets minimum requirements for process safety in operations, projects and functions. The current situation of the mills has been compared with the requirements of the process safety

standard, and based on the results, mill-specific process safety improvement programmes have been developed. Global e-learning training on process safety has increased awareness throughout the organisation. Process safety risk assessments are integrated into the preparation of investment projects.

### Management systems and safety audits

All our production units have an OHS management system in place, of which 93% have ISO 45001 Occupational Health and Safety management system certification. This means that 74% of our employees are covered by the certification. Annual safety audits are an integral part of the OHS management system, focusing on risk management and operating permits.

### Continuous improvement and recognition

Safety is embedded in all our daily operations and practices, as well as in new and ongoing projects. Effective risk management, investigation and lessons from incidents play an important role in making our operations safer. We also share safety observations and best practices across our businesses to improve safety.

We recognise exemplary safety performance with Company-wide awards to highlight units that have made significant efforts to improve the health, safety and wellbeing of their employees.

## EMBRACING WELLBEING AT UPM

Our approach is built around four themes:

**Body:** Empowering individuals to lead active lives within their own contexts. High energy levels and physical condition enhance both quality of life and performance.

**Mind:** A balanced mind fosters high work engagement, inspiration and learning. A friendly atmosphere nurtures creativity and ideas to flow.

**Heart:** A sense of belonging and feeling appreciated boosts work motivation. Team commitment and loyalty drive deeper engagement.

**Soul:** Being part of a meaningful purpose inspires and makes one feel proud to work at UPM. Engaged employees work as natural UPM advocates.



## CASE STUDY

### COLLABORATIVE EFFORTS LEAD TO IMPROVED SAFETY AT UPM TIMBER

#### > CHALLENGE

The aim of UPM Timber's Lock Out (LOTO) project was to harmonise practices and develop guidelines for all equipment in the sawmills' different departments according to UPM's LOTO Standard. The main challenges during the project were the large number of machinery on the production lines and deciding on the work area to be used in the instructions, as work in a given area can be delimited in different ways.

#### > ACTION

Production and maintenance personnel, as well as salaried employees, were extensively involved in the development of the guidelines. Different perspectives were thus taken into account when drafting safety-critical instructions. By following the guidelines, the risk of accidental start-up of equipment and machinery – for example, during maintenance work – can be prevented. Training and communication were also an important part of the project.

#### > IMPACT

All the sawmills' production equipment has area-specific guidelines that must be followed to make the area safe. Employees' understanding of the risks and LOTO competence has also improved significantly.

## CREATING VALUE FOR PEOPLE AND SOCIETY

# Collaborating on human rights

Respect for human rights is the foundation of our social responsibility agenda and 2030 targets.

At a time of continuing instability, including socioeconomic pressures and a sense of urgency about the climate and biodiversity crises, cooperation is crucial for driving progress. UPM's business relies on thriving

and resilient communities. We are committed to respecting human rights across our operations, including our employees, suppliers, contractors and surrounding communities.

## OUR COMMITMENTS

### Following principles

Our approach is based on the UN Guiding Principles on Business and Human Rights (UNGPs) and is guided by our Code of Conduct and related policies, rules and guidelines. We expect a similar commitment from our suppliers and third parties, as defined in our Supplier and Third-Party Code.

### A safe and inclusive working environment

We provide a safe and inclusive working environment for our employees and respect the rights of people in our value chains.

## OUR PRIORITIES

### Focus on salient issues

In 2024, we reviewed and updated our corporate salient human rights issues in connection with our double materiality analysis and related stakeholder input. The assessment was facilitated by an external human rights advisor. UPM's reviewed salient human rights issues are: occupational health and safety (OHS); land rights and community engagement; terms and conditions of work; forced labour; and children's rights. We continue to prioritise our efforts accordingly, recognising that our impact on people continues to evolve as our business changes, and our approach to due diligence develops.

### Human rights due diligence is a continuous process

We completed UPM's first externally conducted Human Rights Impact Assessment covering all our operations in Uruguay. The assessment provides a further insight into the aggregate and cumulative impacts of our operations and supports us in developing our Company-wide local community engagement and grievance management practices. In 2024, we also initiated development of a local community engagement policy, following an assessment of current practices in 2023. This policy will help us to identify and engage with local stakeholders, particularly the most vulnerable, to ensure their concerns are addressed.

### Decent work

We promote decent work and play our part in building a more equitable society.

### Identifying and prioritising salient human rights issues

We prioritise the most serious human rights risks and impacts and take action to address them.

### Promoting social responsibility in our supply chain

Contractors carry out a significant proportion of our operations. They work in areas such as maintenance at our production units, construction and forestry operations. We collaborated with one of our maintenance service providers to develop a common model for verifying fair terms and conditions of work in our subcontracting chains. In 2024, we also renewed our Supplier and Third-Party Code and strengthened our social responsibility requirements for suppliers.

### Collaboration and engagement with stakeholders

Promoting human rights requires both internal capacity building and collaborative action. One of the aims of our Uruguay Human Rights Impact Assessment was to learn about and increase our capacity to address human rights locally. We organise internal human rights workshops to ensure the effective implementation of the assessment findings. We also participate in collaborative forums such as Together for Sustainability (TfS) and the UN Global Compact (UNGC) Labour and Decent Work programme to share insights and best practices.

- [Sustainability Statement, ESRS S1 Own workforce on page 209](#)
- [Sustainability Statement, ESRS S2 Workers in the value chain on page 223](#)
- [Sustainability Statement, ESRS S3 Affected communities on page 229](#)



## CASE STUDY

### HUMAN RIGHTS IMPACT ASSESSMENT IN URUGUAY

#### ➤ CHALLENGE

Effective processes require internal expertise, collaboration with stakeholders and continuous benchmarking against international best practices.

#### ➤ ACTION

To develop our human rights due diligence work, we commissioned an external consultancy to assess our operations in Uruguay. The study recognised our strong environmental and social management systems and effective risk management, but also recommended additional measures to mitigate potential risks to local communities and workers.

#### ➤ IMPACT

Based on the recommendations, corporate and local action plans have been created, focusing on Company-wide capacity building on business and human rights, and the review and development of stakeholder engagement practices, grievance mechanisms, and remediation measures. The assessment accelerates our due diligence efforts and lays the foundation for future human rights impact assessments of our investments and business development projects.

CREATING VALUE FOR PEOPLE AND SOCIETY

# Committed to compliance

Regardless of the location, circumstances or people involved, we are committed to complying with applicable laws and regulations and our Code of Conduct.

We are all responsible for building a culture of integrity in everything we do and in every choice we make. Our Code of Conduct and values help us make the right decisions and guide our work in a changing business environment. This is the foundation for long-term success.

We monitor the development of this culture through our annual Employee Engagement Survey (EES). In the EES, the average score for ethical behaviour at UPM was 74 (75), while the external benchmark was 79 (79).

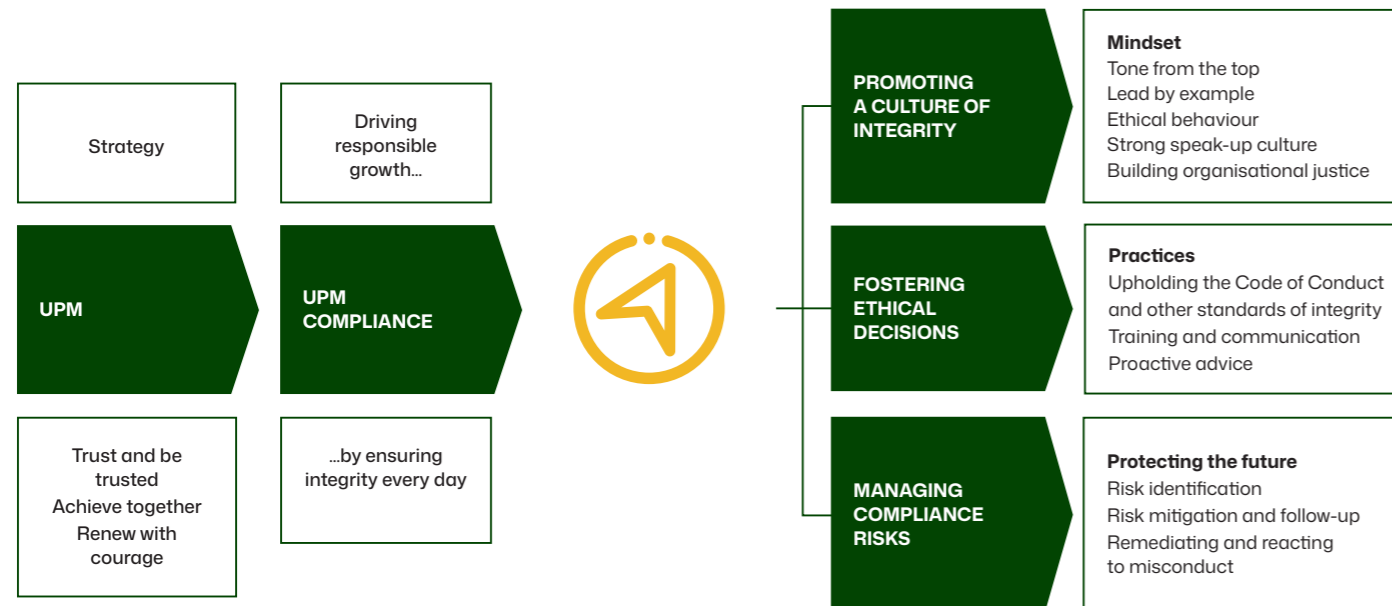
➤ See more in Sustainability Statement, ESRS G1 Business conduct on page 236

### ACTIONS IN 2024

- 99% of active employees completed Code of Conduct training, excl. UPM Raflatac companies acquired in 2024.
- Supplier and Third-Party Code updated.
- Sustainability Policy Statement renewed.
- Compliance reviews in 6 local units or operations in the Americas, the Asia-Pacific region and Europe.
- Revision of background check criteria for high-risk business partners.



## How we build a culture of integrity



## Compliance and responsible and ethical, practices are the foundation of UPM's businesses

- Employee accepted a falsified invoice to hide the true nature of hospitality, violating UPM's policies. Written warning.
- A UPM supplier was discovered to be owned by a family member of an employee, who attempted to hide this conflict of interest, violating UPM's policies. The supplied goods were priced significantly above the market rate. Termination of employment.
- Employee misused UPM's assets by claiming personal expenses from the company, in violation of UPM's policies. Termination of employment.

Alleged misconduct cases		
UPM Code of Conduct section	2024	2023
<b>Our commitment on integrity</b>	10	9
<b>Our people and operations</b>		
Respect people and human rights	57	40
Taking care of the environmental impact and product safety	3	3
<b>Business integrity</b>		
Zero-tolerance for corruption and bribery	2	4
Avoid conflicts of interest	8	3
Compliance with competition laws	1	1
Protect assets and information	13	12
<b>Our stakeholders</b>		
Know with whom you trade	5	11
<b>Total</b>	<b>99</b>	<b>83</b>



## OUR COMMITMENTS

### Compliance

We are committed to complying with applicable laws, regulations, our Code of Conduct and our values – Trust and be trusted, Achieve together, Renew with courage. Our Code of Conduct reflects our respect for people, the environment and ethical business practices.

### Building a culture of integrity

We do not compromise our standards of integrity in any circumstances. We aim to continuously improve how we work and further embed a culture of business integrity.

### Accountability

Accountability for compliance extends down from the Board of Directors and senior management to all employees.

### Voicing concerns

We strive to create an environment in which employees feel comfortable voicing their concerns without fear of retaliation.

## OUR PRIORITIES

### Risk assessment forms the basis of our compliance programme

Each business area, unit and function is responsible for identifying and managing its compliance risks. Annual and ad hoc risk assessments guide our compliance activities and mitigation actions, which are updated throughout the year to reflect changes in the risk environment.

### Policies and procedures document what is expected of all employees

The compliance system is embedded in our governance model and is designed to promote a culture of integrity at all levels. To remain relevant, we review the need to update policies and procedures annually as part of our policy management process.

### Ongoing training and communication help us make the right choices

Our e-learning modules on policies and procedures are easily accessible to employees on a global e-learning platform, and completing these mandatory e-learning courses is a prerequisite for short-term incentive payments. Training is also extended to the employees of

our business partners who work for UPM. Compliance e-learning modules are supported by tailored training and active communication.

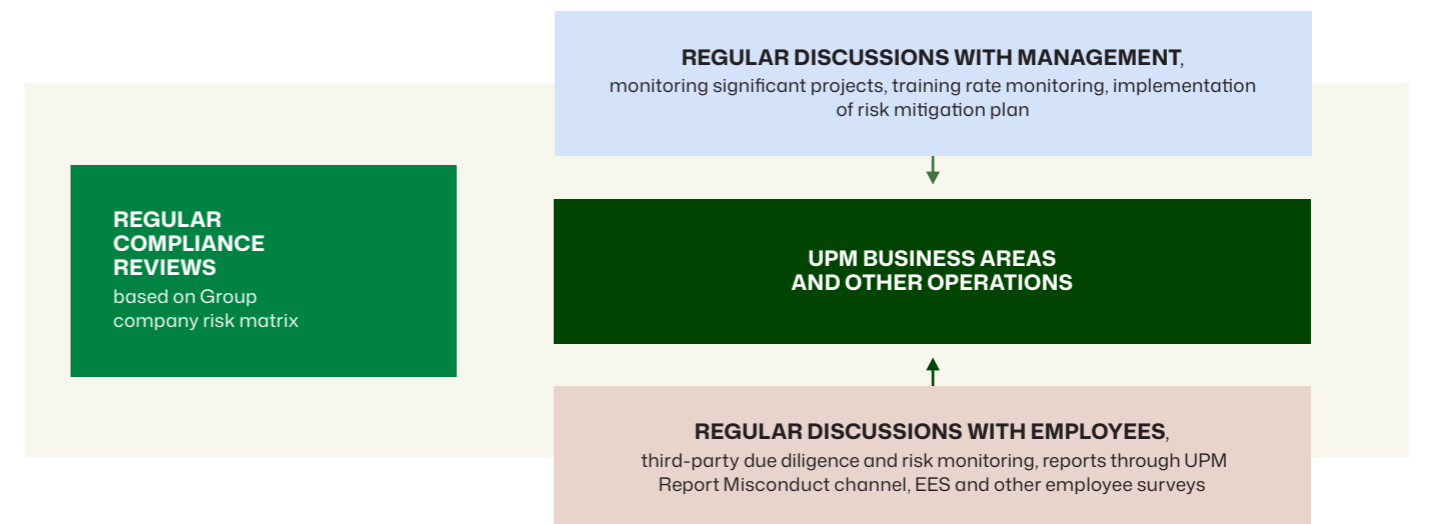
### Comprehensive monitoring helps us take action

Our monitoring activities are based on a risk matrix that considers country risk, complexity and the scale of our operations in each country. In addition, we conduct risk-based reviews on specific topics such as competition law or anti-corruption, and ongoing counterparty screening activities. Key findings and recommendations from compliance reviews are reported to the Audit Committee of the Board of Directors and to the businesses, and any necessary follow-up action is taken with the relevant business unit.

### Response and remediation contribute to organisational justice

We encourage employees to report any misconduct or unethical behaviour without fear of retaliation. We maintain procedures to investigate business conduct incidents in a timely, independent and objective manner.

## Compliance monitoring



## CASE STUDY



### ENSURING EUDR COMPLIANCE

In 2023–2024, UPM's businesses have been actively working to comply with the EU Deforestation Regulation (EUDR), which aims to reduce the EU's impact on global deforestation and forest degradation, thereby lowering greenhouse gas emissions and preventing biodiversity loss.

Key developments include enhancing due diligence processes and managing data flows in an EU-provided IT system as proof of no de-

forestation. The regulation was originally due on 30 December 2024. As per the amendment regarding the date of application the EUDR enters into application on 30 December 2025.

UPM has been developing its due diligence and IT systems to meet the requirements of the EUDR in the original schedule and aims to begin application of the regulation as soon as possible already during the transition period.



CREATING VALUE FOR PEOPLE AND SOCIETY



# Ensuring a sustainable supply chain

An effective supply chain ensures a reliable and cost-competitive supply of materials and services worldwide in all market situations.

We work closely with our suppliers and contractors to continuously improve the efficiency, transparency and sustainability of our supply chain.

We buy products, materials and services from around 23,000 B2B suppliers worldwide, including start-ups and international corporations. We also purchase wood from around 14,500 private forest owners.

The main sourcing categories are fibres, chemicals, other raw materials, logistics, energy and indirect purchases such as services. We select suppliers based on long-term supply reliability, cost-competitiveness, product and service quality, financial stability, social and environmental responsibility, product safety, and product carbon footprint.

Supplier management and digitalisation

support product development and the commercialisation of new products.

Our sustainable supply chain programme sets out our responsible sourcing practices and priorities. It addresses environmental, social and governance topics contributing to a responsible and resilient supply chain. The programme includes instructions on relevant procurement and supply chain management practices and impacts at UPM, as well as supplier requirements. Implementation is managed and tracked through our 2030 responsibility targets and performance indicators.

### Compliance with regulations and UPM requirements

We are committed to sustainability and ethical practices throughout our supply chain in ac-

cordance with our Code of Conduct. The minimum requirements for suppliers are defined in the UPM Supplier and Third-Party Code. We expect our suppliers to promote the same requirements in their own supply chains.

We also apply additional category-specific requirements – for example, for sourcing of wood, chemicals, pulp, packaging materials and logistics. The requirements cover environmental performance, social responsibility and reporting. Contractors working at our production sites must comply with UPM’s safety requirements.

### Risk mitigation

We identify our most business-relevant suppliers and supply chains with a high risk of potential negative environmental

## Sustainable supply chain programme

We renew the everyday - Together							
ESG topics	ENVIRONMENT			SOCIAL		GOVERNANCE	
	Climate action	Biodiversity	Resources and circularity	Labour and human rights	Health and safety	Business ethics and values	Responsible use of assets
Strategic focus							
Ambition	Climate change mitigation in the supply chain	Biodiversity protection in the supply chain	Responsible resource use in the supply chain	Decent work in the supply chain	Health, safety and security in the supply chain	Ethical behaviour and culture of integrity in the supply chain	Responsible use and management of assets in the supply chain
Risk mitigation	Sustainability risk identification, assessment and mitigation in the supply chain Transparent sharing of reliable and credible sustainability information between chain members						
Compliance	Compliance with applicable regulations and UPM requirements in the supply chain						

and social impacts. We share reliable and credible sustainability information through collaboration organisations such as Together for Sustainability (TfS).

We have risk management contingency plans for identified suppliers with a high sustainability risk. The assessment is based on the country of origin, the material or service sourced, and UPM’s supply chain ESG risk register, which includes country, commodity and sector-specific sustainability risk information.

We also use EcoVadis and other assessments, supplier audits and reviews, and joint development plans to conduct more detailed assessments of suppliers’ activities. All

suppliers are regularly screened using our counterparty risk management tool.

If non-conformities are identified, the supplier is required to take corrective measures. We monitor the implementation of these actions and provide support to improve the suppliers’ operations where necessary. Some contracts may have to be terminated due to insufficient measures or the seriousness of UPM’s findings.

- [Group-wide -30 by 30 programme to reduce CO<sub>2</sub> emissions in the supply chain on page 59](#)
- [Sustainability Statement, ESRS G1 Business conduct on page 236](#)
- [For suppliers](#)

### ACTIONS IN 2024

- 91% (89%) of total spend with suppliers who are committed to the Supplier and Third-Party Code.
- Our own auditors and external auditors conducted 97 (95) audits worldwide based on identified risks related to social and environmental topics, incl. human rights.
- 3,200 (890) contractor reviews carried out in Uruguay, focusing on working conditions.
- 23 internal awareness-raising sessions on supplier engagement with around 300 participants. Four internal online training courses on responsible sourcing with about 1,100 participants.

### STRICT REQUIREMENTS FOR WOOD SOURCING

All the wood we use is legally harvested and comes from sustainably managed forests. We also verify that the wood delivered to our mills complies with applicable timber and deforestation legislation and other regional requirements.

Our suppliers of wood, pulp and recovered paper are continuously assessed for their environmental and social responsibility and their involvement in the local community. These raw materials are either FSC™ (N003385) and PEFC (PEFC/02-44-41) certified or meet the FSC Controlled Wood standard or due diligence requirements for PEFC. We source all wood assortments to ensure the optimal use of this valuable raw material. In 2024, we purchased 28.0 (25.5) million cubic metres of wood worldwide.

## CREATING VALUE FOR PEOPLE AND SOCIETY



# Contributing to society through taxes

Our businesses play a significant role in contributing to the societal development of surrounding communities through the tax revenue we generate.

The OECD, the G20 Forum and the EU have addressed the tax challenges posed by global economic changes. These solutions aim for a minimum of 15% taxation for companies in their operating countries (Pillar Two) and introduce standardised public tax reporting. We have been transparent and responsible in our tax strategy for years. We welcome initiatives for standardised global tax reporting and fair and responsible tax payments. We monitor global tax developments and assess how they affect UPM, adjusting our tax reporting accordingly.

## ENERGY TAXATION AT VARIOUS LEVELS OF THE VALUE CHAIN

The European Commission aims to reform the current energy taxation as part of the European Green Deal and Fit for 55 climate package. Energy taxation is relevant to us not only as a significant electricity producer but also in our manufacturing processes and the taxation of end products, as well as taxation at various levels of the supply chain.

The electricity we produce is subject to electricity taxation, regardless of the sources used. The majority of our electricity generation is CO<sub>2</sub>-free hydropower and nuclear power.

In addition, our renewable products (UPM BioVerno diesel and naphtha) are subject to energy taxation. However, the energy tax rates for transport fuels from renewable and sustainable sources, such as UPM BioVerno, are lower than those for fossil fuels.

Most of the energy used in our production processes is subject to energy taxation, with different tax rates and exemptions, depending on the type of use. We also pay a significant amount of energy tax on fuels for logistics costs, particularly road transport.

Within the EU, energy taxation laws allow member states to compensate for the taxes paid or apply lower tax rates for industrial production, and countries where we have production facilities, such as Finland and Germany, offer such tax relief.

## OUR COMMITMENTS

### Regulatory compliance

We pay taxes in accordance with local laws and regulations. We follow the principles and guidelines set out in the UPM Tax Strategy, which is based on the standards of the UPM Code of Conduct.

### Ethical tax practices

The location of our companies is determined by

## OUR PRIORITIES

### Good governance

The Board of Directors' Audit Committee is responsible for the supervision of tax risk management as part of our risk management processes. UPM's internal control and risk management function regularly reviews tax risks and updates the control framework with the tax function. A more thorough review of the tax

economic and business considerations. We do not transfer the value created, nor do we invest in production or service operations in jurisdictions defined by the Council of the European Union as non-cooperative jurisdictions for tax purposes or in any similar secrecy jurisdictions.

### Transparent reporting

We are committed to transparent and respon-

practices of customers and suppliers is part of our counterparty risk management processes.

The UPM Tax Strategy is supported by internal instructions, internal controls and benchmarking of best practices. Tax matters are managed by our tax function, which is complemented by third-party tax services for local tax reporting and filing, and other requirements.

sible tax reporting. We pay corporate income taxes in the countries where added value is created, and profit is generated.

### Contributing to society

Our mills contribute to local employment, income tax and purchasing power, and are involved in projects with local communities.

### Cooperation with the authorities

We aim to cooperate with the tax authorities transparently and proactively. We also value dialogue with other important stakeholders on tax issues. In Finland, UPM cooperates with the Finnish Tax Administration.

In 2024, UPM's effective tax rate was 7.4% (15.2%), and the cash tax rate was 29.0% (39.5%). The corporate income tax reported in 2024 was EUR 37 million (EUR 71 million), and the corporate income tax paid in 2024 was EUR 145 million (EUR 183 million).

In addition to income taxes, our various production inputs and outputs are also subject to taxation, which we either pay (e.g. energy tax or property tax such as taxes on real estate) or collect (e.g. VAT, payroll tax and social security contributions). We paid taxes on real estate, equity and similar properties in various countries totalling EUR 31 million (EUR 37 million).

The table on the right shows the corporate income tax and taxes on real estate, equity and similar properties paid in our main countries of operation. Based on our corporate and operational structure, UPM mainly reports and pays its corporate income tax in the countries where production and innovating activity takes place.

### Corporate income taxes vary by country

In Finland, we have significant production operations in our six business areas, as well as research and development operations. As a result, UPM is a signifi-

cant taxpayer in Finland. UPM's corporate income tax in Finland in 2024 is estimated to be EUR 84 million (EUR 112 million), which includes taxes reported and paid by UPM-Kymmene Corporation and its Finnish subsidiaries.

In Uruguay, the government has granted several free-trade zone permits for local and foreign investments. The Uruguayan government has granted our pulp mills a permit to operate in a free-trade zone. Consequently, taxes in Uruguay consist mainly of taxes on property and equity and annual tax-like charges paid to the Uruguayan government for the development of the zone.

In China, as a fine paper producer, UPM qualifies as a high-tech enterprise with a reduced corporate income tax rate of 15%. UPM also pays withholding tax on dividends in China.

In countries such as Germany where our companies use tax losses from previous years to offset the current year's tax liability, limited corporate income tax is paid.

### See more

A list of UPM's principle subsidiaries and joint operations and their country of incorporation can be found on page 315.

The pulp and paper mills' third-party verified EMAS reports on environmental and societal responsibility can be found at [www.upm.com/sustainability](http://www.upm.com/sustainability).

### Corporate income taxes paid and property taxes<sup>1)</sup> by country

EURm	2024	2023
Finland	96	102
Uruguay	25	25
United States	21	18
China	20	5
Poland	4	3
France	2	2
Estonia	2	1
Germany	1	43
United Kingdom	1	3
Austria	0	5
Other	3	14
<b>Group total</b>	<b>176</b>	<b>221</b>

<sup>1)</sup> Property taxes include taxes on real estate, equity and similar properties paid by country

## Our societal and environmental impacts

Our activities and products have impacts on the environment and society. Understanding these impacts is a prerequisite to developing our operations. Direct and indirect inputs and outputs provide a comprehensive picture of the value chain and form the basis for the impact assessment.

► UPM's detailed material balance is available at [www.upm.com/annualreport](http://www.upm.com/annualreport)

Indirect upstream		Direct upstream		Direct downstream		Direct downstream		Indirect downstream		Impacts
		<b>Raw materials</b>		<b>Products</b>		<b>Emissions to air</b>				Increasing knowledge and quality of life through our products
Number of b2b suppliers	23,000	Wood	28m m <sup>3</sup>	Paper	4.6m t	Nitrogen oxides	8,700 t	Number of customers	10,000 in 97 countries	Vitality and prosperity for area of influence
Private forest owners supplying wood to UPM	14,500	Market pulp	1.3m t	Chemical pulp	5.0m t	Sulphur dioxide	780 t	People using UPM products	approx. 190m	Increased social capital and skills of employees
Seedlings planted	44 million	Recovered paper	0.7m t	Converting materials	0.5m t	Particulates	680 t	Local support and donations under the UPM Share and Care Programme	EUR 1.7m distributed to about 200 groups	Wellbeing and safety of employees and contractors
Supplier spend covered by UPM Supplier Code	91%	Minerals	1.8m t	Plywood and veneer	0.5m m <sup>3</sup>	VOC	400 t	Virgin materials replaced	1.3m t	Biodiversity enhanced by various initiatives <sup>3)</sup>
Certified wood	88.5%	Chemicals	0.9m t	Sawn timber	1.2m m <sup>3</sup>	Fossil CO <sub>2</sub> emissions (Scope 1)	2.2m t	Value of products eligible for ecolabelling	EUR 8.9 billion	Ecosystem services secured through sustainable forest management
Percentage of wood origin known	100%	Purchased paper for converting	0.3m t	Electricity and heat	14,300 GWh	Biogenic CO <sub>2</sub> emissions	11.7 m t	UPM forests available for recreational use	598,000 ha	Climate change mitigation through UPM's carbon actions <sup>4)</sup>
Fossil CO <sub>2</sub> emissions (Scope 2)	1.2m t	Plastic, adhesives, resins, films	0.2m t	Sales	EUR 10,339m	<b>Emissions to water</b>		Fossil CO <sub>2</sub> emissions (Scope 3 downstream)	4.1m t	Value added EUR 2.8 billion
Fossil CO <sub>2</sub> emissions (Scope 3 upstream)	4.1m t	Costs, raw materials	EUR 4.3 billion	Comparable EBIT	EUR 1,224m	Process wastewater	200m m <sup>3</sup>	Temporary carbon storage in UPM products' lifetime	2.8m t	Societal value of carbon sink of UPM own and leased forests EUR 210m <sup>5)</sup>
Water intensive production sites located in water abundant areas	100%	<b>Water uptake</b>		Granted patents and patents validations	243	Cooling water	180m m <sup>3</sup>	Carbon sink in UPM own and leased forests <sup>2)</sup>	2.1m t CO <sub>2</sub> eq	Societal cost of GHG emissions (Scope 1-3) EUR -1,160m <sup>6)</sup>
New hires	2,200	Surface water	391m m <sup>3</sup>	<b>People and society</b>		Biological oxygen demand (7 days)	5,200 t	Recreational value of UPM forests EUR 83m <sup>8)</sup>		Societal cost of other air emissions EUR -158m <sup>7)</sup>
Own and leased forests and plantations	1,090,000 ha	Ground water	12m m <sup>3</sup>	Employees	15,800	Chemical oxygen demand	56,600 t	Value of ash used as raw material EUR 8m <sup>9)</sup>		Impact of paid taxes on social capital EUR 227m <sup>10)</sup>
		Communal water	4m m <sup>3</sup>	Shareholders	146,258	Adsorbable organic halogens	280 t			
		<b>Energy</b>		Training hours per employee	9	<b>Process waste and by-products</b>				
		Renewable fuels	34,000 GWh	Total recordable injury frequency incl. contractors	5.1	Material recycling	332,000 dry t			
		Fossil fuels	8,600 GWh	Dividend distribution	EUR 800m	Energy recovery	234,000 dry t			
		Purchased electricity and heat <sup>1)</sup>	14,500 GWh	Employee wages and benefits	EUR 1,179m	Composting	9,000 dry t			
				Corporate income taxes paid and property taxes	EUR 176m	Landfilling	94,000 dry t			
						Temporary storage	23,000 dry t			
						Incineration without energy recovery	3,100 dry t			
						Hazardous waste for special treatment	7,000 t			

<sup>1)</sup> Includes UPM shares in hydro, nuclear and condensing power as well as purchases from the market. <sup>2)</sup> Based on a study by Luke Finland: 5-year average of carbon sink and sources in UPM own and leased forests in Finland, Uruguay and the USA. <sup>3)</sup> Read more on pages 50-53. <sup>4)</sup> Read more on pages 54-59. <sup>5)</sup> Calculated using societal cost of carbon EUR 100/tCO<sub>2</sub> (average damage cost per tonne of CO<sub>2</sub>). Source: EEA. Using European emissions allowance price would result in EUR 153m.

<sup>6)</sup> Calculated using societal cost of carbon EUR 100/tCO<sub>2</sub> (average damage cost per tonne of CO<sub>2</sub>). Source: EEA. Using European emissions allowance price would result in EUR -847m. <sup>7)</sup> Calculated using societal cost of each air emissions (NO<sub>x</sub>, SO<sub>2</sub> and VOC). Source: EEA. <sup>8)</sup> Based on pilot study by Gaia. Read more on [upm.com/sustainability](http://upm.com/sustainability). <sup>9)</sup> Estimated based on 2023 and 2024 information on ash utilisation and price of a comparable product. <sup>10)</sup> Calculated using corporate income and property taxes, and health utility of taxes. Source: Vionnet et al. (2021) The Health Utility of Income and Taxes. Part B.

# Governance

Corporate Governance Statement.....	88
Board of Directors.....	90
Group Executive Team.....	101

# Corporate Governance Statement 2024

UPM-Kymmene Corporation (UPM or the Company) follows the Finnish Corporate Governance Code (CG Code) issued by the Securities Market Association and complies with all recommendations of the CG Code. The CG Code is publicly available on the Securities Market Association’s website at [www.cgfinland.fi/en](http://www.cgfinland.fi/en).

UPM’s Corporate Governance Statement (CG Statement) for the financial year 2024 has been prepared in accordance with the CG Code’s corporate governance reporting section. UPM presents the CG Statement as a separate report, distinct from the Report of the Board of Directors. The CG Statement is available on the corporate website’s Investors section under Governance

([www.upm.com/governance](http://www.upm.com/governance)).

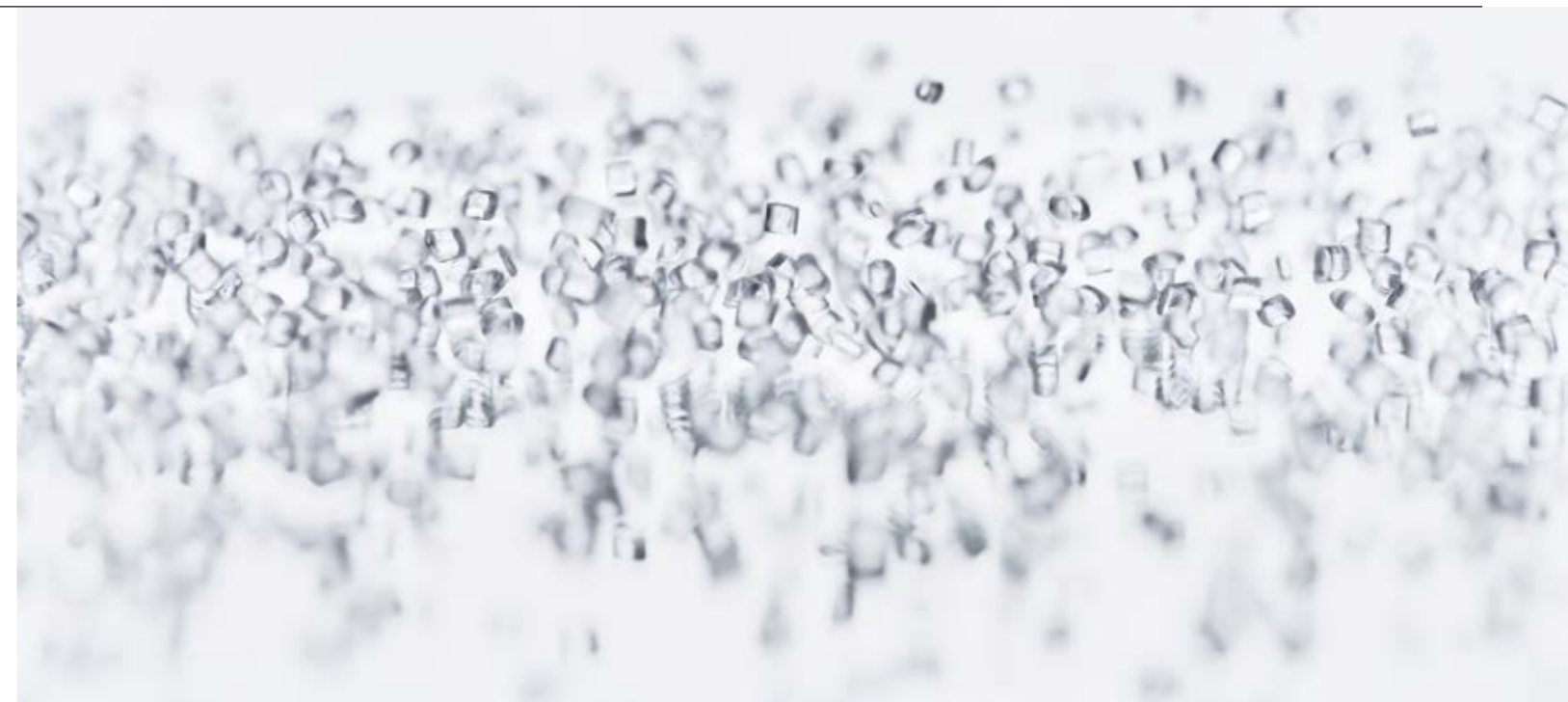
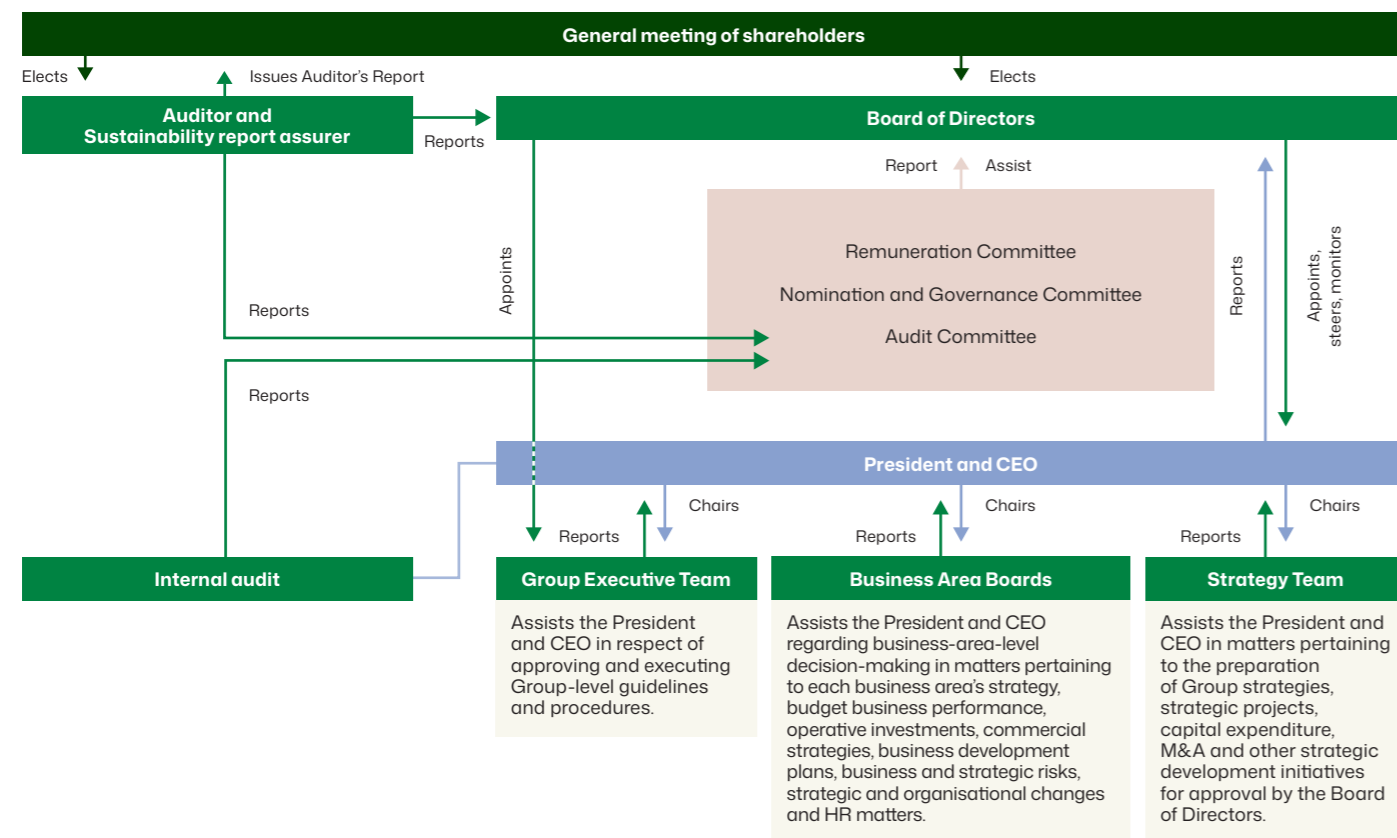
The Report of the Board of Directors is presented on pages 110-253 of UPM’s Annual Report 2024, which is also available on the corporate website.

**UPM’s governance structure**

UPM is a Finnish limited liability company with headquarters in Helsinki, Finland. The

parent Company, UPM-Kymmene Corporation, and its subsidiaries form UPM Group, with approximately 15,800 employees in 43 countries. UPM Group’s business operations are divided into six business areas and other operations, including UPM Biorefining business unit and global functions. UPM shares are listed on Nasdaq Helsinki Ltd.

**Governance structure of UPM-Kymmene Corporation**



UPM uses a one-tier governance model, which, in addition to the general meeting of shareholders, comprises the Board of Directors and the President and CEO, as presented in the illustration on the previous page. In the operative management of the Company, the President and CEO is assisted by the Group Executive Team, the Business Area Boards and the Strategy Team.

**Governance framework**

UPM’s decision-making, management and operations are guided by our values and by the UPM Code of Conduct. UPM’s values and UPM Code of Conduct form the framework for all Company operations and set out standards of behaviour for UPM employees, including directors and executives. Compliance and responsible and ethical practices are the foundation of UPM’s businesses. In addition to the Finnish CG Code, the Company follows the Finnish Limited Liability Companies Act and other laws and regulations applicable to publicly listed companies in Finland, the Company’s Articles of Association, Board and committee charters, corporate policies and rules, as well as rules and guidelines issued by the European Securities and Markets Authority, the Finnish Financial Supervisory Authority, and the Nasdaq Helsinki stock exchange.

**Annual General Meeting 2024**

The Company’s Annual General Meeting (AGM) for 2024 was held in Helsinki on 4 April 2024. Notice of the AGM, including proposals by the Board of Directors and the Nomination and Governance Committee, was published in February. A total of 3,167 (3,476) shareholders were represented at the meeting. Shareholders attending the meeting represented 60% (60%) of the Company’s shares and voting rights at the time of the AGM. The AGM supported all proposals by the Board of Directors or the Board’s Nomination and Governance Committee, and the decisions at the AGM 2024 were made in accordance with the proposals.

**Board of Directors**

The AGM 2024 elected nine members to UPM’s Board of Directors for a one-year term. Pia Aaltonen-Forsell, Henrik Ehrnrooth, Jari Gustafsson, Piia-Noora Kauppi, Topi Manner, Marjan Oudeman, Martin à Porta and Kim Wahl were re-elected to the Board. Melanie Maas-Brunner was elected as a new director to the Board. All directors are non-executive, and their term of office will end with the closure of AGM 2025. Emma FitzGerald had announced that she was not available for re-election.

60%

of shares and votes represented in the AGM 2024

3,167

shareholders represented in the AGM 2024

## Composition of the Board of Directors, 31 December 2024



**Henrik Ehrnrooth**

### Chair of the Board and Chair of the Nomination and Governance Committee

Director since	2015
Independence	Independent of the Company and significant shareholders
Education	MSc (Econ.)
Nationality	Finnish
Born	1969
Gender	male
Main occupation	Chair of the Board
UPM shares <sup>1)</sup> on 31 Dec 2024	30,304



**Kim Wahl**

### Deputy Chair of the Board

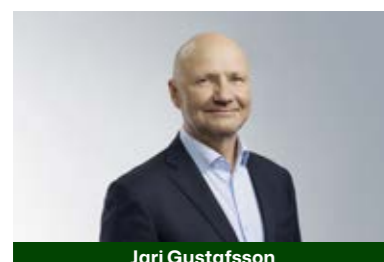
Director since	2012
Independence	Independent of the Company and significant shareholders
Education	MBA (Harvard), BA (Business Econ.)
Nationality	Norwegian
Born	1960
Gender	male
Main occupation	Chair of the Board of Strømstangen AS
UPM shares <sup>1)</sup> on 31 Dec 2024	29,729



**Pia Aaltonen-Forsell**

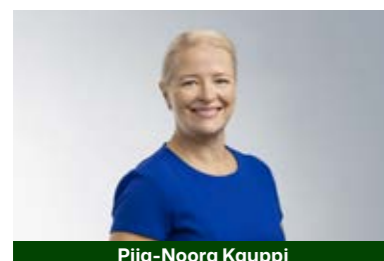
### Chair of the Audit Committee

Director since	2023
Independence	Independent of the Company and significant shareholders
Education	MBA, M.Soc.Sc. (Econ.)
Nationality	Finnish
Born	1974
Gender	female
Main occupation	CFO of Northvolt AB
UPM shares <sup>1)</sup> on 31 Dec 2024	3,128



**Jari Gustafsson**

Director since	2021
Independence	Independent of the Company and significant shareholders
Education	MSc (Political Science)
Nationality	Finnish
Born	1958
Gender	male
Main occupation	Partner at AlterInvest Oy
UPM shares <sup>1)</sup> on 31 Dec 2024	5,964



**Piia-Noora Kauppi**

Director since	2013
Independence	Independent of the Company and significant shareholders
Education	LLM
Nationality	Finnish
Born	1975
Gender	female
Main occupation	Partner of Odgers Berndtson Oy
UPM shares <sup>1)</sup> on 31 Dec 2024	27,163



**Melanie Maas-Brunner**

Director since	2024
Independence	Independent of the Company and significant shareholders
Education	PhD (Chemistry)
Nationality	German
Born	1968
Gender	female
Main occupation	Non-executive director
UPM shares <sup>1)</sup> on 31 Dec 2024	1,462



**Topi Manner**

Director since	2022
Independence	Independent of the Company and significant shareholders
Education	MSc (Econ.)
Nationality	Finnish
Born	1974
Gender	male
Main occupation	CEO of Elisa Corporation
UPM shares <sup>1)</sup> on 31 Dec 2024	7,929



**Marjan Oudeman**

Director since	2018
Independence	Independent of the Company and significant shareholders
Education	LLM, MBA
Nationality	Dutch
Born	1958
Gender	female
Main occupation	Non-executive director
UPM shares <sup>1)</sup> on 31 Dec 2024	12,722



**Martin à Porta**

### Chair of the Remuneration Committee

Director since	2020
Independence	Independent of the Company and significant shareholders
Education	MSc (Eng.)
Nationality	Swiss
Born	1970
Gender	male
Main occupation	Non-executive director
UPM shares <sup>1)</sup> on 31 Dec 2024	27,972

<sup>1)</sup> Including shares held by the director's controlled entities if any.

## Director independence

### Independence evaluation process

The Board of Directors evaluates the independence of its members, both annually and on a continuous basis, with the assistance of the Board's Nomination and Governance Committee. A Board member is obliged to provide sufficient information for the evaluation of their independence and to express their own opinion of their independence.

### Independence criteria

Director independence is assessed based on the independence criteria of the CG Code, in addition to other factors and circumstances to be considered when carrying out an overall evaluation, from the perspective of both the Company and the Board of Directors. The Nomination and Governance Committee also considers additional director independence criteria it adopts. These criteria are available at [www.upm.com/governance](http://www.upm.com/governance).

Director independence is assessed overall and in relation to UPM, its Group companies and the Company's significant shareholders. A shareholder with a shareholding of at least 10% of the Company's shares, or the votes attached thereto, or with the right or obligation to acquire the corresponding number of already issued shares, is deemed significant. The majority of directors must be independent of the Company, and at least two directors of this majority must be independent of significant shareholders. To be considered independent of the Company, a director must not have a material relationship with the Company other than their service as a director. In the overall assessment of a director's independence, any material relationships with a director's family members or closely related persons or entities are also taken into account, in addition to any other factors that may compromise the director's independence or ability to represent all shareholders.

### UPM director independence

According to the evaluation carried out by the Board with the assistance of the Nomination and Governance Committee, all Board members are independent of the Company's significant shareholders, as the Company has no controlling shareholder, and none of the Company's shareholders has announced a holding of 10% or more of the Company's

shares or votes attached thereto.

All directors are non-executive, and the Board has also concluded that all directors are independent of the Company, including Piia-Noora Kauppi and Kim Wahl, although they have been non-executive directors of the Company for ten or more consecutive years. Based on the Board's overall evaluation of the independence of these directors, their long-standing service does not compromise their independence, and no other factors or circumstances have been identified that could affect their independence.

## Board diversity

The Board's diversity principles are included in the Board and committee charters and, more specifically, in the Board's Diversity Policy. The Board of Directors' Nomination and Governance Committee assists the Board in the implementation of the policy and prepares the Board's proposal for the composition of the Board to the AGM, in accordance with the director evaluation and nomination process specified in the policy. The Board's Diversity Policy aims to set objectives and procedures for achieving appropriate diversity on the Board, thereby contributing to the effective functioning of the Board as a team. The Board updated its Diversity Policy in December 2024, and it is available at [www.upm.com/governance](http://www.upm.com/governance).

### Diversity aspects and objectives

The overarching goal of diversity is for the Board as a whole to have a broad range of skills, experience and perspectives, as well as knowledge of UPM and relevant industries, so that the Board can effectively accomplish its responsibilities, especially those pertaining to strategy and risk management.

The Board considers it important that all directors are individuals of high integrity with the ability to exercise sound judgement on a broad range of issues. For the Board to comprise an appropriate mix of relevant knowledge and experience, as well as have independence of judgement and diverse perspectives, the Board has set an objective that certain key qualifications be sufficiently represented on the Board. A sufficient number of the directors on the Board are expected to have the relevant professional experience and education to provide a sound appreci-

ation of issues pertinent to publicly listed companies of a size and scope corresponding to that of UPM, including:

- Relevant industrial, market and sectoral experience
- Financial and risk management experience
- Sustainability and governance experience
- Cybersecurity experience
- Experience in the planning and implementation of company strategies; and international experience.

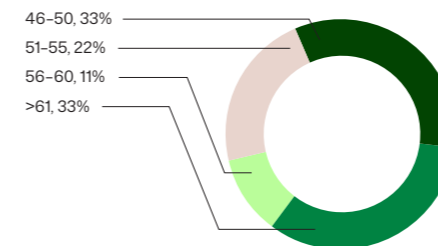
Regarding other factors relevant to Board diversity, the Board aims to include an appropriate number of directors of different nationalities, ages, genders, and lengths of service. The Board has set the following measurable objective: The representation of genders in the Board shall be balanced. The Company follows the goal set out in the Limited Liability Companies Act's to have at least 40% (including the relevant rounding rules) of under-represented gender in the Board. Where two candidates are equally qualified, priority is given to the candidate of the underrepresented gender.

There is no set retirement age for the Board but, as stated in the Board's Diversity Policy, because UPM's strategic agenda, risks and operating needs evolve over time, it is acknowledged that the Board will review its skills and experience to develop and refresh its competences and other relevant qualities as needs arise.

### Implementation and results

There are nine directors on the Board. At AGM 2024, one member's term came to an end, as she had announced that she would be unavailable for re-election, and one new director was elected to the Board. Each member of the Board has a university degree, and one has a doctorate. The said degrees cover different areas of study, with the majority being in finance, economics, or business administration. All directors have international professional experience in various types of positions, and they are or have been executives or non-executive members of the Board of Directors of both listed and unlisted companies. The cultural background of the Board is also diverse. The members represent five different nationalities and speak

### Board diversity – age

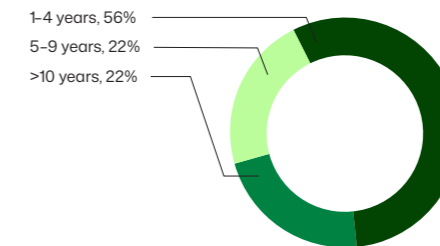


six different languages as native languages. Regarding age, the directors on the Board evenly represent different ages between 49 and 66. Likewise, their length of service is evenly spread: 22% of directors have served on the UPM Board for ten years or more, 22% for five to nine years, and 56% for less than five years. Regarding the representation of both genders on the Board, female directors account for 44% (4/9) of all UPM's directors.

## Board duties

The Board is responsible for the oversight and control of the entire UPM Group and for ensuring that the Company's administration and operations, as well as control of

### Board diversity – tenure



its accounts and finances, are duly in place. The Board approves the Company's financial statements, other financial reports and the report of the Board of Directors, including the Sustainability Statement, determines the Company's Dividend Policy and makes a proposal to the AGM for the distribution of profits and payment of dividends. The Board convened according to its original meeting schedule and held additional meetings as required.

The Board has prepared a written charter of its work, including the Board's main duties and operating principles. The duties and responsibilities of the Board of Directors, as defined in the charter, are presented on the next page. This charter is available at [www.upm.com/governance](http://www.upm.com/governance).

### Gender

# 44%

women and 56% men

### Nationalities

# 5

#### Represented nationalities:

Finnish (56%), Norwegian (11%), Dutch (11%), German (11%) and Swiss (11%)

### Education

# 100%

of members have a university degree, and one has a doctorate

MBA (33%), MSc (Econ.) (33%), LLM (22%), PhD (Chem.) (11%), MSc (Polit.) (11%) and BA (Business Econ.) (11%)

Board of Directors' duties and responsibilities	
Strategy	<ul style="list-style-type: none"> <li>Review and approve the Company's strategic objectives</li> <li>Review and approve the strategic plans of the Company and its business areas annually</li> <li>Monitor the implementation of the strategic plans</li> </ul>
Financial performance	<ul style="list-style-type: none"> <li>Review and approve the Company's financial targets</li> <li>Monitor the Company's financial performance</li> </ul>
Financial and statutory sustainability reporting	<ul style="list-style-type: none"> <li>Monitor and assess the Company's financial reporting process</li> <li>Oversee the integrity of financial reporting</li> <li>Approve the Company's financial reports</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>Oversee the Company's key sustainability focus areas and targets</li> <li>Oversee the Company's double materiality assessment (DMA) process</li> <li>Oversee the management of material sustainability impacts, risks and opportunities (IROs)</li> </ul>
Restructurings, investments, financing, M&A	<ul style="list-style-type: none"> <li>Review and approve major corporate plans and transactions</li> <li>Establish limits for capital expenditures, investments and divestitures and financial commitments not to be exceeded without Board approval</li> <li>Review and approve the Company's annual investment frame</li> </ul>
Internal control	<ul style="list-style-type: none"> <li>Ensure that the Company has defined the operating principles of internal control</li> <li>Monitor and assess the effectiveness of internal control</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>Monitor and assess the effectiveness of risk management systems</li> <li>Oversee the assessment and management of risks related to the Company's strategy and operations</li> </ul>
Audit of financial information and assurance of statutory sustainability reporting	<ul style="list-style-type: none"> <li>Monitor the Company's audit and assurance related to statutory sustainability reporting</li> <li>Monitor and assess the auditor's performance and independence and the performance and independence of the sustainability report assurer</li> <li>Monitor and assess the provision of non-audit and non-assurance services by the auditor and the sustainability report assurer</li> <li>Prepare the proposal for the election of auditor and the sustainability report assurer, as well as their fees</li> <li>Meet regularly with the auditor without members of management present</li> </ul>
Appointments	<ul style="list-style-type: none"> <li>Appoint and dismiss the President and CEO</li> <li>Appoint members of senior management reporting directly to the President and CEO</li> <li>Appoint the Chair and the Deputy Chair from among its members annually</li> <li>Appoint Chairs and members of the Board Committees annually</li> </ul>
Management remuneration	<ul style="list-style-type: none"> <li>Approve the service contracts for the President and CEO and other senior executives</li> <li>Approve the remuneration, including salaries, incentives and other financial benefits, for the President and CEO and other senior executives</li> </ul>
Succession planning	<ul style="list-style-type: none"> <li>Oversee the succession planning of the President and CEO and other senior executives</li> </ul>
Governance principles	<ul style="list-style-type: none"> <li>Approve the Company's Code of Conduct and other corporate policies</li> <li>Oversee the establishment of the Company's values to be applied to its operations</li> <li>Periodically review and reassess the adequacy of the Board and Committee charters</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>Monitor compliance with the applicable legal and regulatory requirements</li> <li>Monitor compliance with the corporate policies approved by the Board</li> </ul>
Conflicts of interest	<ul style="list-style-type: none"> <li>Establish the principles concerning the monitoring and evaluation of related party transactions and review any potential conflicts of interest accordingly</li> </ul>
Committees	<ul style="list-style-type: none"> <li>Establish specific Committees to assist the Board</li> <li>Determine the size and composition of the Committees</li> <li>Approve the Committee charters</li> </ul>
Director independence	<ul style="list-style-type: none"> <li>Evaluate director independence and qualifications annually</li> <li>Monitor compliance with independence criteria applicable to directors</li> </ul>
Evaluation	<ul style="list-style-type: none"> <li>Conduct an annual evaluation of its performance and working methods</li> <li>Conduct an annual evaluation of the Committee's performance and working methods</li> </ul>
Other	<ul style="list-style-type: none"> <li>Meet regularly without members of management present</li> <li>Consider proposals by shareholders for matters to be dealt with by the general meeting</li> </ul>

### Attendance at meetings

There is no minimum attendance requirement for directors' attendance at meetings, but they are expected to attend all meetings unless there is a valid reason for non-attendance. In 2024, the Board held twelve meetings. The average rate of attendance at the meetings was 100% (100%).

### Attendance at meetings 2024

Director	Board of Directors	Audit Committee	Nomination and Governance Committee	Remuneration Committee	Total attendance rate
Meetings held in 2024	12	6	5	4	
Henrik Ehrnrooth, Chair	12 (as chair)(100%)		5 (as chair)(100%)		100%
Kim Wahl <sup>1)</sup> , Deputy Chair	12 (100%)	1 (as chair)(100%)	4 (100%)		100%
Pia Aaltonen-Forsell <sup>2)</sup>	12 (100%)	6 (5 as chair)(100%)			100%
Jari Gustafsson <sup>3)</sup>	12 (100%)	5 (100%)	1 (100%)		100%
Piia-Noora Kauppi	12 (100%)		5 (100%)		100%
Melanie Maas-Brunner <sup>4)</sup>	10 (100%)			3 (100%)	100%
Topi Manner	12 (100%)			4 (100%)	100%
Marjan Oudeman	12 (100%)	6 (100%)			100%
Martin à Porta	12 (100%)			4 (as chair)(100%)	100%
Emma FitzGerald <sup>5)</sup>	2 (100%)			1 (100%)	100%

<sup>1)</sup> Audit Committee chair until 4 April 2024; Nomination and Governance Committee member since 4 April 2024

<sup>2)</sup> Audit Committee chair since 4 April 2024

<sup>3)</sup> Nomination and Governance Committee member until 4 April 2024; Audit Committee member since 4 April 2024

<sup>4)</sup> Board and Remuneration Committee member since 4 April 2024

<sup>5)</sup> Board and Remuneration Committee member until 4 April 2024

### Performance evaluation of the Board of Directors

The Board of Directors conducts an annual evaluation of its performance and working methods, including an evaluation of the performance and working methods of its committees. In 2024, the evaluation was conducted as a self-evaluation, as it was conducted in 2023 by an external facilitator, the results of which were thoroughly discussed and analysed in 2023, continuing in early 2024. The Board members evaluated the performance of the Board and its committees in relation to their respective duties and responsibilities, the Board and Committee compositions and structure, the Board culture, the effectiveness of the Board and committee meetings, the individual performance of Board members, and the performance of the Chair of the Board.

The overall results of the 2024 self-evaluation were highly favourable and indicated that the Board, the Chair of the Board and

the Board Committees were performing effectively, and that Board members were committed to their Board work. Identified areas for improvement are considered when planning Board-related work, and the Nomination and Governance Committee takes the results into consideration when preparing its proposals for the composition of the Board for the Annual General Meeting.

### Board committees

The Board has established the following three committees to further improve the preparation of matters to be decided by the Board:

- Audit Committee
- Remuneration Committee and
- Nomination and Governance Committee

The Board appoints the members of each committee and its respective Chair from

among its members annually during its constitutive meeting following the Annual General Meeting. Each committee has at least three members.

The Board remains responsible for the performance of any duties assigned to the committees. The committees do not have any independent decision-making power. Instead, the Board makes decisions based on the preparation and resolution proposals provided by the committees. The committees also assist the Board in its oversight and monitoring responsibilities.

All committee members are independent both of the Company and its significant shareholders, so the committees fulfil their respective independence criteria as set out in the Finnish CG Code. In the appointment of committee members, the respective qualification requirements have also been taken into account. The attendance rate of each committee member at committee meetings is available in the table above.





### Committee charters

The written committee charters approved by the Board of Directors set forth the purpose, operations and duties of each committee, as well as the prerequisites of committee membership. Each committee is responsible for performing the duties assigned to it in its charter. The committee charters are available at [www.upm.com/governance](http://www.upm.com/governance).

### Committee-related work

The committees hold their meetings prior to Board meetings to prepare matters to be decided by the Board. The chairs of each committee report on matters discussed and

actions taken by the committees during the Board meetings. In addition, the minutes from the committee meetings are available to all Board members for information purposes.

The committees periodically review and reassess the adequacy of their charters and propose any changes they consider necessary to the Board for approval.

Each year, the committees conduct a self-evaluation and evaluate the performance of their duties and responsibilities and working methods, the composition of the committee, and the effectiveness of committee meetings. The chairs of each commit-

tee report on the results of these evaluations to the Chair of the Nomination and Governance Committee. In 2024, the self-evaluation was conducted in November, and the results were discussed and analysed in December. In 2023, the performance evaluations of all committees were also facilitated by an external evaluator and were conducted in connection with the performance evaluation of the Board.

More information about committee duties and responsibilities according to their respective committee charters is available on the following pages.

### Audit Committee

The Audit Committee is responsible for overseeing the Company's financial and statutory sustainability reporting processes and financial and statutory sustainability reporting, internal control, internal audit and risk management, and for monitoring the Company's audit, statutory sustainability reporting assurance and compliance procedures.

#### Audit committee's duties and responsibilities

Financial and statutory sustainability reporting	<ul style="list-style-type: none"> <li>Monitor and assess both the financial reporting processes and the statutory sustainability reporting processes</li> <li>Submit recommendations or proposals to ensure the integrity of the financial and statutory sustainability reporting processes</li> <li>Monitor the quality and integrity of the financial statements, other financial reports and statutory sustainability reporting</li> <li>Review the Report of the Board of Directors, including information about statutory sustainability reporting</li> </ul>
Financial performance	<ul style="list-style-type: none"> <li>Monitor the Company's financial performance</li> <li>Review the Company's annual financial statements and half-year and interim financial reports</li> <li>Discuss generally with management the nature of the financial information and earning guidance provided to the market</li> </ul>
Internal control	<ul style="list-style-type: none"> <li>Monitor and assess the effectiveness of the Company's internal control</li> </ul>
Internal audit	<ul style="list-style-type: none"> <li>Monitor and assess the effectiveness of the Company's internal audit</li> <li>Review the Company's policies with respect to the internal audit</li> <li>Review internal audit reports</li> <li>Approve the annual internal audit plan and budget</li> <li>Review the organisation, responsibilities and staffing of the internal audit function periodically</li> <li>Meet separately with the internal auditor at least twice a year</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>Oversee the Company's key sustainability focus areas and targets</li> <li>Oversee the double materiality assessment (DMA) process</li> <li>Oversee the management of material sustainability impacts, risks and opportunities (IROs)</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>Monitor and assess the Company's risk management process</li> <li>Monitor and assess the effectiveness of the Company's risk management systems</li> <li>Review the Company's policies with respect to risk assessment and risk management</li> <li>Oversee the alignment of risk management activities with these policies</li> <li>Review the organisation, responsibilities and staffing of the risk management function periodically</li> </ul>
Audit of financial information and assurance of statutory sustainability reporting	<ul style="list-style-type: none"> <li>Monitor the statutory audit of the financial statements and consolidated financial statements, as well as the assurance of the statutory sustainability reporting, including the identification of reported items and digital reporting</li> <li>Inform the Board of the outcome of the statutory audit and the assurance of the statutory sustainability reporting, and explain how it contributed to the integrity of the financial reporting and the statutory sustainability reporting</li> <li>Oversee the arrangement of tendering processes for audit services</li> <li>Approve annual audit fees and the fees of the sustainability report assurer under the guidance of the shareholders at the Annual General Meeting</li> <li>Review the scope, planning and staffing of the annual audit plan</li> <li>Evaluate the appropriateness of the auditor's provision of audit-related and non-audit services, the sustainability report assurer's assurance services, and approve related fees</li> </ul>
Auditor of financial information and assurer of statutory sustainability reporting	<ul style="list-style-type: none"> <li>Be responsible for both the auditor and the sustainability report assurer's selection procedures</li> <li>Prepare the proposal for both the auditor's and the sustainability report assurer's remuneration</li> <li>Prepare the proposal for the auditor's and the sustainability report assurer's election or re-election</li> <li>Evaluate the auditor's and the sustainability report assurer's qualifications and performance</li> <li>Monitor and assess the auditor's and statutory sustainability report assurer's independence</li> <li>Review the experience, qualifications and performance of senior members of the audit engagement team</li> <li>Ensure the rotation of the auditor's lead audit partner at least every seven years</li> <li>Meet separately with the auditor and statutory sustainability report assurer at least twice a year</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>Monitor and assess the effectiveness of the Company's compliance system</li> <li>Review compliance reports</li> <li>Review the organisation, responsibilities and staffing of the compliance function periodically</li> <li>Review any legal matters that may have a significant impact on the Company's financial position</li> <li>Review any material reports or inquiries from regulatory or governmental agencies</li> <li>Review the Company's Code of Conduct</li> <li>Review compliance with the Code of Conduct and other corporate policies approved by the Board</li> <li>Oversee procedures for treatment of complaints and concerns submitted to the Company anonymously or otherwise</li> <li>Review the Company's annual Corporate Governance Statement</li> </ul>
Conflicts of interest	<ul style="list-style-type: none"> <li>Assist the Board in the establishment of principles concerning the monitoring and evaluation of related party transactions</li> <li>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</li> <li>Review any questions of potential conflicts of interest in contemplated transactions with the Company's related parties that require Board approval</li> <li>Make recommendations to the Board for appropriate actions regarding contemplated related party transactions that require Board approval</li> </ul>
Other	<ul style="list-style-type: none"> <li>Meet separately with representatives of management at least twice a year</li> <li>Meet regularly without members of management present</li> <li>Perform other duties and functions that may be assigned by the Board or deemed necessary or appropriate by the committee for the performance of its oversight function</li> </ul>

In addition to undertaking the assigned matters and regular reports listed above, the Audit Committee also reviewed reports on and discussed ESG and cybersecurity and focused on the preparation of the statutory sustainability report for the first time in such a regulated scope.

### Remuneration Committee

The Remuneration Committee is responsible for preparing the Company's remuneration principles and practices, and for planning the remuneration of the President and CEO, as well as the remuneration and succession of other senior executives.

Remuneration committee's duties and responsibilities	
Remuneration framework	<ul style="list-style-type: none"> <li>Review and make recommendations to the Board with respect to the Company's remuneration schemes and annually commencing plans</li> <li>Prepare the Remuneration Policy for Board approval and review its appropriateness at least annually</li> <li>Present the Remuneration Policy for governing bodies to shareholders at the Annual General Meeting</li> </ul>
Service contracts	<ul style="list-style-type: none"> <li>Make recommendations to the Board concerning the terms and conditions of the service contracts with the senior executives</li> <li>Make recommendations to the Board concerning the terms and conditions of any severance arrangements or retention plans or agreements in addition to or in replacement of such agreements with senior executives</li> </ul>
Management remuneration	<ul style="list-style-type: none"> <li>Make recommendations to the Board concerning salaries and other financial benefits for the President and CEO and other senior executives</li> <li>Make recommendations to the Board for the payout of short- and long-term incentives to the President and CEO and other senior executives</li> <li>Prepare the annual Remuneration Report for Board approval</li> <li>Present the Remuneration Report to shareholders at the Annual General Meeting</li> </ul>
Incentive schemes	<ul style="list-style-type: none"> <li>Review and make recommendations to the Board with respect to the Company's remuneration schemes and annually commencing plans, including short-term incentive plans, long-term incentive plans and pension plans</li> <li>Review and make recommendations to the Board regarding short- and long-term performance measures and related targets and weightings relevant to the remuneration of the Company's President and CEO and other senior executives</li> <li>Evaluate the performance of the President and CEO and review the performance of other senior executives in light of the set targets at least once a year</li> <li>Oversee the administration of the Company's incentive plans approved by the Board</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>Review of how remuneration is linked to material sustainability topics</li> <li>Review of selected material social sustainability topics regarding the Company's own workforce</li> </ul>
Succession planning	<ul style="list-style-type: none"> <li>Review procedures and development strategies for senior positions at least once a year</li> <li>Review succession plans for the senior executives and report to the Board on such matters at least once a year</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>Oversee regulatory compliance with respect to remuneration matters</li> <li>Review the Company's share ownership recommendations and compliance therewith</li> </ul>
Other	<ul style="list-style-type: none"> <li>Meet without members of executive management present at least once a year</li> <li>Meet with the internal auditor as necessary</li> <li>Meet with the auditor as necessary</li> <li>Meet with the Company executives as necessary</li> <li>Perform any other duties or responsibilities delegated to the committee by the Board from time to time</li> </ul>

In addition to undertaking the assigned matters and regular reports listed above, the Remuneration Committee also focused on the performance measures of the incentive plans in 2024. The Committee made recommendations to the Board concerning the remuneration of the President and CEO and other senior executives, concerning the Terms of Service agreements of six new Executive Vice Presidents: EVP, Marketing, Sustainability and Communication; EVP, UPM Raflatac; EVP, UPM Communication Papers; EVP, UPM Specialty Papers; Interim EVP, UPM Plywood and EVP, Technology and UPM Biorefining appointed in 2024. It also reviewed the Remuneration Policy presented to the AGM 2024.

### Nomination and Governance Committee

The Nomination and Governance Committee is responsible for the composition, diversity and remuneration of the Board of Directors, succession planning for the President and CEO, and corporate governance. If necessary, the committee also makes recommendations to the Board concerning the terms of service agreement of the President and CEO, and any severance arrangement or retention plan or agreement in addition to or in replacement of such agreements.

Nomination and governance committee's duties and responsibilities	
Board composition	<ul style="list-style-type: none"> <li>Develop and recommend a set of principles of the diversity of the Board and of corporate governance to the Board</li> <li>Review the structure, size, composition, diversity and successional needs of the Board</li> <li>Prepare a proposal for the election or re-election of members of the Board and present the said proposal to the general meeting</li> <li>Identify candidates for election or re-election to the Board</li> <li>Evaluate shareholders' potential proposals regarding Board candidates</li> </ul>
Board remuneration	<ul style="list-style-type: none"> <li>Assist the Board in the preparation of the Remuneration Policy and annual remuneration reports with the Remuneration Committee</li> <li>Review Board members' remuneration annually</li> <li>Prepare a proposal to the general meeting for the remuneration of Board members in accordance with the Remuneration Policy</li> <li>Present the proposal regarding Board members' remuneration to the general meeting</li> </ul>
Director independence	<ul style="list-style-type: none"> <li>Assist the Board in the evaluation of the independence of the Board members and candidates</li> <li>Assist the Board in monitoring compliance with the independence criteria applicable to directors of publicly listed companies in Finland</li> <li>Assist the Board in the assessment of the directors' ability to devote the necessary time and attention to the Company</li> </ul>
Board evaluation	<ul style="list-style-type: none"> <li>Establish criteria for the Board's evaluation of its performance and working methods</li> <li>Assist the Board in the annual evaluation of its performance and working methods</li> </ul>
Succession planning	<ul style="list-style-type: none"> <li>Review succession plan for the President and CEO at least annually and report to the Board on said succession plan</li> </ul>
Appointments	<ul style="list-style-type: none"> <li>Recommend the appointment of the Chair and Deputy Chair of the Board for Board approval</li> <li>Identify individuals qualified to serve as the President and CEO</li> <li>Preparation for the appointment of the President and CEO</li> <li>Recommend the appointment of the President and CEO to the Board</li> </ul>
Service agreement and severance arrangement	<ul style="list-style-type: none"> <li>Recommend the terms of service agreement of the President and CEO for Board approval</li> <li>If necessary, recommend a severance arrangement or retention plan or agreement in addition to or in replacement of such agreements for Board approval</li> </ul>
Committees	<ul style="list-style-type: none"> <li>Review committee assignments and composition annually</li> <li>Recommend committee members and chairs of the committees to the Board annually</li> <li>Establish criteria for the committees' annual evaluation of their performance and working methods</li> <li>Assist the committees in the annual evaluation of their performance and working methods</li> </ul>
Charters	<ul style="list-style-type: none"> <li>Review and reassess the adequacy of the Board and committee charters periodically</li> </ul>
Other	<ul style="list-style-type: none"> <li>Oversee skills and expertise in sustainability and business conduct matters</li> <li>Assist the Board in connection with major management reorganisation</li> <li>Meet without members of management present as necessary</li> <li>Perform any other duties or responsibilities delegated to the committee by the Board from time to time</li> </ul>

In 2024, in addition to undertaking the assigned matters and regular reports listed above, the Nomination and Governance Committee also focused on a proposal for certain rotations to the composition of the committees, and reviewed the Remuneration Policy presented to the AGM 2024. In 2024, it also continued discussion and analysis of results of the Board's performance evaluation conducted by the external facilitator during the last quarter of 2023.

## President and CEO

Massimo Reynaudo has been the President and Chief Executive Officer of UPM-Kymmene Corporation since 1 January 2024. He was born in 1969 and holds a master's degree in engineering from Politecnico di Torino and additional studies in business administration and management. He is an Italian citizen.

The President and CEO's duty is to manage and oversee the Company's day-to-day business operations in accordance with the instructions and orders given by the Board of Directors. In the operative management of the Company, the President and CEO is assisted by the Group Executive Team, which consists of the executives leading the business areas and global functions, the Business Area

Boards, and the Strategy Team. The President and CEO makes decisions on matters that are relevant to the Company's daily business operations. The President and CEO chairs the Group Executive Team.

The President and CEO is also responsible for arranging the Company's day-to-day administration, ensuring that the Company's accounts are in compliance with the law, and that the Company's financial affairs are reliably presented.

The President and CEO ensures that the Board receives adequate information about the Company's business operations, operating environment and financial position to facilitate informed decision-making. The President and CEO reports to the Board on the Company's business and financial

performance and supervises the execution of Board resolutions.

## Other executives

In the Company's operative management, the President and CEO is assisted by the Group Executive Team, the Business Area Boards and the Strategy Team. The duties of these management bodies are presented on the first page of this Statement in connection with the illustration of the Company's governance structure. The authority of these management bodies is not based on the Limited Liability Companies Act or the Company's Articles of Association, but their position in the Company's management system.

### Composition of management bodies

Group Executive Team	Business area boards	Strategy Team
President and CEO (Chair)	President and CEO (Chair)	President and CEO (Chair)
CFO	CFO	CFO
General Counsel	General Counsel	General Counsel
Business Area EVPs	Business Area EVP	EVPs of Global Functions <sup>1)</sup>
EVPs of Global Functions <sup>1)</sup>	EVPs of Global Functions <sup>1)</sup>	

<sup>1)</sup> EVP, Strategy; EVP, Technology; EVP Human Resources and EVP, Marketing, Sustainability and Communications

Members of the Group Executive Team have primary responsibility for the business areas and global functions that they lead. Members of the Group Executive Team report directly to the President and CEO.

## Composition of the Group Executive Team (GET), 31 December 2024



Massimo Reynaudo

### President and CEO

GET member since 2021  
Education MSc (Eng.)  
Nationality Italian  
Born 1969  
Gender male  
UPM shares<sup>1)</sup> on 31 Dec 2024 18,786



Tapio Korpeinen

### CFO, Executive Vice President, UPM Energy

GET member since 2008  
Education MSc (Tech.), MBA  
Nationality Finnish  
Born 1963  
Gender male  
UPM shares<sup>1)</sup> on 31 Dec 2024 232,829



Gunnar Eberhardt

### EVP, UPM Communication Papers

GET member since 1 October 2024  
Education MSc (Eng.) and Executive Master's degree (Innovation and Technology Management)  
Nationality German  
Born 1977  
Gender male  
UPM shares<sup>1)</sup> on 31 Dec 2024 0



Mika Kekki

### EVP, UPM Specialty Papers (as of 1 January 2025)

**EVP, UPM Plywood (until 31 December 2024)**  
GET member since 2021  
Education BSc (Eng.)  
Nationality Finnish  
Born 1969  
Gender male  
UPM shares<sup>1)</sup> on 31 Dec 2024 13,055



Tim Kirchen

### EVP, UPM Raflatac

GET member since 1 August 2024  
Education Diploma in Business Administration (FH), MBA and General Management Program (Harvard Business School)  
Nationality US and German  
Born 1980  
Gender male  
UPM shares<sup>1)</sup> on 31 Dec 2024 18,866



Juha Mäkelä

### General Counsel

GET member since 2008  
Education LL.M.  
Nationality Finnish  
Born 1962  
Gender male  
UPM shares<sup>1)</sup> on 31 Dec 2024 109,196



Jaakko Nikkilä

### EVP, UPM Specialty Papers (until 31 December 2024)

GET member 2019 - 31 December 2024  
Education M.Sc (Eng.), eMBA  
Nationality Finnish  
Born 1967  
Gender male  
UPM shares<sup>1)</sup> on 31 Dec 2024 38,420



Riitta Savonlahti

### EVP, Human Resources

GET member since 2004  
Education M.Sc (Econ.)  
Nationality Finnish  
Born 1964  
Gender female  
UPM shares<sup>1)</sup> on 31 Dec 2024 22,739



**EVP, Technology and UPM Biorefining**  
(until 31 December 2024)

GET member since 2016 – 31 December 2024

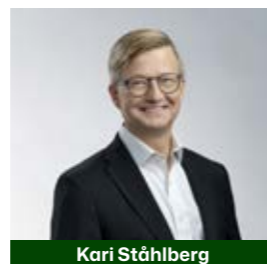
Education Dipl.Ing. (FH)

Nationality German

Born 1965

Gender male

UPM shares<sup>1)</sup> on 31 Dec 2024 63,804



**EVP, Strategy**

GET member since 2013

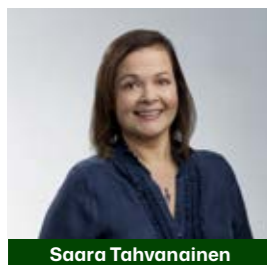
Education M.Sc (Eng.)

Nationality Finnish

Born 1971

Gender male

UPM shares<sup>1)</sup> on 31 Dec 2024 82,708



**EVP, Marketing, Sustainability and Communications**

GET member since May 2024

Education M.Sc (Soc.)

Nationality Finnish

Born 1974

Gender female

UPM shares<sup>1)</sup> on 31 Dec 2024 1,000



**EVP, UPM Fibres**

GET member since 2023

Education MSc and Executive MBA

Nationality Finnish

Born 1977

Gender male

UPM shares<sup>1)</sup> on 31 Dec 2024 7,443

**New members of the Group Executive Team as of 1 January 2025**



**EVP, Technology and UPM Biorefining**

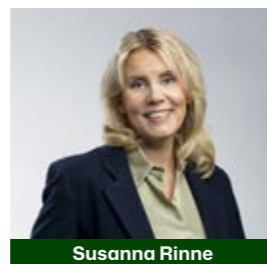
GET member since 1 January 2025

Education PhD (Chemistry)

Nationality German

Born 1970

Gender male



**Interim Executive Vice President, UPM Plywood**

GET member since 1 January 2025

Education Ms.C. (Eng)

Nationality Finnish

Born 1970

Gender female

**Internal control, risk management and other control procedures**

The purpose of the Company's internal control and risk management is to ensure that the Company's operations are effective, that financial and other information is reliable, and that the Company complies with the relevant regulations and operating principles. The Board of Directors, assisted by the Audit Committee, is responsible for monitoring and assessing the effectiveness of the Company's internal control and risk management systems. Internal audit assists the Board of Directors with monitoring by ensuring that the Group's control measures have been planned and set up effectively.

**Risk management**

UPM regards risk management as a systematic and proactive means to analyse and manage the opportunities and threats

related to its business operations. It also includes careful planning and evaluation of future projects and business environments to mitigate risks and capture opportunities. The Board of Directors has approved the Company's Risk Management Policy, which sets out the operating principles, as well as the roles and responsibilities regarding risk management, and defines the Company's risk management objectives and risk management process.

Risk management is an integral part of UPM's management system, as risk taking is a normal part of business operations. While executing strategies, UPM and its business areas, functions, and manufacturing units are exposed to several uncertainties. Each business area, function and unit is responsible for identifying, measuring and managing risks related to its own operations and for reporting on risk exposures, risk management activities and results to its own management team and the Risk Management function.

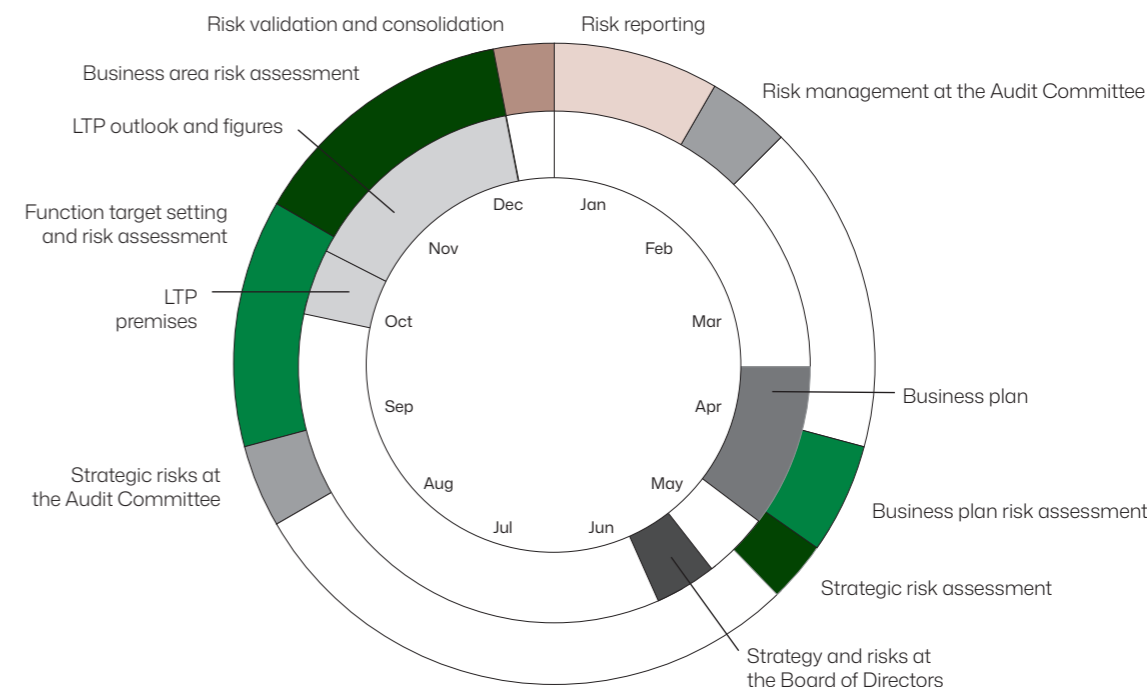
The Risk Management Committee, chaired by the CFO, is responsible for recommending risk tolerances and profiles to the President and CEO and the Strategy Team. The Strategy Team is responsible for aligning risk management priorities, business and risk management strategies, and policies.

The Board of Directors, assisted by the Audit Committee, monitors and assesses the effectiveness of the Company's risk management systems and oversees the assessment and management of risks related to the Company's strategy and operations. The Audit Committee oversees the alignment of risk management activities with the Risk Management Policy and the use of risk assessments to guide internal audit and compliance activities.

**Annual risk management cycle**

The Company's annual risk management process is linked to the Company's long-term planning process (LTP), presented in the illustration below.

**ANNUAL RISK MANAGEMENT CYCLE**



**Internal control**

Internal control is embedded in UPM's management system, and it supports the systematic execution of the Group strategy. Internal control aims to ensure that the Company's operations are efficient, reliable and in compliance with statutory requirements, and that the Company's financial reporting is accurate, reliable and reflective of its operational results. The Board of Directors is responsible for ensuring that the Company has defined the operating principles of internal control and for monitoring and assessing the effectiveness

of such control. The Audit Committee assists the Board in monitoring the internal control systems' effectiveness.

**Internal control system**

The Company has developed and implemented a comprehensive internal control system that covers business and financial reporting processes. UPM's internal control framework is based on the internal control framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

The five components of UPM's internal control system are:

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring activities

UPM's system of internal control can be described with the lines of defence model, which is reflected in UPM's risk management and control processes.

environment is the control of UPM's IT applications and IT infrastructure. A special set of internal controls aim to ensure the reliability of UPM's IT systems and the segregation of duties in the IT environment.

**Risk assessment**

UPM's risk assessment regarding financial reporting aims to identify and evaluate the most significant risks that affect internal control in financial reporting within the Group's companies, business areas and processes. Risk assessment is used to create control targets to ensure that the fundamental demands placed on financial reporting are fulfilled and provide the basis for how risks are managed within the various control structures. The risk assessment is updated annually with the planned control actions and control targets, based on the assessment.

**Control activities**

Internal control activities pertaining to the financial reporting process are led centrally by the Finance and Control function, which has an annual schedule and defined roles and responsibilities in the control process. The head of each unit or function organises the internal control of their unit or organisation. The Finance and Control function is responsible for monitoring business-, function- and unit-level control processes. The aim of establishing control measures and establishing uniform testing and monitoring processes is to ensure that potential errors or deviations are prevented or detected and corrected accordingly.

Controls in joint operations managed by UPM are performed and tested in the same way as in other UPM companies. Joint operations not managed by UPM are not under UPM internal control processes. Annual management certification is requested from all joint operations to ensure compliant accounting practices and proper financial reporting control processes.

Regarding financial reporting, the Group Accounting Manual sets out the instructions and guidelines for the preparation of consolidated financial statements. The Finance and Control function specifies the design of the control points for the business processes, and the internal controls are implemented in the financial reporting process. Periodic control procedures are an essential part of

the monthly and interim reporting process, and they include the reconciliation and analytical reviews required to ensure that the reported data is correct.

The results of the control risk assessment and testing of the process-level controls are analysed and reported to the Audit Committee.

**Information and communication**

Internal controls pertaining to financial reporting are documented and filed in the internal control database. The internal control process is reviewed on an ongoing basis and includes possible changes in internal controls due to process or organisational changes. Regular communication from internal control process owners ensures detailed definitions of the controls, and that the minimum requirements for the relevant internal controls are provided.

**Monitoring activities**

The Board of Directors, Audit Committee, President and CEO, Group Executive Team, Finance and Control function, and the different business areas are responsible for monitoring and thus ensuring the effectiveness of internal controls. The effectiveness of the process for assessing risks and the execution of control activities is reviewed on an ongoing basis at various levels. Monitoring and reviewing include the reviewing of monthly and quarterly financial reports and comparing them to budgets and targets, key performance indicators, and other analytical procedures.

The internal audit monitors and utilises the risk assessment and test results from management's control work.

Internal control planning procedures and results are documented and made available for the internal audit and auditors, as well as management, during the annual process. Results are reported to the Audit Committee, business management and the control owners.

The business areas and global functions are accountable for assessing the effectiveness of the internal controls for which they are responsible. Self-assessment is a common practice at UPM. Key controls are also tested regularly by independent parties. The internal audit compares its audit work against control test results. Auditors evaluate

and test UPM's internal controls as part of their audit work, and recommendations and observations that they make are considered when maintaining and developing the internal control.

**Internal audit**

UPM's internal audit assists the Company in achieving its objectives by providing a systematic and disciplined approach to evaluating and improving risk management, internal control and governance processes.

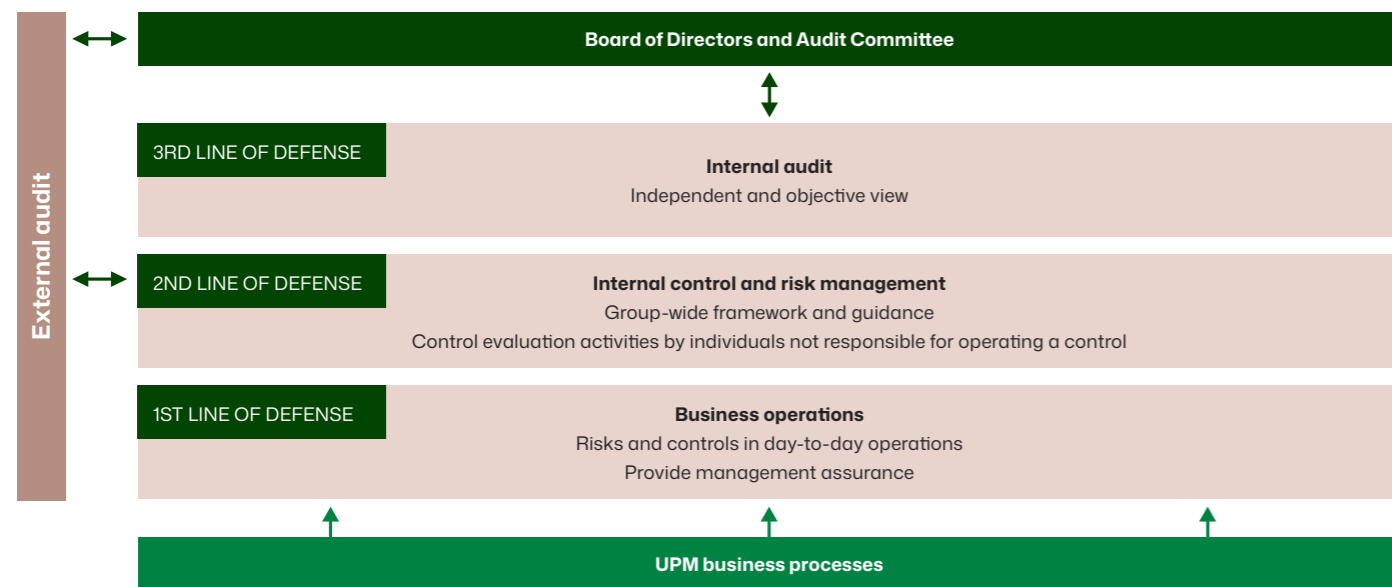
The internal audit follows the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The operating principles of internal auditing have been defined in the Internal Audit Charter approved by the Audit Committee, and the Board of Directors monitors and assesses the effectiveness of the internal audit with the Audit Committee. The Audit Committee annually approves Internal Audit's plan and budget, which form the framework for Internal Audit operations.

Internal audit work is independent and objective. Strategic focus areas and the related risks of UPM's businesses and functions are the key inputs for audit engagements. The internal audit contributes to identifying synergies, sharing best practices and recommends improvements to operational efficiency. The scope of the internal audit covers all businesses, functions, units and processes within the UPM Group.

In addition, Internal Audit manages the Report Misconduct channel and the related investigation process of alleged misconduct, and reports to the Audit Committee on submissions under this channel on a quarterly basis. To strengthen the speak-up culture and harmonise the Company's procedures, principles, roles and responsibilities regarding the reporting and investigation of misconduct and other concerns, the Company's misconduct investigation protocol was updated in 2018.

Internal Audit operates administratively under the President and CEO, and functionally under the Audit Committee. It reports on conducted audits and related findings and recommendations to the Audit Committee, President and CEO, CFO, management of the audited operations and the auditor. The Head of Internal Audit attends all Audit Committee meetings and has quarterly sessions with the

Lines of defence in UPM's risk management and internal control



**Internal control pertaining to the financial reporting process**

UPM's internal control framework is structured using a top-down, risk-based approach. The system of internal control pertaining to financial reporting is part of UPM's overall internal control framework, and the effectiveness of internal control is also ensured by using outsourced service providers. The maturity level of internal controls at UPM is assessed every other year, and the results of the assessment are reported to the Audit Committee.

The five components of UPM's internal control system in relation to financial reporting are described above.

**Control environment**

The Company's values and the UPM Code of Conduct, as well as the Group policies and guidelines, form the basis and set the tone for the internal control framework at UPM. The framework consists of:

- A Group-level structure
- Group-level processes

- Group-level controls
- Business and support function controls

Internal control is part of the corporate culture, covering all levels and processes within the Group. The Company's management system enables effective monitoring of different parts of the Group. Internal control in its primary and most extensive form takes place at the operational level, where internal control is continuous and part of day-to-day management.

An essential part of the internal control

Committee members without other members of management present.

#### Related party transactions

The Company has identified its related parties, and it is regularly engaged in transactions with some of these parties. These transactions are related to the Company's normal business operations and must be in line with the purpose of the Company and executed on market or market-equivalent terms and practices generally observed and accepted within the industry in question (for example, so-called Mankala companies in the energy industry).

The Company's Board of Directors has defined and approved principles for monitoring and assessing related party transactions. These principles are documented in the Company's Approval Policy. The Audit Committee monitors and assesses how agreements and other legal acts between the Company and its related parties meet the requirements of the ordinary course of business and market terms. The Audit Committee also reviews any questions of potential conflicts of interest in contemplated transactions with the Company's related parties and makes recommendations to the Board for appropriate actions regarding these contemplated transactions. If the contemplated transaction deviates from the Company's normal business operations or would not be executed on market or market-equivalent terms, the transaction must either be cancelled or submitted to the Board of Directors for approval.

The related party transactions are monitored in cooperation with the Finance and Control, and Legal and Compliance functions as part of the Company's normal reporting and control procedures. Information about material transactions concluded between the Company and its related parties is disclosed annually in the notes on the Company's consolidated financial statements. When required under the applicable laws and regulations, material transactions conducted with related parties are also published via a stock exchange release.

#### Insider administration

UPM follows the Guidelines for Insiders of Listed Companies issued by Nasdaq Helsinki Ltd. The UPM Insider Policy has

been approved by the Board of Directors and, with related rules and instructions, it complements applicable insider regulations and sets out guidelines for the Company's insider administration and persons involved in insider projects.

#### Organisation of insider administration

The Company's Chief Compliance Officer is in charge of the overall organisation of the Company's insider administration. UPM's Insider Administration comprises the General Counsel, the Chief Compliance Officer, the Director responsible for Group Legal and Legal Operations and the Insider Administrator. UPM's Insider Administration is responsible for monitoring compliance with the Market Abuse Regulation (MAR), UPM Insider Policy, and other applicable insider regulations and guidelines. It is also responsible for the ongoing supervision, management and administration of insider and other MAR-related matters, including the maintenance of insider lists, managers' transactions, notifications to managers, the Finnish Financial Supervisory Authority and other relevant parties, as well as for providing training and advice.

#### List of managers and closely associated persons

As required by the MAR, UPM's Insider Administration maintains a list of persons discharging managerial responsibilities (MAR Managers) and their closely associated persons. Each MAR Manager and closely associated person is informed in writing of their position as such and the related obligations.

At UPM, MAR Managers include the members of the Board of Directors, the President and CEO, the Chief Financial Officer, and the Executive Vice Presidents of the business areas. Based on UPM's governance structure, the above-mentioned executives are deemed to comprise the senior executives of the Company who have regular access to inside information related to UPM, as well as the power to make managerial decisions affecting the future developments and business prospects of the Company.

#### List of financial information recipients

The Company also maintains a list of Company employees and other persons

who have regular access to the Company's unpublished consolidated financial information based on their position, duties or access rights. Persons entered on this list are called "financial information recipients". Each financial information recipient is informed in writing of their position as such and the related obligations.

#### Trading restriction

The Company's MAR Managers and financial information recipients are prohibited from trading (on their own account or on account of a third party), directly or indirectly, in the financial instruments linked to UPM during a closed period of 30 calendar days prior to the announcement and on the date of the actual announcement (30 + 1) of UPM's annual, half-year and quarterly financial reports.

#### Insider lists

UPM does not maintain a list of permanent insiders. Persons receiving inside information are included in project-specific insider lists. UPM's Insider Administration is responsible for establishing, maintaining and updating insider lists when a decision to delay disclosure or to establish an insider project is taken. Each person included on an insider list is notified in writing of their inclusion on the list, along with the obligations and sanctions relating to them. Persons possessing inside information are not allowed to trade in the financial instruments linked to the Company. Persons entered on a project-specific insider list are also notified in writing of the termination of the insider project and related obligations.

#### Whistleblowing

Any potential violations against UPM's Insider Policy or suspected infringements of financial market regulations such as the MAR and the Securities Markets Act can be reported using UPM's Report Misconduct channel. This channel is available on the corporate website and in UPM's intranet.

## Auditor and sustainability reporting assurer

In 2024, Ernst & Young Oy, a firm of authorised public accountants, acted as the Company's auditor (elected at AGM 2023) and was re-elected as the Company's auditor for the financial period 2025, with Authorised Public Accountant (KHT) Heikki Ilkka as the lead audit partner.

#### Statutory sustainability reporting assurer

In accordance with the transitional provisions of the Finnish Companies Act, UPM's Board of Directors resolved that Ernst & Young Oy is the statutory sustainability reporting assurer for the financial period 2024. The fees paid to the statutory sustainability reporting assurer are shown in the table on the right.

#### Auditor's fees

According to the resolution of the AGM, the auditors' fees for the financial period be paid against invoices approved by the Board of Directors' Audit Committee. The amounts paid to the auditor, as approved by the Audit Committee, are shown in the table on below.

#### Auditor's fees

EUR million	2024*	2023*	2022*
Audit fee	4.5	4.4	4.0
Audit-related services	0.6	0.2	0.2
Tax services	0.6	0.3	0.3
Other services	0.1	0.1	0.1
<b>Total</b>	<b>5.8</b>	<b>5.0</b>	<b>4.6</b>

\* In 2024, auditor's fees were paid to Ernst & Young and in 2023 and 2022, auditor's fees were paid to PricewaterhouseCoopers.

In 2024, auditor's fees include EUR 0.6 million related to audit-related services, EUR 0.4 million related to tax services and EUR 0.0 million related to other services paid to Ernst & Young Oy. The assurance fee EUR 0.3 million related to sustainability reporting is presented as a part of audit-related services. The respective fees in 2023 were EUR 0.2 million, EUR 0.3 million and EUR 0.1 million paid to PricewaterhouseCoopers Oy.

# Accounts and performance

Report of the Board of Directors .....	110
Sustainability Statement .....	125
Financial Statements .....	254
Auditor's Report .....	332
Sustainability Assurance Reports .....	339
Other financial information .....	350
More on sustainability .....	356
Contact us .....	360

# Report of the Board of Directors

Market environment in 2024	112
Results	113
Outlook for 2025	115
Operations	116
Sustainability Statement 2024	125
Research and development	246
Information on shares	250

## UPM introduction and business model

We are a material solutions company and provide renewable alternatives to fossil-based materials used in everyday life. We seek profitable, sustainable growth through performance and capitalising on our major investments. Our strong and balanced business portfolio in renewable fibres, advanced materials and decarbonisation solutions provides us with several attractive growth opportunities.

Our innovative products enable customers and consumers to make more sustainable choices. We are committed to creating value for our customers, using sustainable, renewable feedstocks, reducing our own environmental footprint and enhancing our positive societal impact. Our leading position in sustainability is based on world-leading standards, commitment to respected global initiatives and third-party verification.

UPM builds on corporate synergies, adding value to the businesses and stakeholders with:

- Competitive and sustainable wood sourcing, forestry and plantation operations
- Efficient and responsible global functions
- Technology development and intellectual property rights
- Global business platform
- Disciplined and effective capital allocation
- Compliance, UPM Code of Conduct and strong UPM brand

## Clear roles and responsibilities

### Group

Portfolio strategy  
Capital allocation  
Business targets  
Code of Conduct  
Sustainability targets

### Businesses

Business area strategies  
Commercial excellence  
Operational excellence  
Cost competitiveness  
Preparation and implementation of projects  
Innovation

### Outcomes

Top performance  
Competitive advantage  
Value creation  
Stakeholder and societal value  
License to operate

Our businesses in various parts of the bio and forest industry value chain operate as separate market-facing entities, both in terms of customers and suppliers. This enables agility in a fast-changing business environment, higher efficiency, differentiated commercial strategies, optimal sourcing, the right incentives, wider product development opportunities and effective capital allocation.

The UPM Code of Conduct underlines our commitment to business integrity and responsible business operations and manifests the company's guiding principles. We promote responsible practices throughout the value chain and are active in finding sustainable solutions, in co-operation with our customers, suppliers and partners.



## Market environment in 2024

The global economy is projected to have grown by 3.1% in 2024, indicating a modest but steady growth trajectory despite geopolitical tensions and economic policy shifts. The year began with inflation rates still elevated, but a downward trajectory set in, and by the end of the year global inflation stood at 5.8%. Global trade grew by 2.7% according to the WTO but was still below its peak in 2022. Trade in services was more robust than in goods, however.

Russia's ongoing war in Ukraine continued to impact global politics. The concerted international effort to respond to Russia's actions in Ukraine continued. Both the number and intensity of sanctions increased, targeting key sectors, and preventing sanctions evasion. The escalation of the conflicts in the Middle East affected key shipping lanes, leading to increased costs, longer transit times and supply chain disruptions. The conflict affected the dynamics of global trade, led to volatility in energy prices and undermined economic confidence.

In 2024, the European economy is projected to have grown by around 1.0%, reflecting uneven growth across countries. Growth remained weak particularly in Germany. Energy prices stabilised and inflation declined but remained above the ECB's target.

The US economy grew robustly, with real GDP expansion surpassing 2.5%, driven by consumer spending and investment in technology and R&D. Inflation eased toward the Fed's target, prompting interest rate cuts. The presidential elections introduced policy uncertainty in the latter part of the year.

The Asia-Pacific region continued to grow, albeit at a slightly slower pace, with an average growth rate of about 4.6% through 2024. Domestic demand in East Asia and India was resilient. In China, consumer spending remained tepid and retail sales growth fell short of expectations.

Energy and climate change remained in international debate, with progress on the global transition to a low-carbon economy markedly lacking. 2024 was confirmed to be the hottest year on record, surpassing the previous record set in 2023. The UN Climate Change Conference (COP29) in Baku, Azerbaijan, underscored the importance of ambitious targets to achieve the goal of limiting global temperature rise to 1.5°C. Nearly 200 countries pledged to transition away from fossil fuels in energy systems.

To achieve the goal of halting and reversing biodiversity loss by 2030 and promoting nature's recovery, COP29 reaffirmed the commitment to implement the Kunming-Montreal Global Biodiversity Framework agreed at the UN Biodiversity Conference (COP15) in 2022. Effective implementation requires adequate financial resources as well as robust planning, monitoring, reporting and review mechanisms.

Both COP processes have an influence on global regulations. The European Union, for its part, formulated several significant new ESG-related regulations in 2024 that are expected to come into force soon and aim to promote sustainability, transparency, and accountability in business practices.

The recovery of UPM's product markets continued in 2024, but as the year progressed it became clear that growth would remain modest. Market deliveries increased mainly in pulp, and more modestly in self-adhesive labels, specialty papers and plywood. Input costs decreased, except for Nordic wood costs. UPM reduced fixed costs and took other measures to improve performance.

Global demand for chemical pulp was robust, and UPM's deliveries increased significantly with the completion of the ramp-up of the Paso de los Toros pulp mill in Uruguay. The railway from the mill to the port of Montevideo was gradually brought to full capacity by the end of the year. The average European market price in euros was 17% higher for NBSK and 18% higher for BHKP compared to 2023. In China, the

average market prices increased much less, by 2% and 6% respectively in US dollars.

In 2024, demand for sawn timber was still subdued due to low construction activity in many areas. Prices recovered compared to 2023 but were offset by rising wood costs.

Electricity prices in Europe declined in 2024, after the highs of previous years, with intermittent volatility due to weather, market dynamics and geopolitical events. The average Finnish area spot price on the Nordic electricity exchange was 19% lower than in 2023. The Olkiluoto nuclear power plant had longer than expected maintenance shutdowns, reducing UPM's nuclear power volumes.

In 2024, the global market for self-adhesive label materials grew from the low levels of 2023, particularly in Europe. Market prices declined. Global demand for label, release liner and packaging papers was solid throughout the year. UPM's delivery volumes increased for specialty grades and decreased for fine grades. Market prices decreased compared to the previous year. The fine paper markets in China and the whole Asia-Pacific region were weak but showed slight signs of recovery towards the end of the year.

Demand for graphic papers in Europe increased by 1% in 2024 compared with 2023. Market prices decreased for all paper grades. Paper production at UPM Hürth ceased in August and at UPM Nordland Papier PM 3 in December, reducing UPM's annual capacity by 330,000 tonnes of newsprint and 280,000 tonnes of uncoated fine paper.

Demand for spruce plywood in the panel trade and for veneer continued to be weak. Demand for birch plywood in the panel trade was solid, mitigating lower demand from industrial end-uses such as automotive flooring. Demand for birch plywood for LNG end-uses was robust.

The European market for advanced renewable fuels remained weak as imports continued to supply the market. Germany adopted regulation to suspend the use of surplus greenhouse gas emissions to meet its 2025 and 2026 targets. Construction and commissioning of the Leuna biochemicals refinery in Germany continued throughout the year. Interest in bio-based glycols and renewable functional fillers remained strong.

## Key figures

	2024	2023	2022
Sales, EURm	10,339	10,460	11,720
Comparable EBITDA, EURm	1,734	1,573	2,536
% of sales	16.8	15.0	21.6
Operating profit, EURm	604	608	1,974
Comparable EBIT, EURm	1,224	1,013	2,096
% of sales	11.8	9.7	17.9
Profit before tax, EURm	500	464	1,944
Comparable profit before tax, EURm	1,123	934	2,066
Profit for the period, EURm	463	394	1,556
Comparable profit for the period, EURm	953	755	1,679
Earnings per share (EPS), EUR	0.82	0.73	2.86
Comparable EPS, EUR	1.74	1.40	3.09
Return on equity (ROE), %	4.0	3.2	13.0
Comparable ROE, %	8.3	6.2	14.0
Return on capital employed (ROCE), %	4.1	3.5	12.8
Comparable ROCE, %	8.2	6.4	13.6
Operating cash flow, EURm	1,352	2,269	508
Operating cash flow per share, EUR	2.54	4.25	0.95
Equity per share at the end of period, EUR	20.89	20.93	23.44
Capital employed at the end of period, EURm	15,452	14,916	17,913
Net debt, EURm	2,869	2,432	2,374
Net debt to EBITDA	1.66	1.55	0.94
Personnel at the end of period	15,827	16,573	17,236

» Refer Other financial information Alternative performance measures for definitions of key figures.

## Results

### 2024 compared with 2023

2024 sales were EUR 10,339 million, 1% lower than the EUR 10,460 million for 2023. Sales in UPM Fibres increased significantly with the completion of the ramp up of the Paso de los Toros pulp mill in Uruguay. Sales decreased in UPM Communication Papers, the Other operations reporting segment and UPM Specialty Papers.

Comparable EBIT increased by 21% to EUR 1,224 million, 11.8% of sales (1,013 million, 9.7%), mainly driven by higher delivery volumes and lower fixed costs. On the Group level, the change in sales prices had a negative impact, which was more than offset by the declining variable costs.

Delivery volumes increased in UPM Fibres, UPM Raflatac and UPM Plywood. In 2024, fixed costs were EUR 103 million lower than in the previous year.

Depreciation, amortisation and impairment charges excluding items affecting comparability, totalled EUR 590 million (543 million) including depreciation of leased assets totalling EUR 85 million (87 million). The change in the fair value of forest assets net of wood harvested was EUR 80 million (-17 million).

Operating profit totalled EUR 604 million (608 million). Items affecting comparability in operating profit totalled EUR -620 million in the period (-405 million). In 2024, items affecting comparability include EUR 373 million impairment of assets in biochemicals refinery in Leuna resulting from cost overruns and construction delays during the first-of-its-kind project. The remaining book value of the refinery closely aligns with the estimated cost of constructing a comparable plant in the current

economic environment. Additionally, items affecting comparability include EUR 5 million impairment of UPM Biochemicals goodwill, and EUR 113 million impairment of Pulp operations Finland goodwill resulting from high wood costs. Other items affecting comparability include EUR 10 million restructuring charges and EUR 26 million impairment charges of fixed assets related to planned closure of UPM Raflatac Kaltenkirchen factory in Germany, EUR 40 million of restructuring and impairment charges related to the closure of Hürth newsprint mill in Germany, EUR 54 million restructuring and impairment charges related to the closure of Nordland fine paper machine 3 in Germany, EUR 4 million write down of inventory at the Raflatac mill, located in Western North Carolina, USA, which was impacted by Hurricane Helene, EUR 12 million restructuring and impairment charges related to the closure of the UPM Biocomposites business, a EUR 21 million capital gain on the sale of UPM-Kymmene Austria GmbH to HEINZEL GROUP, EUR 9 million capital gain on the sale of other non-current assets, EUR 12 million other restructuring costs and EUR 8 million related to prior capacity closures. In 2023, items affecting comparability include EUR 120 million restructuring charges and EUR 112 million impairment charges of fixed and leased assets related to the closure of the UPM Plattling paper mill in Germany and EUR 13 million restructuring charges and EUR 2 million impairment charges related to restructuring measures at the UPM Raflatac Nancy factory in France, EUR 86 million decrease in the fair value of forest assets in Finland resulting from changes in estimates and increase in discount rate, EUR 30 million restructuring charges relating to the closure of paper machine 6 at the UPM Schongau mill in Germany, EUR 10 million charges

related to the sale of the Steyrmühl site in Austria, EUR 23 million of other restructuring charges, EUR 3 million charges related to Sierilä power plant project impairment in Finland, EUR 6 million capital loss resulting from the sale of Russian operations and EUR 5 million capital gains on sale of other non-current assets.

Net interest and other finance costs were EUR -97 million (-70 million). The exchange rate and fair value gains and losses were EUR -7 million (-74 million). Items affecting comparability in finance costs totalled EUR -3 million (-65 million). In 2023, items affecting comparability in finance costs include EUR 71 million exchange rate losses relating to the sale of Russian operations. Income taxes totalled EUR -37 million (-71 million). Items affecting comparability in taxes totalled EUR 133 million (109 million).

Profit for 2024 was EUR 463 million (394 million), and comparable profit was EUR 953 million (755 million).

## Financing and cash flow

In 2024, cash flow from operating activities before capital expenditure and financing totalled EUR 1,352 million (2,269 million). Working capital increased by EUR 80 million (decreased by 417 million).

Net debt was EUR 2,869 million at the end of 2024 (2,432 million). The gearing ratio as of 31 December 2024 was 25% (21%). The net debt to EBITDA ratio, based on the last 12 months' EBITDA, was 1.66 at the end of the period (1.55).

On 31 December 2024, UPM's cash funds and unused committed credit facilities totalled EUR 3.2 billion. The total amount of committed credit facilities was EUR 2.3 billion of which EUR 260 million maturing in 2026 and EUR 2.1 billion maturing in 2027 or beyond.

On 21 August 2024, UPM issued a new EUR 600 million Green Bond under its EMTN (Euro Medium Term Note) Programme and Green Finance Framework.

For the 2023 financial year, the dividend of EUR 1.50 per share was paid in two equal instalments. The first instalment of EUR 0.75 per share (totaling EUR 400 million) was paid on 16 April 2024, and the second instalment of EUR 0.75 per share was paid on 7 November 2024 (totaling EUR 400 million).

## Capital expenditure

In 2024, capital expenditure totalled EUR 550 million, which was 5.3% of sales (1,122 million, 10.7% of sales). Capital expenditure does not include additions to leased assets.

In 2025, UPM's total capital expenditure, excluding investments in shares, is expected to be about EUR 400 million.

In January 2020, UPM announced that it would invest in a 220,000 tonnes next-generation biochemicals biorefinery in Leuna, Germany. The commissioning and start-up was initiated in late 2024, and the total investment estimate is EUR 1,275 million.

## Personnel

In 2024, UPM had an average of 16,282 employees (17,109). At the beginning of the year the number of employees was 16,573 and at the end of 2024 it was 15,827.

Further information about personnel is available in » [Sustainability Statement 2024](#).

## Biochemicals refinery investment

In January 2020, UPM announced that it would invest in a 220,000 tonnes next-generation biochemicals refinery in Leuna, Germany. The investment estimate is EUR 1,275 million.

The commissioning and start-up was initiated in late 2024 and good progress has been made in most units. However, in the quality assurance checks, certain corrective works required in the sugars-to-chemicals process were identified. These works have been arranged and will take a few months. Meanwhile, the sequential start-up in the other units continues. The integrated commercial production of the site is expected to start in H2 2025. The biorefinery is expected to reach full production and positive EBIT in 2027.

Meanwhile, the overall business readiness is ensured. All teams, business processes and systems are operational, we have secured the required materials to start and run the refinery as well as the infrastructure and capacity to ship our products. Commercial interest for the products and side-streams has been confirmed with customer contracts. We are managing a sales and customer qualification pipeline multiple times the annual capacity.

The biorefinery is the first of its kind and the process design as well as some of the technologies used are new to the world. We have full confidence in the technologies used and the viability of the process.

The biorefinery will produce a range of 100% wood-based biochemicals, which will enable a switch from fossil raw materials to sustainable alternatives in various consumer-driven end-uses. The investment opens up totally new markets for UPM, with large growth potential for the future.

The industrial scale biorefinery will convert solid wood into next generation biochemicals: bio-monoethylene glycol (BioMEG) and renewable functional fillers (RFF). In addition, the biorefinery will produce bio-monopropylene glycol (BioMPG) and industrial sugars. The ROCE target for the UPM Biochemicals business is 14%.

The combination of a sustainable wood supply, a unique technology concept, integration into existing infrastructure at Leuna and the proximity to customers will ensure the competitiveness of operations. The safety and sustainability of the value chain will be based on UPM's high standards.

InfraLeuna GmbH, in the state of Saxony-Anhalt, offers very competitive conditions for constructing a biorefinery with its logistics arrangements and infrastructure for various services and utilities. In October 2020, UPM entered into service agreements with InfraLeuna GmbH related to wood handling, wastewater treatment and other utilities, which will be recognised as lease assets and liabilities under IFRS 16 Leases upon the commencement date. The total amount of such lease assets and liabilities is estimated to be EUR 130 million.

The Leuna biorefinery is a first-of-its-kind project, which has been implemented during a series of external crises, such as the Coronavirus pandemic and the war in Ukraine with subsequent resource and supply chain challenges. As the project is approaching completion, an impairment of EUR 373 million was booked in Q4 2024 on the biorefinery assets resulting from the cost overruns and construction delays during the project. The book value of the refinery now reflects the estimated cost to construct a similar plant.

## Biofuels business development

In January 2021, UPM started the basic engineering phase of a next generation biofuels refinery. The planning for the potential biorefinery in Rotterdam, the Netherlands, is based on annual capacity of up to 500,000 tonnes of high-quality renewable fuels including advanced biofuels and possibly sustainable jet fuels, as well as renewable chemicals. The products would significantly reduce the carbon footprint of road transport and aviation, as well as replace fossil raw materials with renewable alternatives in chemicals and bioplastics.

Feedstock sourcing would focus on UPM integrated feedstocks from the company's own ecosystem, including various wood-based residues and potential carbon farming.

The design for the potential biorefinery has progressed, and major part of the basic engineering has been completed. The chosen technology has been validated at a demonstration scale. Before the potential investment decision, the focus will be on testing the novel, proprietary technology at a larger scale and on flexible feedstock options that will ensure differentiation and support the long-term competitiveness of the business case. This work is expected to take approximately two years, until 2026.

If all preparations are concluded successfully, UPM would initiate the company's standard procedure of analysing and preparing an investment decision.

## Events during the reporting period

On 2 January, UPM announced that it had completed the sale of the Steyrmühl site and all related assets to HEINZEL GROUP, thereby closing the transaction announced in June 2022.

On 6 February, UPM announced that it had been recognised by the CDP, receiving a double 'A' score for transparency on climate change and forests.

On 4 April, UPM held its Annual General Meeting.

On 29 May, UPM announced plans to permanently close its Hürth newsprint mill and shut down one fine paper machine at Nordland Papier (PM 3) in Dörpen, Germany. Production at the Hürth mill ended in August and at Nordland Papier PM3 in December.

On 18 June, UPM announced plans to discontinue the UPM Biocomposites business and close biocomposites production units in Lahti, Finland and in Bruchsal, Germany, by the end of 2024.

On 23 July, UPM announced the acquisition of Grafityp, a Belgian-based company to further accelerate UPM Raflatac's growth in graphics solutions.

On 22 August, UPM announced it was temporarily adjusting production at the UPM Kaukas and UPM Kymi pulp mills in Finland to meet market conditions.

On 26 August, UPM announced EcoVadis had awarded it a platinum score based on sustainability performance in four categories: Environment, Labour and Human Rights, Ethics and Sustainable Procurement. Only 1% of the 130,000 global companies assessed received a platinum rating.

On 16 October, UPM issued a profit warning on its Q3 results and lowered its outlook for 2024 due to lower deliveries in most businesses and decreased pulp prices.

On 27 November, UPM Raflatac announced the closure of the Kaltenkirchen factory in Germany to improve efficiency and productivity. The closure will take place in stages during 2025.

On 2 December, UPM Fibres announced that the change negotiations in Finland have been completed, resulting in a maximum reduction of 88 positions and possible temporary layoffs in the first half of 2025.

## Events after the balance sheet date

On 2 January 2025, UPM announced that it has been listed as the only forest and paper industry company in the Dow Jones Global and European Sustainability Indices (DJSI) for the years 2024–2025. The indices cover environmental, social and governance aspects of responsibility.

On 5 February 2025, UPM announced the acquisition of Metamark, a UK-based company to further accelerate UPM Raflatac's growth in Graphics business. The transaction will bring attractive synergies and make UPM Raflatac a significant player in the fast-growing, high value-added Graphics segment. The Enterprise Value of the transaction is GBP 146 million.

On 5 February 2025, the Board decided to commence UPM's first buy-back program of UPM's own shares. The maximum number of shares to be repurchased is 6,000,000, corresponding to approximately 1.1% of the total number of shares. The maximum monetary amount to be used for the program is EUR 160 million.

## Profit guidance

UPM's comparable EBIT in H1 2025 is expected to be approximately in the range of EUR 400-625 million (EUR 515 million in H1 2024).

## Outlook for 2025

UPM's performance in H1 2025 is expected to benefit from higher delivery volumes and lower fixed costs, but be held back by lower sales margins, compared with H1 2024. The year 2025 starts with similar pulp prices and lower electricity price than 2024 started.

2025 will be the first year of full production at the UPM Paso de los Toros mill, which is expected to grow pulp deliveries. Deliveries are expected to continue to increase for labelling materials, specialty papers and plywood. Communication paper deliveries are expected to decrease.

Biofuels is expected to improve its performance in H1 2025, compared with H1 2024.

There are significant uncertainties in geopolitics and the global business environment, which may impact the development of UPM's product deliveries, sales prices and various input cost factors.

## Sensitivity to pulp and electricity prices

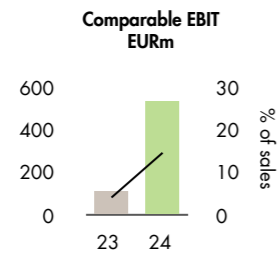
UPM's comparable EBIT is sensitive to pulp and electricity prices. The figures below represent Group earnings sensitivities on an annual level.

UPM is a large producer and consumer of chemical pulp. A EUR 50/tonne change in average pulp price would impact annual comparable EBIT by approximately EUR 170 million (net impact: assuming no correlation between pulp and paper prices) to approximately EUR 270 million (gross impact: assuming paper pricing would match changes in pulp costs).

UPM is a large producer and consumer of electricity in Finland and separately hedges part of its electricity sales and purchases. Based on UPM's estimated unhedged net electricity sales position in Finland in 2025, a EUR 10/MWh change in average electricity market price in Finland would impact annual comparable EBIT by approximately EUR 30 million.

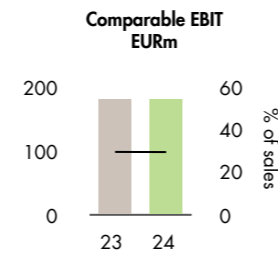
## UPM Fibres

UPM Fibres consists of pulp and timber businesses. UPM Pulp offers a versatile range of responsibly-produced pulp grades suitable for a wide range of end-uses. UPM Timber offers certified sawn timber. UPM has three pulp mills in Finland, two mills and plantation operations in Uruguay and operates four sawmills in Finland.



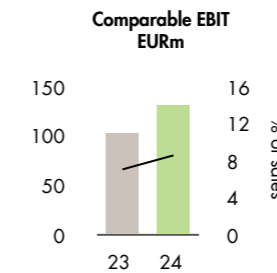
## UPM Energy

UPM Energy generates cost-competitive, zero-carbon electricity. Operations also include physical electricity and financial portfolio management as well as services to industrial electricity consumers. UPM Energy is the second largest electricity producer in Finland. UPM's power generation capacity consists of hydropower, nuclear power and thermal power.



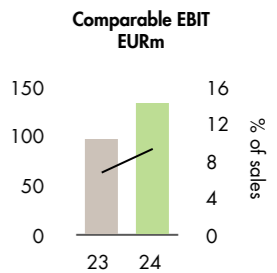
## UPM Raflatac

UPM Raflatac offers high-quality self-adhesive paper and film products including label materials, graphics solutions and removable self-adhesive products. UPM Raflatac is the second-largest producer of self-adhesive label materials worldwide.



## UPM Specialty Papers

UPM Specialty Papers offers labelling and packaging materials as well as office and graphic papers for labelling, commercial siliconising, packaging, office use and printing.



	2024	2023
Sales, EURm	3,728	3,044
Comparable EBITDA, EURm	844	407
% of sales	22.6	13.4
Change in fair value of forest assets and wood harvested, EURm	11	-20
Share of results of associates and joint ventures, EURm	2	2
Depreciation, amortisation and impairment charges, EURm	-437	-273
Operating profit, EURm	419	116
% of sales	11.2	3.8
Items affecting comparability in operating profit, EURm <sup>1)</sup>	-114	—
Comparable EBIT, EURm	533	116
% of sales	14.3	3.8
Capital employed (average), EURm	7,153	6,839
Comparable ROCE, %	7.5	1.7
Pulp deliveries, 1,000 t	4,945	4,139

<sup>1)</sup> 2024 includes EUR 113 million goodwill impairment related to Pulp Finland and minor restructuring charges.

### 2024 compared with 2023

Comparable EBIT increased significantly due to higher delivery volumes and sales prices as well as lower variable costs. The completed ramp-up of UPM Paso de los Toros increased delivery volumes significantly. Fixed costs increased due to higher scheduled maintenance activities.

The average price in euro for UPM's pulp deliveries increased by 5%.

### Market environment

- In 2024, chemical pulp demand was lower in China and solid in other main markets. Demand varied depending on end-use in all the main markets.
- In 2024, the average European market price in euro was 17% higher for NBSK and 18% higher for BHKP, compared with 2023. In China, the average market price in US dollars was 2% higher for NBSK and 6% higher for BHKP, compared with 2023.
- In 2024, demand for sawn timber was still subdued due to low construction activity in many areas. Prices recovered compared to 2023 but were offset by strongly increasing wood costs.

Sources: FOEX, UPM

	2024	2023
Sales, EURm	627	628
Comparable EBITDA, EURm	188	189
% of sales	30.0	30.2
Depreciation, amortisation and impairment charges, EURm	-7	-7
Operating profit, EURm	181	182
% of sales	28.9	29.1
Items affecting comparability in operating profit, EURm <sup>1)</sup>	—	—
Comparable EBIT, EURm	181	182
% of sales	28.9	29.0
Capital employed (average), EURm	2,426	3,042
Comparable ROCE, %	7.5	6.0
Electricity deliveries, GWh	11,328	12,059

<sup>1)</sup> 2023 includes EUR 3 million charges related to impairment of the Sierilä power plant project and EUR 3 million capital gain on sale of other non-current assets.

### 2024 compared with 2023

Comparable EBIT remained at the same level. Deliveries decreased, impacted by longer than expected maintenance shutdowns at the Olkiluoto nuclear power plant units.

UPM's average electricity sales price increased by 4% to EUR 51.4/MWh (49.2/MWh).

### Market environment

- The Nordic hydrological balance was well above the long-term average at the end of December. In Finland, the hydrological situation was close to the long-term average.
- The CO<sub>2</sub> emission daily future price of EUR 70.95/tonne at the end of 2024 was lower than at the end of 2023 (EUR 77.25/tonne).
- The average Finnish area spot price on the Nordic electricity exchange in 2024 was EUR 45.6/MWh, 19% lower than in 2023 (EUR 56.5/MWh).

Sources: The Norwegian Water Resources and Energy Directorate, Svensk Energi, Finnish Environment Institute, Nord Pool, NASDAQ OMX, ICE, UPM

	2024	2023
Sales, EURm	1,562	1,485
Comparable EBITDA, EURm	177	146
% of sales	11.3	9.8
Depreciation, amortisation and impairment charges, EURm	-71	-47
Operating profit, EURm	88	81
% of sales	5.6	5.5
Items affecting comparability in operating profit, EURm <sup>1)</sup>	-44	-22
Comparable EBIT, EURm	132	103
% of sales	8.5	7.0
Capital employed (average), EURm	722	737
Comparable ROCE, %	18.3	14.0

<sup>1)</sup> 2024 includes EUR 11 million restructuring charges and EUR 26 million impairment charges related to the planned closure of Kaltenkirchen factory, EUR 6 million write down of inventory and an EUR 3 million insurance compensation related to Raflatac inventory in USA impacted by Hurricane Helene, and EUR 5 million relating to other restructuring measures. 2023 includes EUR 13 million restructuring charges and EUR 2 million impairment charges related to restructuring measures at the UPM Raflatac Nancy factory in France and EUR 7 million of other restructuring costs.

### 2024 compared with 2023

Comparable EBIT increased mainly due to higher delivery volumes and stable margins. Fixed costs increased.

### Market environment

- In 2024, the global market for self-adhesive label materials grew from the low level in 2023, most notably in Europe.

Sources: UPM, FINAT, TUMI

	2024	2023
Sales, EURm	1,467	1,485
Comparable EBITDA, EURm	208	172
% of sales	14.2	11.6
Depreciation, amortisation and impairment charges, EURm	-74	-74
Operating profit, EURm	132	98
% of sales	9.0	6.6
Items affecting comparability in operating profit, EURm <sup>1)</sup>	-3	—
Comparable EBIT, EURm	135	98
% of sales	9.2	6.6
Capital employed (average), EURm	789	875
Comparable ROCE, %	17.1	11.2
Paper deliveries, 1,000 t	1,429	1,407

<sup>1)</sup> Items affecting comparability in 2024 relate to restructuring measures.

### 2024 compared with 2023

Comparable EBIT increased. The positive impact of lower input costs more than offset the negative impact of lower sales prices. Delivery volumes increased for specialty grades, and decreased for fine grades.

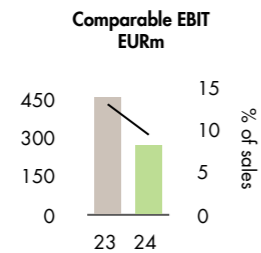
### Market environment

- In 2024 demand for label, release base and packaging papers was solid.
- In 2024, market prices decreased compared to 2023.

Sources: UPM, RISI, AFRY, AWA

## UPM Communication Papers

UPM Communication Papers offers an extensive product range of sustainably produced graphic papers for advertising and publishing as well as home and office uses.



	2024	2023
Sales, EURm	2,953	3,598
Comparable EBITDA, EURm	344	544
% of sales	11.6	15.1
Share of results of associates and joint ventures, EURm	0	-1
Depreciation, amortisation and impairment charges, EURm	-100	-195
Operating profit, EURm	190	174
% of sales	6.4	4.8
Items affecting comparability in operating profit, EURm <sup>1)</sup>	-83	-288
Comparable EBIT, EURm	273	462
% of sales	9.3	12.8
Capital employed (average), EURm	1,151	1,424
Comparable ROCE, %	23.8	32.4
Paper deliveries, 1000 t	3,263	3,528

<sup>1)</sup> 2024 includes EUR 8 million addition to restructuring charges related to the closure of Plattling mill, EUR 40 million of restructuring and impairment charges related to the closure of Hürth newsprint mill in Germany, EUR 54 million restructuring and impairment charges related to the closure of Nordland fine paper machine 3 in Germany, EUR 21 million capital gain on sale of UPM-Kymmene Austria GmbH and other restructuring charges. 2023 includes EUR 120 million restructuring charges and EUR 112 million impairment charges of fixed and leased assets related to the closure of the UPM Plattling paper mill in Germany, EUR 30 million restructuring charges relating to the closure of paper machine 6 at the UPM Schongau mill in Germany, EUR 10 million charges related to the sale of the Steyrermühl site in Austria and EUR 16 million other restructuring costs.

### 2024 compared with 2023

Comparable EBIT decreased. Sales prices decreased more than variable costs. Delivery volumes decreased, but this impact was more than offset by decreased fixed costs.

The average price in euro for UPM's paper deliveries decreased by 11%.

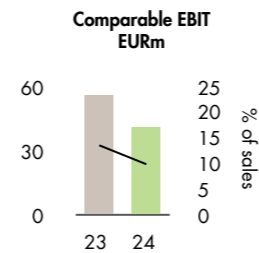
### Market environment

- In 2024, demand for graphic papers in Europe was 1% higher than in 2023. Newsprint demand increased by 1%, magazine papers decreased by 5% and fine papers increased by 5%.
- In 2024, publication paper prices in Europe were 12% lower and fine paper prices 3% lower compared to 2023.
- In 2024, demand for magazine papers in North America were at the same level compared to 2023. In 2024, the average price in US dollars for magazine papers decreased by 3% compared to 2023.

Sources: PPI/RISI, Euro-Graph, PPPC

## UPM Plywood

UPM Plywood offers high quality WISA® plywood and veneer products for construction, vehicle flooring, LNG shipbuilding, parquet manufacturing and other industrial applications.



	2024	2023
Sales, EURm	430	422
Comparable EBITDA, EURm	65	77
% of sales	15.0	18.4
Depreciation, amortisation and impairment charges, EURm	-23	-21
Operating profit, EURm	42	50
% of sales	9.7	11.9
Items affecting comparability in operating profit, EURm <sup>1)</sup>	-	-6
Comparable EBIT, EURm	42	56
% of sales	9.7	13.4
Capital employed (average), EURm	243	254
Comparable ROCE, %	17.1	22.2
Plywood deliveries, 1,000 m3	482	429

<sup>1)</sup> 2023 includes EUR 5 million capital loss resulting from sale of Russian operations and EUR 1 million restructuring costs.

### 2024 compared with 2023

Comparable EBIT decreased. The positive impact of higher delivery volumes was more than offset by lower sales prices.

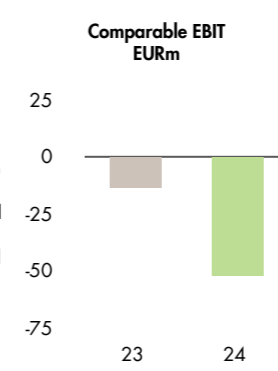
### Market environment

- In 2024, demand for spruce plywood in panel trading and veneer continued to be slow in the soft construction markets.
- In 2024, demand for birch plywood in panel trading was solid and mitigated lower demand from industrial end uses such as vehicle flooring.
- Demand for LNG end-use birch plywood was robust. Market deliveries depend on project schedules.
- EU anti-dumping investigation against Chinese hardwood plywood is on-going.

Source: UPM

## Other operations

Other Operations includes UPM Forest, UPM Biofuels, UPM Biochemicals, UPM Biomedicals and UPM Biocomposites business units as well as biofuels development and Group services. UPM Forest secures competitive wood and biomass for UPM businesses and manages UPM-owned and privately owned forests in North Europe. In addition, UPM Forest offers forestry services to forest owners and forest investors. UPM Biofuels produces wood-based renewable diesel for all diesel engines and renewable naphtha that can be used as a biocomponent for gasoline or for replacing fossil raw materials in petrochemical industry. UPM operates one biorefinery in Finland.



	2024	2023
Sales, EURm	623	802
Comparable EBITDA, EURm	-72	29
Change in fair value of forest assets and wood harvested, EURm	68	-82
Share of results of associated companies and joint ventures, EURm	-1	-2
Depreciation, amortisation and impairment charges, EURm	-427	-44
Operating profit, EURm	-434	-101
Items affecting comparability in operating profit, EURm <sup>1)</sup>	-382	-87
Comparable EBIT, EURm	-52	-14
Capital employed (average), EURm	3,129	2,922
Comparable ROCE, %	-1.7	-0.5

<sup>1)</sup> 2024 includes EUR 5 million impairment of UPM Biochemicals goodwill and EUR 373 million impairment on assets in biochemicals refinery in Leuna, EUR 12 million restructuring and impairment charges related to the planned closure of the UPM Biocomposites business, and EUR 9 million capital gain on sale of non-current assets. 2023 includes EUR 86 million decrease in the fair value of forest assets in Finland resulting from changes in estimates and increase in discount rate and EUR 1 million capital loss resulting from sale of Russian operations.

### 2024 compared with 2023

Comparable EBIT decreased. The change in the fair value of forest assets net of wood harvested was EUR 68 million (-82 million). The change in the fair value of forest assets was EUR 195 million (5 million) mainly due to higher long term wood price estimates in Finland. The cost of wood harvested from UPM forests was EUR 126 million (88 million). Biofuels sales prices decreased significantly.

### Market environment

- In 2024, interest in bio-based MEG and renewable functional fillers continued strong. Demand for bio-based glycols and renewable functional fillers is driven by strong consumer and brand owner interest in more sustainable solutions.

Source: UPM

## Board of Directors and the Group Executive Team

At the Annual General Meeting held on 4 April 2024, the number of members of the Board of Directors was confirmed as nine, and Henrik Ehrnrooth, Pia Aaltonen-Forsell, Jari Gustafsson, Piia-Noora Kauppi, Topi Manner, Marjan Oudeman, Martin à Porta and Kim Wahl were re-elected to the Board. Melanie Maas-Brunner was elected as a new director to the Board. The directors' term of office will end upon the closure of the next AGM.

Henrik Ehrnrooth was elected as Chair, and Kim Wahl as Deputy Chair of the Board of Directors of UPM-Kymmene Corporation at the Board of Directors' constitutive meeting that took place following the Annual General Meeting.

In addition, the Board of Directors elected the chairs and other members to the Board committees from among its members: Pia Aaltonen-Forsell was elected to chair the Audit Committee, and Jari Gustafsson and Marjan Oudeman were elected as other committee members. Martin à Porta was re-elected to chair the Remuneration Committee, and Melanie Maas-Brunner and Topi Manner were elected as other committee members. Henrik Ehrnrooth was re-elected to chair the Nomination and Governance Committee, and Piia-Noora Kauppi and Kim Wahl were elected as other committee members.

### Shares held by the Board of Directors and the Group Executive Team

At the end of the year, the members of the Board of Directors owned a total of 146,373 (121,283) UPM-Kymmene Corporation shares. These represent 0.03% (0.02%) of the shares and 0.03% (0.02%) of the voting rights. At the end of the year, President and CEO Massimo Reynaudo owned 18,786 shares. At the end of the year, the other members of the Group Executive Team owned a total of 590,060 shares.

» Refer Note 3.2 Key management personnel, of the consolidated financial statements 2024, for further information on remuneration and shares held by the members of the Board and the President and CEO and remuneration of the members of Group Executive Team.

### Legal proceedings

The Group's management is not aware of any significant litigation at the end of 2024.

» Refer Note 9.2 Litigation, of the consolidated financial statements 2024 for information on legal proceedings.

## Risks

### Risk management

UPM regards risk management as a systematic and proactive means to analyse and manage opportunities and threats related to its business operations. This also includes risks that can be avoided through careful planning and evaluation of future projects and business environments.

Risk management is an integral part of UPM's management system as risk taking is a normal part of business operations. While executing strategies, UPM and its business areas, functions and manufacturing units are exposed to a number of risks and opportunities. Each business area, function and unit is responsible for identifying, measuring and managing of risks related to its own operations, and for reporting on risk exposures, risk management activities and results to its own management team and to the Risk Management function.

The Risk Management Committee, chaired by the CFO, is responsible for recommending risk tolerances and profiles to the President and CEO and the Strategy Team. The Strategy Team is responsible for aligning risk management priorities, business and risk management strategies and policies.

The Board of Directors, assisted by the Audit Committee, monitors and assesses the effectiveness of the company's risk management systems and oversees the assessment and management of risks related to the company's strategy and operations. The Audit Committee oversees that risk management activities are aligned with the Risk Management Policy, and that risk assessments are used to guide internal audit activities.

UPM seeks to transfer insurable risks through insurance arrangements for any risks that exceed the defined tolerance.

UPM strives to ensure compliance with the UPM Code of Conduct and other corporate policies. To enhance compliance and mitigate risks, UPM performs risk assessments, training and monitoring at regular intervals.

UPM has developed and implemented a comprehensive internal control system that covers business and financial reporting processes. Internal control is aimed at ensuring that the company's operations are efficient and reliable, and in compliance with statutory requirements, and that the company's financial reporting is accurate and reliable, and reflects operational results. Internal control pertaining to financial reporting is described in the Corporate Governance Statement available in the corporate website.

The main risk factors that can materially affect the company's business, financial results and non-financial performance are set out below. They have been classified as strategic risks, operational risks, and financial risks. Risks may also arise from legal proceedings incidental to UPM's operations.

### Strategic risks

#### Uncertainties in the economic and political operating environment

The main short-term uncertainties in UPM's earnings relate to sales prices and delivery volumes of its products, as well as to changes in the main input cost items and currency exchange rates, most of which are affected by uncertainty in the global, regional or local economic and political conditions. Political developments are causing uncertainties to the global economy. Such uncertainties also affect UPM's customers influencing the demand for UPM's products.

Examples of such developments are the trade tensions between the United States, the EU and China, the nature of the relationship between the EU and the UK after its exit from the EU as well as increased

geopolitical tensions that may lead to military conflicts, such as Russia's war in Ukraine, recent conflicts in the Middle East, or economic sanctions, blockades, or export and/or import restrictions that could limit or prevent UPM's business in a country or area or cause adverse effects on energy, logistics or other main input cost items, such as the cost and availability of wood in Finland. UPM is also exposed to the impacts of certain governmental protection and trade protection measures such as import tariffs, foreign direct investment restrictions that safeguard domestic industries and other changes affecting international trade. Restrictions on import and export and other measures protecting national interests may affect the availability or cost of necessary raw materials or price competitiveness compared to producers from other countries, and changes in the international trade agreements. Changes in fiscal, monetary and other policies taken to respond to the economic impacts of Russia's war in Ukraine and to reduce dependency on Russian resources may cause unintended price volatility or other adverse effects on UPM. Economic downturn, global pandemics, or global power struggles continue to cause high uncertainty to global trade, geopolitics or trajectories of economies.

UPM is especially exposed to the economic and political conditions in countries in which UPM has significant production operations and ongoing investment projects, such as Finland, Uruguay and Germany. UPM also has significant production operations and sales in and to China where the lack of transparency and predictability of the political, economic and legal systems may lead to an increasing uncertainty and risk level when investing in or operating in the country. UPM's subsidiary and employees in Ukraine are exposed to a challenging and unpredictable environment stemming from Russia's war in Ukraine.

#### Cyclical and highly competitive markets

In all markets UPM operates in, the price level is determined by a combination of supply and demand and an imbalance between them could cause the prices of UPM's products to fluctuate significantly. Imbalances in supply and demand may be caused by factors such as decreases or increases in the end-use demand, changes in customer preferences, market adjustments to Russia's war in Ukraine, or a new production capacity entering the market or an old production capacity being closed, all of which may affect both the volume and price level of UPM's products.

Competitor behaviour may also influence the market price development. UPM may, from time to time, experience price pressures from competitors in its main business areas and geographic market areas as well as particularly large fluctuations in operating margins due to this competitive environment.

The majority of UPM's revenue comes from sales of graphic and specialty papers, pulp and label materials, and UPM principally competes with several large multinational paper and forest product companies as well as with numerous regional or more specialised competitors.

#### Changes in consumer behaviour

Demand for UPM's products may be affected by the introduction of substitute or alternative products. The demand for graphic papers in the mature markets is forecast to continue to decline. This will likely increase the pressure on UPM's graphic paper deliveries and sales prices as well as the scarcity of recycled fibre. Changes in demand could also cause overcapacity in some of UPM's products, affecting the sales prices and deliveries of such products.

Depending on the product area, the shifts in consumer demand may either have a positive or an adverse effect on the consumption of UPM's products. For example, UPM expects that there will continue to be a growing need for renewable and recyclable solutions, which creates

various opportunities for UPM and drive demand growth for most of UPM's products. At the same time, digitalisation and e-commerce have changed consumer behaviour and resulted in a decline in demand for graphic papers for various end-uses.

#### Changes in legislation

UPM is exposed to a wide range of laws and regulations globally. The performance of UPM's businesses, for example the paper, energy, and biofuels businesses, are to a high degree dependent on the regulatory framework for these areas. Changes in regulation, direct and indirect taxation or subsidies, aid, grants or allowances could have a direct effect on UPM's performance and its relative competitiveness, and structurally restrict or exacerbate UPM's ability to compete for raw material.

UPM also operates in industries that are subject to extensive environmental laws and regulations governing, among others, emissions, water quality, energy efficiency, as well as waste handling, recycling and disposal. Environmental laws and regulations have become more stringent and may continue to develop to be even more stringent due to various global, regional and national level regulatory initiatives. As these environmental laws and regulations are amended or as their application or enforcement is changed, additional costs in complying with new and more stringent regulations or fines for their non-compliance may be imposed on UPM.

UPM's operations require UPM to obtain multiple environmental permits and other licences from relevant authorities and comply with their terms and conditions. These permits and licences may be subject to modification, renewal or, subject to certain conditions, revocation by the issuing authorities. UPM monitors regulatory changes in order to better adapt to the effects of such changes.

#### Shareholdings in Pohjolan Voima Oyj

UPM is a shareholder of Pohjolan Voima Oyj (PVO), which is the majority shareholder of Teollisuuden Voima Oyj (TVO). TVO owns and operates three nuclear power plant units at the Olkiluoto site (OL). PVO supplies electricity to its shareholders on a cost-price principle (so called 'Mankala-principle') that is widely applied in the Finnish energy industry. Under the Mankala principle, electricity and/or heat is supplied to the shareholders in proportion to their ownership and each shareholder is, pursuant to the specific stipulations of the respective Articles of Association, severally responsible for its respective share of the production costs of the energy company concerned. The newest plant unit, Olkiluoto 3 EPR (OL3), started regular commercial electricity production in 2023 and is expected to increase UPM's electricity generation capacity significantly.

In Finland, UPM indirectly owns approximately 31% of the new nuclear power plant unit OL3, through its shareholdings in Pohjolan Voima Oyj. Pohjolan Voima Oyj is a majority shareholder of Teollisuuden Voima Oyj (TVO), holding 58.5% of its shares.

TVO procured OL3 as a fixed-price turnkey project from a consortium (Plant Supplier) formed by Areva GmbH, Areva NP SAS and Siemens AG. As stipulated in the Plant Contract, the consortium companies have joint and several liability for the contractual obligations. According to TVO's financial statements from 2023, total investment in OL3 was approximately EUR 5.8 billion.

According to TVO, the provisional takeover of the plant unit was confirmed in April 2023. The final takeover of the plant unit will take place after the conclusion of the two-year warranty period, i.e. in April 2025. Even after this, the Plant Supplier's liabilities under the warranty will remain in force up to a maximum of eight (8) years to a certain extent.

A Global Settlement Agreement (GSA) was signed in March 2018 and amended in June 2021 concerning the completion of the OL3 project and related disputes. During 2023, the fund mechanism

established in accordance with the GSA and funded by the Areva companies has been used to cover costs incurred to the Areva companies for the completion of the OL3 project in accordance with the GSA. Plant Supplier has still warranty period activities to be completed at OL3 but the funds reserved for their completion in the fund mechanism were depleted in the autumn of 2024. Areva and Siemens have made a decision to recapitalise the fund with more than EUR 80 million.

TVO has announced that regular electricity production, which started after the conclusion of the test operation programme in April 2023, and commercial operation, which started in May 2023, transferred the responsibility for OL3 to TVO. The Plant Supplier retains the responsibilities according to the Plant Contract for warranty periods and for the unfinished work, which has been agreed to be done later at the Plant Supplier's expense.

According to TVO, during 2023, several risk management measures have been taken in relation to the OL3's warranty period that improve the process flow during the warranty period and ensure that the prerequisites for the warranty period under the Plant Contract are met. TVO is closely monitoring compliance with the conditions set in the Settlement Agreement signed in March 2018 and supplemented in June 2021, and the progress of the OL3 warranty period and ascertaining that actions are taken in accordance with the Plant Supplier's schedule while ensuring financial and technical resources.

TVO has announced that even though there have been few interruptions to electricity generation at OL3 following the conclusion of the test operation programme, there are uncertainties related to the availability of OL3 during the first operating cycles due to the possibility of unexpected events. These uncertainties are managed by means of systematic maintenance and monitoring of the plant unit.

According to TVO, if OL3 fails to achieve the planned load factor or operating cost structure, the Finnish national grid limits its power level, or the costs incurred by TVO due to grid load limitation make it unprofitable to operate at full power, there is a risk of production costs exceeding TVO's target.

#### Climate change

UPM is exposed to a variety of risks related to climate change. Strategic risks related to climate change include risks concerning competition, markets, customers, products and regulation. For example, unpredictable regulation, subsidies or EU policies and resulting national legislation in EU countries may distort raw material, energy and final product markets and changing costs of greenhouse gas emissions may influence UPM's financial performance. Policies and regulations responding to Russia's war in Ukraine and cutting Russian gas supply to Europe or policies of the new U.S. government may temporarily emphasise energy supply security over climate targets and thus change the trajectory of climate change or slow down the achievement of emission reductions. UPM believes that forest, wood-based products and low-carbon energy hold significant value creation potential with respect to renewable and recyclable products.

Other risks related to climate change particularly concern UPM's supply chain as well as the availability and price of major inputs, such as wood and electricity. Climate change may cause exceptional weather events, such as severe storms, floods and droughts, which could, for example, result in unpredictable hydropower availability and wood harvesting conditions. Exceptionally mild winter conditions with a reduced period of frozen soil in the Nordics could affect the harvesting and transport of wood, consequently undermining the stability of raw material supply and potentially increasing the cost of wood. These could also increase the risk of production limitations.

### Biodiversity loss

Biodiversity refers to the diversity and variation of species and ecosystems on our planet. According to the UN, and despite ongoing efforts, biodiversity is deteriorating worldwide. Biodiversity loss is projected to worsen if no mitigation actions are taken. Mitigating climate change is, in our view, the single most important action to safeguard biodiversity.

UPM's operations are widely linked with biodiversity, and most significant impacts on biodiversity arise from wood sourcing activities. Biodiversity is instrumental in maintaining healthy forest growth and ensuring that forests adapt to the changing climate. Mitigating biodiversity loss also plays an important role in our hydropower plants and production units where we aim to improve living conditions for local fauna and flora with dedicated actions. Deteriorating biodiversity may cause significant adverse effects on the availability and acceptability of wood raw material needed to produce UPM's products such as pulp, paper, timber and biofuels.

### Loss of major customers and industry consolidation

UPM has several major customers, and the largest customer in terms of sales represented approximately 2% of UPM's sales in 2024, and the ten largest customers represented approximately 13% of such sales. Although UPM is not dependent on any specific customer or group of customers, the loss of its major customers, if not replaced on similar terms, could have a material effect on UPM's business. Also, as the size of UPM's customers could increase in connection with industry consolidation, such customers could exert increased bargaining power on all of their suppliers, including UPM. UPM is also exposed to risks related to any deterioration of a major customer group's financial condition.

### Product development, innovation and intellectual property rights

Research and product development are an important part of UPM's strategy, particularly with regard to new businesses, such as wood-based biofuels, biochemicals and biomedical. The return on investment of new or enhanced existing products and solutions may not meet targets or improve UPM's competitiveness.

UPM has a broad patent portfolio that provides value creation potential in the future; however, it also exposes UPM to risks related to the protection and management of intellectual property, including patents and trademarks.

### Corporate acquisitions and divestments

UPM's strategy is to grow businesses with strong long-term fundamentals and sustainable competitive advantage. This may result in acquisitions of new businesses or divestments of existing businesses or parts thereof. Carrying out corporate mergers, acquisitions and divestments involves risks relating to the successful implementation of a divestment and the ability to integrate and manage acquired businesses, systems, culture and personnel successfully. In addition, the cost of an acquisition may prove high and/or the anticipated economies of scale or synergies may not materialise. Hidden liabilities of an acquired company (e.g., competition law liabilities) may also constitute a significant risk in relation to potential acquisitions.

UPM may divest operations or assets to focus on strategic areas. Any future divestments may be affected by many factors that are beyond UPM's control, such as the availability of financing to potential buyers, interest rates, acquirers' capacity, and regulatory approval processes, and divestments may also expose UPM to indemnity claims. Furthermore, divestments may involve additional costs due to historical and unaccounted liabilities. The profitability of corporate acquisitions and divestments may differ from UPM's expectations.

### Operational risks

#### Fluctuations in the prices of major inputs as well as changes in their availability

The main inputs required in the manufacturing of UPM's products are wood, fibre, chemicals, energy and water. The prices for many of these major production inputs have been volatile in the recent years and are expected to remain volatile for the foreseeable future, which may have an effect on the general profitability of the industries in which UPM operates. Climate change may contribute to the increase of the price volatility of UPM's major production inputs. Also, any changes in the current forestry practices and level of harvesting due to negative public opinion or regulatory restrictions towards harvesting could have an effect on the raw material supply and may increase the cost of wood.

Governmental protection and trade protection measures, amplified by Russia's war in Ukraine and the economic sanctions imposed as a response, could also have an effect on the price and availability of raw materials as countries may, for example, enact further export ban policies to protect forests or to bolster their domestic industries, which could have a material effect on the cost and availability of raw materials for UPM. It is also uncertain how the EU energy policies may affect the availability and costs of fibre and energy. Significant increases in the prices of UPM's major inputs could increase UPM's operating expenses.

#### Supplier and subcontractor network and raw materials procurement

UPM's business operations depend on a large number of suppliers and contractors. The majority of UPM's need for wood is covered by suppliers, and other production inputs, such as chemicals, fillers and recovered paper, are fully obtained from suppliers. Disruptions in the supply of key inputs or transportation services could have a significant effect on manufacturing operations. This could, for example, result in interruption or downscaling of production, change in the product mix or increased costs resulting from price increases for critical inputs or transportation services as well as shifts in the availability and price of wood. Due to Russia's war in Ukraine, the EU has imposed bans on wood exports and imports and transportation operations directly applying to sourcing of wood and other raw materials from Russia. Supplier consolidation could also limit the number of suppliers from which UPM would be able to source its production inputs and could materially affect the prices paid by UPM for these inputs.

The UPM Supplier and Third-Party Code defines the minimum level of performance that UPM requires from its suppliers and third-party intermediaries. UPM carries out supplier risk assessments on, for example, operational, financial, quality and responsibility perspectives. Based on the risk assessment, selected suppliers' activities are evaluated in more detail through annual surveys, supplier audits and joint development plans. If any non-conformities are discovered, the supplier is required to take corrective measures, which UPM follows up on. Some contracts may also be discontinued due to the seriousness of the finding or insufficient corrective measures.

#### Management and execution of large investment projects

Investment projects in UPM's businesses are often large and take one or more years to complete. Participation in large projects involves risks, such as cost overruns or delays, shortage of labour, financial distress of suppliers, or accidents as well as non-achievement of the economic targets set for the investment. Currently, UPM's largest ongoing investment project is the construction of a new biochemicals refinery in Germany. This project involves the development of new business concepts and technologies.

UPM is responsible for many projects in several of its countries of operation at any given time. All projects involve technical and operational risks, and projects require continuous operational planning, steering and supervision, quality control, input procurement, scheduling as well as resource and cost monitoring. Managing several projects requires that UPM has sufficient resources and efficient processes. Port congestion issues, transportation bottlenecks, accidents in transit, and rising logistics or construction costs, all of which could be resulting from external events or market conditions beyond the control of UPM, may have an effect on the execution or profitability of investment projects. UPM's transformative biochemicals project in Germany is proceeding, but despite efforts, some changes to the detailed timeline of the project may occur due to events affecting project workers, suppliers or infrastructure.

#### Unavailability of information systems as well as cybersecurity breaches

UPM's production and business operations depend on the availability of supporting information systems and network services. Unplanned interruptions in UPM's or a supplier's critical information system services, loss of critical, financial or personal data due to reasons beyond UPM's or its suppliers' control, such as power cuts, software or telecommunication errors or other major disasters, such as fires or natural disasters, as well as user errors by UPM's own personnel or suppliers, can potentially cause major damage to UPM's businesses and disruptions to the continuity of operations.

UPM's or its suppliers' information systems may be exposed to various cybersecurity risks. Malicious cyber intrusion could cause leakage of sensitive information, violation of data privacy regulations, theft of intellectual property, production outages and damage to UPM's reputation.

#### Litigation and compliance

UPM operates globally in a large number of jurisdictions and complex regulatory frameworks. UPM may from time to time be involved in litigation and other similar proceedings or it could become subject to various claims and actions based on various grounds.

On a global scale, enforcement activities and jurisdictional reach regarding competition issues and anti-corruption have increased. Also, the recent development of Renewable Energy Sources Act (EEG) related lawsuits in Germany for alleged non-payment of EEG based surcharges may have an adverse impact on UPM, albeit UPM is not currently a party to any such lawsuits. Russia's war in Ukraine triggered many countries to impose several sanctions packages which may increase the risk of investigations, litigations or claims associated with alleged sanctions violations, or retaliatory litigation in Russia. The UPM Code of Conduct sets the standards of responsible behaviour and it covers topics relating to legal compliance and disclosure, anti-corruption, competition law, HR practices, human rights, responsible sourcing and environmental matters.

UPM's environmental performance and social responsibility play a significant role in UPM's ability to operate and influence the long-term success of its businesses. UPM also measures and publishes information on its environmental, social and governance matters, for which there is an increasing risk of investigation or litigation from activists or other stakeholders on alleged misrepresentation. UPM has significant manufacturing operations or sourcing in several developing countries, some of which are perceived as highly corrupt or corrupt according to Transparency International. In these countries, there is an increased risk of corruption, for example in relation to interaction with government officials and in the use of intermediaries when applying for permits and licences requiring governmental approval. Breaches of applicable laws

and regulations or corporate policies by UPM employees may lead to legal processes, sanctions and fines as well as reputational damages affecting UPM's operations.

#### Industrial actions

UPM is subject to risk of industrial actions, which could disrupt its business operations or the business operations of its stakeholders. Uncertainty may increase in the Finnish labour market amid the announcement of the Finnish Forest Industries Federation in autumn 2020 to transfer collective bargaining to companies. For example, in the beginning of 2022, members of the Paperworkers' Union, the Finnish Electrical Workers' Union and the Trade Union Pro started strikes at UPM mills in Jämsänkoski, Kouvola, Lappeenranta, Pietarsaari, Rauma, Tampere and Valkeakoski, Finland. Any strike or other industrial action in UPM's business operations or related sectors could have an effect on UPM's business operations. For example, industrial actions in the transport sector or among other stakeholders important to UPM, may disrupt UPM's operations. Additionally, public dissatisfaction with UPM's labour-related decisions may, in extreme cases, lead to unanticipated boycotts or disruptions at its facilities or construction sites.

#### A natural disaster, fire, accident or other major disruption at UPM's production facilities

UPM operates a significant number of production facilities globally that are exposed to risks related to environment, fires, natural events, machinery breakdowns, site security and occupational health and safety risks. If UPM's production facilities were to experience a major accident or were forced to shut down or curtail production due to such unforeseen events, such as a leak or spill due to malfunction or human error, this could cause major interruptions in UPM's operations and result in significant costs in order to clean up and repair any potential damages to the production plant and the surrounding areas. Any failure to maintain high levels of safety management could also result in physical injury, sickness (including pandemics-related infection outbreaks) or liability to UPM's employees, contractors or third parties. These risks are managed through established management procedures, health and safety precautions and loss prevention programmes. UPM's insurance programme provides coverage for insurable hazard risks, subject to insurance terms and conditions.

#### Forests and plantations

UPM's plantations and forests may be affected by the impacts of climate change, which include more frequent and severe extreme weather conditions such as heavy rainfall, storms, floods and drought. Climate change is expected to have the biggest physical effect on UPM's forest lands in Finland, where temperatures are expected to rise more significantly and rapidly compared with other countries where UPM owns forest. Although forest growth will likely accelerate, particularly in Finland, due to the longer growing season, extreme weather conditions will intensify, presenting new risks. The increase of droughts and forest fires are estimated to pose the most significant risks for UPM's forests and plantations. Also, damages caused by insects and tree diseases are becoming increasingly common, which could have an effect on the value of UPM's forest assets. Should these risks materialise, they could harm UPM's forest and plantations resulting in production interruption and additional costs.

### Strategic partners

UPM collaborates with many partners. For example, product development in the biofuels, bioenergy or biochemicals increases the importance of partnerships in the search for new products and businesses or higher efficiency. Partnerships may, however, create risks to UPM's profitability, for example, through changes occurring within the partner entity or changes in how the partnership operates. UPM is also subject to the risk that its strategic partners do not comply with UPM's Code of Conduct with anti-corruption, competition law, HR practices, human rights, responsible sourcing and environmental matters.

Partnership arrangements may also be too rigid to enable timely changes required, for example, in connection with changes in the market conditions or the economy. UPM's partners may have different targets with respect to the business of the partnerships. As UPM may not have sole control over strategic direction and operational output of these entities, its partners may have the right to make certain decisions on key business matters with which UPM does not agree. In some cases, strategic partners may choose not to continue partnerships that they have with UPM. Russia's war in Ukraine and the resulting adverse economic conditions may cause financial stress to a strategic partner and trigger unexpected negotiation or other processes causing delays or cost increases for UPM.

### Intellectual property rights of third parties

Molecular bioproducts form one of UPM's three strategic focus areas for growth. Initiatives within this strategic focus area are technology-intensive and require increasing investments in such technologies either through internal development or through third party licences or technological partnerships. In addition to UPM's own IPR portfolio, UPM licences certain technologies developed by third parties. Evaluating the rights related to the third-party technologies UPM uses or intends to use is increasingly challenging. Licensing third-party technology exposes UPM to such risks as the increase of overall licensing costs, loss of negotiation power, the validity of such licensing arrangements and potential infringement claims, which could restrict UPM's ability to use certain technologies, prevent the delivery of UPM's products and/or result in costly and time-consuming litigation. Risk related to IPR claims and disputes relating to technological partnerships have been assessed to increase.

### Building capabilities to growth areas

The success of UPM's business largely depends on the ability to build and retain the necessary new capabilities required for future growth. UPM is continuously developing its employee experience, leadership culture, evaluating its recruitment, compensation policies and career development opportunities and taking measures to attract and retain diversely skilled personnel and individuals with rare and pivotal specialist knowledge for current and future growth areas.

### Financial risks

Financial risks are described in consolidated financial statements 2024.

TYPE OF RISK	CONSOLIDATED FINANCIAL STATEMENT NOTE
Credit risk	4.6 Working capital
Liquidity and refinancing risk	5.1 Capital management
Interest rate risk	6.1 Financial risk management
Foreign exchange risk	6.1 Financial risk management
Electricity price risk	6.1 Financial risk management
Counterparty risk	6.2 Derivatives and hedge accounting

### Impact of Russia's war in Ukraine

In response to Russia's attack on Ukraine, the European Union as well as the United States, the United Kingdom, and other countries imposed extensive sanctions on Russia, the breakaway regions of Donetsk and Luhansk and the oblasts of Zaporizhzhia and Kherson, and Belarus. Since 21 February 2022, these measures have included, for example asset freezes and travel restrictions on individuals and entities, economic sanctions targeting sectors of the Russian and Belarusian economies, and diplomatic restrictions. Russia has also implemented several countermeasures affecting especially foreign companies' operations within Russia and with Russian counterparties. While the sanctions primarily target Russia's ability to finance its military operations in Ukraine and impose economic and political costs on the people responsible for them, peaceful resolution to the war in Ukraine remains uncertain. Economic and geopolitical uncertainty and inflation accelerated around the world which resulted in a spike in interest rates that moderated in 2024 but have remained higher compared to pre-invasion levels.

### Impact on UPM businesses

The economic sanctions and Russia's countermeasures have rendered it unviable for UPM to continue operations in Russia or trade with Russian counterparties. UPM businesses have suspended deliveries to Russia as well as wood sourcing in and from Russia. In Q1 2023, UPM completed a full withdrawal of its businesses from Russia by selling all its Russian operations, including the Chudovo plywood mill.

The potential further impacts for UPM are likely to differ for each business and depend on the pace, scope and duration of sanctions, market price reactions, supply chain development, and the length of the war in Ukraine and whether there is any geographic escalation of the war. UPM is monitoring the situation closely and preparing plans to adjust its operations in different scenarios accordingly.

# Sustainability Statement

TABLE OF CONTENT	LIST OF ESRS DISCLOSURE REQUIREMENTS	PAGE
<b>General information</b>		
<b>General information</b>	<b>ESRS 2 – General disclosures</b>	
Basis for preparation	ESRS 2 BP-1 – General basis for preparation of the Sustainability Statement	130
	ESRS 2 BP-2 – Disclosures in relation to specific circumstances	130-131
Sustainability governance	GOV-1 – The role of the administrative, management and supervisory bodies	131-134
	GOV-2 – Information provided to, and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	134
	GOV-3 – Integration of sustainability-related performance in incentive schemes	134
	GOV-4 – Statement on due diligence	135
	GOV-5 – Risk management and internal controls over sustainability reporting	136
Strategy, business model and value chain	SBM-1 – Strategy, business model and value chain	136-139
Stakeholders	SBM-2 – Interest and views of stakeholders	140-141
Impacts, risks and opportunities	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	141-143
	IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	143-145
ESRS content overview	IRO-2 - Disclosure requirements in ESRS covered by the undertaking's Sustainability Statement	146-147
<b>Environmental information</b>		
<b>Climate change</b>	<b>ESRS E1 – Climate change</b>	
Transition plan	E1-1 – Transition plan for climate change mitigation	149-150
Impacts, risks and opportunities	ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	151
Policies	E1-2 – Policies related to climate change mitigation and adaptation	151
Actions	E1-3 – Actions and resources in relation to climate change policies	152-153
Targets	E1-4 – Targets related to climate change mitigation and adaptation	154-156
Metrics	E1-5 – Energy consumption and mix	157
	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	158-160
	E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	160-161
	E1-8 – Internal carbon pricing	161
	E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	162
<b>TCFD</b>	Disclosures according to TCFD (Task Force on Climate-related Financial Disclosures)	162
<b>EU Taxonomy</b>	Disclosures pursuant to Article 8 of Regulation 2020/852	163-175
<b>Pollution</b>	<b>ESRS E2 – Pollution</b>	
Policies	E2-1 – Policies related to pollution	177
Actions	E2-2 – Actions and resources related to pollution	178-179
Targets	E2-3 – Targets related to pollution	180
Metrics	E2-4 – Pollution of air, water and soil	181-182
	E2-5 – Substances of concern and substances of very high concern	182-183
	E2-6 – Anticipated financial effects from material pollution-related risks and opportunities	183

TABLE OF CONTENT	LIST OF ESRS DISCLOSURE REQUIREMENTS	PAGE
<b>Water and marine resources</b>	<b>ESRS E3 – Water and marine resources</b>	
Policies	E3-1 – Policies related to water and marine resources	185
Actions	E3-2 – Actions and resources related to water and marine resources	185-186
Targets	E3-3 – Targets related to water and marine resources	187
Metrics	E3-4 – Water consumption	188
<b>Biodiversity and ecosystems</b>	<b>ESRS E4 – Biodiversity and ecosystems</b>	
Transition plan	E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model	190
Impacts, risks and opportunities	ESRS 2 SBM 3 – Material impacts, risks and opportunities and their interaction with strategy and business model	190-191
Policies	E4-2 – Policies related to biodiversity and ecosystems	191
Actions	E4-3 – Actions and resources related to biodiversity and ecosystems	191-193
Targets	E4-4 – Targets related to biodiversity and ecosystems	194-195
Metrics	E4-5 – Impact metrics related to biodiversity and ecosystems change	195-198
	E4-6 – Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities	198
<b>TNFD</b>	Disclosures according to TNFD (Task Force on Nature-related Financial Disclosures)	199
<b>Resource use and circular economy</b>	<b>ESRS E5 – Resource use and circular economy</b>	
Policies	E5-1 – Policies related to resource use and circular economy	201
Actions	E5-2 – Actions and resources related to resource use and circular economy	202-203
Targets	E5-3 – Targets related to resource use and circular economy	204-205
Metrics	E5-4 – Resource inflows	205-206
	E5-5 – Resource outflows	207-208
<b>Social information</b>		
<b>Own workforce</b>	<b>ESRS S1 – Own workforce</b>	
Impacts, risks and opportunities	ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	210
Policies	S1-1 – Policies related to own workforce	211-212
Processes	S1-2 – Processes for engaging with own workforce and workers' representatives about impacts	212
	S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns	212
Actions	S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	213-215
Targets	S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	216
Metrics	S1-6 – Characteristics of the undertaking's employees	217-218
	S1-7 – Characteristics of non-employee workers in the undertaking's own workforce	218
	S1-8 – Collective bargaining coverage and social dialogue	219
	S1-9 – Diversity metrics	219
	S1-10 – Adequate wages	220
	S1-11 – Social protection	220
	S1-12 – Persons with disabilities	220
	S1-13 – Training and skills development metrics	220
	S1-14 – Health and safety metrics	221
	S1-16 – Compensation metrics (pay gap and total compensation)	222
	S1-17 – Incidents, complaints and severe human rights impacts	222



TABLE OF CONTENT	LIST OF ESRs DISCLOSURE REQUIREMENTS	PAGE
<b>Workers in the value chain</b>	<b>ESRS S2 – Workers in the value chain</b>	
Impacts, risks and opportunities	ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	224-225
Policies	S2-1 – Policies related to value chain workers	225-226
Processes	S2-2 – Processes for engaging with value chain workers about impacts	226
	S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns	226
Actions	S2-4 – Taking action on material impacts on value chain workers	227
Targets	S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	228
<b>Affected communities</b>	<b>ESRS S3 – Affected communities</b>	
Impacts, risks and opportunities	ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	230-231
Policies	S3-1 – Policies related to affected communities	231
Processes	S3-2 – Processes for engaging with affected communities about impacts	232
	S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns	232-233
Actions	S3-4 – Taking action on material impacts on affected communities	233-234
Targets	S3-5 – Targets related to managing material negative impacts and advancing positive impacts	235
<b>Governance information</b>		
<b>Business conduct</b>	<b>ESRS G1 – Business conduct</b>	
Policies	G1-1 – Business conduct policies and corporate culture	237-238
Responsible sourcing	G1-2 – Management of relationships with suppliers	239-241
Anti-corruption and bribery	G1-3 – Prevention and detection of corruption and bribery	242-244
Metrics	G1-4 – Incidents of corruption or bribery	244
	G1-5 – Political influence and lobbying activities	244-245
	G1-6 – Payment practices	245

## General information (ESRS 2)

UPM is committed to creating value for its customers by using sustainable, renewable feedstocks, reducing its environmental footprint and enhancing its positive societal impact.

ESG governance  
model reviewed

Double materiality  
analysis conducted

UPM Sustainability  
Policy Statement  
renewed

## BASIS FOR PREPARATION

### ESRS 2 BP-1

This Sustainability Statement has been prepared in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) and the underlying European Sustainability Reporting Standards (ESRS).

### Scope of consolidation

This Sustainability Statement has been prepared on a consolidated basis. All UPM subsidiaries, joint ventures, and associates that are fully consolidated or proportionately consolidated are included in the Sustainability Statement. In the double materiality assessment (DMA) the entire value chain is in the scope of assessment and consolidation of information for material impacts, risks and opportunities.

The primary subsidiaries and joint operations included in UPM's financial reporting are listed in the Annual Report » [Refer to Note 8.2 Principal subsidiaries and joint operations in the consolidated financial statements](#). In financial reporting, UPM consolidates acquired entities from the acquisition date, which is when UPM gains control.

For social disclosures, the same list of subsidiaries, including any non-controlling interests, is relevant unless otherwise stated in connection with the respective disclosure. In the case of acquisitions and divestments, the approach to social data disclosure may vary and is detailed within the relevant context.

For environmental disclosures, the consolidated data covers the production units and forestry operations of the main subsidiaries. All production units are included unless otherwise stated in the context of the relevant disclosure. An overview of production units is available on pages 8-9 of the Annual Report. For jointly operated on-site power plants, UPM includes fuel, air emissions and waste data corresponding to UPM's energy supply. Environmental investments include the share corresponding to UPM's ownership of the on-site power plant. For divestments or acquisitions, environmental data is included from the month of acquisition or until the month of divestment, provided the production unit has been part of UPM for more than half the year. For new production units under construction, environmental data is considered from the start of production.

Figures presented in this Sustainability Statement are rounded and therefore the sum of individual figures might deviate from the presented total figure.

In July 2024, UPM Rafflatac acquired the Belgian-based company Grafityp with a production site in Belgium and a distribution centre in the UK. These are excluded from the environmental disclosure and partly included in the social disclosure for 2024, such as the headcount figure, though not in all employee-related disclosures or in OHS-related disclosure. Information about exclusions is stated in connection with the relevant disclosures. At the end of August 2024, UPM permanently closed its UPM Hürth newsprint mill, and in December 2024, one paper machine at UPM Nordland. The environmental and social data for these sites is included in the consolidated data until the end of production. By the end of 2024, UPM had closed its biocomposite business, which remains in the sustainability data for 2024, but is not covered in the qualitative information.

No information relating to intellectual property, know-how or the results of innovation has been omitted from the Sustainability Statement. No exemptions have been used for disclosure of impending developments or matters in negotiation.

## Coverage of the value chain

The sustainability information disclosed is based on UPM's double materiality assessment (DMA) of impacts, risks and opportunities, which covers both the upstream and downstream value chain. The policies, actions and targets also cover aspects of the whole value chain, depending on the relevance of the aspect in the different parts of the value chain.

ESRS standard S4 "Consumers and end-users" is omitted from UPM's disclosure. The majority of UPM's products are further processed by UPM's customers and, consequently, UPM does not have direct control of the products provided to consumers and end-users. Therefore, based on the DMA, UPM's impact on consumers and end-users is not considered material. Customer-related aspects such as product safety, ecolabels or products-related aspects like carbon storage in products are covered by other standards where appropriate.

### ESRS 2 BP-2

## Information about time horizon, estimation and reporting errors in previous periods

The reporting period covered by the Sustainability Statement is the same as the Financial Statements.

For information on time horizon » [Refer to ESRS 2, SBM-3, Material impacts, risks and opportunities](#)

For information on value chain estimation » [Refer to E1-6, Reporting principles for metrics, Scope 3](#)

In case estimations have been used, in case there are uncertainties related to the metrics disclosed or in case of errors in the previous year's reporting, this is disclosed in the context of the relevant disclosure. As this is the first year of reporting based on the ESRS standards, UPM does not report any changes in preparation or presentation of the Sustainability Statement. Where metrics have been reported previously, comparative information is presented.

## Changes in the preparation of sustainability information

The implementation of the CSRD has significantly changed UPM's previous approach to integrating and presenting its sustainability information in its Annual Report. For the reporting year 2024, UPM reports its sustainability information for the first time in accordance with the requirements from the European Sustainability Reporting Standards (ESRS). The content of the Sustainability Statement has been subject to a limited assurance engagement. Scope 1 and 2 emissions has been subject to reasonable assurance. The assurance reports can be found on pages 339-349 in the Annual Report.

This Sustainability Statement covers the disclosures according to the Task Force on Climate-related Financial Disclosure (TCFD) and to the Task Force on Nature-related Financial Disclosure (TNFD), which are included in its assurance scope.

Information on how UPM reports on other sustainability reporting standards, such as technical material issued by the International Sustainability Standards Board or the Global Reporting Initiative, is

available on the UPM webpage and on pages 358-359 in the UPM Annual Report.

## Incorporation by reference

The following information is incorporated by reference:

- ESRS 2 SBM-1: Employees by geographical area
- E1-9: Anticipated financial effects from physical and transition risk and potential climate-related opportunities
- E4-6: Anticipated financial effects from material biodiversity risk and opportunities

## Sustainability governance

### GOV-1

UPM has a one-tier governance model consisting of the Board of Directors and the President and CEO, in addition to the Annual General Meeting of shareholders. All nine members of the Board of Directors are non-executive.

To enhance the Board's decision-making process, the Board has established three committees composed of its members: the Audit Committee; the Remuneration Committee; and the Nomination and Governance Committee.

The President and CEO of UPM-Kymmene Corporation leads the day-to-day operations of the Company in accordance with the instructions and orders given by the Board of Directors. In the operational management of the Company, the President and CEO is assisted by the Group Executive Team (GET), consisting of the executives heading the business areas and global functions, and by the Business Area Boards and the Strategy Team. The President and CEO chairs the GET, the Business Area Boards and the Strategy Team.

UPM's Board of Directors does not include any representatives of the employees.

## Experience and expertise in sustainability and business conduct matters

Members of the Board of Directors and the President and CEO have versatile experience and skills in the field of sustainability, for example in sustainability reporting and assurance, including double-materiality processes, ESG governance (including corporate governance), energy and climate policies, labour laws, contributing to ESG-related regulations and lobbying, human rights, diversity, green transition, stakeholder management, supply chain management and circular economy. In addition, the President and CEO has access to UPM's resources regarding the aforementioned skills.

The Board members and the President and CEO have experience from all sectors and products relevant to UPM, such as pulp and paper, packaging, forestry, energy, chemicals, R&D as well as finance and accounting. In addition, UPM Board members and the President and CEO have experience from all geographies relevant to UPM, i.e. Europe, Middle East, Asia and Americas. They also have experience from the field of business conduct matters relevant to UPM.

The previous experience of the Board of Directors as described above, as well as the experience of the President and CEO from his previous positions in UPM, provides the relevant skills and expertise in UPM's operations and business model and the related impacts, risks and opportunities. In addition, the Board of Directors and the President and CEO are provided with information on relevant and topical sustainability issues, both regularly and as required.

## Board diversity

UPM's Board of Directors comprises five nationalities (Finnish, Norwegian, Dutch, German, Swiss). The age of the Board members vary between 49 and 66 years. 56% of the Board members have been members of the Board for 1-4 years, 22% have been members of the Board for 5-9 years and 22% have been members of the Board for more than 10 years. All Board members hold a university degree. When it comes to gender identity, 44% (4/9) of UPM Board members are female and 56% are male. The President and CEO is an Italian citizen, born in 1969, holds a Master of Science (engineering) degree and his gender identity is male.

The overall aim of diversity is to ensure that the Board has a broad range of skills, experience and perspectives, as well as knowledge of UPM and other relevant industries, so that the Board can effectively carry out its responsibilities, particularly those related to strategy and risk management. Regarding other factors relevant to Board diversity, the Board's objective is to include an appropriate number of directors of different nationalities, ages, genders and length of service.

The Board's diversity principles are included in the Board and Committee Charters and, more specifically, in the Board's Diversity Policy. [See www.upm.com/governance](#).

More information about the diversity of UPM's Board of Directors, related objectives and the results is available in the Corporate Governance Statement 2024. [See www.upm.com/governance](#).

## Board independence

100% of the Board members are independent of the Company and the Company's significant shareholders as assessed by the Board with the assistance of the Nomination and Governance Committee.

All Board members are independent of the Company's significant shareholder, as the Company has no controlling shareholder, and no shareholder of the Company has announced a holding of 10% or more of the Company's shares or votes. The Board has also concluded that all directors, including Piia-Noora Kauppi and Kim Wahl, who have been non-executive directors of the Company for ten consecutive years or more, are independent of the Company. Based on the Board's overall evaluation of the independence of these directors, their long-standing service does not compromise their independence, and no other factors or circumstances have been identified that could affect their independence.

## Oversight and management of impacts, risks and opportunities

### Board of Directors

The Board of Directors approves the Company strategy in the annual strategy session, oversees the Impact, Risk, and Opportunity (IRO) management with the assistance of the Board committees, and oversees the double materiality assessment (DMA) process with the assistance of the Audit Committee. The Board proposes the Remuneration Policy for adoption at the Annual General Meeting (AGM), approves the UPM Code of Conduct and UPM Group Policies in accordance with the policy management structure. It also approves the appointments and pay of the Group Executive Team and some senior management representatives, approves Group-level sustainability targets for the remuneration of the Group Executive Team and some senior management representatives, oversees key Group-level actions related to strategy implementation and progress against key Group-level sustainability targets, and oversees the independence of the Board.

### Nomination and Governance Committee

The Nomination and Governance Committee regularly reviews governance matters and assesses how they interact with the strategy and business model. It prepares the Diversity Policy of the Board of Directors for Board approval and oversees its implementation, prepares proposals for director elections for the AGM, and their remuneration, prepares the election of the President and CEO, prepares other major governance matters, and oversees Board skills and expertise in sustainability and business conduct matters.

### Audit Committee

The Audit Committee regularly reviews material sustainability topics (IROs) and assesses how they interact with the strategy and business model. It assists the Board in the oversight of the DMA process, monitors compliance with applicable legal and regulatory requirements, the UPM Code of Conduct, and other corporate policies, monitors and assesses the effectiveness of internal controls and audit, as well as risk management, regularly reviews assurance matters, including risk management, internal controls, compliance, internal and external audits, and regularly reviews sustainability matters and information in the report of the Board of Directors. In addition to undertaking the assigned matters and regular reports listed above, the Audit Committee also reviewed reports on and discussed ESG and cybersecurity and focused on the preparation of the statutory sustainability report for the first time in such a regulated scope in 2024. The Board is informed, as part of the Audit Committee Chair's regular reporting to the Board, of any submissions received by the Committee from stakeholders that have a material impact on the economy, the environment or people.

### Remuneration Committee

The Remuneration Committee regularly reviews selected material social sustainability topics (IROs) related to the workforce and assesses how they interact with the strategy and business model. It regularly reviews how remuneration is linked to material sustainability topics (IROs), prepares the Remuneration Policy for adoption at the AGM, oversees procedures related to executive remuneration, proposes sustainability targets in executive remuneration for Board approval, and regularly reviews executive performance against remuneration-related sustainability targets and prepares proposals for payout.

## Reflection of responsibilities in charters and policies

### Charter of the Board of Directors

The Board's responsibilities, outlined in the Charter of the Board of Directors, include strategic oversight, risk management, and compliance and governance. Additionally, the Board monitors and assesses the Company's financial reporting process and the statutory sustainability reporting process, ensuring the integrity of financial and sustainability reporting. The Board also oversees the assessment and management of risks related to the Company's strategy and operations, including sustainability risks. It monitors the Company's audit and assurance related to statutory sustainability reporting and assesses the performance and independence of the sustainability report assurer.

### Charter of the Audit Committee

The Audit Committee assists the Board in overseeing financial reporting, statutory sustainability reporting, internal control, internal audit and risk management. The Committee's responsibilities are detailed in the Charter of the Audit Committee.

### Charter of the Nomination and Governance Committee

The Nomination and Governance Committee is responsible for identifying individuals qualified to serve as directors and preparing proposals for their election or re-election. The Committee also develops and recommends corporate governance principles. These responsibilities are outlined in the Charter of the Nomination and Governance Committee.

### Charter of the Remuneration Committee

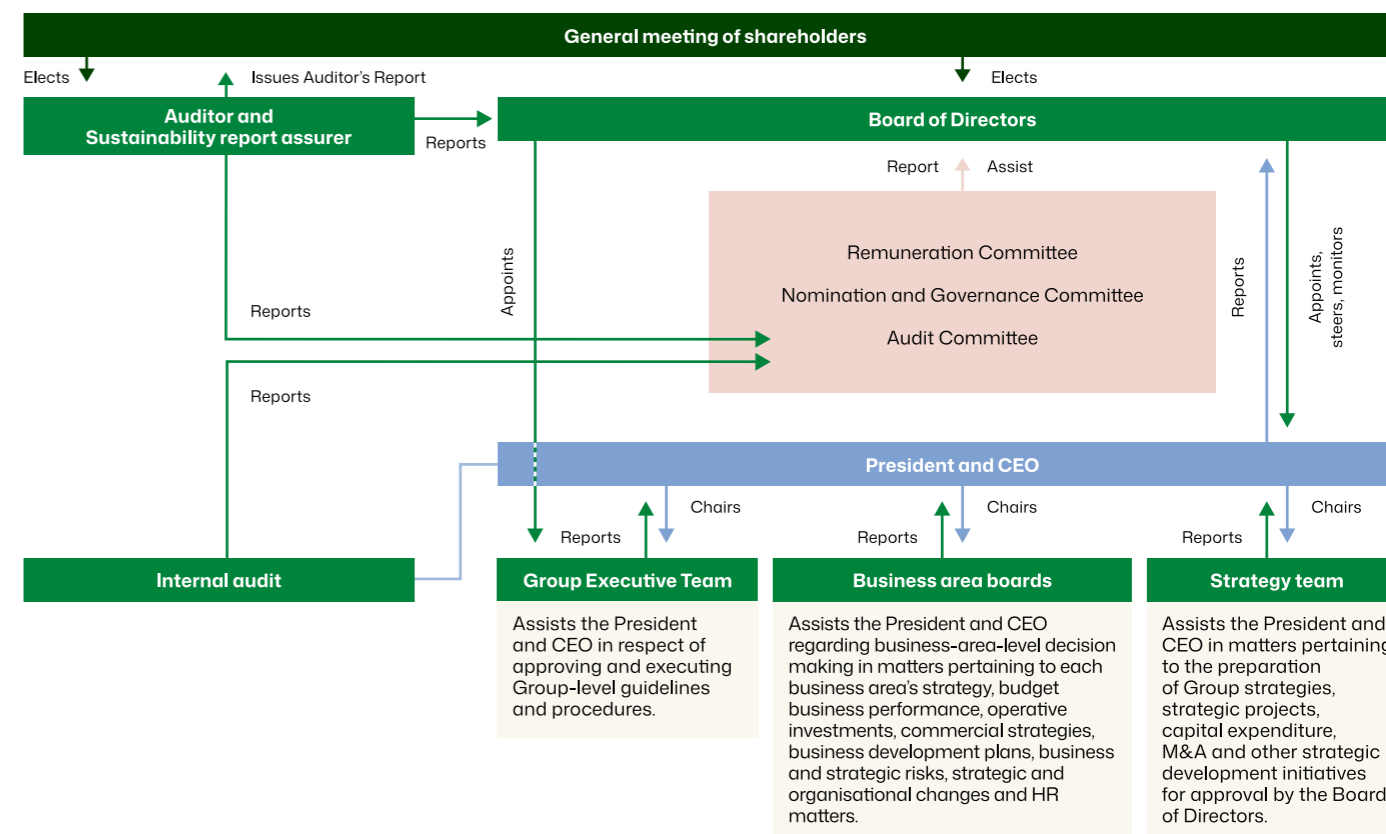
The Remuneration Committee assists the Board with responsibilities related to the preparation of the Company's remuneration principles and practices, including remuneration schemes and plans. The Committee's responsibilities are detailed in the Charter of the Remuneration Committee.

### Policies

The UPM Code of Conduct sets out the principles that help UPM employees make ethically sound decisions and maintain high standards of integrity in its daily operations. It applies to all UPM employees globally and serves as the basis for the Company's corporate responsibility and compliance programmes, policies, and procedures. Additionally, various Group policies outline specific responsibilities and procedures for managing risks and ensuring compliance with legal and regulatory requirements. These policies provide guidance on, for example, anti-corruption, risk management and stakeholder engagement. The UPM Sustainability Policy Statement ensures that risks and impacts on people and the environment are considered throughout UPM's operations. It requires UPM's businesses and functions to perform sustainability-related due diligence, conducting regular assessments of their impacts, and prioritising the most severe issues for further focus and action. It also defines the double materiality assessment (DMA) process to be carried out regularly to assess UPM's sustainability-related impacts, risks and opportunities. » Refer to G1-1 Policies

## Management's role in sustainability

### UPM's governance structure



### Group Executive Team

The Group Executive Team (GET), led by the President and CEO, is responsible for managing sustainability, determining courses of action and guiding development. The GET is responsible for managing impacts, risks and opportunities at Group level and approves the Group's double materiality assessment, the review of sustainability focus areas, targets and key performance indicators, sustainability actions and sustainability-related policies and rules. The President and CEO reports to the Board on relevant decisions and progress.

### Strategy Team

Among other matters, the Strategy Team assists the President and CEO in integrating sustainability into the Group's strategy for the Boards' approval. The Strategy Team prepares proposals for updating UPM's strategy and strategic plans and is responsible for identifying and managing UPM's key strategic risks.

### Businesses and functions

The role of the Business Area Boards is to make decisions at the business area level on, among other things, sustainability issues and to oversee the implementation of Group-level policies, rules, guidelines and

procedures in the business area. In practice, sustainability 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.

### Compliance controls and procedures

As part of the Audit Committee's compliance review, the Committee receives a quarterly report from the Company's Chief Compliance Officer and a report from the SVP of Internal Audit on the submissions made through the UPM Report Misconduct channel. With the support of UPM's Compliance Team, each business area, function and unit is responsible for identifying and managing compliance risks related to its own operations. The results of annual risk assessments are used to guide compliance activities and risk mitigation actions in businesses and functions. Together, the Compliance Team and the businesses update the compliance risk assessments and mitigation actions throughout the year to respond to changes in the risk environment. Progress on mitigation actions is reported to the Audit Committee and businesses on a quarterly basis as part of the compliance review.

## Leadership in business conduct

The UPM Code of Conduct underlines UPM's commitment to business integrity and responsible business operations and reflects the Company's guiding principles. The UPM Code of Conduct is approved by the Board of Directors as UPM's highest governance body. It is complemented by more detailed policy statements, policies and rules approved by the Board of Directors, the Group Executive Team, business areas or global functions.

The UPM Code of Conduct and UPM's values help UPM's employees to make the right choices and guide UPM's work in a changing business environment. This lays the foundations for long-term success. UPM strives to ensure compliance with its values and commitments by implementing a Company-wide compliance programme through the UPM compliance system. The compliance system is embedded in the Company's governance model and is designed to bolster Company performance and a culture of integrity at all levels. As part of the Audit Committee's compliance review, the Committee receives a quarterly report from the Company's Chief Compliance Officer.

## Information provided and sustainability matters addressed by the Board of Directors and the President and CEO

### GOV-2

The President and CEO, or other members of executive management, reports to the Board at least annually on decisions and progress made related to risks, impacts and opportunities, and their management, as well as on targets and actions. In addition, the Audit Committee receives a quarterly compliance review. » [Refer to paragraph "Compliance Control and Procedures" above.](#)

The President and CEO chairs the Group Executive Team, the Strategy Team and the Business Area Boards and receives regular and detailed information about the relevant sustainability matters at their meetings.

Sustainability is integrated into the Company strategy and UPM's goal to ensure that sustainability-related aspects are taken into account in strategic decision-making. UPM's Strategy Team prepares proposals for updating UPM's strategy and strategic plans and is responsible for identifying and managing UPM's key strategic risks.

In 2024, the Board of Directors and the Audit Committee focused on the implementation of the CSRD, the respective reporting and the ESG management model. When reviewing the Sustainability Statement draft they addressed all material impacts, risks and opportunities covered by the disclosure.

The Remuneration Committee concentrated in their December meeting review on fair rewarding as one of UPM's social focus areas and 2030 sustainability targets and on new ESRs remuneration-related disclosure elements for the company's own workforce. Also, other social focus areas including continuous learning & development, responsible leadership, diversity & inclusion were reviewed.

The GET approved in their December meeting, for example, the outcome of the double materiality assessment (DMA) and the changes for UPM's sourcing-related 2030 sustainability targets.

## Integration of sustainability-related performance in incentive schemes

### GOV-3

Since 2022, the Board of Directors has included measures related to environmental, social and governance (ESG) issues in the Company's Performance Share Plan (PSP), one of UPM's long-term incentive plans. The PSP is targeted at the President and CEO, the Group Executive Team and other selected members of senior management. The remuneration of the Board of Directors and its committees is resolved by the Annual General Meeting. The members of the Board of Directors do not belong to the Company's short- or long-term incentive plans, and their remuneration is not linked to sustainability.

The PSP consists of annually commencing individual plans approved by the Board with a minimum performance period of three years. The performance measures, related targets and weightings 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 among the others financial, share price and sustainability targets.

For the PSP 2022–2024, PSP 2023–2025 and PSP 2024–2026, the Board has set absolute total shareholder return (TSR) as a performance measure, and the weighting of this measure accounted for 80% of all measures. The Board has also set three separate ESG performance measures and the total weighting of these measures accounted for 20% of all measures. Two of the ESG performance measures are environmental: reducing fossil CO<sub>2</sub> emissions from UPM's own combustion and purchased electricity\* by 65% by 2030 from the 2015 level (10% weighting); and achieving a net positive impact on biodiversity in UPM's own forests in Finland (5% weighting). The third ESG performance measure is a social measure: achieving gender pay equity (5% weighting). The ESG performance measures are based on UPM's sustainability targets for 2030.

\*The earning criteria for the earning period 2022–2024 were fossil CO<sub>2</sub> emissions from UPM's own combustion and purchased electricity. The earning criteria for the earning periods 2023–2025 and 2024–2026 were reduction of fossil CO<sub>2</sub> emissions from UPM's on-site combustion and purchased energy

These sustainability performance measures are covered by UPM's Remuneration Policy in the case of the President and CEO.

The Board of Directors annually approves the commencement of new long-term incentive plans within the Company's long-term share incentive arrangements, including the terms and conditions, performance measures, related targets, and weightings.

## Sustainability due diligence

### GOV-4

The mapping in this table covers the core elements of a due diligence process in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, as well as the main processes and measures of UPM's sustainability due diligence. Details are described in the relevant disclosures of this Sustainability Statement.

CORE ELEMENTS OF DUE DILIGENCE	UPM'S MAIN DUE DILIGENCE PROCESSES AND MEASURES	PARAGRAPHS IN THIS SUSTAINABILITY STATEMENT
<b>Embedding due diligence in governance, strategy and business model</b>	<ul style="list-style-type: none"> <li>Implementation of policy documents to ensure integration throughout UPM and its value chain</li> </ul>	G1-1 (page 237-238) S1-1 (page 211-212) E2-1 (page 177)
<b>Engaging with affected stakeholders in all key steps of due diligence</b>	<ul style="list-style-type: none"> <li>Stakeholder dialogue</li> </ul>	ESRS2-SBM2 (page 140-141) S1-2 (page 212) S2-2 (page 226) S3-2 (page 232)
<b>Identifying and assessing adverse impacts</b>	<ul style="list-style-type: none"> <li>Business-area-specific human rights risk assessments and integration into management systems</li> <li>High sustainability risk supplier process and enhanced due diligence assessment</li> <li>24/7 counterparty screening</li> <li>Environmental and social/human rights impact assessments</li> <li>Corporate human rights saliency assessment</li> </ul>	ESRS2-SBM3 (page 141-143) S2-SBM3 (page 224-225) S3-SBM3 (page 230-231) G1-3 (page 242-244)
<b>Taking actions to address these adverse impacts</b>	<ul style="list-style-type: none"> <li>Supplier and Third-Party Code and contractual requirements</li> <li>Commodity-specific supplier requirements</li> <li>Forest certification</li> <li>EcoVadis assessments, contractor reviews and supplier audits</li> <li>ISO-certified management systems</li> <li>UPM Clean Run process</li> <li>Remediation where appropriate</li> </ul>	G1-2 (page 240-241) E2-2 (page 178-179) S2-4 (page 227)
<b>Tracking the effectiveness and progress of these efforts</b>	<ul style="list-style-type: none"> <li>UPM's compliance system</li> <li>Human rights workshops in business areas</li> <li>UPM Report Misconduct channel and other local grievance channels</li> </ul>	G1-1 (page 237-238) G1-3 (page 242-244) S1-1 (page 211-212)
<b>Communicating these efforts</b>	<ul style="list-style-type: none"> <li>UPM Annual Report</li> <li>EMAS reports from UPM's pulp and paper mills</li> <li>UPM Human rights review report</li> <li>UPM Forestal Oriental Annual Report</li> </ul>	See pdf at hand for UPM Annual Report; See upm.com for other reports

## Risk management for sustainability reporting

### GOV-5

UPM's sustainability reporting at Group level is based on its sustainability reporting guidelines and the requirements of the ESRS.

To enhance the reliability of sustainability data, UPM has implemented internal controls tailored to its specific sustainability risks with a focus on materiality. UPM continues to enhance its internal control framework to further minimise potential risks.

UPM's centralised approach to sustainability reporting at Group level allows a review of the input of quantitative and qualitative information and to identify inconsistencies or errors in the data submitted by functions, production sites and forestry operations.

UPM integrates its Sustainability Statement into the disclosure management tool used by UPM Finance, ensuring a streamlined approach to data management. The required data is collected from various sources such as the environmental database, the OHS reporting tool and the human resources data tool. UPM is committed to continuously improving its sustainability reporting processes. Feedback from stakeholders, internal audits and the external assurance provider are used to identify areas of enhancement, which are then integrated into the Company's risk management and reporting practices. Prioritisation is based on the severity and likelihood of the identified risk, as well as the resources needed to implement the necessary actions.

The main risks identified for sustainability reporting are related to the accuracy of information, immature measurement methodologies and, in the case of missing information, the credibility of estimates.

The contributors to the sustainability reporting process from businesses and functions are informed of the findings and observations from the annual assurance process and internal controls. They contribute to the assessment of risk, possible actions and their prioritisation as appropriate.

The Audit Committee of the Board of Directors receives quarterly compliance reports that include information about Group-level sustainability reporting matters. UPM's governance structure ensures appropriate oversight of sustainability reporting at all levels of the organisation. The Audit Committee is responsible for monitoring the integrity of sustainability disclosures, the controls and processes needed to consistently generate them, and related assurance.

## Strategy, business model and value chain

### SBM-1

#### This is UPM

UPM offers renewable alternatives to fossil-based materials used in everyday life. UPM's broad product range includes pulp, graphic papers and specialty papers, self-adhesive labels, renewable wood-based diesel and naphtha, CO<sub>2</sub>-free electricity, and plywood and timber products. Many of UPM's products offer sustainable alternatives to fossil raw materials and energy, for example, by replacing fossil plastics in consumer products, steel and cement in construction, or fossil fuels in transport, aviation and electricity markets.

UPM's products meet the everyday needs of consumers while addressing many global challenges such as climate change and resource scarcity. Products are used in packaging, communication, labelling, transport, construction, manufacturing of bioplastics as well as tissue and hygiene end uses.

UPM has invested in a biorefinery in Leuna in Germany, which will produce wood-based biochemicals. The commissioning and start-up of the biorefinery was initiated in late 2024, and the ramp-up of production is expected to proceed throughout 2025. The industrial-scale biorefinery will convert solid wood into next-generation biochemicals: bio-monoethylene glycol (BioMEG) and renewable functional fillers (RFF). In addition, the biorefinery will produce bio-monopropylene glycol (BioMPG) and industrial sugars.

In 2024, UPM closed its biocomposites business and reduced its graphic paper capacity by closing two paper machines in Germany. During 2025, the production of graphics solutions will be transferred from UPM Raflatac's factory in Kaltenkirchen, Germany, to UPM Raflatac's factory in Belgium.

At the end of 2024, the number of employees at UPM was 15,827, most of them in Europe. » Refer to S1-6 for information on headcount by country and by region.

There were no banned UPM products or services in 2024.

UPM does not have significant revenues from fossil fuel-based energy generation. However, a small amount of fossil fuels is associated with joint energy generation. 99% of UPM Energy's generation is CO<sub>2</sub>-free.

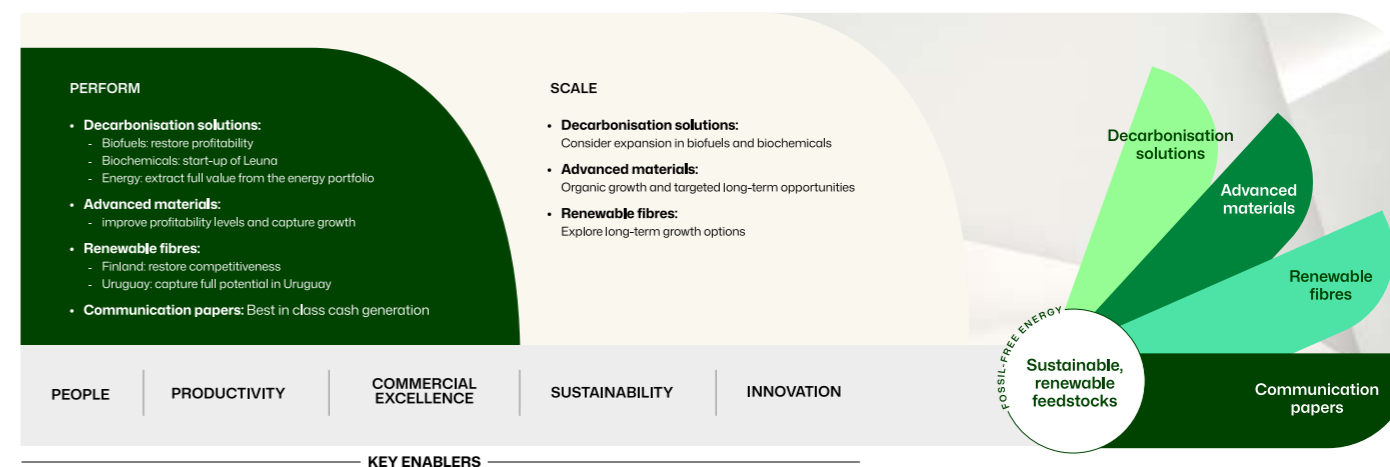
» Refer to Report of the Board of Directors, pages 116–119 in the Annual Report, for more information about UPM's business areas and other operations.

#### UPM's strategy

UPM seeks profitable, sustainable growth through performance and capitalising on the Company's major investments. UPM's strong and balanced business portfolio in renewable fibres, advanced materials and decarbonisation solutions will provide several attractive growth opportunities in the coming years.

» Refer to Report of the Board of Directors, section Research and Development, for examples of how sustainability is integrated into UPM's research and development.

#### UPM strategy: perform to grow



#### Key enablers

##### People

UPM is committed to enabling performance, engaging people and creating a safe working environment while always acting with integrity. Diversity and inclusion, working conditions, learning and development, responsible leadership and respect for people are at the core of the Company's work. UPM's long-term goal is to ensure high performance and continuous professional development.

##### Productivity

UPM's focus is on leveraging advanced technologies, sustainable practices and strategic initiatives to improve efficiency and performance across the operations. UPM is taking active measures to improve productivity to ensure the competitiveness of its businesses and to support its growth ambitions.

##### Commercial excellence

UPM's focus is on optimising commercial interfaces and supporting processes to ensure security of supply and an enhanced customer experience for its customers. This is part of the Company's continuous drive to maintain and grow earnings. UPM concentrates on recognising growth opportunities and identifying the best means for commercial success.

##### Sustainability

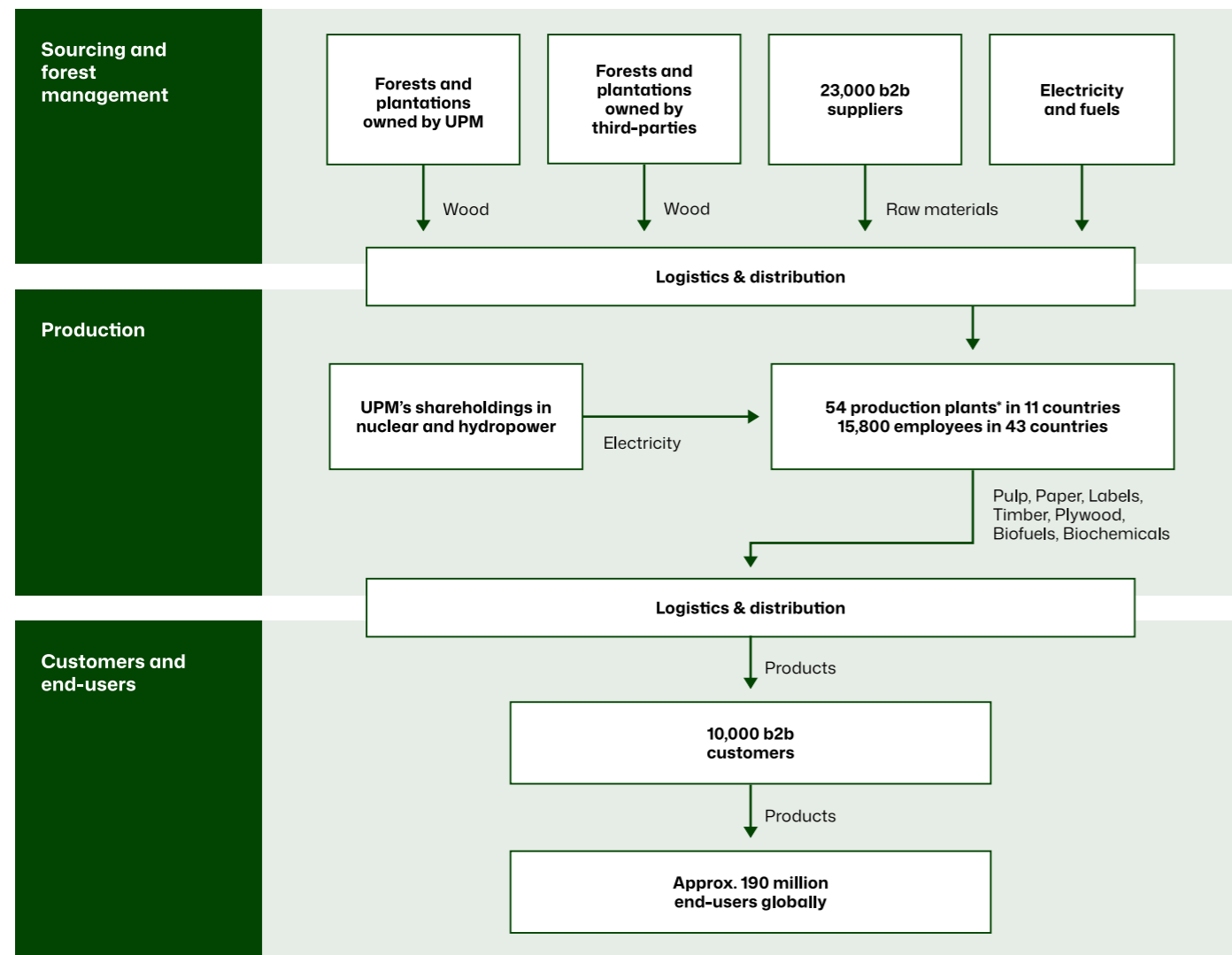
The UPM Code of Conduct underlines our commitment to integrity and responsible operations. UPM's strategy guides the Company to achieve its 2030 sustainability targets and contribute to the UN Sustainable Development Goals (SDGs). UPM is committed to creating value from renewable and recyclable materials, reducing the Company's environmental footprint, and enhancing its positive societal impact.

##### Innovation

Sustainability, circular economy and customers are at the heart of innovation at UPM. UPM harnesses new ideas and develops new business and products from renewable raw materials that contribute to the ever-growing need for more sustainable materials. UPM innovates climate-positive products and turn them into growing businesses.

# Business model and value chain

## Business model and value chain



\*Including the company UPM Raflatac acquired in February 2025

### Suppliers

UPM sources its main raw materials – wood and wood-based materials – from sustainably managed forests and transforms them into renewable products that help customers achieve their sustainability goals. Responsible and ethical practices create long-term value for the Company and its stakeholders. UPM does not compromise its standards of integrity in any circumstances and expects the same of its suppliers and third-party intermediaries.

Suppliers are an essential part of UPM's value chain. The main sourcing categories are fibre, chemicals, other raw materials, logistics, energy and indirect purchases such as services. In terms of expenditures, pulp and energy suppliers are among the largest.

When selecting suppliers, the most important priorities include reliable long-term deliveries, cost-competitiveness, product and service quality, suppliers' financial stability, social and environmental responsibility, product safety, and the product's carbon footprint.

Suppliers also play an important role in UPM's business-specific growth projects. Supplier management, with the required competencies and digitalisation, boosts product development and the commercialisation of new products.

UPM buys products, materials and services from some 23,000 B2B suppliers worldwide. The sourcing network includes suppliers from start-

up companies to international corporations. UPM also buys wood from around 14,500 private forest owners.

### Product stewardship

UPM is actively developing solutions that consider the sustainability of the whole product life cycle, from raw material sourcing to circularity. Based on UPM's identified material topics, product stewardship has been established as a focus area with Company-wide sustainability 2030 targets and key performance indicators.

» Refer to E5-3 Resource use and circular economy, Targets

UPM ensures that its products are safe for their designed use. Most of UPM's products are certified with widely recognised international and regional ecolabels such as the EU Ecolabel. All UPM businesses which are using wood have FSC™ and/or PEFC Chain of Custody certification. This verifies the origin of wood and guarantees that all wood used in UPM's products is legally harvested from sustainably managed forests and does not originate from controversial sources. UPM Biofuels has both ISCC EU and ISCC PLUS certification, and UPM Biochemicals and four UPM Raflatac factories have ISCC PLUS certification. UPM Biofuels has also had the Roundtable of Sustainable Biofuels (RSB) certification.

These sustainability-related targets and commitments cover all UPM products and all markets and customer groups and are implemented based on legal requirements and expectations from customers and other stakeholders.

### Products and customers

UPM's products are sold directly and through distributors to approximately 10,000 B2B customers worldwide. The majority of the products are intermediary products that are further processed into final products by UPM's customers or their customers. UPM captures the opportunities presented by growing consumer demand for sustainable choices and stricter regulations to mitigate climate change and related to plastic use, for example.

With higher living standards and an ageing population, a growing number of urban, middle-class people are consuming more over a longer period. At the same time, the world still depends heavily on fossil raw materials and energy sources that cause climate change.

Consumers, businesses and regulators alike are seeking solutions that enable a more sustainable way of life. UPM's offering meets these challenges and opportunities today and in the future.

In 2024, the main destination countries for UPM's sales were Finland, Germany, the United States and China. The majority of UPM's revenue came from sales of graphic and specialty papers to publishers, retailers, printing houses, merchants and distributors, converters and label stock manufacturers; sales of self-adhesive label materials to label printers and brand owners and sales of pulp products to tissue, board, specialty and graphic paper producers. » Refer to Note 2.1 Business areas in the consolidated financial statements for information on sales by destination country and Note 2.2 Sales for information on external sales by major products.

### Engagement with customers

UPM's businesses offer a wide range of products and services. Each business has its own customer relationship management process and way of interacting with customers. A comprehensive understanding of each market, as well as the knowledge of the end-uses of the products and the needs of the customers, underpins this approach.

Continuous dialogue is maintained with customers, and UPM engages in various product-related development projects with them. UPM's businesses conduct regular customer satisfaction surveys. The surveys help identify potential areas of improvement. Actions to mitigate climate change and enhance biodiversity remained the high priorities for UPM's customers in 2024. Product safety, sustainable forest management, recyclability, circularity and ecolabels are also highly valued.

» Refer to SBM-2 Interest and views of stakeholders

### UPM's offering

SUSTAINABLE PRODUCTS FOR EVERYDAY USE	REPLACING FOSSIL-BASED MATERIALS	LOW-EMISSION ENERGY AND FUELS
<ul style="list-style-type: none"> <li>Fibres for hygiene and tissue products</li> <li>Safe food packaging materials</li> <li>Information labelling and sustainable packaging for e-commerce</li> <li>Papers for communication</li> <li>Personalised medicine</li> </ul>	<ul style="list-style-type: none"> <li>Materials for various consumer products such as textiles, PET bottles, packaging, cosmetics and pharmaceuticals</li> <li>Replacing fossil-based plastics</li> <li>Renewable construction materials</li> <li>Carbon-storing buildings</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub>-free electricity</li> <li>Renewable energy</li> <li>Reliable and adjustable energy</li> <li>Decarbonising traffic and aviation</li> </ul>

## INTEREST AND VIEWS OF STAKEHOLDERS

### SBM-2

Understanding the views and expectations of stakeholders plays a crucial role in UPM's success and the acceptance of its operations. UPM aims to give stakeholders a clear picture of the future direction, how UPM's strategy is implemented, and how long-term value is created for stakeholders. UPM discloses relevant and accurate information in accordance with market regulations. Because many stakeholders see UPM primarily as an economic operator, financial success, stability, good governance, future outlook and growth were the main topics of discussion. Many discussions also focused on forests and forest use.

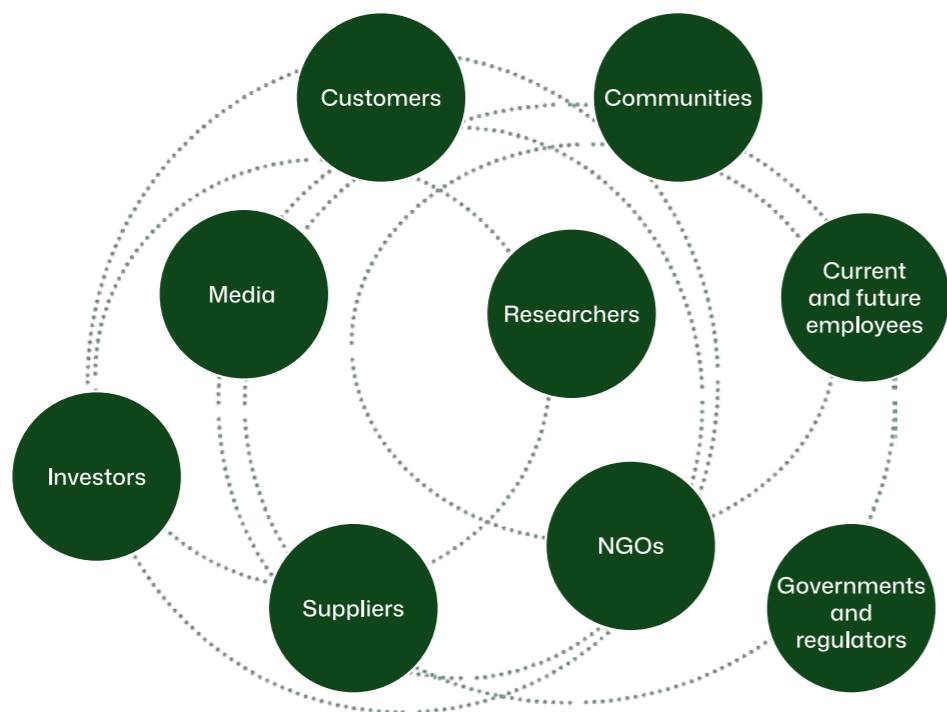
Stakeholder mapping, active dialogue and the systematic collection of feedback play an important role in UPM's stakeholder relations work. Feedback is carefully analysed to understand stakeholder expectations. These expectations are taken into account in development work and decision-making.

UPM's strategy forms the foundation of UPM's stakeholder dialogue. Focus areas and activities vary locally and according to stakeholder

needs. Key stakeholders are defined based on materiality: UPM's operations have a significant impact on stakeholders and vice versa.

The stakeholder relations are led and coordinated globally by the UPM Marketing, Sustainability and Communications function. The EVP of the aforementioned function has the overall responsibility for the stakeholder engagement processes and development, supported by the Responsibility Team at the Group level. The function includes the same responsibility at the business level, where the VP of the function is responsible for the stakeholder engagement and continuous dialogue with customers and business partners, as well as local communities within and in the context of their business area. This ensures proactive and relevant engagement across the business and geographical spectrum.

### UPM's most important stakeholders



The Company uses multiple ways to embed the views and insights gained through the stakeholder engagements into its business decisions and strategy. These methods include but are not limited to regular interviews

and surveys, open dialogue and engagement events. It is the responsibility of the function representatives to turn the views into insights that help develop the business, its performance and future strategy.

The views and feedback from the stakeholder dialogue are taken into consideration in the double materiality assessment to further evaluate material sustainability topics. Every year, this materiality analysis is carried out to identify the topics on which UPM has a significant impact, or which have a significant impact on the Company. The analysis is based on internal assessments, as well as stakeholder interests and concerns. The annual double materiality assessment also takes the interests, views and rights of UPM's workforce, value chain workers and affected communities into account. The identified material topics are reviewed by the Group Executive Team, and further action is taken if considered relevant.

Measures for UPM's own workforce include the annual UPM Employee Engagement Survey (EES), which invites all employees across the Company to evaluate various aspects of their working environment. » See S1-2 Processes for more information about EES.

For example, UPM and NGOs may have different views on how to address climate change and biodiversity loss, but the goal is the same. UPM believes that active and timely forest management maintains carbon sinks and ensures the enhancement of biodiversity, while society needs to reduce its dependence on fossil fuels and raw materials. UPM responds to stakeholders' concerns at local, national and international levels, participates in public debate, and meets with NGO representatives.

In general, human rights considerations and due diligence requirements are integrated into UPM's global processes, which form the basis for UPM's business model.

The Board is informed through the Audit Committee Chair's regular reporting to the Board when the Audit Committee receives information about stakeholders' views and interests that have an actual or potential material impact on sustainability.

The Audit Committee oversees risk management and compliance and receives regular updates on these matters.

## IMPACTS, RISKS AND OPPORTUNITIES

### Material impacts, risks and opportunities

### SBM-3

UPM's sustainable impact, risk and opportunity identification is based on continuous business processes and stakeholder engagement. UPM continuously assesses new opportunities, risks and impacts to achieve its strategic business objectives. As part of the double materiality assessment, UPM has formalised the identification of impacts, risks and opportunities in accordance with the ESRS requirements.

All identified material impacts, risks and opportunities are covered by the ESRS Disclosure Requirements.

Disclosure of ESRS S4 Consumers and end-users is not considered material for UPM, as UPM does not sell directly to consumers. UPM's products are mainly used as raw materials and intermediate products, and UPM has no visibility to end-users of the final products. While UPM does have businesses that produce final products, such as UPM Biomedicals, they are not considered material in the context of the overall UPM Group. » Refer to ESRS 2 BP-1 Coverage of the value chain

The table on the next page provides an overview of the material topics identified.

Overview of material impacts, risks and opportunities

➤ Positive impact or opportunity ➤ Negative impact or risk ▲ Upstream ● Own operations ▼ Downstream ● Short (1 year) ● Medium (2–5 years) ● Long (over 5 years)

MATERIAL TOPICS	ESRS	UPM FOCUS AREAS	IMPACTS, RISKS AND OPPORTUNITIES - IN SHORT	VALUE CHAIN LOCATION	TIME HORIZON
<b>Economic and governance</b>					
Bio-based and renewable products	ESRS 2, E1, E5	Product stewardship	<ul style="list-style-type: none"> <li>➤ Positive impact: Bio-based products as alternative for fossil-based products and as temporary carbon storage</li> <li>➤ Opportunity: Increasing market demand for bio-based products</li> </ul>	▼	●●
Business resiliency	ESRS 2	Profit	<ul style="list-style-type: none"> <li>➤ Potential negative impact: Threat of temporary shut-downs or closures of sites due to lack of raw materials with negative impact on employment</li> <li>➤ Risk: Dependency on a few main resources such as wood, energy or water</li> <li>➤ Opportunity: Competitive advantage to address dependency for main resources</li> </ul>	●	●●●
CO <sub>2</sub> -free energy	E1, E5	Product stewardship	<ul style="list-style-type: none"> <li>➤ Positive impact: Production of CO<sub>2</sub>-free energy</li> <li>➤ Opportunity: Increasing market demand for CO<sub>2</sub>-free energy</li> </ul>	●	●●●
Business ethics and values	G1, S2	Governance	<ul style="list-style-type: none"> <li>➤ Positive impact: Ensuring and enhancing ethical behaviour in operations and value chain</li> <li>➤ Risk: Non-compliance with legislation or agreed practices</li> </ul>	▲●▼	●●●
Responsible sourcing	G1	Responsible sourcing	<ul style="list-style-type: none"> <li>➤ Potential negative impact: Human rights violations with effects on people in the supply chain</li> <li>➤ Risk: Disruptions in UPM's supply chain</li> </ul>	▲	●●●
<b>Environmental</b>					
Biodiversity	E4	Biodiversity	<ul style="list-style-type: none"> <li>➤ Positive impact: Ensuring and enhancing net-positive impact on biodiversity by UPM's forest management</li> <li>➤ Negative impact: Biodiversity loss in UPM's multi-tier supply chain</li> <li>➤ Risk: Dependency on wood as main resource for production</li> <li>➤ Opportunity: Biodiversity ensures healthy forest growth</li> </ul>	▲●	●●
Circular bioeconomy	E5	Waste Product stewardship	<ul style="list-style-type: none"> <li>➤ Positive impact: Circularity in UPM's production processes and recyclability of products reducing the need for virgin materials</li> <li>➤ Opportunity: Avoided costs for waste disposal and purchase of virgin materials</li> </ul>	▲●▼	●●●
Climate change	E1	Climate	<ul style="list-style-type: none"> <li>➤ Positive impact: Climate change mitigation through climate-related effects of forests and bio-based products</li> <li>➤ Negative impact: Fossil CO<sub>2</sub> emissions from own energy generation Scope 1), purchased energy (Scope 2) and related to value chain (Scope 3)</li> <li>➤ Risk: Transitional as well as physical climate-related risks, due to changes in legislation and extreme weather events</li> <li>➤ Opportunity: Transition opportunities covered by UPM's business model focussing on bio-based products and CO<sub>2</sub>-free energy</li> </ul>	▲●▼	●●●
Sustainable forestry	E4	Forestry	<ul style="list-style-type: none"> <li>➤ Potential negative impact: Deforestation in UPM's multi-tier supply chain</li> <li>➤ Risk: Physical risks for forests due to climate change</li> <li>➤ Opportunity: Accelerated forest growth due to climate change</li> </ul>	▲	●●●
Sustainable water usage	E3	Water	<ul style="list-style-type: none"> <li>➤ Potential negative impact: UPM's water usage and environmental incidents may effect people an the environment</li> <li>➤ Risk: Potential operational hazards causing shut-down or curtailed production</li> </ul>	▲●	●●●
<b>Social</b>					
Decent work and fair rewarding	S1	Responsible leadership, Continuous learning and development, Fair rewarding	<ul style="list-style-type: none"> <li>➤ Positive impact: Providing equal and adequate wages, training and development support</li> <li>➤ Potential negative impact: Job losses due to closing of operations or restructuring</li> <li>➤ Risk: Lack of skilled workforce</li> <li>➤ Opportunity: Being the employer of choice</li> </ul>	●	●●
Diversity and inclusion	S1	Diversity and inclusion	<ul style="list-style-type: none"> <li>➤ Positive impact: Enhancement of diversity and inclusion with positive effect on workforce</li> </ul>	●	●●●
Health and safety	S1, S2	Safe and healthy working environment	<ul style="list-style-type: none"> <li>➤ Positive impact: Enhanced focus on health and safety measures for workforce in all UPM sites</li> <li>➤ Negative impact: Health and safety incidents, including serious accidents and fatalities for people working at UPM sites and in the supply chain</li> <li>➤ Risk: Potential injury of UPM's employees, contractors or third parties</li> </ul>	▲●	●●●
Local engagement	S3	Community involvement	<ul style="list-style-type: none"> <li>➤ Positive impact: Effect on local development through UPM's production sites and investments</li> <li>➤ Potential negative impact: Environmental or safety accidents can effect people or environment in the communities around UPM sites</li> </ul>	▲●	●●●

Current and anticipated effects on UPM

From an opportunity perspective, the global transformation to green and sustainable societies supports UPM's strategy and business objectives by increasing market demand for fossil-free, renewable, and circular products and raw materials. The identified opportunities are strategic for UPM's business and financial performance in the short, medium and long term.

From a risk perspective, UPM's main sustainability risks are climate change, biodiversity loss, increasing sustainability-related regulation and acceptance of forest biomass, human rights violations in the value chain, and risks to the environment and people from potential operational hazards.

Climate change and biodiversity loss are becoming important sources of direct financial and operational risks for UPM's operations and raw material sourcing. These risks are increasing droughts, heatwaves, water scarcity and pest damage. Potential floods and forest fires can also affect UPM's operations, and their potential impact is expected to increase in the long term. In addition, climate change has, and is expected to have, a direct impact on global logistics and supply chains, directly affecting UPM's own operations and those of its suppliers.

UPM is increasingly investing in developing resilience in forest management, supply chain management and operations to mitigate potential negative effects. UPM considers responsible sourcing a key measure to mitigate identified and potential sustainability risks. UPM's forests and plantations are in areas with low water stress risks. Forest management certification schemes ensure responsible wood sourcing. Risk management at Group and business area level considers sustainability risks as part of the ongoing risk management processes.

UPM actively participates in the development of sustainability-related regulation at the local and EU level to support the sustainable transformation of the industry. UPM fully supports the EU's sustainability-related initiatives but also identifies certain regulatory changes that may have a direct impact on operations through the availability of raw materials. These regulatory changes may have an impact on raw material costs while strengthening UPM's position in the production of bio-based products and materials.

UPM has identified human rights and responsible sourcing risks and impacts in its global supply chains. UPM follows global human rights and sustainability frameworks to ensure and support the overall development of responsible sourcing in all supply chains, but there are also potential negative impacts in supply chains where UPM's sustainability standards may not be met. UPM is continuously developing methods and tools to identify, assess and mitigate sustainability risks and impacts related to supply chains.

From an impact perspective, UPM's GHG emissions from its operations and value chain (Scopes 1–3 emissions) contribute to climate change. Wood sourcing can have a short-term impact on carbon storages in forests, but sustainable forest management ensures carbon sinks in the medium and long term.

These impacts have direct links to climate change and risks for UPM's business. At the same time, forest management practices have a direct impact on the state of biodiversity in forests. UPM recognises the direct link between forest operations and biodiversity and is constantly increasing its efforts to enhance biodiversity.

Resilience of UPM's business model

UPM's strategy and business management are based on continuous assessment of potential changes in the operating environment and

market dynamics. The analysis of business resilience is based on different scenario analyses, which also takes the main sustainability-related risks, impacts and opportunities into account. Key sustainability-related risks and impacts are considered to have an impact on raw material and operational expenses, which are monitored and forecasted as part of the regular business steering processes.

Separate climate resilience analyses and water scarcity risk assessments have been conducted in relation to environmental risks. » Refer to ESRS 2 IRO-1 Climate-related risks, E1 SBM-3 Climate risks and business resilience; E3-2 Actions, Water risk assessments

Comparison with 2023 reporting

The list of material impacts, risks and opportunities remained unchanged compared to the previous year's report. However, changes have been made to the disclosure of information in accordance with the requirements of the ESRS standards.

IRO-1

Materiality assessment process

Process in general

Since 2011, UPM has carried out its materiality assessment annually. Since 2023, UPM's annual materiality assessment has followed EFRAG's guidelines for double materiality assessments.

Double materiality refers to the consideration of both impact materiality such as UPM's impact on people and the environment and financial materiality, i.e. sustainability-related risks and opportunities that are likely to have a financial impact on UPM. The analysis covers negative and positive, actual and potential impacts on the economy, the environment and people, including impacts on their human rights.

The identification of impacts, risks and opportunities is based on internal expertise and several internal sources, including:

- salient human rights assessments,
- supplier audits,
- occupational health and safety and environmental performance results,
- grievance mechanisms,
- company risk assessments and compliance,
- regulatory monitoring,
- sustainability-related data (e.g. emissions, resource use, OHS data) and
- sustainability due diligence processes.

The interests and concerns of various stakeholders have also informed the process of identifying material impacts, risks and opportunities. For example, customer and local community enquiries, counterparty and media screening, NGO concerns, investor, government and regulatory agendas, and UPM's employee engagement survey are used to assess the materiality of various issues.

In addition, external human rights expertise is used to identify salient human rights issues at corporate level. In 2023, interviews, questionnaires and workshops with internal and external stakeholders were also used for the first double materiality assessment. In 2024, the focus of the review was on impacts on people in UPM's own operations and in the supply chain.



The material topics identified are taken into account in the review of UPM's sustainability focus areas and define the scope of this Sustainability Statement.

» See table on page 142 in the Annual Report for an overview of the material topics, and how they relate to UPM's sustainability focus areas and the ESRS standards relevant to this Sustainability Statement.

Short-, medium- and long-term impacts are considered throughout the value chain.

The significance of impacts is assessed according to their severity, which is determined by their scale, scope and, in the case of negative impacts, irremediability. The likelihood of potential impacts is also assessed.

UPM's thresholds for assessing scale, scope and irremediability follow the principles of global frameworks to which UPM is committed in its operations (e.g. different thresholds for environmental impacts versus social impacts). Thresholds can be both quantitative and qualitative.

For example, the thresholds for materiality evaluate the impacts against UPM's financial performance, impacts on the number of stakeholders, and their geographical coverage.

UPM's risk assessment process at Group level includes an assessment of the financial impact of sustainability-related risks and opportunities for the Company. Some of the impacts of the Company's activities and business relationships on the economy, the environment and people may eventually become financially material issues. Financial materiality is assessed by analysing the probability or frequency of events and a range of financial consequences to determine their potential effect on the Company's objectives. Risks are evaluated based on their immediate and direct impacts (e.g. physical climate-related risks to UPM's production sites), secondary impacts (e.g. the ability to continue operations and generate business results), and long-term transformative impacts through demand and regulatory changes (e.g. societal transition to renewable and fossil-free materials).

Based on the thematic assessments (e.g. climate change, biodiversity, human rights), UPM's expert teams evaluate potential risks arising from identified dependencies.

After analysing the impacts, risks and opportunities, the most significant are identified as material for UPM and then grouped into topics. Internal professional judgement is also used to prioritise and group them.

This list of material impacts, risks and opportunities is reviewed annually and approved by the GET before being reviewed by the Audit Committee.

The management of risks related to environment, social or governance (ESG) matters is integrated at UPM into risk management practices throughout the organisation. The responsibility of monitoring UPM's risks, impacts and opportunities is shared between the business areas and assurance functions according to UPM's three lines of defence model. The top management reviews ESG topics and UPM's business performance management. Every business area and function is responsible for taking ESG risks into consideration as part of their risk management practices. The risk assessment processes are interlinked, with continuous engagement with external stakeholders such as suppliers, customers or local stakeholders.

## Topical assessments

### Impact on climate change

Based on its double materiality assessment, UPM considers the impact of its fossil CO<sub>2</sub> emissions on climate change to have a high negative potential. The physical impacts of climate change include more frequent

and severe weather conditions, which may lead to societal shifts, with increasing social inequality and working poverty. UPM can mitigate the negative impacts through its climate-related sustainability targets and developments.

» Refer to E1-4 for climate-related sustainability targets and follow-up; Refer to E1-6 for UPM's greenhouse gas emissions.

### Climate-related risks

Both top-down (macro trends, expert interviews) and bottom-up (business area, business unit input) approaches are used to manage risks, including those related to climate change. The process includes the assessment of strategic risks (regulation, market), operational risks (availability and price of key inputs) and hazard risks (natural events). Many transitional risks and some physical risks, and especially their combinations, are considered to have a potential strategic and significant financial impact on UPM's operations.

UPM's position and resilience in different climate scenarios have been evaluated for the businesses and functions from both a physical and a transition perspective using expertise from the scientific community. The Finnish Meteorological Institute (FMI) has issued a report to predict the future physical impacts of climate change on UPM's main operation areas in Finland, Germany, Uruguay and China. Three greenhouse gas scenarios are considered: the SSP1-2.6 scenario represents low, SSP2-4.5 medium and SSP5-8.5 very high future emissions. Published in December 2024, the report examines changes in weather conditions between the years 1961-2023, and the future climate projections in the aforementioned areas. This report is an update to a wider FMI report ordered in 2019.

Observational data shows a statistically significant increase in seasonal temperatures. Mean temperatures are expected to rise in all four regions, although the magnitude of change varies considerably. With general warming, hot extremes will become more frequent. Precipitation is likely to increase in Finland during winter and to decrease in Germany during summer. Extreme precipitation events are expected to intensify in all four regions. In the second half of the 21<sup>st</sup> century, the extent of climate change will strongly depend on the evolution of greenhouse gas emissions. If emissions are effectively reduced, the changes will likely be less severe.

The FMI report is publicly available on the University of Helsinki open repository (helda.helsinki.fi) as report 2024-3; Climate change in Finland, Germany, Uruguay and China: observed changes and future projections derived from CMIP6 global climate models.

In general, transition impacts play a greater role in low- and medium-emission scenarios, and UPM is well positioned, as its business portfolio allows flexibility with respect to the identified risks and opportunities. The main risks and opportunities related to climate change have been identified as transitional risks: competition; markets; customers; products; and regulation. In the high-emission scenario, physical impacts dominate, with severe consequences not only for UPM but also for ecosystems and societies around the world.

For example, distortions in the raw material (wood) market due to the physical impacts of climate change or unpredictable regulation, subsidies or EU policies and resulting national legislation in EU countries could have a significant impact on UPM's financial performance. Opportunities arise from the use of wood as a renewable raw material for UPM's products, which are often an alternative for fossil-based materials.

### Impacts and risks related to pollution, water, circularity and resource use

For all production sites and forestry units, deviations from permit limits and the results of the internal Clean Run standard reviews are used to

screen for potential impacts and risks. The Clean Run reviews also help identify best practices and opportunities. » Refer to E2-2 Actions, UPM's Clean Run concept

UPM has screened its pulp and paper mills based on annual benchmarks between sites and against best available techniques. The pulp and paper mills are considered most relevant in terms of potential water, air and soil pollution, and water use. Resource use and the circular economy is a material topic for UPM as a whole.

For new products and product development, screening of possible impacts and identification of risks and opportunities throughout the product lifecycle is covered by UPM's Sustainable Product Design concept. » Refer to E5-2 Actions, UPM's Sustainable Product Design concept

Environmental impacts and risks related to UPM's upstream value chain are identified as part of the regular sustainability risk salience assessment. In addition, UPM's sourcing categories use the Company's Sustainable Supply Chain Programme and a dedicated guidance document to identify the highest priority sustainability topics in their category. » Refer to G1-2 Responsible sourcing, UPM's Sustainable Supply Chain Programme

In relation to water risks, UPM's production sites are also mapped and analysed using the WWF Water Risk Filter tool for water-related risk analysis and water scarcity identification. Pulp and paper production is known to be UPM's most water-intensive operation. Material water-related impacts on biodiversity were screened and prioritised during UPM's participation in the Science-Based Targets for Nature (SBTN) methodology pilot in 2023–2024.

UPM does not use marine resources. Connections are related to the direct discharge of treated wastewater in the case of two sites located on the coast, the transport of resources and products by sea, and indirectly through discharge of treated wastewater into rivers and lakes that end up in the sea. All these aspects have been assessed but are not considered to have a material negative impact or to pose a material risk.

Consultation with affected communities is usually part of the environmental permitting processes. In addition, ISO 14001 and EMAS emphasise engagement and communication with affected stakeholders.

### Biodiversity-related impacts and risks

UPM continuously assesses actual and potential impacts, risks, opportunities and dependencies related to biodiversity as part of the annual double materiality assessment and other regular or case-by-case assessments.

For example, forest certification plays a crucial role in identifying and managing biodiversity impacts and risks in both UPM's own forests and in other wood sources. UPM participates in a project led by FSC™ to better understand and quantify the positive impacts of forest certification on biodiversity.

Biodiversity risks associated with UPM's upstream value chain are identified as part of UPM's sustainability risk assessment. In addition, UPM's sourcing categories use the Company's Sustainable Supply Chain Programme and a dedicated guidance document to identify the highest priority sustainability topics in their sourcing category. Regarding biodiversity, the focus is on supply chains with a high risk of habitat destruction, overexploitation or pollution.

Possible ecosystem services of UPM's forest areas are water and recreational value, for example. Assessments and stakeholder information are carried out as appropriate.

UPM's main raw material is wood, so UPM depends on forest ecosystems, and the biodiversity and ecosystem services they provide. Industrial activities such as pulp and paper production and hydropower generation also have an impact on biodiversity.

No systemic risks specific to UPM have been identified.

UPM recognises the importance of dialogue and open communication channels with internal and external stakeholders who are or may be affected by the Company's actions. For example, this is done as part of UPM's forest management practices in accordance with FSC™ and PEFC requirements in the Company's forestry operations. FSC™ requirements include measures such as identifying and analysing stakeholders, engaging with stakeholders via meetings or feedback mechanisms, and involving stakeholders in the planning, implementation and monitoring of forest management activities. This is a continuous process for UPM's forest operations. UPM is also engaging with stakeholders by participating in relevant networks and organisations like the SBTN's Corporate Engagement Programme and Initial Target Validation Group in 2023 and 2024.

In UPM's operations, the most significant impact on biodiversity occurs in wood sourcing. UPM is therefore committed to sustainable forestry that provides high-quality wood, maintains and enhances biodiversity and water protection, and protects the recreational use and ecosystem services of forests. Biodiversity-sensitive areas are identified, and measures are taken to avoid negative impacts on these areas in line with the relevant legislation at national or international level.

UPM's approach is to establish protected areas adjacent to or even within its forest and plantation areas, and to identify valuable habitats that are left outside forest management. This means that 100% of forest operations are nearby these protected or other biodiversity-sensitive areas. UPM does not operate in global biodiversity hotspots.

### Compliance-related impacts and risks

» Refer to G1-1 Policies, Reporting and identifying concerns and Investigating and handling concerns

### Supplier-related impacts, risks and opportunities

» Refer to G1-2 Responsible Sourcing, Risk mitigation

### Risks and opportunities related to anti-corruption and bribery

» Refer to G1-3 Anti-corruption and bribery, UPM's compliance system

## IRO-2

## List of disclosure requirements

The list of disclosure requirements is integrated into the table of contents at the beginning of this Sustainability Statement.

» Refer to *SBM-3 Impacts, risks and opportunities* for the mapping of material impacts and ESRS standards

» Refer to *IRO-1 Materiality assessment process* for a detailed description of UPM's double materiality assessment process.

## List of datapoints derived from other EU legislation

DATAPOINT	PAGE NUMBER	NOT MATERIAL
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	131	
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	131	
ESRS 2 GOV-4 Statement on due diligence paragraph 30	135	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	136	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	136	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	-	Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	-	Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	149-150	
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	149	
ESRS E1-4 GHG emission reduction targets paragraph 34	154	
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	157	
ESRS E1-5 Energy consumption and mix paragraph 37	157	
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	157	
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	158	
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	159	
ESRS E1-7 GHG removals and carbon credits paragraph 56	160-161	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	121; 162; 263	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	-	Phased-in
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).	-	Phased-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	-	Phased-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	-	Phased-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	181	
ESRS E3-1 Water and marine resources paragraph 9	185	
ESRS E3-1 Dedicated policy paragraph 13	-	Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	185	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	188	
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	188	

DATAPOINT	PAGE NUMBER	NOT MATERIAL
ESRS 2 IRO 1 E4 paragraph 16 (a) i	190-191	
ESRS 2 IRO 1 E4 paragraph 16 (b)	190-191	
ESRS 2 IRO 1 E4 paragraph 16 (c)	190-191	
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24 (b)	191	
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	-	Not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	191	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	208	
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	208	
ESRS 2- SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	210	
ESRS 2- SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	210	
ESRS S1-1 Human rights policy commitments paragraph 20	211-212	
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 21	211	
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	211	
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	211	
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	212; 237-238	
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	221	
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	221	
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	222	
ESRS S1-16 Total remuneration ratio 97 (b)	222	
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	222	
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	222	
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	224	
ESRS S2-1 Human Rights Policy commitments paragraph 17	225-226	
ESRS S2-1 Policies related to value chain workers paragraph 18	225-226	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	225-226	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 19	225-226	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	227	
ESRS S3-1 Human Rights Policy commitments paragraph 16	231	
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles and/or OECD guidelines paragraph 17	231	
ESRS S3-4 Human rights issues and incidents paragraph 36	234	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	-	Not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	-	Not material
ESRS S4-4 Human rights issues and incidents paragraph 35	-	Not material
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	237	
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	238	
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	244	
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	244	

# Climate change (ESRS E1)

UPM is committed to contributing to limiting the global temperature rise and to science-based targets for mitigating climate change.

Reduction in fossil CO<sub>2</sub> emissions from UPM's on-site combustion and purchased energy (Scope 1 and 2)

## -50%

Compared to 2015  
(2030 target: -65%)

Reduction in CO<sub>2</sub> emissions from materials and logistics (Scope 3)

## -22%

Compared to 2018  
(2030 target -30%)

Five-year average annual carbon sink of approximately

## -2.1

Mt CO<sub>2</sub> equivalents

## TRANSITION PLAN

E1-1

### UPM's path to net-zero

UPM offers renewable alternatives for fossil-based materials to meet growing global consumer demand. UPM's strategy is driving the transformation as a frontrunner in the bioeconomy. The Company invests in sustainable growth.

Forests, wood-based products and low-carbon energy play a unique role in both mitigating the effects of climate change and in UPM's strategy. UPM has set ambitious targets in all these areas as part of its Group-level sustainability targets for 2030.

UPM is committed to a 1.5 °C pathway as outlined in the Paris Agreement (climate target) and to science-based measures to mitigate climate change. As a signatory to The Climate Pledge, UPM is committed to achieving carbon neutrality by 2040, 10 years ahead of the Paris Agreement. As part of the UN Global Compact's Forward Faster initiative, UPM is also committed to setting net-zero targets as defined by the Science-Based Targets initiative (SBTi). However, in October 2024, the SBTi announced that they are temporarily suspending the use of the timber and wood fibre pathway included in the Forest, Land and Agriculture (FLAG) Target-Setting Tool.

The Company's fossil CO<sub>2</sub> emissions reduction targets until 2030 for Scopes 1, 2 and 3 have been validated by the SBTi to be aligned with the 1.5 °C pathway as outlined in the Paris Agreement. » Refer to E1-4 Targets.

The setting of UPM's long-term net zero targets will proceed in 2025, when the relevant guidelines and tools for the FLAG sector will be available.

### Climate change mitigation actions

UPM acts through climate-positive forestry, reducing emissions and innovating products:

**We act through forests.** Forests and forest biodiversity are critical for mitigating the effects of climate change. We ensure that our forests continue to act as carbon sinks, remain resilient and diverse in changing climate conditions and thrive for future generations.

**We act through emissions.** Minimising the use of fossil fuels and raw materials is the most important way to mitigate climate change. We favour renewable and other carbon-neutral energy sources and produce CO<sub>2</sub>-free hydro and nuclear power in Finland. We are also committed to reducing emissions in our supply chain.

**We act through products.** Innovating new products that are not based on fossil raw materials is at the core of our strategy. We develop safe and sustainable products that offer alternatives to fossil materials.

» Refer to E1-3 Actions; Refer to E1-4 Targets

## Investments and funding

Climate change mitigation actions are integrated into UPM's investment plans. The main investments relevant to climate change mitigation include:

### Climate-positive forestry

UPM is both a major forest owner and a purchaser of wood. The value of forest assets, i.e. standing trees, amounted to EUR 2,517 million (2,355 million) at the end of 2024 (» Refer to Note 4.2 Forest assets in the consolidated financial statement). In 2024, UPM's capitalised forest regeneration costs amounted to EUR 53 million (54 million), including costs related to land preparation, planting, fertilisation, leased plantation areas and nursery operations. Corresponding OpEx amounted to EUR 27 million (24 million), including maintenance of forestry infrastructure, forest fire fighting, protection and environmental activities.

» Refer to EU Taxonomy disclosure activity "1.3 Forest management".

### Reducing emissions

As part of the climate change mitigation actions related to UPM's 2030 targets, UPM is investing in energy efficiency and improvements throughout its operations. In 2024, UPM invested EUR 9 million in energy efficiency improvements and reducing CO<sub>2</sub> emissions, which mainly included investments to heat recovery systems and electric and bio boilers. OpEx related to CO<sub>2</sub>-free nuclear power amounted to EUR 34 million (EUR 57 million) and was related to UPM's share of ongoing maintenance costs of the property, plant and equipment of the new and existing nuclear power plant units Olkiluoto 1, 2 and 3. In addition, UPM is annually allocating resources to its hydropower operations in the form of capital expenditure and maintenance of hydropower plants.

» Refer to EU Taxonomy disclosure activity "4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available techniques" and "4.28. Electricity generation from nuclear energy in existing installations".

### Innovating products

UPM develops sustainable products that offer alternatives to fossil materials. UPM is investing in a next-generation biochemicals refinery in Leuna in Germany, where new technologies and products will reduce GHG emissions. The total investment estimate for the Leuna biorefinery is EUR 1,275 million. In 2024, investments to Biochemicals operations amounted to EUR 309 million (385 million). The biorefinery will produce a range of 100% wood-based biochemicals, which will enable a switch from fossil raw materials to sustainable alternatives in various consumer-driven end-uses. The commissioning and start-up of the biorefinery was initiated in late 2024. The integrated commercial production of the site is expected to start in H2 2025. The start-up of the biorefinery marks a significant milestone. A long ramp-up process is expected due to the first-of-its-kind nature of this facility.

» Refer to EU Taxonomy disclosure activity "3.6 Manufacture of other low-carbon technologies".

UPM is currently investigating an opportunity to expand production of advanced biofuels. The planning for the potential biorefinery in Rotterdam in the Netherlands is based on an annual capacity of up to 500,000 tonnes of high-quality renewable fuels, including advanced biofuels and possibly sustainable jet fuels, as well as renewable

chemicals. The products would significantly reduce the carbon footprint of road transport and aviation, as well as replace fossil raw materials with renewable alternatives in chemicals and bioplastics. Before the potential investment decision, the focus will be on testing the new technologies on flexible feedstock options at a larger scale and securing the feedstock supply. The work is expected to take until 2026. The investment would be considered under » *EU Taxonomy activity "4.13 Manufacture of biogas and biofuels for use in transport"*.

The investment in Leuna and forest management are also included in the proceeds of UPM's Green Bond portfolio.

» *Refer to line items Capital expenditure and Additions to forest assets in Consolidated cash flow statement*

» *Refer to line item Costs and expenses in Consolidated income statement*

» *Refer to Note 2.3 Operating expenses and other operating income in the consolidated financial statements.*

» *See EU Taxonomy, section "CapEx", tables "CapEx of Taxonomy-eligible activities" and "Template 2 for nuclear- and fossil-gas-related activities".*

» *See E1-3 Actions for realised and planned key actions*

UPM does not consider its assets and sold products to have locked-in fossil GHG emissions. Locked-in GHG emissions are considered to be emissions which occur due to long-term investments or commitments to assets or products generating emissions still long in the future.

The majority of UPM's currently eligible economic activities are in line with the sustainability requirements as defined in the taxonomy regulation. The potential investment in a second biorefinery for biofuels refinery is considered eligible and is expected to be aligned.

UPM did not spend significant CapEx related to coal-, oil- or gas-related economic activities in 2024.

UPM is not excluded from the EU Paris-aligned Benchmarks according to the exclusion criteria stated in Articles 12.1 (d) to (g) and 12.2. of the Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Standards Regulation).

## Climate actions embedded in UPM's strategy

Forests, wood-based products and low-carbon energy play a unique role in UPM's strategy and in mitigating the effects of climate change. With UPM's target to reduce Scopes 1, 2 and 3 emissions, these areas form the basis for UPM's transition plan.

UPM's financing is linked to sustainability performance. Four green bonds, issued since 2020, have a strong focus on climate-related activities. A revolving credit facility is linked to long-term sustainability targets, including the CO<sub>2</sub> emissions reduction target for Scopes 1 and 2.

In accordance with its main duties and responsibilities, the UPM Board of Directors reviewed and approved the strategic objectives and plans of the Company and its business areas. The key enablers of UPM's updated strategy are people, productivity, commercial excellence, sustainability and innovation.

UPM aims to accelerate growth in the coming five years. The Company's business portfolio offers robust growth opportunities in renewable fibres – namely, pulp; in advanced materials such as adhesive materials, specialty papers and plywood; and in decarbonisation solutions such as biochemicals, biofuels and CO<sub>2</sub>-free energy. Decarbonisation solutions offer innovative and sustainable options to meet the urgent need to decarbonise society. With the launch of the biochemicals business, the preparations for the expansion of the biofuels business and by capturing the value of the energy market transformation, UPM is addressing key sectors that are critical for decarbonisation. Minimising the use of fossil fuels is the most important way to mitigate climate change.

UPM will contribute to the decarbonisation of the electricity system by increasing the supply of reliable and renewable CO<sub>2</sub>-free electricity. In Biochemicals, the start-up of the UPM Leuna refinery marks a significant milestone. In Biofuels, UPM's current plans for the potential biofuels refinery in Rotterdam in the Netherlands are based on an annual capacity of up to 500,000 tonnes of high-quality renewable fuels, including advanced biofuels and possibly sustainable jet fuels, as well as renewable chemicals.

In addition, key climate-related issues such as scenario analyses, commitments and UPM's overall approach to forests, emissions reductions in the production and supply chain, and climate-positive products are reported directly to UPM's management bodies, led by the President and CEO.

» *Refer to E1-4 Targets for climate-related sustainability targets for 2030 and their follow-up and » Refer to E1-3 Actions for realised and planned key actions.*

## IMPACTS, RISKS AND OPPORTUNITIES

### ESRS 2 SBM-3

### Overview of material impacts, risks and opportunities

IMPACTS, RISKS AND OPPORTUNITIES	DESCRIPTION
<b>Positive impact:</b> Climate change mitigation through climate-related effects of forests and bio-based products	Through its sustainable forest management practices UPM ensures that its forests in Finland and the US, as well as its land areas in Uruguay, act as carbon sinks. UPM's bio-based products build a temporary carbon storage and substitute fossil-based materials.
<b>Negative impact:</b> Fossil CO <sub>2</sub> emissions from UPM's own energy generation (Scope 1), purchased energy (Scope 2) and related to value chain (Scope 3)	Despite continuous actions and achievements to reduce fossil CO <sub>2</sub> emissions in line with the 1.5 °C target, UPM is still generating a significant amount of fossil CO <sub>2</sub> emissions via its energy generation and purchases and in the value chain. These will be reduced further in line with UPM's transition pathway to achieve net-zero.
<b>Risk:</b> Transitional, as well as physical, climate-related risks due to changes in legislation and extreme weather events	UPM is exposed to a variety of risks related to climate change. Transitional risks are related e.g. to regulation and the price and availability of raw materials and energy. Physical risks are related e.g. to exceptional weather events which could result in unpredictable hydropower availability and wood harvesting conditions.
<b>Opportunity:</b> Transition opportunities covered by UPM's business model focusing on bio-based products and CO <sub>2</sub> -free energy	Opportunities driven by resource efficiency, new technologies, CO <sub>2</sub> -free electricity and bio-based products could bring new markets, sources of funding and competitive advantage and a possible increase in forest growth in UPM's relevant areas.

» *Refer to Report of Board of Directors, section Risks, paragraph Climate change*

## Climate risks and business resilience

UPM's position and resilience in different climate scenarios have been evaluated for the Company's businesses and functions from both the physical and transitional perspectives.

A Company-wide assessment of transition risks and opportunities has been made for each of UPM's business areas according to the different scenarios for project future energy trends and their potential impacts used by the International Energy Agency (IEA): the New Policies Scenario (NPS), Current Policies Scenario (CPS) and 2 °C Scenario (2DS).

The Company-wide physical scenario analysis for three Shared Socioeconomic Pathways (SSP1-2.6, SSP2-4.5 and SSP5-8.5) focused on the impacts of projected changes in four main areas of UPM's operations: Finland; Germany; Uruguay; and China. The analysis included impacts on forest growth, productivity and water availability arising from climate change related disturbances such as changes in precipitation, evaporation, droughts and floods. The study was carried out by the Finnish Meteorological Institute in 2024. » *Refer to ESRS 2 IRO-1 Climate-related risks for more information on the study results.*

In general, transition impacts play a larger role in the low- and medium-emissions scenarios, and UPM is well positioned, as its business portfolio allows flexibility in terms of recognised risks and opportunities. In the high emissions scenario, physical impacts dominate, with serious consequences not only for UPM but for ecosystems and societies around the world.

## POLICIES

### E1-2

The UPM Code of Conduct expresses the Company's respect for people, the environment and ethical business practices, including its commitment to climate change mitigation and adaptation. The Code is complemented by UPM's Sustainability Policy Statement, which addresses the issue in more detail. The UPM Supplier and Third-Party Code sets out minimum requirements for the value chain. » *Refer to G1-1 Policies for more information about these policy documents.*

UPM's high level commitment to climate change mitigation and adaption is included in the UPM Code of Conduct: "UPM is committed to science-based actions to mitigate the impact of our operations on climate and biodiversity and to adapt to climate change. On an ongoing basis, we measure and assess the direct and indirect environmental risks and impacts of our operations and promote the use of best available techniques. We expect our suppliers and business partners to share our commitment to the environment."

In UPM's Sustainability Policy Statement, this commitment is specified for the CO<sub>2</sub> reduction target to cover operations and the supply chain in line with the science-based target and measures are introduced for the three pillars of UPM's climate actions: climate-positive forestry; reducing emissions; and climate-positive products.

In addition, UPM's Sustainable Supply Chain Programme states that UPM's suppliers are expected to report their carbon footprint annually, commit to time-bound greenhouse gas emissions reduction targets and take appropriate actions.

UPM's commitment to energy efficiency is also addressed in UPM's Sustainability Policy Statement as a topic for continuous improvement, with energy management systems the preferred measure.

Renewable energy targets and the phase-out of coal and peat support and specify the policy commitments.

## ACTIONS

### E1-3

Based on the identified material topics, UPM has established the following sustainability focus areas related to climate change mitigation and adaptation:

- Climate (with targets for energy efficiency, renewable energy, Scopes 1 and 2 CO<sub>2</sub> emissions)
- Forestry (with a target on forests' carbon sink)
- Product stewardship (with a target for a climate-positive product portfolio)
- Responsible sourcing (with a target for Scope 3 emission reduction)
- Biodiversity (with targets for forest-related biodiversity); » [Refer to E4-3 Actions](#)

For each of these focus areas, key actions are defined, and an action plan is available to achieve the Group-level targets.

» [Refer to E1-4 Targets related to climate change.](#)

The key actions, previous year's key actions and future key actions are presented below.

## Climate: Energy-related actions

### Key actions

UPM favours the use of renewable and other carbon-neutral energy sources and strives to continuously improve energy efficiency in all its operations. The Company consistently develops its energy portfolio and manages the CO<sub>2</sub>-free electricity generation assets in UPM Energy.

UPM contributes to the decarbonisation of the electricity system by increasing the supply of reliable CO<sub>2</sub>-free electricity. UPM Energy is the second largest electricity supplier in Finland with assets in Finnish nuclear power and hydropower and, to a lesser extent, thermal power.

Most of UPM's energy consumption is related to the production processes in the paper and pulp mills, where electricity and heat are needed for mechanical pulping, pumping and drying. Steam and electricity are generated through combined heat and power (CHP) plants. In some mills, all or part of the required energy is produced by external or co-owned power plants.

Energy efficiency is improved across the operations through audits, innovations and investments. Improvements usually also lead to reductions in CO<sub>2</sub> and other air emissions.

### Actions in 2024

- UPM Energy announced the second-phase investment in its innovative ultracapacitor project, which will further strengthen the ability of hydropower to balance the grid. The new installation will be located next to the Kuusankoski hydropower plant in Finland and is expected to be operational by the summer of 2025.
- Solar power development is being explored in Utti in Kouvola, and windpower in Western and Eastern Finland.
- UPM invested in electric boilers for steam generation at three mills in Finland and Germany. The boilers secure the steam supply, provide flexibility and enable emission reduction.
- Energy efficiency measures were carried out at several production sites. For example, at UPM Jämsänkoski, Finland, heat recovery capacity at one paper machine was increased using Advanced Heat Recovery (AHR) technology. UPM Tervasaari, Finland, invested in a

beam grate at the mill's bioboiler to increase combustion efficiency. At UPM Schongau, Germany, the heat recovery system of the mill's Thermo-Mechanical Pulp (TMP) line was enhanced. Energy efficiency measures and investments in 2024 are expected to reduce fossil CO<sub>2</sub> emissions by about 120,000 tonnes per year.

### Planned actions

- UPM will continue to develop and implement energy efficiency measures and to develop its energy portfolio to reach its 2030 targets.
- Finalisation of the ultracapacitor project at Kuusankoski hydropower plant in Finland expected by summer 2025. » [See Actions in 2024.](#)

## Forestry: Forests as carbon sink

### Key actions

UPM ensures that its forests and plantation areas continue to act as carbon sinks, remain resilient and diverse in changing climate conditions, and grow well for future generations. For forests to continue to act as carbon sinks, growth must exceed harvesting. The annual carbon sink of UPM-owned forests in Finland and the USA and owned and leased plantations in Uruguay is -2.1 million tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>eq) as the annual average over the last five years.

### Actions in 2024

- Annual calculation of the carbon sink of UPM's own and leased forests and tree plantations in Finland, the USA and Uruguay.
- In 2022, UPM began working with Natural Resources Institute Finland to improve soil carbon models for Uruguay using field data, and the field measurements in eucalyptus plantations continued in 2024.

### Planned actions

- Annual calculation of the carbon sink of UPM's own and leased forests and tree plantations in Finland, the USA and Uruguay continues.

## Responsible sourcing: UPM's -30 by 30 Programme

### Key actions

In 2022, UPM launched the -30 by 30 Programme with the aim of reducing CO<sub>2</sub> emissions related to purchased materials and logistics (Scope 3) by 30%. As part of the programme, suppliers are required to provide data on the carbon footprint of the goods and services they sell to UPM. This includes accounting for all relevant emissions from the supplier's upstream supply chain and operations.

### Actions in 2024

- More suppliers were included to the data collection scope. In 2024, carbon footprint data from suppliers is available for more than half of UPM's raw material spend.
- Category-specific roadmaps to achieve a 30% CO<sub>2</sub> reduction have been developed for all UPM business areas.

### Planned actions

- Continue and further expand the annual collection of supplier carbon footprint data to assess development.

- Focus on implementing category-specific action plans to achieve CO<sub>2</sub> reduction.
- Internal shadow carbon pricing will be explored to better compare and rank the carbon footprints of similar materials and suppliers.

## Product stewardship: Climate-positive product portfolio

### Key actions

The key action in this area is the investment in the world's first industrial-scale biorefinery for wood-based biochemicals in Leuna, Germany. The renewable chemicals will have a CO<sub>2</sub> product footprint well below that of fossil-based chemical products, as assessed by a third-party-reviewed Life Cycle Assessment (LCA). In addition, development work towards a climate-positive product portfolio will continue in several areas to meet the 2030 target. » [Refer to E5-2 paragraph "Sustainable Product Design concept"](#)

### Actions in 2024

- The construction works for the new biorefinery in Leuna, Germany, were completed. The commissioning and start-up of the biorefinery was initiated in late 2024.
- Commercial partnerships were successfully launched. For example, the partnership with Nokian Tyres marks UPM's entry of UPM BioMotion™ Renewable Functional Fillers (RFF) into the global tyre market and demonstrates the versatility of replacing traditional CO<sub>2</sub>-intensive fillers with fully renewable alternatives. Functional fillers account for around 30% of a tyre and consist of materials such as primarily carbon black and precipitated silica. According to an initial test series by Nokian Tyres, replacing traditional carbon black with renewable functional fillers enables the production of more sustainable tyres.
- Based on UPM's Sustainable Product Design concept, UPM Biochemicals launched UPM Solargo™, a new range of bio-based plant stimulants with the potential to help significantly reduce demand for classical fertilisers based on nitrogen, phosphorus and potassium (NPK), the production and use of which is held responsible for up to 80% of CO<sub>2</sub>-emissions in crop production.
- Another focus of UPM's R&D work was on fibre-based packaging solutions. For example, UPM Specialty Papers launched several co-created packaging solutions such as a recyclable heat-sealable salad pot wrapper or a recyclable high barrier packaging solution for foods with long shelf-life.

### Planned actions

- Sequential start-up and ramp-up of the production will be proceeding at the new biorefinery in Leuna, Germany. The biorefinery is expected to reach full production in 2027.
- Evaluation of new ways to use renewable biomaterials, e.g. for textiles, nonwovens, hygiene products and labels.
- Assessment of the opportunities offered by green hydrogen and biogenic CO<sub>2</sub> to produce synthetic fuels and chemicals.
- UPM's current plans for the potential biofuels refinery in Rotterdam in the Netherlands are based on an annual capacity of up to 500,000 tonnes of high-quality renewable fuels, including advanced biofuels and possibly jet fuels, as well as renewable chemicals. Most of the basic engineering has been completed, and the chosen technology has been validated at a demonstration scale. The focus is now on testing the novel proprietary technology at a larger scale and on flexible feedstock options. This work is expected to last until 2026.

## Resources

In general, climate-related activities are included in UPM's overall investment and resource planning. In addition, four green bonds issued since 2020, the latest one in 2024, have a strong focus on climate-related activities. The green bond portfolio of EUR 2,350 million uses eligible assets and projects from the following categories of UPM's Green Finance Framework:

- Sustainable forest and plantation management
- Climate-positive and circular bioeconomy-adapted products and solutions
- Renewable or CO<sub>2</sub>-free energy

The Green Finance Framework has been established in accordance with the Green Bond Principles 2021 (with June 2022 Appendix I), and the APLMA, LMA and LSTA Green Loan Principles 2023. This framework allows UPM to use a variety of green finance instruments, including but not limited to green bonds and green loans. Project evaluation and selection is a key process to ensure that projects and assets financed by green finance instruments meet the eligibility criteria set out in the Use of Proceeds section. UPM has established a cross-Company Green Finance Committee to coordinate, validate, implement and review the selection of eligible green projects and assets.

In addition, a revolving credit facility is linked to long-term sustainability targets, including the climate target for Scopes 1 and 2.

UPM's capital and operational expenditure on most significant climate-related activities are reported under » [E1-1 Investment and funding](#) and in the section [EU Taxonomy](#) in the Sustainability Statement.

During 2024, no significant capital expenditures for environment-related new projects were announced for 2025.

## TARGETS

E1-4

### Targets related to climate change

To steer its sustainability activities, UPM has set several targets and key performance indicators for its sustainability focus areas covering the three pillars of UPM's climate approach: forests; emission reductions;

and products. UPM's sustainability targets are developed by UPM by taking the views, wishes and perspectives of external stakeholders from UPM's constant multi-stakeholder dialogue into account.

SUSTAINABILITY FOCUS AREA AND KEY PERFORMANCE INDICATOR	BASE YEAR	BASE YEAR VALUE	2030 TARGET	TARGET FOLLOW-UP 2024 (2023)
<b>Responsible sourcing</b>				
Fossil CO <sub>2</sub> emissions from materials and logistics (Scope 3)	2018	6.08 mt	-30%	-22% (-23%)
<b>Forestry</b>				
Climate-positive land-use in UPM's own and leased forests *	Since 2019	—	Forests as carbon sink (continuous)	-2.1 mt CO <sub>2</sub> eq (5-year average)
<b>Biodiversity</b>				
Positive impact on forest biodiversity and developing a monitoring system <sup>2)</sup>	Since 2018 (Finland), 2022 (Uruguay)	Always the previous year	Continuous improvement	Overall positive development measured
<b>Climate</b>				
Fossil CO <sub>2</sub> emissions Scopes 1 and 2	2015	6.80 mt	-65%	-50% (-45%)
Coal and peat usage	2020	3.3 TWh	0 TWh	2.8 (2.7) TWh
Annual energy efficiency improvement	Since 2016	—	+1% (continuous)	Not achieved
Share of renewable fuels	2015	67%	above 70% (continuous)	80% (76%)
<b>Product stewardship</b>				
Climate-positive product portfolio	Since 2019	—	Continuous improvement	Decarbonisation solutions: 8% of sales

\* Five-year annual average carbon sink; approximate value

\*\* Covers UPM's own forests in Finland and UPM's land in Uruguay

Targets related to climate-positive forestry and innovating products support UPM's development towards net-zero. However, methodologies are still being developed by the GHG Protocol and the Science-Based Target initiative (SBTi) to accurately calculate and formulate targets.

UPM's Scopes 1, 2 and 3 fossil CO<sub>2</sub> emissions reduction targets for 2030 have been validated by the SBTi to be aligned with the 1.5 °C pathway as outlined in the Paris Agreement. The targets have been set using the SBTi's absolute contraction approach, so that they deliver absolute emissions reductions in line with global decarbonisation pathways.

In 2024, UPM's combined Scope 1 and 2 target of 65% reduction in fossil CO<sub>2</sub> emissions was in line with achieving the 2030 target. The reduction of fossil CO<sub>2</sub> emissions was 9% compared to 2023 and 50% compared to the base year 2015.

The Scope 3 target of a 30% reduction in fossil CO<sub>2</sub> for purchased materials and logistics was also in line with the 2030 target, with a 22% reduction in fossil CO<sub>2</sub> emissions compared to the base year 2018. Compared to 2023, the fossil CO<sub>2</sub> emissions increased by 1% mainly due to the increase in pulp production in 2024, and the associated

increase in purchased materials and logistics. However, the increase would have been higher without the achievements of the -30 by 30 Programme. [Refer to E1-3 Responsible sourcing: UPM's -30 by 30 Programme](#)

These targets are supported by specific targets for increasing energy efficiency, the share of renewable fuels, and ending the use of coal and peat in UPM's power plants.

- » [Refer to E5-3 Targets](#) for certified fibre target,
- » [Refer to E4-4 Targets](#) for biodiversity target,
- » [Refer to G1-2 Responsible sourcing](#) for sourcing targets and
- » [Refer to 1-5 Metrics](#) for share of renewable fuels.



#### Reporting principles for targets

#### GHG emissions reduction targets (Scopes 1, 2 and 3) in detail

UPM's target for Scope 1 and Scope 2 emissions is a combined reduction of 65% from 2015 levels. Scope 1 includes UPM's on-site fossil CO<sub>2</sub> emissions from combustion processes. Calculation is based on the European Emissions Trading System, other national requirements or official calculation factors. Scope 2 covers fossil CO<sub>2</sub> emissions related to purchased electricity and steam. Electricity and steam purchases are calculated based on supplier information (market-based method). If the market-based data is unavailable, the residual mix is used, and if the residual mix is unavailable, regional or national grid factors are used. In cases where UPM has sold greenhouse gas claims (such as Guarantees of Origin) for energy used by UPM, the corresponding amount has been calculated using the national residual mix. GHG emissions other than CO<sub>2</sub> are not material and are therefore not included in the target scope. The base year value of 6.8 million tonnes of CO<sub>2</sub> (Scope 1: 57%, Scope 2: 43%) for 2015 has been chosen as representative to follow up on the target during UPM's transition phase.

UPM's Scope 3 target covers materials and logistics, which accounted for 67% of total Scope 3 emissions in the base year 2018. The base year value of 6.08 million tonnes CO<sub>2</sub>eq is calculated based on secondary data for emission factors. In recent years, the values are calculated based on data availability, using either secondary emission factors or the previous year's primary emission factors. Emissions are reported as CO<sub>2</sub>eq (including CH<sub>4</sub> and N<sub>2</sub>O) using the global warming potential (GWP) values provided by the International Panel on Climate Change (IPCC).

» [Refer to E1-6 Metrics, Reporting principles](#) for further information on Scope 1, 2 and 3

#### Climate-positive land-use in UPM own and leased forests

UPM defines climate-positive forestry as the act of managing forests or plantations to ensure that trees grow more than they are harvested, as well as working to improve forests' growth and to ensure the ability of forests to absorb more carbon and to adapt to the changing climate. Climate-positive forestry is not only about sinks but also about enhancing biodiversity as a means to adapt.

The positive impact has to be proven by monitoring and measuring the carbon balance and by maintaining the carbon sink. The Natural Resources Institute Finland (LUKE) calculates UPM's carbon sink based on the latest scientific knowledge and methodologies aligned with the International Panel on Climate Change (IPCC) requirements for national accounting for the land use, land use change and forestry (LULUCF) sector. Both trees and soil carbon are taken into account. Fossil CO<sub>2</sub> emissions caused by forest management activities (e.g. nurseries, planting, harvesting) shall be lower than the sink.

The five-year average of UPM's carbon sink has to be a negative value, i.e. a carbon removal, to achieve UPM's target of climate-positive forestry.

This is a UPM-specific term and definition as long as no international standard provides a commonly accepted definition.

#### Climate-positive product portfolio

Starting from 2024, UPM reports on this target based on the share of its decarbonisation solutions out of total sales: biofuels, biochemicals and CO<sub>2</sub>-free energy.

Overall, UPM considers the following of its current products to have a positive impact on the climate:

- Products that have a lower carbon footprint compared to fossil-based alternatives – such as biofuels and biochemicals,
- Products that substitute fossil-based energy - such as CO<sub>2</sub>-free nuclear energy and hydropower,
- Products that avoid greenhouse gas emissions by replacing fossil-based products – such as biochemicals and timber, or
- Products that act as temporary carbon storage – such as pulp, paper, plywood and timber over their lifecycle.

The positive impact has to be proven by means such as life cycle analysis, availability of Guarantees of Origin, calculation of substitution and storage effects based on a study initiated by UPM and carried out by the SYKE and IFEU institutes (Fossil carbon emissions substitution and carbon storage effects of wood-based products, Reports of the Finnish Environment Institute, 22/2022). A pre-condition for the storage effect is the wood supply from sustainably managed forests which ensures a sustainable biogenic carbon cycle between land carbon storage and product storage.

This is a UPM-specific term and definition as long as no international standard provides a commonly accepted definition.

## Expected decarbonisation levers

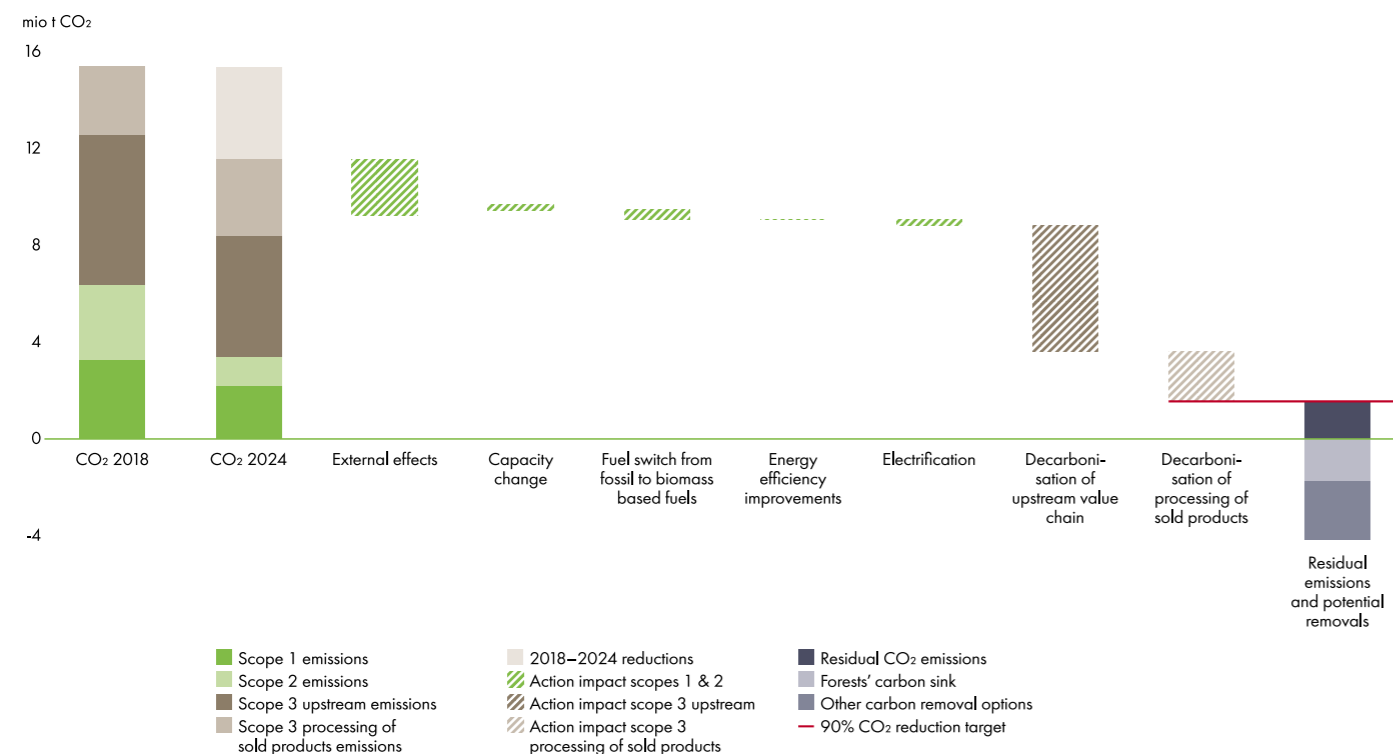
UPM's path to net-zero is expected to be based on the decarbonisation levers shown in the graph below as an indicative roadmap. UPM's long-term target setting baseline year is 2018.

UPM's fossil CO<sub>2</sub> emissions are forecasted to be reduced mainly through actions to improve energy efficiency, switch from fossil fuels to biogenic fuels or hydrogen, electrification of heat generation and other production processes, strategic investments and activities, as well as activities to reduce the CO<sub>2</sub> emissions in our value chains. External effects such as the decarbonisation of the electricity grid and economies as a whole, as well as general market developments, are also considered to play an important role.

The remaining residual emissions could be more than balanced by the potential carbon sinks of UPM's forests, product-related impacts like temporary carbon storage or other carbon removal options.

According to the SBTi, net-zero means reducing GHG emissions by at least 90% and neutralising any residual GHG emissions through carbon removals on an ongoing basis. UPM's net-zero approach will be aligned with recognised international carbon accounting and assurance standards when these are finalised.

### UPM's pathway to net-zero (illustrative)



## METRICS

### Energy consumption and mix

#### E1-5

Most of the electrical and thermal energy is used for UPM's paper and pulp production. However, pulp mills produce more energy than they consume. UPM generates steam and electricity from combined heat and power (CHP) plants. Renewable fuels account for 80% (76%) of the fuel used at the production sites.

UPM's target is to stop using coal and peat for on-site energy generation by 2030. Currently, coal is the main fuel used at the UPM Changshu paper mill in China, where alternatives have been unavailable in the past. Peat is used in Finland.

#### Energy consumption and mix

MWh	2024	2023
Natural gas	4,200,000	4,900,000
Oil	1,500,000	1,400,000
Coal	2,500,000	2,400,000
Peat	260,000	240,000
Fossil recovered fuel	130,000	170,000
<b>Total fossil fuels</b>	<b>8,600,000</b>	<b>9,200,000</b>
Electricity from nuclear sources*	3,400,000	3,000,000
Other purchased electricity and heat (non-renewable)	1,300,000	2,100,000
<b>Total non-renewable energy consumption</b>	<b>13,200,000</b>	<b>14,200,000</b>
Renewable fuels	34,000,000	29,700,000
Purchased electricity and heat (renewable)	1,600,000	1,400,000
Self-generated non-fuel renewable energy (hydropower)	10,000	20,000
<b>Total renewable energy consumption</b>	<b>35,600,000</b>	<b>31,100,000</b>
<b>Total energy consumption</b>	<b>48,800,000</b>	<b>45,300,000</b>
Share of non-renewable sources in total energy consumption (%)	27%	31%
Share of renewable sources in total energy consumption (%)	73%	69%

\*UPM's shareholdings in nuclear power generation are included with the amount used by UPM's production sites

Note: Sales of electricity and heat is not deducted but reported as products in E5-5 Resource outflows.

### Electricity generation through own power plants and shareholdings

MWh	2024	2023
CHP at production sites, renewable	4,600,000	4,000,000
CHP at production sites, non-renewable	1,200,000	1,200,000
Hydropower	1,000,000	1,100,000
Hydropower, shareholdings	2,200,000	2,200,000
Nuclear power, shareholdings	7,600,000	8,000,000
Thermal power, renewable, shareholdings	90,000	110,000
Thermal power, non-renewable, shareholdings	10,000	20,000
<b>Total</b>	<b>16,700,000</b>	<b>16,630,000</b>

In addition to energy generation at UPM's production sites, UPM is significant player in the Nordic electricity market with its nuclear and hydropower holdings and, to a lesser extent, thermal power.

### Energy intensity associated with activities in high climate impact sectors

MWh/EURm	2024	2023	% 2024/2023
Total energy consumption (MWh) per net revenue (EURm Sales)	4,720	4,330	9%

All UPM's business activities are considered to be in high-climate impact sectors according to the NACE classification, either as manufacturing or forestry.

Sales correspond to total sales as reported in the consolidated financial statements. » Refer to Note 2.2. Sales in the consolidated financial statements, Accounting policy.

## GHG emissions

E1-6

### GHG emissions and 2030 target

2030 TARGET	RETROSPECTIVE					MILESTONES AND TARGET YEARS		
	2015	2018	2023	2024	% 2024/ 2023	2025	2030	% 2024/ BASE YEAR
<b>Scope 1 GHG emissions *</b>								
Gross Scope 1 GHG emissions (tCO <sub>2</sub> )	3,880,000	3,250,000	2,130,000	2,180,000	2%	2,200,000	1,360,000	-44%
Scope 1 GHG emissions from regulated emissions trading schemes (%)	2,970,000	2,730,000	1,630,000	1,660,000	2%	—	—	—
<b>Scope 2 GHG emissions *</b>								
Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> )	—	3,020,000	1,730,000	1,640,000	-5%	—	—	—
Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> )	2,920,000	3,100,000	1,590,000	1,200,000	-24%	1,650,000	1,020,000	-59%
<b>Scope 1 and 2 GHG emissions *</b>								
Gross Scope 1 and market-based Scope 2 GHG emissions (tCO <sub>2</sub> )	6,800,000	6,120,000	3,720,000	3,380,000	-9%	3,850,000	2,380,000	-50%
<b>Significant Scope 3 GHG emissions **</b>								
Total Gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq)	—	9,040,000	7,680,000	8,170,000	6%	—	—	—
1 Purchased goods and services	—	4,230,000	3,070,000	2,970,000	-3%	3,540,000	2,960,000	-30%
2 Capital goods	—	50,000	210,000	160,000	-26%	—	—	—
3 Fuel- and energy-related activities	—	670,000	570,000	520,000	-9%	—	—	—
4 Upstream transportation and distribution ***	—	1,180,000	1,100,000	1,250,000	13%	990,000	830,000	5%
5 Waste generated in operations	—	50,000	47,000	54,000	14%	—	—	—
6 Business travel	—	12,000	13,000	14,000	5%	—	—	—
7 Employee commuting	—	13,000	11,000	10,000	-5%	—	—	—
10 Processing of sold products	—	2,830,000	2,660,000	3,200,000	20%	—	—	—
<b>Total GHG emissions</b>								
Total GHG emissions (location-based) (tCO <sub>2</sub> /tCO <sub>2</sub> eq)	—	15,300,000	11,540,000	11,980,000	4%	—	—	—
Total GHG emissions (market-based) (tCO <sub>2</sub> /tCO <sub>2</sub> eq)	—	15,390,000	11,400,000	11,550,000	1%	—	—	—

\* Base year 2015 for Scope 1 and Scope 2 targets for 2030

\*\* Base year 2018 for Scope 3 target for 2030

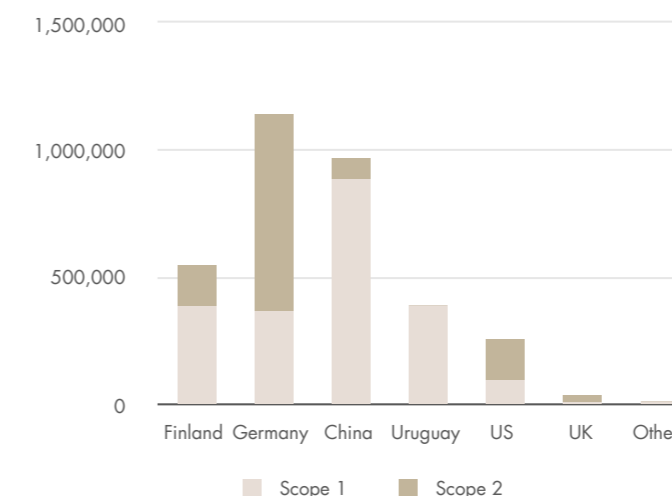
\*\*\* 2023 figure increased compared to previous year's reporting by 7%

Note: Setting and SBTi application of UPM's long-term targets will proceed in 2025, when the guidelines and tools for the FLAG sector will be available.

### Biogenic CO<sub>2</sub> emissions

↑ BIOGENIC CO <sub>2</sub>	2024	2023
Scope 1	11,740,000	10,300,000
Scope 2	170,000	200,000
Scope 3 (Category 11 Use of sold products)	300,000	330,000

### Fossil CO<sub>2</sub> emissions by country 2024



### GHG intensity

t/EURm	2024	2023	% 2024/ 2023
Total GHG emissions (location-based) per net revenue (tCO <sub>2</sub> eq/EURm Sales)	1,160	1,100	5%
Total GHG emissions (market-based) per net revenue (tCO <sub>2</sub> /EURm Sales)	1,120	1,090	3%

Sales correspond to total sales as reported in the consolidated financial statements. » Refer to Note 2.2. Sales in the consolidated financial statements, Accounting policies.



#### Reporting principles for metrics

UPM reports data on a consolidated basis. » Refer to ESRS 2, BP-1 for detailed information.

The share of associated companies is insignificant.

### Scope 1

UPM's Scope 1 emissions include UPM's power plants, fuel used in production processes and a share of jointly operated on-site power plants corresponding to UPM's energy supply. UPM does not report GHG emissions from mobile combustion and from facilities other than production sites and power plants. Scope 1 fossil and biogenic CO<sub>2</sub> are calculated based on the respective fuel consumption. The calculation is based on the European Emissions Trading System, other national requirements or official calculation factors. UPM only reports CO<sub>2</sub> for Scope 1. Other Greenhouse Gas (GHG) emissions such as CH<sub>4</sub> and N<sub>2</sub>O are not material.

The European Emissions Trading Scheme and other national schemes require additional third-party verification from accredited auditors for Scope 1 emissions which might take place after the publication of this Statement. In case of significant differences, this will lead to a re-statement in next year's reporting.

### Scope 2

For the Scope 2 calculation, UPM follows the principles and requirements of the GHG Protocol Scope 2 Guidance.

UPM's Scope 2 emissions from purchased electricity are calculated using both the market-based and location-based approaches. The main method is the market-based approach, and the target follow-up is based on this method. If the market-based data is unavailable, the residual mix is used, and if the residual mix is unavailable, regional or national grid factors are used. The location-based calculation is based on DEFRA factors.

In cases where UPM has sold greenhouse gas claims (such as Guarantees of Origin) for energy used by UPM, the corresponding amount has been calculated using the national residual mix. Scope 2 emissions from purchased heat are calculated using the market-based approach, i.e. information from the supplier.

Scope 2 GHG emissions are only fossil CO<sub>2</sub>, as information on other GHG emissions is not yet available from suppliers and the share of other GHG emissions is considered to be low for market-based electricity.

Scope 2 biogenic emissions are estimated based on location-based factors for electricity purchased from MLC (formerly GaBi), excluding sites using 100% nuclear electricity.

For UPM's pulp and paper mills in Europe, China and Uruguay, the scope 1 and 2 CO<sub>2</sub> emissions are verified and reported in accordance with the EU's Eco-Management and Audit Scheme (EMAS) by EMAS-accredited auditors.

### Scope 3

UPM's Scope 3 calculation follows the principles and requirements of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Information about biogenic CO<sub>2</sub> emissions is unavailable for Scope 3 categories, except for category 11 (Use of sold products), where UPM reports biogenic CO<sub>2</sub> from the combustion of UPM's renewable diesel sales. Other GHG emissions from combustion are estimated to be insignificant.



### Excluded categories

The following categories are excluded from UPM's inventory:

- **8 Upstream leased assets:** Not a relevant category. According to several Life Cycle Assessment (LCA) studies carried out for the paper industry, infrastructure accounts for less than 1% of CO<sub>2</sub> emissions for paper industry units.
- **9 Downstream transport and distribution:** UPM mainly produces intermediate products. Due to the scarcity of reliable information, the availability of adequate data and UPM's influence on transport to end-users, UPM only reports CO<sub>2</sub> emissions related to the transport of UPM's (intermediate) products to customers. As these transports are purchased by UPM, their emissions are included in category 4 (Upstream transport and distribution).
- **11 Use of sold products:** Not a relevant category. UPM's products do not cause any fossil CO<sub>2</sub> emissions during their use. As additional information, UPM reports biogenic CO<sub>2</sub> from the combustion of renewable diesel, while emissions of other greenhouse gases from combustion are estimated to be insignificant.
- **12 End-of-life treatment of sold products:** As a producer of mostly intermediate products, reliable information, availability of adequate data and the Company's influence on this emission category is limited. These emissions are therefore excluded from the inventory.
- **13 Downstream leased assets:** Not relevant, as covered by other categories.
- **14 Franchises:** Not applicable, as UPM does not have any franchise activities.
- **15 Investments:** Not applicable, as there are no investments with emissions that are not included in Scopes 1 and 2.

### Included major categories

The following major categories are included in UPM's carbon inventory:

- **1 Purchased goods and services:** If primary data from the supplier is unavailable, secondary data from Ecoinvent is used to calculate emissions. Exceptions: IT-related emissions are evaluated using DEFRA factors per euro spent. Material categories included in the inventory are external pulp, wood, recovered paper, pigments and fillers, chemicals (for pulp, paper and label production), external paper and films. The estimated percentage of emissions calculated using data from suppliers is 20%. UPM's -30 by 30 Programme to reduce CO<sub>2</sub> emissions related to logistics and purchased materials includes measures to receive accurate data from more suppliers.
- **3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2):** This category includes emissions from the extraction, production and transport of purchased fuels used at production sites. The figure is calculated by multiplying consumption by fuel type with CO<sub>2</sub>eq factors from Ecoinvent or MLC (formerly GaBi) for purchased electricity. Emissions related to the production of biogenic fuels are not included in this category, as they are already included in the figures under other Scope 3 categories: for example, energy wood is included in category 1 under wood. The percentage of emissions calculated using data from suppliers is 0%.
- **4 Upstream transportation and distribution:** This category includes transport for the same raw materials reported in category 1, as well as product deliveries from UPM sites and storage facilities to customers, as these are under UPM's control. The calculation is based on calculated tonne-kilometres and primary emission data from suppliers or secondary emission factors from databases (GLEC, except UPM Raflatac's which uses GaBi factors). For raw material transport, the calculation is based on actual quantities received and distances per mode of transport. Updates for transport distances vary between raw material categories and business areas. For product transport, both tonnes per transport mode and distances are actual

figures. Only chemical transports are not calculated based on actual distances but are estimated using actual quantities received and an average CO<sub>2</sub>eq per quantity factor for pigment transport as a proxy. The estimated percentage of emissions calculated using data from suppliers is 30%. UPM's -30 by 30 Programme to reduce CO<sub>2</sub> emissions related to logistics and purchased materials includes measures to receive accurate data from more suppliers.

- **10 Processing of sold products:** This category includes all UPM products, calculated based on production figures and various sources of emissions related to further processing. CO<sub>2</sub>eq for tissue and packaging paper production from pulp and industrial printing of paper is calculated based on Ecoinvent data for electricity consumption for the respective processes and region-specific factors for electricity generation. CO<sub>2</sub>eq for printing at home or the office is estimated as the average electricity consumption of laser and inkjet printers and Ecoinvent's region-specific factors for electricity generation. UPM's average CO<sub>2</sub>eq emissions from graphic paper and label production are used to estimate external processing. The average represents different regions. The processing of sold labels is based on assumptions and calculations for UPM Raflatac's LCA from 2021. CO<sub>2</sub>eq emissions are based on assumptions and calculations from the verified Environmental Product Declarations for the processing of timber, plywood and biocomposites sold. The percentage of emissions calculated using data from customers: 0%.

### Included minor categories

The following minor categories are included in UPM's carbon inventory as additional information:

- 2 Capital goods
- 5 Waste generated in operations
- 6 Business travel
- 7 Employee commuting

## Carbon removals and use of carbon credits

E1-7

### Carbon sink

In 2024, the annual carbon sink from UPM own forests in Finland and in the US and UPM own and leased plantations in Uruguay has averaged 2.1 million tonnes of CO<sub>2</sub> equivalent over the past five years. This removal could be used to mitigate the residual emissions in UPM's net-zero pathway, presuming that carbon sinks will be accepted by credible international carbon accounting and assurance standards.

» Refer to E1-4, UPM's path to net-zero

In 2023, the reported sink was 4.8 Mt CO<sub>2</sub>eq. The main reasons for the lower sink in 2024 are changes in methodology and higher logging volumes in own forests in Finland and on plantations in Uruguay following the start-up of the Paso de Los Toros pulp mill.

### Temporary carbon storage

UPM's wood-based products store carbon during their lifetime. UPM is calculating the annual change in carbon stock of its sold wood-based products such as paper products, pulp, sawn timber and plywood. In 2024, the change in the annual carbon stock of wood-based products sold by UPM resulted in a carbon removal of 2.8 million tonnes of CO<sub>2</sub>.

UPM estimates the temporary carbon storage based on a scientific report by the Finnish SYKE and the German IFEU institutes » Refer to Reporting principles of metrics. Depending on the development of

credible international carbon accounting and assurance standards, the temporary carbon storage might be taken into account in UPM's net-zero pathway.

### Carbon credits

In case UPM is offering carbon-neutral products for its customers, it is through credits from voluntary offsetting schemes, such as Gold Standard. The total amount in 2024 was approximately 10,000 t CO<sub>2</sub>eq only. The credits are used solely to offer carbon-neutral products to customers but are not contributing to UPM's CO<sub>2</sub> emission reduction targets.



### Reporting principles for metrics

### Carbon sink

The Natural Resources Institute Finland (LUKE) calculates the carbon sink of UPM's own and leased forests and tree plantations in Finland, the USA and Uruguay. The results are reported annually as a five-year average and the calculation is developed as best practice evolves. There is ongoing work to harmonise methodologies and make calculations more accurate. The previous year's figures are therefore not fully comparable. UPM aims to constantly improve the understanding of carbon balances. In 2022, a project started with LUKE to improve the soil carbon models for Uruguay with actual measurements on the ground. Field measurements in eucalyptus plantations began in 2023. An improved model for carbon calculations is used in UPM's 2024 carbon accounting.

#### Finland

Changes in forest carbon stocks cover both the tree stock and the soil. Long-term measurement data and mathematical modelling from LUKE have been used in the calculation. Changes in the carbon stock of the stand are calculated as the difference between annual growth and depletion. The calculation has been performed separately for forests growing on mineral soils and peat soils. Estimates of stand growth is based on the National Forest Inventory (VMI), which is a five-year inventory cycle.

#### Uruguay

Changes in forest carbon stocks cover both the tree stock and the soil. Measurement data and mathematical modelling from LUKE have been used in the calculation. Changes in the carbon stock of the stand are calculated as the difference between annual growth and depletion, based on annual increment in volume and harvest information from UPM. The change in soil carbon stock has been calculated using the dynamic Yasso07 soil model.

#### USA

Carbon sinks on UPM-owned forests in the USA were calculated as the difference in carbon stored in growing stock between two time points in 5 years. The calculation complied with IPCC guidelines and was based on available data on annual totals of stem volumes by age classes. The total biomass carbon stock change was based on species-specific wood densities and species group-specific biomass expansion factors. The below-ground tree biomass was calculated based on ratios between above-ground and below-ground biomasses for specific species groups in compliance with IPCC guidelines.

» See upm.com for more information.

### Temporary carbon storage

The temporary carbon storage of UPM's wood-based products is estimated based on a scientific report "Fossil carbon emission substitution and carbon storage effects of wood-based products" published in early 2022 by The Finnish Environment Institute (SYKE) and the German Institut für Energie- und Umweltforschung Heidelberg (IFEU). The study was initiated and funded by UPM.

The general method to estimate the magnitude of the defined carbon (C) stock in the HWP pool in use and its net changes involve the so-called "HWP in use" method (IPCC 2019). UPM calculates the annual change in carbon stock based on the Company's annual production (in terms of carbon content) of sawn wood, wood-based panels, pulp and paper products, an estimate of half-life factor (number of years it takes to lose one-half of the material currently in the pool) for the respective product and an estimate of the decay constant. IPCC factors are used to estimate half-life and decay constant.

When carbon stocks of harvested wood products (HWPs) increase, the carbon is accounted as removal (negative emission). In the opposite situation, HWPs are accounted as carbon emissions.

## Internal carbon pricing

E1-8

The internal carbon price is used as an input to the long-term electricity price forecast. The long-term electricity price and internal carbon price are used to value UPM's existing assets and to plan investments.

The type of system is an implicit carbon price, and it is set to align with the price of the allowances under EU ETS. It is used for capital expenditure and risk and opportunity management to drive low-carbon investments, to identify and seize low-carbon opportunities, and for stress testing of investments.

UPM has fundamental power market models for both the Nordic and Continental European market areas. These models are used to forecast electricity prices several decades ahead. The models consider the transformation of the energy sector with climate change mitigation. The resulting power and commodity (fuel, CO<sub>2</sub>) prices are used in assessing the value of UPM's assets and in investment decisions. In addition to numerical electricity price forecasting, UPM Energy uses scenario analyses in strategic decision-making.

Currently, these analyses are used up to 2045. They are also used in other businesses of UPM, such as paper businesses, as future carbon prices may have a significant impact on the profitability of current and/or planned assets. The internal carbon price is set to be in line with the EU ETS allowance price.

## Anticipated financial effects

### E1-9

For qualitative information about the financial impact of risks and opportunities, » [Refer to Report of the Board of Directors, section "Climate change" in chapter Risks](#); » [Refer to Note 1.2 Basis of preparation in the consolidated financial statements, Climate related risks](#). For more information about opportunities, see UPM Annual Report's Strategy chapters.

## TCFD

UPM's climate-related disclosures according to TCFD (Task Force on Climate-related Financial Disclosures) are presented in this Sustainability Statement as follows:

REQUIREMENTS	PAGE NUMBER
<b>GOVERNANCE</b>	
a) The role of the Board in overseeing climate-related issues	131-132; 143-145
b) The role of management in assessing and managing climate-related issues	133; 143-145; 151
<b>STRATEGY</b>	
a) The climate-related risks and opportunities over the short, medium and long term	143-145; 151;154-156
b) The impact of climate-related risks and opportunities on business, strategy and financial planning	143-145; 149-151;154-156
c) The resilience of strategy, taking into consideration climate-related scenarios	143; 149-151
<b>RISK MANAGEMENT</b>	
a) Processes for identifying climate-related risks	131-133; 143-145; 151; 240
b) Processes for managing climate-related risks	131-133; 149-151; 240
c) How processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management	133; 143-145; 151; 240
<b>METRICS AND TARGETS</b>	
a) Metrics used to assess climate-related risks and opportunities	157-161
b) Scope 1, Scope 2 and Scope 3 emissions, and related risks	emissions: 158-160; risks:144-145; 151
c) Targets used to manage climate-related risks and opportunities and performance against targets	154-156

## EU Taxonomy

EU Taxonomy is a sustainable finance classification system, which defines criteria for economic activities that are considered environmentally sustainable. It represents an important step towards achieving carbon neutrality by 2050 in line with the EU climate goals. The first EU Disclosures Delegated Act on Climate was adopted in 2021 and it required large companies to report the proportion of their economic activities considered Taxonomy-eligible in relation to Climate change adaptation and Climate change mitigation objectives. In financial reporting year 2022, companies were also required to report the taxonomy alignment of their economic activities based on the sustainability requirements defined in the regulation.

In June 2023, the Commission adopted the Taxonomy Environmental Delegated Act, including a new set of EU taxonomy requirements for economic activities making a substantial contribution to one or more of the non-climate environmental objectives, namely: Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control and Protection and restoration of biodiversity and ecosystems. The Commission also adopted amendments to the Taxonomy Disclosures Delegated Act and to the Taxonomy Climate Delegated Act, covering the environmental objectives of Climate change mitigation and adaptation. For the financial year 2023, the KPIs covered all six environmental objectives concerning the Taxonomy eligibility. From 2024 onwards, also alignment shall be reported regarding all six objectives.

### Assessment of Taxonomy eligibility and alignment

UPM annually conducts annually a thorough evaluation of the eligibility and alignment of activities with the requirements defined in the Taxonomy regulation. The assessments are coordinated by UPM's Finance and Responsibility Teams with the support of several UPM functions and businesses. EU NACE Classification (Statistical Classification of Economic Activities in the European Community) is used as a reference in activity identification.

In 2024, UPM identified nine eligible economic activities of which six were Taxonomy-aligned. All the activities aim at a substantial contribution to climate change mitigation (CCM) and they meet specific technical screening criteria including criteria for 'do no significant harm' (DNSH) stated for each activity within the relevant Appendix to the delegated act. For all activities contributing to climate change mitigation, a physical climate risk assessment is needed pursuant to Appendix A to the Climate Delegated Act. Substantial contribution and 'do no significant harm' criteria were reviewed together with the sustainability experts from related UPM's businesses.

In 2024, UPM reported previously Taxonomy-aligned activities 1.1 "Afforestation" and 1.3 "Forest management" as Taxonomy-eligible. Activities consist of UPM's afforestation operations in Uruguay and forest management and regeneration activities in Finland, Uruguay and USA. UPM considers that the mentioned activities fulfill the all the alignment requirements, apart from the third-party verification (section 4. Audit). UPM has been searching for a partner who would be fulfilling Taxonomy certifier requirements and capable of conducting the specific audit on Forest management. Until now, UPM has not been able to find a suitable service provider from the market and, hence reports its forest management activities as not aligned.

In 2024, UPM's Taxonomy-aligned economic activities were the following:

3.6 "Manufacture of other low-carbon technologies" relates to technologies and products dedicated to the reduction of GHG emissions and includes mainly construction of UPM's new biochemicals biorefinery in Leuna, Germany.

4.5 "Electricity generation from hydropower" relates to operation of electricity generation facilities that produce electricity from hydropower including UPM's own and co-owned hydropower plants.

4.13 "Manufacture of biogas and biofuels for use in transport and of bioliquids" relates to manufacture of biofuels from forest biomass and consists of UPM's biorefinery operations in Lappeenranta, Finland.

4.20 "Cogeneration of heat/cool and power from bioenergy" relates to operation of installations used for cogeneration of heat/cool and power exclusively from biomass, biogas or bioliquids and it mainly consists of operation of UPM's own and co-owned biomass-based boilers in Finland and Uruguay.

UPM reports separately information on nuclear and fossil gas-related activities according to the Complementary Delegated Act. UPM identifies the activities 4.27 "Construction and safe operation of new nuclear power plants" (Olkiluoto 3) and 4.28 "Electricity generation from nuclear energy in existing installations" (Olkiluoto 1& 2) through its shareholdings in Pohjolan Voima Oyj (PVO) which has direct shareholdings in Teollisuuden Voima Oyj (TVO), » [Refer to Note 4.3 Energy shareholdings in the consolidated financial statements](#). TVO operates three nuclear power plants in Finland after Olkiluoto 3 started its production phase in Q2 2023. Both nuclear activities 4.27 and 4.28 are Taxonomy-aligned based on the comprehensive assessment conducted by Teollisuuden Voima Oyj (TVO).

In addition, UPM identified potential activities 1.2. "Manufacture of medicinal products" for the objective Pollution prevention and control within its Biomedicals business developing and supplying wood-based biomedical products and 4.29. "Electricity generation from fossil gaseous fuels", related to the Nordland CHP plant in Germany. The plant generates electricity mainly for UPM's internal consumption but in case of excess production, electricity can be sold externally to the grid operator. The reportable amounts for the activities are currently minor and have no impact on the KPIs, hence, UPM considered to report it as non-eligible.

### Minimum Safeguards

Requirements for Minimum Safeguards shall ensure that a company not only supports environmental goals, but also adheres to international social standards and guidelines. UPM evaluated the requirements to be fulfilled by UPM's Code of Conduct and related business practices, measures and commitments. UPM's due diligence and remedy processes consider social and employee matters, respect for human rights, anti-corruption and anti-bribery. Information on Principal Adverse Impacts (PAIs), as defined in the EU SFDR, are addressed in UPM's reporting, if relevant. UPM's practices and assessments in relevant areas are described in more detail in the Annual Report in the following pages:

- Commitment to international frameworks, page 211
- UPM Code of Conduct and other corporate policies, page 237
- Sustainability governance, pages 131–135
- Anti-corruption and anti-bribery, pages 242–244
- UPM and human rights, pages 211, 225, 231
- Taxation, pages 82–83

### UPM's Taxonomy alignment 2024 and development compared to previous year

In 2024, UPM's total Taxonomy-aligned turnover including the nuclear activities was EUR 774 million (995 million), 7% (10%) of total sales, Taxonomy-aligned CapEx was EUR 324 million (460 million), 40% (35%) of total CapEx and Taxonomy-aligned OpEx EUR 71 million (141 million), 11% (20%) of total OpEx as defined in Disclosures Delegated Act<sup>1)</sup>. Taxonomy-aligned turnover KPI decreased by 2 percentage points mainly due to lower biofuels sales consisting of renewable diesel and nafta (activity 4.13) and change in economic activity 1.3 "Forest management" alignment classification. Simultaneously, this was partly compensated by higher co-generation of power from bioenergy in the Paso de los Toros pulp mill, which in 2023 was still partly in a ramp up phase. Even though the absolute value of Taxonomy-aligned CapEx KPI decreased compared to the previous year, the relative share of Taxonomy-aligned CapEx KPI increased by 5 percentage points, mainly due to high proportion of Leuna biochemicals biorefinery investment out of Total Capex. OpEx KPI decreased by 9 percentage points mainly as economic activity 1.3. "Forest management" was reported as Taxonomy-eligible instead of Taxonomy-aligned, in addition to lower OpEx related to Olkiluoto1 and 2 nuclear plants (activity 4.28).

The Taxonomy regulation is still under development and does not cover all the sustainable economic activities. The majority of UPM's products and services, such as pulp, paper, timber, plywood and label materials contributing to the turnover, are not included in the EU Taxonomy, thus the high proportion of Taxonomy non-eligible activities.

<sup>1)</sup> The percentages differ from the Annex II templates presented below as they include nuclear activities which are not presented in Annex II templates. Nuclear activities are presented using the Annex XII templates of the amended Disclosures Delegated Act.

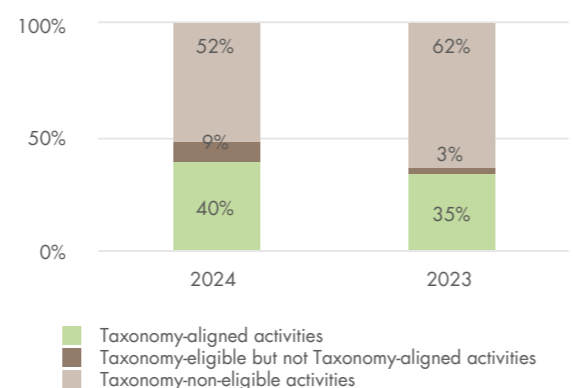
### KPIs and accounting policies

The eligibility and aligned-related financial information to be disclosed pursuant to Article 8 of the Taxonomy Regulation is presented in the following pages in tables Turnover of taxonomy-eligible activities, CapEx of Taxonomy-eligible activities, OpEx of Taxonomy-eligible activities and nuclear and fossil gas related templates.

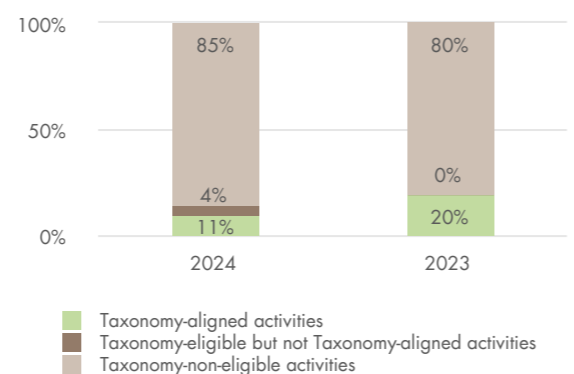
Turnover incl. Nuclear activities



CapEx



OpEx incl. Nuclear activities



Turnover of Taxonomy-eligible activities (excluding nuclear and fossil gas related activities)

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity	
	Code	Turnover	Proportion of Turnover year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity				Minimum safeguards
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Forest management	CCM 1.3																0%		
Electricity generation from hydropower	CCM 4.5	125	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%	E	
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	227	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	4%	E	
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	125	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%	E	
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		477	5%	5%	-%	-%	-%	-%	-%	Y	Y	Y	Y	Y	Y	Y	6%		
<b>Of which enabling</b>		477	5%	5%	-%	-%	-%	-%	-%	Y	Y	Y	Y	Y	Y	Y	6%	E	
<b>Of which transitional</b>		-	-%	-%						Y	Y	Y	Y	Y	Y	Y	-%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Forest management	CCM 1.3	64	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	3	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		67	1%	1%	-%	-%	-%	-%	-%								0%		
<b>Turnover of Taxonomy-eligible activities (A.1 + A.2)</b>		543	5%	5%	-%	-%	-%	-%	-%								7%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>Turnover of Taxonomy-non-eligible activities</b>		9,796	95%																
<b>TOTAL</b>		10,339	100%																

Turnover of Taxonomy-non-eligible activities (B) includes the eligible and aligned nuclear-related activities

CapEx of Taxonomy-eligible activities (excluding nuclear and fossil gas related activities)

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity	
	Code	CapEx	Proportion of CapEx, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity				Minimum safeguards
Economic Activities		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Afforestation	CCM 1.1																0%		
Forest management	CCM 1.3																4%		
Manufacture of other low-carbon technologies	CCM 3.6	309	38%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	29%	E	
Electricity generation from hydropower	CCM 4.5	3	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	6	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%	E	
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	5	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		324	40%	40%	—%	—%	—%	—%	—%	Y	Y	Y	Y	Y	Y	Y	35%		
<b>Of which enabling</b>		324	40%	40%	—%	—%	—%	—%	—%	Y	Y	Y	Y	Y	Y	Y	35%	E	
<b>Of which transitional</b>		—	—%	—%						Y	Y	Y	Y	Y	Y	Y	—%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Afforestation	CCM 1.1	16	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Forest management	CCM 1.3	53	6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3%		
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		70	9%	9%	—%	—%	—%	—%	—%								3%		
<b>CapEx of Taxonomy-eligible activities (A.1 + A.2)</b>		393	48%	48%	—%	—%	—%	—%	—%								38%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>CapEx of Taxonomy-non-eligible activities</b>		420	52%																
<b>TOTAL</b>		813	100%																

CapEx of Taxonomy-non-eligible activities (B) includes the eligible and aligned nuclear-related activities

OpEx of Taxonomy-eligible activities (excluding nuclear and fossil gas related activities)

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2023	Category enabling activity	Category transitional activity	
	Code	OpEx	Proportion of OpEx, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity				Minimum safeguards
Economic Activities		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Forest management	CCM 1.3																3%		
Manufacture of other low carbon technologies	CCM 3.6	11	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%	E	
Electricity generation from hydropower	CCM 4.5	4	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%	E	
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	13	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	4%	E	
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	10	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%	E	
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		37	6%	6%	—%	—%	—%	—%	—%	Y	Y	Y	Y	Y	Y	Y	12%		
<b>Of which enabling</b>		37	6%	6%	—%	—%	—%	—%	—%	Y	Y	Y	Y	Y	Y	Y	12%	E	
<b>Of which transitional</b>		—	—%	—%						Y	Y	Y	Y	Y	Y	Y	—%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Forest management	CCM 1.3	27	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		27	4%	4%	—%	—%	—%	—%	—%								0%		
<b>OpEx of Taxonomy-eligible activities (A.1 + A.2)</b>		64	10%	10%	—%	—%	—%	—%	—%								12%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>OpEx of Taxonomy-non-eligible activities</b>		601	90%																
<b>TOTAL</b>		665	100%																

OpEx of Taxonomy-non-eligible activities (B) includes the eligible and aligned nuclear-related activities

## Nuclear and fossil gas related templates

### Template 1 Nuclear and fossil gas related activities

ROW	NUCLEAR ENERGY RELATED ACTIVITIES	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
FOSSIL GAS RELATED ACTIVITIES		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

### Template 2 Taxonomy-aligned economic activities (denominator)

ROW	ECONOMIC ACTIVITIES	AMOUNT AND PROPORTION					
		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCA)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle						
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies	121	1 %	121	1 %	—	— %
3.	4.28. Electricity generation from nuclear energy in existing installations	176	2 %	176	2 %	—	— %
4.	4.29. Electricity generation from fossil gaseous fuels						
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels						
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system						
7.	<b>Amount and proportion of other Taxonomy-aligned economic activities not referred to in the rows above in the denominator of the Turnover</b>	477	5 %	477	5 %	—	— %
8.	<b>Total Turnover</b>	10,339	100 %	10,339	100 %	—	— %

ROW	ECONOMIC ACTIVITIES	AMOUNT AND PROPORTION					
		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCA)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle						
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies						
3.	4.28. Electricity generation from nuclear energy in existing installations						
4.	4.29. Electricity generation from fossil gaseous fuels						
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels						
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system						
7.	<b>Amount and proportion of other Taxonomy-aligned economic activities not referred to in the rows above in the denominator of the CapEx</b>	324	40 %	324	40 %	—	— %
8.	<b>Total CapEx</b>	813	100 %	813	100 %	—	— %

ROW	ECONOMIC ACTIVITIES	AMOUNT AND PROPORTION					
		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCA)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle						
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies	34	5 %	34	5 %	—	— %
3.	4.28. Electricity generation from nuclear energy in existing installations	0	0 %	0	0 %	—	— %
4.	4.29. Electricity generation from fossil gaseous fuels						
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels						
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system						
7.	<b>Amount and proportion of other Taxonomy-aligned economic activities not referred to in the rows above in the denominator of OpEx</b>	37	6 %	37	6 %	—	— %
8.	<b>Total OpEx</b>	665	100 %	665	100 %	—	— %

Template 3 Taxonomy-aligned economic activities (numerator)

ROW	ECONOMIC ACTIVITIES	AMOUNT AND PROPORTION					
		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCA)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle						
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies	121	16 %	121	16 %	—	— %
3.	4.28. Electricity generation from nuclear energy in existing installations	176	23 %	176	23 %	—	— %
4.	4.29. Electricity generation from fossil gaseous fuels						
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels						
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system						
7.	<b>Amount and proportion of other Taxonomy-aligned economic activities not referred above in the numerator of turnover</b>	477	62 %	477	62 %	—	— %
8.	<b>Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the Turnover</b>	774	100 %	774	100 %	—	— %

ROW	ECONOMIC ACTIVITIES	AMOUNT AND PROPORTION					
		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCA)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle						
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies						
3.	4.28. Electricity generation from nuclear energy in existing installations						
4.	4.29. Electricity generation from fossil gaseous fuels						
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels						
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system						
7.	<b>Amount and proportion of other Taxonomy-aligned economic activities not referred to in the rows above in the numerator of CapEx</b>	324	100 %	324	100 %	—	— %
8.	<b>Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the CapEx</b>	324	100 %	324	100 %	—	— %

ROW	ECONOMIC ACTIVITIES	AMOUNT AND PROPORTION					
		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCA)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle						
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies	34	48 %	34	48 %	—	— %
3.	4.28. Electricity generation from nuclear energy in existing installations	0	0 %	0	0 %	—	— %
4.	4.29. Electricity generation from fossil gaseous fuels						
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels						
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system						
7.	<b>Amount and proportion of other Taxonomy-aligned economic activities not referred to in the rows above in the numerator of the OpEx</b>	37	52 %	37	52 %	—	— %
8.	<b>Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the OpEx</b>	71	100 %	71	100 %	—	— %

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

ROW	ECONOMIC ACTIVITIES	AMOUNT AND PROPORTION					
		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCA)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle						
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies						
3.	4.28. Electricity generation from nuclear energy in existing installations						
4.	4.29. Electricity generation from fossil gaseous fuels						
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels						
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system						
7.	<b>Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred above in the denominator of the Turnover</b>	67	1 %	67	1 %	—	— %
8.	<b>Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the Turnover</b>	67	1 %	67	1 %	—	— %

ROW	ECONOMIC ACTIVITIES	AMOUNT AND PROPORTION					
		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCA)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle						
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies						
3.	4.28. Electricity generation from nuclear energy in existing installations						
4.	4.29. Electricity generation from fossil gaseous fuels						
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels						
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system						
7.	<b>Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in the rows above in the denominator of the CapEx</b>	70	9 %	70	9 %	—	— %
8.	<b>Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the CapEx</b>	70	9 %	70	9 %	—	— %

ROW	ECONOMIC ACTIVITIES	AMOUNT AND PROPORTION					
		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCA)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle						
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies						
3.	4.28. Electricity generation from nuclear energy in existing installations						
4.	4.29. Electricity generation from fossil gaseous fuels						
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels						
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system						
7.	<b>Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in the rows above in the denominator of OpEx</b>	27	4 %	27	4 %	—	— %
8.	<b>Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the OpEx</b>	27	4 %	27	4 %	—	— %

Template 5 Taxonomy non-eligible economic activities

ROW	ECONOMIC ACTIVITIES	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle		
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies		
3.	4.28. Electricity generation from nuclear energy in existing installations		
4.	4.29. Electricity generation from fossil gaseous fuels		
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels		
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system		
7.	<b>Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in the rows above in the denominator of the Turnover</b>	9,796	95 %
8.	<b>Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the Turnover</b>	9,796	95 %

ROW	ECONOMIC ACTIVITIES	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle		
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies		
3.	4.28. Electricity generation from nuclear energy in existing installations		
4.	4.29. Electricity generation from fossil gaseous fuels		
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels		
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system		
7.	<b>Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in the rows above in the denominator of the CapEx</b>	420	52 %
8.	<b>Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the CapEx</b>	420	52 %

ROW	ECONOMIC ACTIVITIES	AMOUNT	%
1.	4.26. Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle		
2.	4.27. Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies		
3.	4.28. Electricity generation from nuclear energy in existing installations		
4.	4.29. Electricity generation from fossil gaseous fuels		
5.	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels		
6.	4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system		
7.	<b>Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in the rows above in the denominator of the OpEx</b>	601	90 %
8.	<b>Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the OpEx</b>	601	90 %

#### Accounting Policy

UPM consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and IFRIC Interpretations. UPM has calculated the KPIs using the financial information presented in the Group consolidated financial statements 2024. In determining the eligible and aligned turnover, any specific fragments of production inputs, such as the use of sustainable raw material or energy, have not been included in the eligible turnover if the main activity is not included in the Taxonomy. However, for activities that are used both internally and, to some extent, to generate external turnover, the CapEx and OpEx is not split in relation of internal and external use, but fully allocated to economic activity that leads to revenue. The definitions of CapEx and OpEx key performance indicators are based on definitions set out in the Disclosures Delegated Act. A clear reporting structure prevents double counting and ensures that turnover, CapEx and OpEx related to assets or processes that are associated with Taxonomy-aligned economic activities are counted only once. Whenever an individual investment is considered Taxonomy-aligned, this proportion of CapEx is not further allocated to a Taxonomy-aligned economic activity, to avoid double counting. Similarly, OpEx related to purchased outputs that are already considered under OpEx associated with Taxonomy-aligned activities is not further counted. The Group has no economic activities contributing to multiple climate or environmental objectives.

#### Turnover

UPM has calculated turnover, as defined in the Disclosures Delegated Act, based on the same accounting principles that apply for revenue in IFRS Accounting Standards, i.e., covering all amounts derived from the sale of products and services in the course of ordinary activities. Total turnover corresponds to total sales as reported in the Group consolidated financial statements. » Refer to Note 2.2. Sales in the consolidated financial statements, Accounting policy. Taxonomy-eligible and -aligned turnover include only revenue from sales of products and services generated from activities that are included in the Taxonomy.

In 2024<sup>1)</sup>, the numerator of the turnover KPI is defined as the turnover derived from products and services associated with Taxonomy-aligned economic activities:

4.5. "Electricity generation from hydropower" generates turnover from the sale of electricity generated by UPM's own or co-owned hydropower plants.

4.13. "Manufacture of biogas and biofuels for use in transport" generates turnover on sale of wood-based renewable diesel and naphtha for transport and petrochemicals.

4.20. "Cogeneration of heat/cool and power from bioenergy" generates turnover from the surplus sale of heat and power generated from biomass in combined heat and power plants that is not consumed in own production. Regarding the power plants, the portion of the fossil fuels has been excluded from the turnover.

Turnover from sale of wood and wood-based biomass such as logs, pulpwood and forest residues from UPM's own and leased forests to third-party customers (other sources of wood excluded from the eligible turnover), sale of forestry services to private forest owners (1.3. "Forest management") and sale of logistic services from leased vessels (6.10 "Sea and coastal freight water transport, vessels for port operations and auxiliary activities") are Taxonomy-eligible but not Taxonomy-aligned.

#### CapEx

UPM has included in CapEx, as defined in the Disclosures Delegated Act, additions to tangible and intangible assets, before any depreciation, impairments, amortisation charges and fair valuations during the financial year, as accounted for in accordance with IAS 16 Property, Plant and Equipment, IAS 38 Intangible assets, IAS 41 Agriculture and IFRS 16 Leases. CapEx corresponds to cash payments to acquire fixed and forest assets in the Consolidated cash flow statement adjusted with amounts accrued but not paid at the end of reporting period. CapEx includes also acquisition of businesses and subsidiaries, excluding goodwill, and additions to leased assets. » Refer to line items Capital expenditure, Additions to forest assets and Acquisition of businesses and subsidiaries, net of cash acquired in Consolidated cash flow statement, and Leases in Note 5.2. Net debt in the consolidated

financial statements. Capital expenditure presented in the UPM Annual Report under Other financial information differs from Taxonomy-CapEx as it excludes additions to forest assets and leased assets and includes goodwill acquired in business acquisitions.

In 2024<sup>1)</sup>, the numerator consists of the following categories of Taxonomy-aligned CapEx:

3.6 "Manufacture of other low-carbon technologies" CapEx relates to investment in the new-generation biorefinery in Leuna, Germany. The Group is reporting all CapEx related to ongoing investment in new-generation biorefinery as Taxonomy-aligned CapEx. In 2024, UPM interpreted the Leuna investment as a Capex plan (1.1.2.2. (b) of Annex I) instead of capital expenditure relating to assets or processes already associated to environmentally sustainable economic activities, as the Leuna biorefinery is not yet fully in operational stage. The commissioning and start-up of the biorefinery was initiated in late 2024. The integrated commercial production of the site is expected to start in H2 2025. Total CapEx for the investment is estimated to be EUR 1,275 million.

4.5. "Electricity generation from hydropower" CapEx includes refurbishment of hydropower plants.

4.13. "Manufacture of biogas and biofuels for use in transport" CapEx includes refurbishment of Lappeenranta biorefinery.

4.20. "Co-generation of heat/cool and power from bioenergy" includes refurbishment of related power plants.

CapEx related to investments on purchased and leased land for afforestation (1.1. "Afforestation"), capitalised forest regeneration costs such as planting, growing of seedlings and operation of nurseries, (1.3. "Forest management") and leased vessels (6.10 "Sea and coastal freight water transport, vessels for port operations and auxiliary activities") is Taxonomy-eligible but not Taxonomy-aligned.

#### OpEx

UPM has included in OpEx, as defined in the Disclosures Delegated Act, research and development costs as accounted for in accordance IAS 38 Intangible assets, short-term lease expenses as accounted for in accordance IFRS 16 Leases, and costs of day-to-day servicing (i.e., repairs and maintenance) of property, plant and equipment as accounted for in accordance IAS 16. Costs of day-to-day servicing of property, plant and equipment include direct salaries of maintenance personnel, maintenance materials and maintenance services outsourced. In addition, as UPM owns a significant amount of forest assets, it considers forest management and support services as day-to-day servicing of assets as defined in the EU Disclosures Delegated Act. OpEx is included in the consolidated income statement line item Costs and expenses, » Refer to Note 2.3. Operating expenses and other operating income in the consolidated financial statements.

In 2024<sup>1)</sup>, the numerator consists of the following categories of Taxonomy-aligned OpEx:

3.6 "Manufacture of other low-carbon technologies" includes maintenance and R&D costs related to biochemicals biorefinery.

4.5. "Electricity generation from hydropower" OpEx includes maintenance costs of hydropower plants.

4.13. "Manufacture of biogas and biofuels for use in transport" OpEx includes maintenance costs of biofuels production facility in Lappeenranta and next generation biofuels refinery R&D costs.

4.20. "Co-generation of heat/cool and power from bioenergy" includes maintenance of related power plants.

OpEx related to forestry infrastructure maintenance, forest fire fighting, protection and environmental activities (1.3. "Forest management") and investments on leased vessels (6.10 "Sea and coastal freight water transport, vessels for port operations and auxiliary activities") is Taxonomy-eligible but not Taxonomy-aligned.

#### Nuclear and gas related activities

UPM has reported separately its activities related to Nuclear and Gas as defined in the Complementary Climate Delegated Act (2022/1214).

Taxonomy-eligible turnover from nuclear-related activities includes UPM's electricity sales to external customers related to nuclear power plants (Olkiluoto 3 under activity 4.27 and Olkiluoto 1 and 2 under activity 4.28). Taxonomy-eligible OpEx in activities 4.27 and 4.28 includes, as defined in the Disclosures Delegated Act, UPM's share of day-to-day servicing costs related to property, plant and equipment in the new and existing nuclear power plants. UPM is not reporting any CapEx related to the nuclear activities as due to the nature of its shareholding ownership in PVO, investments related to nuclear are not included in the total UPM's Capital expenditure as presented in the UPM Annual Report, » Refer to Note 4.3 Energy shareholdings in the consolidated financial statements. All the reported nuclear activities and respective KPIs are both Taxonomy-eligible and Taxonomy-aligned.

<sup>1)</sup> In 2023, economic activities 1.1 "Afforestation" and 1.3. "Forest management" were reported as aligned. Apart from that, activities in the numerators of Taxonomy-aligned turnover, CapEx and OpEx in 2023 were equal to 2024.



# Pollution (ESRS E2)

UPM pays close attention to the impact of its operations on the air, climate, water and soil and aims to minimise any adverse effects. This means reducing emissions to air and water, avoiding emissions to soil and minimising both non-hazardous and hazardous waste.

Reduction in acidifying flue gases (NO<sub>x</sub>/SO<sub>2</sub>) achieved for a UPM average product

## -19%

Compared to 2015  
(2030 target: -20%)

Reduction in chemical oxygen demand (COD) achieved for UPM's average product

## -44%

Compared to 2008  
(2030 target: -40%)

35 environmental deviations from permit, contractual or other legal obligations

2,200 preventive observations and near misses reported

## POLICIES

### E2-1

UPM's Code of Conduct expresses the Company's respect for people, the environment and ethical business practices, and includes its commitment to minimising negative environmental impacts. The Code is complemented by UPM's Sustainability Policy Statement, which addresses the issue in more detail. The UPM Supplier and Third-Party Code sets out minimum requirements for the value chain. » [Refer to G1-1 Policies](#) for more information about these policy documents.

In addition, specific aspects are addressed in the following policy documents:

- UPM Sustainable Supply Chain Programme » [Refer to G1-2 Responsible Sourcing](#)
- UPM Clean Run Standard
- UPM Chemical Management Standard
- UPM Risk Management Standard
- UPM Incident Investigation and Reporting Standard

UPM's high-level commitment to mitigating, preventing and controlling negative impacts related to pollution is stated in the UPM Code of Conduct: "We aim to minimise any direct or indirect negative impacts on the environment or people in our sphere of influence. On an ongoing basis, we measure and assess the direct and indirect environmental risks and impacts of our operations and promote the use of best available techniques. We expect our suppliers and business partners to share our commitment to the environment." This is complemented by UPM's Sustainability Policy Statement: "UPM pays close attention to the impact of its operations on the air, climate, water and soil and aims to minimise any adverse effects. This means reducing emissions to air and water, avoiding emissions to soil and minimising both non-hazardous and hazardous waste."

All relevant pollutants and substances from UPM's operations are covered by UPM's policies.

The reduction targets for most material pollutants at Group level, NO<sub>x</sub>, SO<sub>2</sub>, COD and landfill waste, are included in UPM's sustainability targets for 2030.

UPM's commitment to the continuous improvement of environmental impacts is specified in the UPM Sustainability Policy Statement.

## UPM Clean Run Standard

The UPM Clean Run Standard formalises UPM's Clean Run concept. It aims to ensure that all businesses of UPM implement the processes falling under Clean Run as intended in UPM's Sustainability Policy Statement, and to ensure continuous improvement of environmental performance and compliance with all applicable laws and other regulatory obligations. » [Refer to E2-2 UPM Clean Run concept](#).

## UPM Chemical Management Standard

The UPM Chemical Management Standard describes the minimum requirements for chemical risk assessment, approval and safe handling. UPM complies with the relevant international and national legislation applicable to the production site and for the product. In addition, chemicals approved for use should have minimal negative effects on human health, the environment and the safety of UPM's products. The least harmful alternative should be selected. Chemicals that are classified as or contain a component that is fatal to humans, carcinogenic, mutagenic, harmful to reproduction, toxic for single organs, skin or respiratory sensitising, toxic to aquatic life with chronic effects, hazardous to the ozone layer, or that are on the list of substances of very high concern (SVHC) of the European Chemicals Agency (ECHA), or that are considered to have endocrine disrupting properties, must not be used if technically feasible safer alternatives are available.

## UPM Risk Management Standard

The UPM Risk Management Standard also applies to OHS & Environment. It states: "Risks are managed at UPM using risk assessments. No job should begin without an evaluation of risk."

The standard defines that management at all UPM units (sites, mills, offices, etc.) are expected to: 1. identify all foreseeable hazards and evaluate their risk levels with respect to health, safety, environment, products and Company reputation; 2. effectively control risks to a level as low as reasonably practicable; 3. effectively communicate risk assessment findings to all relevant employees so they can work safely and in an environmentally responsible way; 4. review and prioritise the risks in their area of responsibility.

Further standards such as the UPM Process Safety Standard or UPM Management of Change Standard are also addressing aspects relevant for the management of environmental performance.

UPM's standards are approved at UPM Function level.

## UPM Incident Investigation and Reporting Standard

The UPM Incident Investigation and Reporting Standard applies to OHS & Environment. For example, it defines UPM's effective incident investigation process to include how to notify, investigate, and assign preventive and corrective actions, report the findings, and share the lessons learned with other UPM organisations. The UPM incident investigation process starts when an incident occurs or is detected. Immediately following an incident, the line organisation's first task is to stabilise the situation, limit any further consequences, and make the incident site safe and secure.

## ACTIONS

### E2-2

Based on UPM's identified material topics, UPM has set the following focus areas and Group-level targets related to pollution:

- Climate (with a target for emissions to air – NO<sub>x</sub> and SO<sub>2</sub>)
- Water (with a target for emissions to water – COD)
- Water (with a target for use of nutrients from recycled sources);  
» Refer to E5-2 and E5-3
- Product stewardship (with a target for share of ecolabelled products);  
» Refer to E5-2 and E5-3
- Waste (with a target for landfill waste); » Refer to E5-2 and E5-3
- Responsible sourcing (with targets on spend covered by UPM Supplier and Third-Party Code); » Refer to G1-2

Action plans have been established to achieve the Group-level targets, as well as other relevant areas for continuous improvement. The key actions, previous year's key actions, planned key actions and overarching concepts are presented below.

## UPM Clean Run concept

The Company-wide Clean Run concept, which was launched in 2012 and has since been developed to cover all operations, is a holistic environmental management system that aims to improve UPM's environmental performance by bringing environmental issues to the forefront of everyday work and enabling a consistent way of working in all operations. All sites systematically follow up deviations, proactively report observations and near misses, carry out environmental walks and discussions, share best practices, and prepare detailed risk assessments. Clean Run and long-term environmental targets reviews are conducted regularly. Roadmaps for achieving the Group's environmental targets for 2030 are developed by the relevant production sites and business areas, and actions are taken accordingly.

UPM continuously strives to reduce its risk exposure and improve its performance by using tools such as certified management systems. All production sites have a certified ISO 14001 environmental management system, except for two UPM Raflatac sites in Germany which were acquired at the end of 2022, one of which will be closed during 2025. Certification of the other site is expected to be completed in 2025.

In 2024, approximately 1,900 (1,500) environmental walks were organised, and 2,200 (2,600) preventive environmental observations and near misses were reported. In 2024, the number of environmental non-conformances increased to a total of 35 (28) deviations from permit, contractual or other legal obligations. 6 cases were related to air, 23 to water, 1 to soil, 2 to soil and water, 1 to noise and 2 to logging. All deviations from environmental permit obligations were reported to the authorities and, where relevant, to local stakeholders. In all cases, appropriate measures were taken to normalise the situation and will be taken to prevent similar occurrences.

No major environmental incident occurred in 2024. In 2023, a major environmental incident occurred at UPM's new Paso de los Toros pulp mill in Uruguay. Sodium hydroxide mixed with rainwater leaked from a stormwater basin through the soil into a nearby creek, causing the pH level of the water in the creek to temporarily increase. The stormwater basin was repaired. Operational and maintenance procedures in the chemical storage area have been reviewed and updated, and the findings have been used to review and improve other

concrete structures on the mill site. Learnings were shared internally as part of UPM's Clean Run concept.

All the measures agreed with the authorities were taken, such as the interception and removal of subsurface flow with trenches, the reparation of the stormwater control basin and preventive actions in other concrete structures of the mill. The creek has shown sustained natural recovery since the incident in August 2023. The environmental monitoring continues to follow up the recovery of the affected section of the creek.

In January 2024, the Uruguayan Ministry of Environment imposed a fine of approximately USD 188,000 on the Company for this non-compliance with the environmental management plan for the UPM Paso de los Toros pulp mill. The sanction was paid in 2024.

## Reducing emissions to water

### Key action

Water is an essential resource for pulp and paper mills. All wastewater from UPM's pulp and paper production is cleaned in both mechanical and biological effluent treatment processes, either at an external or own wastewater treatment plant. The purified water is usually returned to the same watershed from which it was taken.

UPM has chosen COD (chemical oxygen demand) as the most appropriate indicator for emissions to water, i.e. effluent load, from pulp and paper production. A Group-level reduction target has been set, to be achieved by 2030. Pulp and paper mills have respective specific plans to achieve their reduction targets for COD in their treated wastewater by 2030.

In 2024, the specific emissions of COD per tonne of paper decreased by 10% compared to the previous year and by 33% compared to the target base year 2008. The specific emissions of COD per tonne of pulp decreased by 3% compared to the previous year and by 53% compared to the target base year 2008.

» Refer to E2-3 Targets for the follow-up of the target at Group level and an explanation of COD.

UPM was the first Finnish freight carrier to commit to the Ship Waste Action Initiative of the Baltic Sea Action Group. In Finland, from the spring of 2022 onwards, UPM has discharged ship-generated wastewater on land where its nutrients can be utilised.

### Actions in 2024

- Several actions focused on reducing the risk of soil or groundwater pollution. At UPM Kymi, Finland, the bottom structure at the bark storage area was improved. At Paso de los Toros, Uruguay, investments were made in contention areas for emergency situations. Improvements were also made to chemical unloading areas of several sites (e.g. plywood mills, UPM Kaukas paper mill).
- At UPM Nordland Papier in Germany, a project to separate the dewatering of biosludge and fibre sludge started at the site's wastewater treatment plant. A COD reduction of 20% is expected due to this measure, beside the improved sludge recycling options and reduction of transports. The project will be finalised in 2025.

### Planned actions

- UPM will continue to develop and implement measures to reach its 2030 targets.
- The primary clarifier at UPM Jämsänkoski paper mill in Finland will be renewed in 2025, which is essential for the efficiency and effectiveness of the entire wastewater treatment process.

## Reducing emissions to air

### Key action

UPM's main source of air emissions is energy generation. The quantity and quality of air emissions depend on the amount of energy produced at power plants or boilers, the operating rate of the paper machines and the fuels used. The choice of fuels, combustion technology and flue gas purification are ways of reducing these emissions. Boilers using biomass-based fuels, oil and coal are equipped with filter systems. Acidifying flue gases (NO<sub>x</sub> and SO<sub>2</sub>) have been identified as having the most material impact, and a target to reduce these air emissions by 2030 has been set.

In 2024, the specific emissions of acidifying flue gases per tonne of paper decreased by 12% compared to the previous year and 32% compared to the target base year 2015. The specific emissions of acidifying flue gases per tonne of pulp were unchanged from the previous year and decreased by 8% compared to the target base year 2015.

» Refer to E2-3 Targets for the follow-up of the target at Group level.

Transport contributes to air emissions to a smaller extent. In recent years, UPM has invested in seven vessels which run on dual fuels, which means a combination of traditional marine gas oil and liquefied natural gas (LNG). When fuelled with LNG, their CO<sub>2</sub> emissions will be 25% lower than those of commonly used marine gas oil. In addition, nitrogen oxides (NO<sub>x</sub>) will be cut by about 85%, and sulphur oxides (SO<sub>x</sub>) by approximately 99%. Emissions of soot particles will also be decreased by 99%.

### Actions in 2024

- UPM joined a 5-year research programme led by VTT and RISE Research Institutes of Sweden on emission-free pulping. The programme aims to significantly reduce biomass burning and increase the product yield from wood from approximately 50% to around 70%.

### Planned actions

- UPM will continue to develop and implement measures to reach its 2030 targets.
- At UPM Kaukas pulp mill's recovery boiler, the renewal of their four Electrostatic Precipitators (ESPs) continues with the third ESP in 2025, after the renewal of two ESP in 2023. This will further improve air quality by reducing dust emissions especially.

» Refer to E5-2 Actions for actions related to waste and chemicals.

## Resources

In 2024, UPM's environmental investments totalled EUR 20 million (60 million). The significant decrease compared to the the previous year is mainly due to investments in eight electric boilers in 2023. The largest investment in 2024 was at UPM Kymi, where approximately EUR 2 million was spent on improvements at the bottom structure of the bark storage area.

UPM's environmental costs, which were mainly attributable to effluent treatment and waste management, totalled EUR 111 million (121 million), including depreciation.

During 2024, no significant capital expenditures for new environment-related projects were announced.

» Refer to line item Capital expenditure in Consolidated cash flow statement

» Refer to line item Costs and expenses in Consolidated income statement

» Refer to Note 2.3 Operating expenses and other operating income in the consolidated financial statements

## TARGETS

E2-3

### Targets related to emissions

To manage its sustainability activities, UPM has set several targets and key performance indicators for its sustainability focus areas covering emissions from production sites (covered under Climate, Water and Waste) and the supply chain. These targets support UPM's policy objective of mitigating, preventing and controlling negative impacts

related to pollution (UPM Code of Conduct). UPM's sustainability targets are developed taking the views, wishes and perspectives of external stakeholders from UPM's constant multi-stakeholder dialogue into account.

SUSTAINABILITY FOCUS AREA AND KEY PERFORMANCE INDICATOR	BASE YEAR	BASE YEAR VALUE	2030 TARGET	TARGET FOLLOW-UP 2024 (2023)
<b>Climate, including air emissions</b>				
Acidifying flue gases (NO <sub>x</sub> /SO <sub>2</sub> ) for an average UPM product	2015	100% **	-20%	-19% (-17%)
<b>Water</b>				
Chemical oxygen demand (COD) for an average UPM product *	2008	100% ***	-40%	-44% (-39%)
<b>Waste</b>				
Process waste sent to landfills or to incineration without energy recovery	2015	122,000 dry tonnes	0 tonnes	97,000 (82,000) tonnes, 83% (87%) of UPM's process waste recovered or recycled
<b>Responsible sourcing</b>				
UPM total spend covered by UPM Supplier and Third-Party Code	2015	79%	>80% (continuous)	91% (89%)

\* Relevant for pulp and paper production

\*\* Calculation: minus 20% target for weighted average of reductions to be achieved for specific emissions of Pulp, Paper, Plywood, Biofuels and Timber, with base year as 100%

\*\*\* Calculation: minus 40% target for weighted average of reductions to be achieved for specific emissions of Pulp and Paper, with base year as 100%

UPM's sustainability targets for 2030 are followed up and reported at Group level at least annually.

The target parameters chosen for emissions to air, water and soil are the most relevant to be followed up for UPM's main production areas. They are evaluated and set based on the historical development, known investment projects and technology developments, and potential local impacts. They aim to go beyond actual permit values which are set by the authorities considering the local circumstances. If available, EU Ecolabel criteria or the reference values of BAT (best available techniques) are also taken into account when setting targets.

Group-level targets are broken down into business areas and sites based on detailed allocation in the case of COD, used as an indicative target for all business areas in case of acidifying flue gases, or are a generic target for all sites in the case of UPM's "zero waste to landfill" target.

UPM has chosen COD (chemical oxygen demand) as the most appropriate indicator for the effluent load from pulp and paper production. Other units do not have significant emissions to water. The effluent, or wastewater, of pulp and paper mills includes organic substances which consume oxygen during biodegradation. Low oxygen content in water can have an adverse effect on plant and animal life. COD refers to the amount of oxygen consumed in the complete chemical oxidation of organic compounds.

UPM's target for acidifying flue gases aims to reduce emissions of NO<sub>x</sub> and SO<sub>2</sub> from its energy generation and production processes.

Progress towards the Group-level targets for effluent load (COD) and acidifying flue gases (NO<sub>x</sub> and SO<sub>2</sub>) is ahead of schedule. The 2030 target for COD is achieved in 2024 and the 2030 target for acidifying flue gases is almost achieved.

» Refer to E5-3 Targets for the waste target and » Refer to G1-2 Targets for the sourcing target.

A potential risk for soil pollution may come from landfill areas. UPM's target is to have zero process waste going to landfill by 2030. This is an absolute target for all UPM's business areas. » Refer to E5 Resource Use and Circular Economy for details on waste amounts and handling.

UPM follows the legal requirements of the EU (REACH) and other local legislation in countries where it has production sites regarding the use of chemicals and especially of substances of concern and high concern.

The set targets are voluntary and in addition to legal requirements.

## METRICS

E2-4

### Emissions to air, water and soil

The tables below include the amount of pollutants as listed in the European Pollutant and Transfer Register (E-PRTR; Annex II of Regulation (EC) No 166/2006) from production sites for which the applicable threshold value is exceeded. This means that the amounts only cover these production sites and their respective emissions.

For the most relevant parameters, UPM therefore also reports total amounts of the emissions considered most material for UPM, as well as common effluent quality parameters for the pulp and paper industry that are not listed in the E-PRTR.

#### Emissions to air (E-PRTR scope\*)

t, kg or g	2024
Carbon monoxide (CO), t	6,700
Chlorine and inorganic compounds (as HCl), t	20
Chromium and compounds (as Cr), kg	150
Polycyclic aromatic hydrocarbons (PAHs), kg	80
PCDD + PCDF (dioxins + furans) (as Teq), g	0.4
Particulate matter (PM10)	—
Arsenic and compounds (as As)	—
Cadmium and compounds (as Cd)	—
Copper and compounds (as Cu)	—
Mercury and compounds (as Hg)	—
Nickel and compounds (as Ni)	—
Lead and compounds (as Pb)	—
Zinc and compounds (as Zn)	—
Polychlorinated biphenyls (PCBs)	—
Fluorine and inorganic compounds (as HF)	—

\* Scope includes only UPM sites' emissions above the threshold which is specified in the EU's E-PRTR

#### Emissions to air (total amount)

t	2024	2023
Nitrogen oxides (NO <sub>x</sub> )	8,700	7,800
Sulphur dioxide (SO <sub>2</sub> )	780	770
Particulates (total)	680	860
Non-methane volatile organic compounds (NMVOC)	400	320

#### Emissions to water (E-PRTR scope\*)

t, kg or g	2024
Chlorides (as total Cl), t	14,600
Zinc and compounds (as Zn), kg	6,300
Copper and compounds (as Cu), kg	1,700
Nickel and compounds (as Ni), kg	590
Chromium and compounds (as Cr), kg	110
Arsenic and compounds (as As), kg	100
Lead and compounds (as Pb), kg	80
Cadmium and compounds (as Cd), kg	10
Mercury and compounds (as Hg), kg	10
PCDD + PCDF (dioxins + furans) (as Teq), g	30
Total nitrogen	—
Total phosphorous	—
Nonylphenol and Nonylphenol ethoxylates (NP/NPEs)	—
Naphthalene	—
Polycyclic aromatic hydrocarbons (PAHs)	—
Fluorides (as total F)	—
Octylphenols and Octylphenol ethoxylates	—
Benzo(g,h,i)perylene	—

\* Scope includes only UPM sites' emissions above the threshold which is specified in the EU's E-PRTR

#### Emissions to water (total amount)

t	2024	2023
Biological oxygen demand (BOD7)	5,200	5,300
Chemical oxygen demand (COD)	56,600	52,400
Total organic carbon (TOC) (as COD/3)	18,900	17,500
Halogenated organic compounds (as AOX)	280	290

#### Emissions to soil

» Refer to E5-5 table By-products and waste for information about hazardous waste. No other pollutants to the soil are to be reported.

## Microplastics

The quantification of microplastics generated and used by UPM is still impossible. Active research is done in the area covering both incoming material and unintentional releases. From 2021 to 2023, UPM joined the "Circular economy of water in industrial processes" project. As a result, a laboratory measurement method for microplastics in forest industry waters was developed with universities at UPM's research centre in Lappeenranta, Finland. However, this and other standardisation and methodology developments are still insufficient. Both testing and development and validation work must continue to be able to receive reliable and consistent results. UPM will continue research in this area by joining projects, through its own method development work and by evaluating cooperation with external laboratories, for example. In 2024, UPM participated in preparing the application for the Finnish "Pro Water Project" which will start in 2025 when approved.

## Changes over time

UPM has identified COD as the most relevant parameter for its wastewater quality and acidifying flue gases (NO<sub>x</sub> and SO<sub>2</sub>) as the most relevant parameter for air emissions. For both parameters, targets are set for 2030 from the 2008 or 2015 level respectively, and the performance is followed up at Group level.

» Refer to [E2-2 Actions](#) for the follow-up on relevant parameters.



### Reporting principles for metrics

## Emissions to air

UPM reports the total amount of emissions to air of NO<sub>x</sub>, SO<sub>2</sub> and Particulates as its main performance indicators. These are calculated based on site-level data from sampling or continuous monitoring. These indicators include the emissions from UPM's own power plants and the respective share of jointly operated on-site power plants corresponding to UPM's energy supply. External power plants or boilers are considered for heat supply. In addition to energy-related air emissions, UPM reports production-related non-methane volatile organic compound (NMVOC) emissions from UPM Raflatac, UPM Biofuels and UPM Plywood, which are calculated using emission factor and/or mass balance methods.

As required by ESRS E2-4, UPM also reports the consolidated amounts which include only the emissions from sites for which the applicable threshold value as specified in Annex II of Regulation (EC) No 166/2006 (E-PRTR) is exceeded. For non-EU sites the same principle is applied but only for already measured emission parameters.

All UPM production sites enter their data into a common database where the data is checked and consolidated.

## Emissions to water

UPM reports the total amounts of COD, BOD and AOX from its pulp and paper mills as its main performance indicators. These are calculated based on mill-level data from sampling or continuous monitoring. If the wastewater is treated at municipal or external effluent treatment plants, the values included in the total sums are the loads before effluent treatment. These mills are excluded from the calculation of the average load per product unit. Conversions are made in the case of different measurement scopes: BOD7 and BOD5 (adjustment due to number of days, either 5 or 7), COD and TOC (TOC as COD/3 in accordance with ESRS E2-4).

As required by ESRS E2-4, UPM also reports the consolidated amounts which include only the emissions from sites for which the applicable threshold value as specified in Annex II of Regulation (EC) No 166/2006 (E-PRTR) is exceeded. For non-EU sites the same principle is applied but only for already measured emission parameters.

All UPM production sites enter their data into a common database where the data is checked and consolidated.

In general, emissions are reported to the relevant local authorities in accordance with the site permits. For UPM's pulp and paper mills in Europe, China and Uruguay, the relevant emissions are verified and reported in accordance with the EU's Eco-Management and Audit Scheme (EMAS) by EMAS-accredited auditors.

### E2-5

## Substances of concern and of very high concern

UPM does not produce any substances of concern, nor are UPM's main raw materials classified as such. In some cases, substances of concern can be found as components or more often as impurities in chemical additives used in production or in chemicals used for mill maintenance or as laboratory agents. When present in an additive used in production, substances of concern react chemically. This is because UPM products are typically solid articles such as paper or plywood. However, UPM's products may contain small amounts or impurities of substances of concern. Small amounts may also leave the sites as emissions to water or air. Quantitative information about substances of concern leaving UPM's production sites is still unavailable.

In 2024, UPM developed the reporting for substances of concern contained in purchased production chemicals. Substances of concern (SoCs) include also substances of very high concern (SVHCs). Like SoCs, SVHCs present in production chemicals react chemically during production. SVHCs have been found mainly in the following chemical groups: biocides, pigments and resins. The reporting will be developed further during the next years.

All pulp mills and the European paper mills comply with the relevant EU Ecolabel criteria, e.g. for graphic paper, with its strict requirements for the use of chemicals.

» Refer to [E2-1 Policies](#) for information about UPM's policies on the use of substances of concern.

## Substances of concern, including substances of very high concern

TONNES PER CHEMICAL GROUP	2024
Bleaching chemical	5,000
Biocide	900
Adhesive	100
Coating hardener	100
PVA	100
Resins	100
Washing chemical	100
Water, sludge treatment	100
Other process chemicals *	100
<b>Total</b>	<b>6,700</b>

\* Includes e.g. pigments, silicones or paints

## Substances of very high concern

TONNES PER CHEMICAL GROUP	2024
Biocide	30
Pigment	10
Resin	10
Other process chemicals *	10
<b>Total</b>	<b>60</b>

\* Includes e.g. adhesives, silicones, coating hardeners or washing chemicals



### Reporting principles for metrics

Substances of concern are listed in UPM's global chemical database for the majority of UPM's production sites. Only a few sites report based on their own databases.

UPM's reporting scope are the procured process chemicals. The information about the share of substances of concern is provided by the chemical supplier in the material safety data sheet, usually as a range. UPM uses the maximum of this range for its calculation, which multiplies the share of a particular substance of concern in a chemical by the quantity of the chemical procured. The information is consolidated at Group level.

For 2024, due to the current complexity of the data gathering and calculation, the reported whole year data is estimated based on the actual data of at least the first three quarters of 2024. Data for UPM Raflatac was estimated based on data of 7 of its 12 sites.

### E2-6

## Anticipated financial effects from material pollution-related risks and opportunities

In 2024, no major incidents happened at UPM's operations and no major deposits were made. Thus, there were no operating and capital expenditures in conjunction with major incidents and deposits.

# Water and marine resources (ESRS E3)

Water plays a crucial role in UPM's operations, from sustainable forestry to logistics and production. It is also an important source of renewable energy.

Reduction in wastewater volumes achieved for a UPM average product

## -16%

Compared to 2008  
(2030 target: -30%)

Average recirculation ratio of water used to freshwater withdrawn

## 20 x

Approximate value in pulp and paper production

UPM's water-intensive operations are in areas with sufficient water resources

## POLICIES

### E3-1

The UPM Code of Conduct expresses the Company's respect for people, the environment and ethical business practices. It includes its commitment in relation to minimising negative environmental impacts. The Code is complemented by UPM's Sustainability Policy Statement, which addresses the issue in more detail. The UPM Supplier and Third-Party Code sets minimum requirements for the value chain. » [Refer to G1-1 Policies](#) for more information about these policy documents.

In addition, specific aspects are covered in the following policy documents and programmes:

- UPM Clean Run Standard » [Refer to E2-1 Policies](#)
- UPM Sustainable Product Design concept
- UPM Sustainable Supply Chain Programme

UPM's Sustainability Policy Statement covers water management in a specific section. UPM's production sites aim to minimise 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 areas with a high water risk without appropriate measures to reduce related risks, taking future scenarios and the needs of society and nature into account. Furthermore, UPM's businesses are expected to design and optimise their processes for optimal resource efficiency, using best available techniques. » [Refer to E2-1 Policies](#) for more information about the prevention and abatement of water pollution.

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

The Statement also takes UPM's approaches to sustainable product design and to life cycle thinking and life cycle assessment into account. This includes water-related issues. » [Refer to E5-2 Sustainable Product Design concept](#) for more information.

As a signatory of the UN Global Compact's CEO Water Mandate, UPM follows recognised water stewardship principles.

UPM's Sustainable Supply Chain Programme promotes supply chain compliance and risk mitigation. Resource efficiency is considered as one material environmental issue. UPM sources numerous commodities that are material-, energy-, or water-intensive to produce. UPM's sourcing professionals must identify such environmental considerations in their sourcing categories and integrate them into their category strategies and supplier management activities. » [Refer to G1-2 Sustainable Supply Chain Programme](#) for more information.

UPM does not use marine resources. Connections with oceans or seas are related to the direct discharge of treated wastewater in the case of two UPM production sites located on the coast, the transport of materials and products by sea, and indirectly through the discharge of treated wastewater originating in our operations into rivers and lakes ending up in the sea. UPM has assessed all these impacts but does not consider them to have a material negative impact or to pose a significant risk.

## ACTIONS

### E3-2

Based on the identified material topics, UPM has set the following focus areas and Group-level targets in relation to water:

- Water (with a target for the volume of wastewater)
- Responsible sourcing (with a target for spend covered by the UPM Supplier and Third-Party Code) » [Refer to G1-2 Responsible Sourcing](#)

Action plans have been developed to achieve the Group-level targets, as well as other relevant areas for continuous improvement. The key actions, previous year's key actions and planned key actions are presented below.

### UPM's Clean Run concept

» [Refer to E2-2 Clean Run concept](#), for a description of UPM's means to improve environmental performance.

## Water management

### Key action

Pulp and paper production is UPM's most water-intensive activity. The water used in pulp and paper mills comes from rivers, lakes or groundwater resources. It is used in the production processes as a dilution and transport medium, and as cooling water for energy generation. Cooling water is not contaminated and can be discharged directly into the watercourse or used in production. The water used in production is recirculated internally, and only a small fraction eventually leaves the process as wastewater and needs to be replaced. All wastewater is treated in mechanical and biological effluent treatment plants before being released into watercourses. » [Refer to E2-2 Reducing emissions to water](#) for information about wastewater treatment.

The Group-level water reduction target (with process wastewater volume as the chosen indicator) therefore focuses on UPM's pulp and paper mills. Each pulp and paper mill has a respective roadmap to achieve its water reduction target by 2030. In addition, UPM's other businesses are also reducing their water use through their own measures.

In 2024, the specific process wastewater volume per tonne of paper decreased by 5% compared to the previous year. This decrease does not compensate for the high increase of 23% from 2022 to 2023 which was due to temporary market-related shut-downs of paper mills. This means that there is still an increase of 4% compared to the target base year 2008. The specific value per tonne of pulp decreased by 12% and by 35% compared to the target base year 2008. » [Refer to E2-3 Targets](#) for the follow-up of the target at Group level.

## Actions in 2024

- UPM's Santana nursery in Uruguay implemented improvements to its water recycling system. The improvements are related to increasing the collection and recovery capacity of irrigation and rainwater and improving sludge management.
- UPM Changshu paper mill, China, invested in the recycling of its wastewater to be used as cooling water at the power plant, resulting in a water reduction of 0.3 m<sup>3</sup> per tonne of paper.
- UPM Jämsänkoski paper mill, Finland, managed to reduce the freshwater usage of one of their paper machines by 20 litres per second by utilising a separate filtering process of save-all super clear filtrate.

## Planned actions

- Also in 2025, UPM will continue to develop and implement measures to reach its 2030 targets.
- The primary clarifier at UPM Jämsänkoski paper mill in Finland will be renewed in 2025, which is essential for the efficiency and effectiveness of the entire wastewater treatment process.
- Improvements to the water recycling system at UPM's San Francisco nursery in Uruguay will be implemented in 2025.

## Water risk assessments

### Key action

UPM has carried out a water risk assessment study using the WWF Water Risk Filter tool. According to the assessment, none of UPM's production sites is located in areas of high physical water risk, but in areas of low or medium water scarcity.

The tool also provides scenarios for water risks related to climate change for 2030 and 2050. The scenarios show that, with one exception, UPM's main production sites are in areas with a low to

medium future basin risk. The UPM Changshu paper mill near Shanghai in China is expected to face the highest increase in water risk by 2050. However, the mill has made significant improvements in water efficiency in recent years, leading to a 15% reduction of process wastewater volume over the last five years. Measures have included wastewater recovery and reuse. » [Refer to ESRS 2 IRO-1 Materiality assessment process](#) for more information about the water risk assessment.

## Actions in 2024

- Annual review of UPM's water risk assessment for its production sites with the WWF Water Risk Filter version 1.0. Results are incorporated in this chapter.
- UPM participated in the Science Based Targets Network (SBTN) Corporate Engagement Programme to develop methods, tools and guidelines for setting science-based targets for maintaining and enhancing biodiversity. Fresh-water-related biodiversity pressures were assessed and target-setting tested according to the Initial Target Validation Pilot methodology.

## Planned actions

- Water risk evaluation with the new version 2.0 of the WWF Water Risk Filter which was published in October 2024, and evaluation of water risks with alternative tools in 2025.
- Continuation of participations in the Science Based Targets Network (SBTN) Corporate Engagement Programme (see Actions in 2024) in 2025.

## Resources

In general, activities related to water management are included in UPM's overall operational expenditures, investment and resource planning.

» [Refer to E2-2 Resources](#) for more information on environmental costs and investments.

## TARGETS

### E3-3

## Targets related to water

To manage its sustainability activities, UPM has set several targets and key performance indicators for its sustainability focus areas covering production and the supply chain. These targets support UPM's policy objective of minimising water use at all UPM production sites (UPM Sustainability Policy Statement) and, for example, efficient water use of

suppliers (UPM Supplier and Third-Party Code). UPM's sustainability targets are developed taking the views, wishes and perspectives of external stakeholders from UPM's constant multi-stakeholder dialogue into account.

SUSTAINABILITY FOCUS AREA AND KEY PERFORMANCE INDICATOR	BASE YEAR	BASE YEAR VALUE	2030 TARGET	TARGET FOLLOW-UP 2024 (2023)
<b>Water</b>				
Wastewater volume for an average UPM product *	2008	100% **	-30%	-16% (-7%)
<b>Responsible sourcing</b>				
UPM total spend covered by UPM Supplier and Third-Party Code	2015	79%	>80% (continuous)	91% (89%)

\* Relevant for pulp and paper production

\*\* Calculation: minus 30% target for weighted average of reductions to be achieved for specific emissions of Pulp and Paper, with base year as 100%

UPM's sustainability targets for 2030 are followed up and reported at Group level at least annually.

The target parameter chosen for water management is the wastewater volume of UPM's pulp and paper mills, which are UPM's water-intensive production sites. The target has been evaluated and set based on the historical development, known investment projects and technological developments, and potential local impacts. It aims to go beyond actual permit values set by the authorities and to consider the local circumstances. EU Ecolabel criteria and BAT reference values (best available techniques) were also taken into account when setting targets. The Group-level targets are allocated to business areas and sites.

Progress towards the Group-level target for 2030 on wastewater volume is behind the schedule since 2022, but 2024 shows good developments for pulp and paper mills. » [Refer to E3-2 Water management, Key action](#)

» [Refer to G1-2 Responsible Sourcing](#) for the sourcing-related target.

UPM's main production sites are in areas with low to medium basin risk, with one exception, the UPM Changshu paper mill for the 2050 scenario. » [Refer to E3-2 Water risk assessments](#).

UPM's Group-level targets cover all pulp and paper mills for wastewater volume and quality. However, UPM Changshu mill is making extra efforts to reduce its water use and wastewater load to minimise any potential long-term risk.

UPM's targets do not cover the management of impacts, risks and opportunities related to marine resources, as they are not material for UPM. » [Refer to E3-1 Policies](#), last paragraph.

The targets are voluntary and additional to legal requirements.

## METRICS

E3-4

### Water consumption

#### Water withdrawal, outflow and consumption

m <sup>3</sup>	2024	2023
<b>Water withdrawal</b>		
Surface water	391,000,000	378,000,000
Ground water	12,000,000	13,000,000
Communal water	4,000,000	4,000,000
Total water withdrawal	407,000,000	395,000,000
<b>Water discharge</b>		
Process wastewater	198,000,000	197,000,000
Cooling water	184,000,000	173,000,000
Total water discharge	382,000,000	370,000,000
<b>Water consumption</b>		
Total water consumption	25,000,000	25,000,000
Total water consumption in areas at water risk	0	0

#### Water intensity

m <sup>3</sup> /EURm	2024	2023
Total water consumption in own operations (m <sup>3</sup> ) per net revenue (EURm sales)	2,430	2,430

Sales correspond to total sales as reported in the Consolidated Financial Statements. » [Refer to accounting policies in the consolidated financial statements Note 2.2. Sales.](#)

#### Water recycled and reused

Considering UPM's operations, the pulp and paper production is the most water-intensive. There, only approximately 5% of the water used in production is taken from freshwater sources and internally recirculated multiple times. The corresponding average water reuse and recirculation ratio R(WRR) is 20 according to ISO 59020 Annex A. 20 times the total water withdrawal results in about 8 billion m<sup>3</sup> of recycled and reused water in UPM's processes.

#### Water storage

Water storage is not material for UPM.

#### Water quality and quantity in the water basins

Water quality and quantity is taken into account by the authorities when setting the relevant permit limits. UPM follows up on water basin quality and quantity in accordance with national arrangements.



#### Reporting principles for metrics

#### Water consumption

All relevant production sites enter data on water withdrawal and water outflow into a common database where the data is checked and consolidated. If not measured, water withdrawal and cooling water volumes are reported based on estimates. Estimates are done based on pumps' operating times or production, for example. Wastewater volumes are always measured. Consumption is calculated as withdrawal minus outflow.

Water inflow and outflow are reported to the relevant local authorities in accordance with the site permits. For UPM's pulp and paper mills in Europe, China and Uruguay, the data is verified and reported in accordance with the EU's Eco-Management and Audit Scheme (EMAS) by EMAS-accredited auditors.

#### Water recycled and reused

An actual measurement of all the water that is recirculated is not made. Internally recirculated water is an estimate, calculated by estimating how much water would be needed for each process stage at a pulp and paper mill, if use was completely linear. Water-use efficiency is tracked through specific wastewater volumes.

## Biodiversity and ecosystems (ESRS E4)

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.

Overall positive development of forest biodiversity measured in Finland and in Uruguay

Percentage of certified fibre

**88.5%**

(2030 target: 100%)

Obstacle-free streams achieved

**287 km**

(2030 target: 500 km)

## TRANSITION PLAN

E4-1

### Assessing resilience

Biodiversity refers to the diversity and variation of species and ecosystems. According to the UN, biodiversity is deteriorating worldwide despite ongoing efforts. Biodiversity loss is projected to worsen if no mitigation actions are taken.

Biodiversity is instrumental for the vitality of UPM's business. Enhancing biodiversity creates opportunities and reduces risks. UPM's operations are closely linked to biodiversity, and UPM's wood sourcing and land use activities may have significant negative impacts on biodiversity. Measures such as the use of certified wood are taken to avoid potential negative impacts.

UPM depends on wood as its main resource for production. Deteriorating biodiversity can have significant negative impacts on the availability and acceptability of wood as a raw material in the short, medium and long term. Other relevant impacts on biodiversity may arise from UPM's hydropower plants and production sites. Local living conditions for flora and fauna at these sites are improved by reducing emissions to air and water and in general, by removing obstacles in streams.

### Relation to business model and strategy

Biodiversity is essential for maintaining healthy forest growth and ensuring the resilience of ecosystems and their ability to adapt to a changing climate. UPM systematically maintains and enhances biodiversity in its forests and unplanted and protected areas. Mitigating climate change is seen as one of the most important measures to safeguard biodiversity.

UPM's Global Forest Action Programme combines measures on biodiversity, climate, water, soil and social contribution to ensure a net positive impact on biodiversity in UPM's own forests and land areas. With UPM's Sustainable Supply Chain Programme, this programme supports the protection and enhancement of biodiversity in the supply chain.

Biodiversity protection has been identified as one of the key issues in UPM's Sustainable Supply Chain Programme. The issue is promoted in the sourcing categories where it has been identified as particularly relevant. These include commodities derived from the production of living natural resources, such as forestry or agriculture.

To steer its sustainability activities, UPM has set several sustainability focus areas, including forests, biodiversity, climate, water and responsible sourcing, with targets and key performance indicators for 2030 or as continuous targets. They are reviewed every year based on the double materiality analysis.

UPM's actions minimise the risk of biodiversity loss having a significant negative impact on the availability and acceptability of wood raw material for UPM's products such as pulp, paper, timber, biofuels and biochemicals.

## Stakeholder engagement

UPM recognises the importance of dialogue and open communication channels with internal and external stakeholders who are or may be affected by the Company's actions. For example, this is done through forest management practices in accordance with FSC™ and PEFC certification requirements or through participation in relevant networks and organisations such as the Science Based Targets Network's Corporate Engagement Programme and the Initial Target Validation Group in 2023 and 2024.

## IMPACTS, RISKS AND OPPORTUNITIES

SBM-3

### Overview

IMPACTS, RISKS AND OPPORTUNITIES	Description
<u>Positive impact:</u> Ensuring and enhancing net-positive impact on biodiversity by UPM's forest management	UPM's Global Forest Action Programme combines measures on biodiversity, climate, water, soil and social contribution – with the aim of a net-positive impact on biodiversity in UPM's own forests and land areas, as well as the protection of biodiversity in the supply chain.
<u>Negative impact:</u> Biodiversity loss in UPM's multi-tier supply chain	UPM's operations are widely linked with biodiversity, and significant negative impacts may arise from UPM's wood sourcing and land use activities. Measures are taken to avoid potential negative impacts including potential deforestation, e.g. the use of certified wood.
<u>Risk:</u> Dependency on wood as main resource for production	Deteriorating biodiversity may cause significant adverse effects on the availability and acceptability of wood raw material needed to produce UPM's products such as pulp, paper, timber and biochemicals
<u>Opportunity:</u> Biodiversity ensures healthy forest growth	Maintaining and enhancing biodiversity is instrumental to ensuring healthy forest growth, and that forests adapt to climate change.

» Refer to Report of Board of Directors, section Risks, paragraph Biodiversity loss

### Identified activities with potential negative impacts on biodiversity

In its assessment, UPM has identified the following activities and areas with potential material impacts on biodiversity:

- UPM's forest management in Finland and the USA and UPM's land management in Uruguay
- UPM's hydropower plants and other obstacles such as dams in Finland's stream waters

- Emissions to water and air from UPM's pulp and paper mills
- Certain sourcing categories have been identified as particularly relevant in relation to biodiversity. These are commodities derived from the production of living natural resources such as forestry or agriculture.

To date, UPM has not identified any material negative impacts related to land degradation, desertification or soil sealing. UPM's measures ensure the conservation of the most sensitive environments, and that there is no degradation on a landscape scale.

UPM's forest management and land use may have an impact on endangered species. The potential negative impacts are minimised through several measures, projects, joint initiatives and research in this area. » Refer to E4-3 Actions

## POLICIES

E4-2

The UPM Code of Conduct expresses the Company's respect for people, the environment and ethical business practices, including its commitment to biodiversity. The Code is complemented by UPM's Sustainability Policy Statement, which addresses biodiversity-related topics in more detail. The UPM Supplier and Third-Party Code sets out minimum requirements for the supply chain. » Refer to G1-1 Policies for more information about these policy documents.

In addition, specific issues of biodiversity are also addressed in the following policy documents and programmes:

- UPM's requirements for wood suppliers » Refer to E5-1 Policies
- UPM's requirements for pulp suppliers » Refer to E5-1 Policies
- UPM Sustainable Supply Chain Programme » Refer to G1-2 Responsible Sourcing
- UPM Forest Action Programme » Refer to E4-3 Actions

The relevant impact drivers of biodiversity loss are covered in UPM's Sustainability Policy Statement through the Company's commitment to climate change mitigation and adaptation, its commitment to sustainable forest management and zero deforestation and measures such as the elimination of harmful invasive species at its sites and the reduction of emissions to air and water and avoidance of emissions to soil.

The Policy Statement also covers UPM's areas of impact on biodiversity: forest and land management, stream water dams, and production sites.

Dependencies between biodiversity and living conditions for flora and fauna are recognised. Biodiversity risks and opportunities are assessed and documented as part of UPM's risk management process, emphasising that biodiversity is recognised as instrumental in maintaining healthy forest growth.

When sourcing wood and fibre, forest certification must be used to manage biodiversity impacts, and respective Chain-of-Custody certification must be used to ensure the traceability of the material.

All UPM-owned forests and plantations are 100% certified or will be certified if the site is new. UPM knows the origin of all wood and fibres used in UPM's products, as all UPM wood and fibre supplies are covered by third-party verified Chain-of-Custody certificates under the FSC™ (FSC N003385) and PEFC (PEFC/02-44-41).

UPM recognises the importance of responsible land tenure and respect for land rights. UPM has a zero-tolerance approach to land

grabbing and maintains a respectful and mutually beneficial relationship with affected local communities.

UPM's forest units and wood sourcing units carry out biodiversity activities as part of UPM's global Forest Action Programme. This covers owned, leased and managed forests and land areas. Biodiversity-sensitive areas are identified, and efforts to maintain or enhance biodiversity must be integrated into UPM's operations where relevant, from daily practices to top management decisions. To develop and implement actions to maintain and enhance biodiversity, it is important to understand and measure activities' potential negative and positive impacts.

In addition, UPM's Sustainability Policy Statement addresses the importance of mitigating negative impacts on biodiversity for UPM's production sites.

Oceans and seas have not been identified as material for UPM's impact on biodiversity. However, actions are being taken to reduce the nutrient load on the Baltic Sea. UPM cooperates with the Baltic Sea Action Group.

UPM's Sustainability Policy Statement prohibits forest conversion to plantations or non-forest uses. In addition, all UPM suppliers are expected to map and understand the biodiversity impacts of their own operations and supply chains, and to engage in relevant biodiversity protection activities.

## ACTIONS

E4-3

Based on UPM's identified material topics, UPM has set the following focus areas related to biodiversity:

- Forestry (with a target of 100% certified fibre)
- Biodiversity (with targets for a net positive impact on forest biodiversity and obstacle-free streams)
- Climate (with targets for Scopes 1 and 2 CO<sub>2</sub> emissions, acidifying flue gases), » Refer to E1-4 Targets and E2-3 Targets
- Water (with a target for emissions to water), » Refer to E3-3 Targets
- Responsible sourcing (with a target for Scope 3 GHG emissions and on UPM's spend covered by the UPM Supplier and Third-Party Code), » Refer to G1-2 Responsible Sourcing

For each of these focus areas, key actions are defined. The key actions, previous year's key actions and planned key actions are presented below.

### UPM Forest Action Programme

UPM's global Forest Action Programme was launched in 2022. It outlines an ambitious agenda to maximise the positive impact of forestry operations by the end of the 2030. The programme takes a holistic global view of the impact of forestry, combining measures in five factors: climate; biodiversity; soil; water; and social contribution. It addresses the net positive impact on biodiversity, the role of forests for the climate commitment of 1.5 °C, the protection of water systems, the importance of healthy soils, engagement with local communities as well as safe working conditions.



## Forests and biodiversity

### Key actions

UPM safeguards biodiversity in its own forests and land and continues to carry out biodiversity activities as part of the Company's global Forest Action Programme.

Forest certification plays an important role in managing biodiversity, both in UPM's own forests and plantations and in external wood sources. This includes FSC™ and/or PEFC certification for UPM's own forests and plantations and Chain-of-Custody certification, controlled wood programmes or other fibre sourcing standards for the supply chain.

UPM has set a target, with dedicated key performance indicators to measure progress towards a net-positive impact on biodiversity in UPM's forests. The target for Finland was set in 2018, for Uruguay in 2022, and the target for the USA is planned to be launched in 2025. Development work for measuring biodiversity is ongoing. UPM has also set a target of 100% certified fibre by 2030.

In the USA, UPM is working to improve communication and cooperation with local indigenous communities to better integrate indigenous knowledge and interests into forest management strategies and biodiversity-related actions. UPM uses existing forest industry stakeholder groups and direct communication with representatives to exchange information.

### Actions in 2024

- In Finland, UPM continued to participate in a project led by FSC™ to better understand and quantify the positive impact of forest certification on biodiversity.
- In the USA, UPM implemented its Smart Forestry™ method, which uses plant communities and ecological principles as the basis for silvicultural practices and maintaining biodiversity. Using ecological classification as a guide, forest complexity and diversity are promoted along with quality and value. For example, this means that harvesting sites are managed to keep deadwood at a sustainable level.
- UPM participated in the Science Based Targets Network (SBTN) Corporate Engagement Programme to develop methods, tools and guidelines for setting science-based targets for maintaining and enhancing biodiversity.
- As part of its Forest Action Programme, UPM launched the UPM Habitat Restoration Programme in February. By 2030, at least 3,000 hectares of peatland habitats will be restored, and management plans will be carried out on at least 100 other sites in UPM-owned forests in Finland. The other sites include habitats with a high potential to support or increase biodiversity, such as groves and esker slopes.
- A new spider species was discovered on UPM land in Uruguay as part of a biodiversity research project sponsored by UPM.
- About 800 people visited UPM's largest Biodiversity Reserve in Uruguay (EARU), taking advantage of the visitors centre inaugurated at the end of 2023. This confirms the public's interest in UPM's biodiversity conservation activities.

### Planned actions

- The global UPM Forest Action Programme will continue with further measures and actions.
- The implementation of the Smart Forestry™ method will continue in the USA with further measures and actions.
- Implementation of new and revised biodiversity indicators for UPM's forests in Finland which were developed during 2024. » [Refer to E4-5 Metrics, Biodiversity indicators - Finland](#)
- Ongoing development work for measuring biodiversity.

## Stream waters and biodiversity

### Key actions

UPM's stream water programme aims to remove obstacles to fish migration, restore fish stocks throughout Finland and improve living conditions for all stream fauna. The target is to open 500 kilometres of obstacle-free streams in Finland by 2030. The target steers the activities and monitoring of their impact on biodiversity.

### Actions in 2024

- Two obstacle removal projects with UPM's participation were initiated and carried out: Rutajoki Seinäkoski (25 km) and Kelvännjoki (44 km).
- Studies related to eDNA started in Finland and Uruguay. In Finland, UPM joined the EU-funded NorthDIVERsITY led by the Natural Resource Institute Finland (LUKE). In Uruguay, a pilot project using eDNA technique was launched through an agreement with the Clemente Estable Institute in aquatic ecosystems at UPM's EARU Biodiversity Reserve.
- Participation in SBTN development. » [See above paragraph "Forests and biodiversity"](#)

### Planned actions

- There are several dam removal projects at various stages in Finland. UPM aims to participate in at least one dam removal or restoration project every year as part of its Stream Water programme.
- Testing of eDNA continues (see above)

## Production sites and biodiversity

### Key actions

UPM continuously monitors its emissions to air and water and its impact on waterbodies. Baseline studies are carried out for investment projects. In addition, sites take measures to enhance local biodiversity.

### Actions in 2024

- UPM continued to reduce emissions to air and water in accordance with its environmental targets for 2030, thus enhancing local living conditions for flora and fauna. » [Refer to E2-2 Action](#)
- Measures were taken at the creek impacted by the accidental spill in UPM Paso de los Toros in Uruguay, resulting in sustained natural recovery since the incident in August 2023.
- Sites continued their efforts to manage invasive species in accordance with local plans.
- Participation in SBTN development. » [See above paragraph "Forests and biodiversity"](#)

### Planned actions

- Further emissions reductions in line with UPM's environmental targets for 2030
- Development of means to measure enhancement of biodiversity on production sites

## Supply chain and biodiversity

### Key actions

Biodiversity protection has been identified as one of the key issues in UPM's Sustainable Supply Chain Programme. The issue is promoted in those sourcing categories where it has been identified as particularly relevant. These include commodities derived from the production of living natural resources, such as natural and plantation forestry or agriculture.

### Actions in 2024

- In the spring, UPM Forest launched a new service package, UPM Nature Management Services, to provide Finnish forest owners with more options to enhance biodiversity.

### Planned actions

- UPM continues its efforts to increase the share of certified fibre in its wood sourcing.

## Resources

In general, forest-related actions are included in UPM's overall investment and resource planning. In addition, four green bonds issued since 2020, the latest one in 2024, have a strong focus on climate, as well as forest-related activities. The green bond portfolio of EUR 2,350 million uses eligible assets and projects from the following categories of UPM's Green Finance Framework:

- Sustainable forestry and plantation management
- Climate-positive and circular bioeconomy-adapted products and solutions
- Renewable or CO<sub>2</sub>-free energy

Actions for biodiversity enhancement have been integrated into categories. » [Refer to E1-3 Resources](#) for details of UPM's Green Finance Framework.

In addition, a revolving credit facility is linked to long-term sustainability targets, including the target for UPM's forests in Finland to have a positive impact on biodiversity.

» [Refer to E1-1 Investment and funding, Climate-positive forestry](#), for key performance indicators for both operational and capital expenditures of the EU Taxonomy and notes to the financial statements.

During 2024, no significant capital expenditures for forest-related new projects were announced.

## Biodiversity offsets

UPM does not use biodiversity offsets.

## TARGETS

E4-4

### Targets related to biodiversity

To steer its sustainability activities, UPM has set several targets and key performance indicators covering the areas of biodiversity impacts relevant to UPM: forestry; stream waters; emissions from production sites; and the supply chain. These targets support UPM's policy objective of mitigating the impact of UPM's operations on biodiversity (UPM Code

of Conduct) and even of enhancing biodiversity (UPM Sustainability Policy Statement). Sustainability targets are developed by UPM by taking the views, wishes and perspectives of external stakeholders from UPM's constant multi-stakeholder dialogue into account.

SUSTAINABILITY FOCUS AREA AND KEY PERFORMANCE INDICATORS	BASE YEAR	BASE YEAR VALUE	2030 TARGET	TARGET FOLLOW-UP 2024 (2023)
<b>Biodiversity</b>				
Net-positive impact on forest biodiversity and developing a monitoring system *	Since 2018 (Finland)/ 2022 (Uruguay)	Always the previous year	Continuous improvement	Overall positive development measured
Obstacle-free streams **	2015	0 km	500 km	287 km (263 km)
<b>Forestry</b>				
Share of certified fibre ***	2015	84%	100%	88% (87%)
<b>Climate</b>				
Fossil CO <sub>2</sub> emissions from UPM's own combustion and purchased electricity (Scopes 1 and 2)	2015	6.80 mt	-65%	-50% (-45%)
Acidifying flue gases (NO <sub>x</sub> /SO <sub>2</sub> ) for a UPM average product	2008	100%	-20%	-19% (-17%)
<b>Water</b>				
Chemical oxygen demand (COD) for a UPM average product ****	2008	100%	-40%	-44% (-39%)
<b>Responsible sourcing</b>				
UPM total spend covered by UPM Supplier and Third-Party Code	2015	79%	>80% (continuous)	91% (89%)
CO <sub>2</sub> emissions from materials and logistics (Scope 3)	2018	6.08 mt	-35%	-22% (-23%)

\* Covers UPM's own forests in Finland since 2018 and UPM's land in Uruguay since 2022

\*\* Relevant for Finland

\*\*\* Forest management certification

\*\*\*\* Relevant for pulp and paper mills

The targets are followed up and reported at least annually, both at the relevant unit and Group level.

UPM's target is to have a net-positive impact on biodiversity in its own forests in Finland since 2018, and on its land in Uruguay since 2022, with specific key performance indicators to measure progress.

In Uruguay, most plantations grow on grasslands formerly used for cattle grazing. The area's biodiversity values are assessed before the plantations are established, and valuable biodiversity hotspots and native forests are protected. UPM's work focuses on the active management of protected habitats and the control of invasive species.

In Finland, UPM's hydropower plants and other obstacles such as dams impact the environment by altering river and stream flows and their ecosystems. UPM's stream water programme aims to remove obstacles to fish migration, restore fish stocks throughout Finland and improve the living conditions of all stream fauna.

UPM did not apply ecological thresholds and allocation of impacts when setting its targets.

UPM targets are informed by local circumstances and legislation and evolve to respect international frameworks such as forest certification standards.

UPM's biodiversity-related targets and their possible sub-indicators in the case of "net-positive impact on forest biodiversity" cover avoidance, minimisation, restoration and rehabilitation.

» Refer to E1-4 Targets for climate target,

» Refer to E2-3 Targets for air emissions and water targets, and

» Refer to G1-2 Responsible sourcing for sourcing targets.



### Reporting principles for targets

#### Net-positive impact on forest biodiversity

UPM's approach comprises a set of biodiversity indicators contributing to the positive development of living conditions for flora and fauna on a specified land area. Indicators have been and new indicators are developed in co-operation with research institutes and other stakeholders.

There is currently no scientific way to evaluate whether the total impact on biodiversity is positive or negative. Thus, UPM proceeds towards "net-positivity" having more indicators with positive than negative development, with the single indicators compared to the previous year. The annual positive development target is achieved when the majority of the biodiversity indicators shows a positive development compared to the previous year.

The target is followed-up separately for UPM's forest in Finland and UPM's land areas in Uruguay.

» Refer to E4-5, Metrics, Biodiversity indicators for information and follow-up on the specific indicators for Finland and Uruguay.

#### Obstacle-free streams

UPM aims to release or restore 500 km of stream waters and waterway routes by 2030. The verification and monitoring of released and restored stream waters is based on the Finnish Environment Institute's geospatial data, i.e. river network data ("uomaverkosto" in Finnish).

In 2024, the monitoring of the target was improved and adjusted. Firstly, another dataset called Jokiviiva10 has been included in the monitoring to better capture the number of streams in Finland. This has let to a higher number of kilometres being counted in the target follow-up. Secondly, UPM's funding share of the projects was added to the calculation of kilometres which lowered the amount of kilometres.

Consequently, the achieved kilometres for 2023 had to be adjusted to 263 km, rather than the earlier reported figure of 186 km in the UPM Annual Report 2023.

## METRICS

E4-5

UPM's impact metrics focus on biodiversity; the Company's forest operations are not related to land-use change.

### Forest and land areas

#### Forest and land areas owned and leased by UPM

HECTARES	2024	2023
Finland	522,000	523,000
Uruguay	318,000	304,000
USA	76,000	76,000
<b>Total owned</b>	<b>916,000</b>	<b>903,000</b>
Uruguay, leased	174,000	170,000
<b>Total owned and leased</b>	<b>1,090,000</b>	<b>1,073,000</b>

This includes forest land for Finland and the USA, and eucalyptus plantations, grasslands and conservation areas for Uruguay.

In addition, UPM manages about 1,600,000 hectares of privately owned forests in Finland.

» Refer to Note 4.2 Forest assets in the consolidated financial statements for information about hectares of productive forest land and forested land.

### Forest certification

#### Certification of forest land owned by UPM

%	2024	2023
FSC™ and PEFC double certified	90.2%	91.4%
PEFC certified	8.3%	8.4%
In the process of being certified	1.5%	0.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

All UPM-owned forests are certified or in the process of being certified if the site is new.

The forest area covered by UPM's FSC™ Group certification is approximately 570,000 hectares in Finland and over 14,000 hectares in Uruguay. UPM applies the same strict sustainability standards wherever it operates. UPM also promotes forest certification to private forest owners and other customers. UPM has established FSC™ Group certification schemes in Finland and in Uruguay, which support small forest owners' access to certification.

## UPM's own protected land areas

Globally, about 135,000 hectares (15%) of UPM's own land is protected or in restricted use. Protected areas include valuable habitats, natural forests and other important areas such as wetlands or culturally important sites.

UPM's approach is to donate and create protected areas adjacent to or even within its forest and plantation areas, and to identify valuable habitats that are not managed. This means that 100% of the forest operations are nearby protected or other biodiversity-sensitive areas. UPM does not operate in global biodiversity hotspots.

## Wood deliveries

### Wood deliveries to UPM mills

MIO M <sup>3</sup>	2024	2023
Finland	16.4	16.1
Uruguay	10.4	7.8
Germany	0.5	0.6
USA	0.3	0.5
Estonia	0.2	0.2
UK	0.2	0.2
Austria	-	0.1
<b>Total</b>	<b>28.0</b>	<b>25.5</b>

## Biodiversity indicators – Finland

In Finland, the target of a net-positive biodiversity impact is measured for UPM's own forest land using nine indicators: tree species; forest age; forest structure; deadwood; indicator development; protected areas; valuable habitats; habitat restoration; species and habitat projects. Indicators are developed in cooperation with research institutes

and other stakeholders. The baseline is set as 2019, and the assessment of each indicator is done by comparing the current status with the previous years' figures. In 2024, an overall positive development was measured for each indicator.

### Biodiversity indicators – Finland

INDICATOR	TARGET	METRIC	2024	2023
Tree species	Increase broadleaved tree species volumes	Share of broadleaved trees	11.8%	11.3%
Deadwood volumes *	Increase deadwood volumes in commercial forests	Volume of deadwood per hectare	7,4 m <sup>3</sup> /ha	5,5 m <sup>3</sup> /ha
Forest age	Maintain diverse forest age structure	Maintain different age groups	+	+
Forest structure	Maintain and increase diverse forest structure	Share of alternative regeneration methods	+	+
Protected areas **	Improved nature conservation network	Nature conservation areas (protected areas/total hectares)	17.2%	16.8%
Valuable habitats	Diverse protected valuable habitat network	Number of valuable habitats	55,327	47,841
Habitat restoration	Improved biodiversity in restored environments	Existence of habitat restoration projects	+	+
Species & habitat projects	More joint stakeholder projects to protect biodiversity	Existence of species and habitat projects	+	+
Indicator development	Complement the set of indicators and develop monitoring with researchers	Biodiversity index and indicator development with external experts	+	+

\* The baseline for a new indicator, deadwood volumes, was set in 2022. Data is based on National Forest Inventory data collected from sample plots located in UPM owned land and calculated by Natural Resources Institute Finland (Luke). Updated data availability depends on the NFI rotation (~5 years). The latest data is from NFI 12 (2014–2018). New NFI data is available in 2024.

\*\* The protection percentage includes strictly protected forestry land and protected areas, which can be managed and used in accordance with the instructions of the authorities.

## Indicator development

Measuring and monitoring biodiversity requires the development of indicators. As part of the development work, UPM has reviewed and updated the indicator set with improved and concrete targets also during 2024. The updates also ensure better alignment with other indicators and targets set by UPM Forest, such as the Habitat Restoration Programme.

For the indicators relating to the structural characteristics of forests, there will be two changes that will be implemented from 2025 onwards:

- The current "Forest age" indicator will be replaced by "Retained aspen trees", which measures the volume of aspen with a diameter of 30+ cm per hectare (m<sup>3</sup>/ha). At the end of 2024, the amount was 0.78 m<sup>3</sup>/ha, based on the latest National Forest Inventory data (2019-2023).
- The "Forest structure" indicator will be renamed to "Continuous-cover forestry" and the scope changed to follow-up the share of continuous-cover forestry on UPM lands.

For indicators relating to habitats outside commercial use, there will be two new metrics for "Habitat restoration":

- Restored peatland: with a target of 3,000 ha by 2030. For 2024, it was 10 ha.
- Number of sites restored or managed to promote biodiversity: with a target of at least 100 sites by 2030. In 2024, the number of sites was 6.

An indicator "Research and co-operation" will be added for projects and co-operation with research partners and other NGOs to develop sustainable forest management practices that promote biodiversity.

## Biodiversity indicators – Uruguay

In Uruguay, the impact on biodiversity conservation actions is measured using five indicators as set out in the table below. Targets and metrics are defined for each indicator.

The total area where UPM carries out some form of conservation measure is 62,100 hectares. This includes a network of 31 biodiversity reserves, covering more than 12,800 hectares. Each biodiversity reserve has specific management and monitoring plans.

### Biodiversity indicators – Uruguay

INDICATOR	TARGET	METRIC	2024	2023
Biodiversity conservation areas in UPM's own land	Ensure that the areas with conservation purposes represent at least 20% of the land owned by UPM	% of the conservation area of total own land	19.6%	19.3%
Endemic and threatened species	Maintain or enhance endemic and threatened species populations	No. of endemic and threatened species recorded during the last (rolling) 5 years/No. of endemic and threatened species recorded during the cumulative baseline period (i.e. since 1992)	2.8%	9.2%
Control of invasive exotic woody species	Reduce by 8% per year the active area of invasive exotic woody species	Variation of the active area of invasive exotic woody species between year end and year start	*	*
Coverage of UPM's network of biodiversity reserves	Cover at least 85% of the landscape units in which UPM owns land	Percentage of the landscape units present in land owned by UPM, which are included in the Network of Biodiversity Reserves	75%	75%
Conservation status index of UPM's biodiversity reserves	>0,75	Average conservation index for the biodiversity reserves on High Conservation Value Area (HCVA)	0.82	0.74

\* This indicator will start to be reported by 2025. The total area of active invasions of exotic woody species at the end of 2024 was 9,400 ha. This value is the starting point for reporting the area reduction to be achieved in 2025.



### Reporting principles for metrics

#### Areas (total, certified, protected) and wood deliveries

Due to its relevance for biodiversity and ecosystems, UPM reports its forest and land areas, their coverage by forest certification and the protected land areas. In addition, UPM reports the volume of wood deliveries to UPM sites by country of origin.

The data is based on invoices or weighing systems for the wood deliveries and third-party audits for forest certification. Areas are documented in forest databases.

All UPM forest and wood sourcing units enter their data into a common database where the data is checked and consolidated.

#### Biodiversity indicators – Finland

In Finland, the commercial forests owned by UPM can be classified as semi-natural forests that retain many of the features of natural forests throughout the regeneration cycle. The biodiversity indicators reflect how UPM retains the features that promote biodiversity, protects valuable habitats, and pursues to improve its practices.

Indicators Tree species, Deadwood volumes, Forest age and Forest structure reflect how UPM retains during its forestry operations the forest features that are essential for many forest-dwelling species. Deadwood volumes are inventoried by Natural Resources Institute Finland. This inventory is a subset of the broader National Forest Inventory which is based on sampling, and conducted approximately every five years. The development in other indicators is based on UPM's own forest asset data system that in case of these indicators runs partly on estimates.

Indicators Protected areas and Valuable habitats reflect what was set aside from UPM's forestry operations. Protected areas are areas where UPM does not operate at all or operate only according to instructions given by governmental authorities. Valuable habitats are distinctive sites in a landscape that is preserved during UPM's operations, such as small forest streams or nesting places. The development in these indicators is based on UPM's own forest asset data system.

Indicators Habitat restoration, Species & habitat projects and Indicator development collectively reflect UPM's pursuit to promote forest biodiversity in ways that are not yet part of its regular forest management practices. In these projects, UPM develops novel practices to measure, manage, and restore biodiversity, often in collaboration with different stakeholders, such as conservation experts and scientists. A list of these projects is publicly available on [upm.com](https://upm.com).

#### Biodiversity indicators – Uruguay

In Uruguay, most plantations are established on modified natural grasslands formerly used for cattle grazing. The area's biodiversity values are assessed before the plantations are established, and valuable biodiversity hotspots and native forests are protected. UPM's work focuses on the active management of protected habitats and the control of invasive species.

Areas with conservation purposes have been identified based on outstanding biodiversity attributes and classified in the following categories: biodiversity reserves which are High Conservation Value Area (HCVA) and Conservation Area (CA), and other areas with conservation purposes which are representative sample areas and biological corridors or connectivity areas.

Indicators for conservation area hectares and coverage are calculated based on FO's Oriental's forest database (FO, Forestal Oriental, is the name of UPM's company dedicated to pulpwood sourcing in Uruguay based on forest plantations), Geographic Information System (GIS) and public cartography of Uruguay's landscape units.

The quality of HCVA is assessed by the conservation status index which is based on annual monitoring of several indicators covering the status of natural grasslands, native forest, flora and fauna.

The invasion of exotic species is an important cause of biodiversity loss and thus important to control. All areas with exotic woody species are identified and mapped. Active areas are those in which exotic species are present, but have not yet been treated. After removal of exotic species, areas are inspected after three years to ensure that actions have been successful.

Maintaining or enhancing the number of endemic and threatened species found in FO's biodiversity reserves demonstrates that the conservation efforts done by FO are mitigating the potential loss of sensitive species in the areas in which the company operates. Endemic and threatened species are defined by the Uruguayan Ministry of Environment, and the list is updated periodically. The number of such species in UPM's biodiversity reserves is followed up via a biodiversity monitoring programme, and since 1992 the results have been maintained in FO's biodiversity database.

For 2024, the conservation status index calculation includes an estimate for two of the 12 biodiversity reserves. For these sites, the 2023 value is used to calculate the average of all reserves.

## Anticipated financial effects

### E4-6

For qualitative information about the financial impact of biodiversity-related risks, » [Refer to the Report of the Board of Directors, section "Biodiversity loss"](#) in chapter "Risks".

## TNFD

UPM's nature-related disclosures according to TNFD (Task Force on Nature-related Financial Disclosures) are presented in this Sustainability Statement as follows:

REQUIREMENTS	PAGE NUMBER
<b>GOVERNANCE</b>	
a) The role of the Board in overseeing nature-related impacts, risks and opportunities	131-132; 143-145
b) The role of management in assessing and managing nature-related dependencies, impacts, risks and opportunities	133; 151; 143-145
c) Human rights policies and engagement activities, and oversight by the Board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	131; 135; 210-212; 222; 225-227; 231; 240
<b>STRATEGY</b>	
a) The nature-related dependencies, impacts, risks and opportunities over the short, medium and long term	144-145; 190-191
b) The effect of nature-related dependencies, impacts, risks and opportunities on business model, value chain, strategy and financial planning, as well as on any transition plans or analysis in place	143-145; 190-191
c) The resilience of strategy, taking into consideration nature-related scenarios	143-145; 190-191
<b>RISK MANAGEMENT</b>	
a) Processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities	131-134; 143-145; 190-191
b) Processes for monitoring nature-related dependencies, impacts, risks and opportunities	131-134; 143-145; 190-191
c) How processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the overall risk management process	133; 143-145
<b>METRICS AND TARGETS</b>	
a) Metrics used to assess and manage material nature-related risks and opportunities	195-198
b) Positive impact on forest biodiversity and developing a monitoring system and obstacle-free streams, and related risks	190-192
c) Targets used to manage nature-related dependencies, impacts, risks and opportunities and performance against targets	194-195

# Resource use and circular economy (ESRS E5)

Resource efficiency and a circular bioeconomy respond to resource scarcity, contribute to climate change mitigation and provide sustainable new solutions for customers and consumers.

Increase of process waste sent to landfills or for incineration without energy recovery

## 18%

Compared to 2023  
(2030 target: zero process waste)

Share of applicable products eligible for ecolabelling

## 89%

(2030 target: 100%)

Nutrients used at effluent treatment from recycled sources

## 33%

(2030 target: 100%)

## POLICIES

### E5-1

The UPM Code of Conduct expresses the Company's respect for people, the environment and ethical business practices, and includes its commitment to minimise negative environmental impacts. The Code is complemented by UPM's Sustainability Policy Statement, which addresses topics related to resource use and the circular economy in more detail. The UPM Supplier and Third-Party Code addresses minimum requirements for the value chain. » [Refer to G1-1 Policies](#) for more information about these policy documents.

In addition, specific aspects are covered in the following policy documents, programmes and requirements:

- UPM Product Stewardship Standard
- UPM Clean Run Standard » [Refer to E2-1 Policies](#)
- UPM's Sustainable Product Design concept » [Refer to E5-2 Actions](#)
- UPM Sustainable Supply Chain Programme » [Refer to G1-2 Responsible Sourcing](#)
- UPM Forest Action Programme » [Refer to E4-3 Actions](#)
- UPM's requirements for wood suppliers
- UPM Pulp supplier requirements
- UPM's requirements for chemical and pigment supplier

### UPM Product Stewardship Standard

The UPM Product Stewardship Standard aims to ensure that all UPM products produced and placed on the market anywhere in the world are safe for their intended use, compliant, and sustainable throughout their lifecycle. The standard establishes a framework for product management, emphasising thorough risk assessment, adherence to good manufacturing practices, and compliance with legislation, including detailed documentation.

UPM 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 utilised to integrate these practices to operations.

This standard and its processes apply to all products within UPM. It focuses on product safety, compliance with relevant legislation, sustainable product design and product lifecycle management and clear and accurate compliance and sustainability claims.

The standard was developed in 2024, and approved by the UPM Marketing, Sustainability and Communications function in December 2024. It will be trained in 2025 to relevant persons working with product management, product development and technical customer service tasks in all UPM businesses.

### UPM's requirements for suppliers of wood, pulp, chemicals and pigments

Specific requirements of UPM Sourcing for certain supplier groups are covered in additional documents, which are available on the UPM webpage.

UPM's requirements for wood suppliers address legal compliance and detailed requirements related to the origin of wood. For example, the supplier must guarantee that all wood comes from acceptable sources, and that wood deliveries do not contain wood that is defined as unacceptable in the FSC™ Controlled Wood Requirements (FSC-STD-40-005 V3-1) or originate from controversial sources according to PEFC Chain-of-Custody requirements (PEFC ST 2002:2020).

The pulp supplier requirements address environmental performance, forestry and wood sourcing, ecolabels, and reporting and audits. For example, UPM requires all pulp deliveries of the supplier to fulfil the latest valid FSC Controlled Wood and PEFC Due Diligence System requirements.

The requirements for chemicals and pigments address, for example, legal compliance, ecolabel requirements, as well as reporting of relevant information to UPM. For example, UPM requires full compliance with the requirements of the local chemicals regulation, such as the European Union REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and CLP (Classification, Labelling and Packaging) regulations.

### Use of renewable resources and responsible sourcing

UPM offers bio-based alternatives to fossil-based materials. » [Refer to ESRS 2 SBM-1, Strategy, business model and value chain](#). UPM's main raw materials are wood and wood-based materials. UPM's Sustainability Policy Statement, specific requirements for wood and pulp suppliers, and the UPM Forest Action Programme cover forest management, wood and fibre sourcing, and their various impacts and risks in detail.

The UPM Supplier and Third-Party Code defines the minimum level of performance that UPM requires of all its suppliers and third parties such as agents, advisers, joint venture partners, local partners or distributors acting on behalf of UPM. UPM also requires all its suppliers to promote the same requirements in their own supply chains. » [Refer to G1-1 Policies](#).

The UPM Sustainable Supply Chain Programme promotes compliance and risk mitigation in the supply chain and helps achieve UPM's environmental, social and governance-related targets in the supply chain. » [Refer to G1-2 Responsible Sourcing](#).

### Circular economy

UPM's Sustainability Policy Statement states: "UPM is committed to a circular bioeconomy by using recovered materials from production processes and by developing recycling and utilisation options for side streams and residues. UPM promotes recyclability throughout the value chain and the use of recycled materials in its products."

## ACTIONS

### E5-2

Based on the identified material topics, UPM has set the following focus areas and Group-level targets related to the circular economy and resource use:

- Forest (with a target for the share of certified fibre)
- Waste (with a target for landfilled process waste)
- Water (with a target for the use of nutrients in UPM's own effluent treatment plants from recycled sources)
- Product stewardship (with a target on new products contributing to the SDGs and a target on eligible ecolabelled sales)
- Responsible sourcing (with a target for spend covered by the UPM Supplier and Third-Party Code); » [Refer to G1-2 Responsible Sourcing](#)

Action plans have been developed to achieve the Group-level targets, as well as for other relevant areas for continuous improvement. The key actions, previous year's key actions and planned key actions are presented below.

### UPM Clean Run concept

» [Refer to E2-2 Clean Run concept](#) for a description of UPM's concept for improving environmental performance, including waste reduction and resource efficiency.

### UPM Sustainable Product Design concept

UPM's Sustainable Product Design concept supports and steers product development projects, promotes a sustainable product lifecycle approach, and ensures that each new product and service has a proven sustainability value proposition. The concept also supports UPM's aim to develop new products and services that contribute to the UN Sustainable Development Goals (SDGs), as well as the development of a climate-positive product portfolio.

The approach is divided into six lifecycle steps: design; materials; production; distribution; use; and circularity. Several tools help evaluate the sustainability factors of each lifecycle step throughout the design process, such as Life Cycle Assessments (LCA), biodegradability and recyclability tests, or a screening tool for mapping environmental and social impacts and SDGs. Each step includes a variety of elements that guide the product development process. UPM's products have different applications, and customers are involved in different parts of the value chain. This means that the relevance of the different lifecycle steps and their specific elements may vary from business to business.

### Actions related to product stewardship

#### Key actions

For UPM, product stewardship comprises several areas, such as lifecycle thinking, chemical management, product safety, product-related statements or compliance declarations, or the use of environmental labels such as the EU Ecolabel or forest certification labels such as FSC™ (FSC N003385) or PEFC (PEFC/02-44-41). UPM's Sustainable

Product Design is the overarching concept in the development of products and services.

LCAs are used to calculate potential environmental impacts of new raw materials or new products. They support decision-making in product development and provide evidence to support environmental claims for products entering or already available on the market.

The ISO 9001 and ISO 22000 quality and food safety management systems provide a framework for continuous improvement of UPM's performance. All UPM's production sites are ISO 9001-certified. The relevant sites are ISO 22000-certified, which allows UPM to offer several products that are designed and produced to meet the requirements of food packaging.

UPM's Chemical Management Standard requires careful assessment of the hazard properties of chemicals. All chemicals selected for use must have the lowest possible negative impact on human health, the environment and the safety of UPM's products. The list of restricted chemicals includes substances with selected hazard classifications. Product safety requirements are communicated to customers and suppliers of chemicals and raw materials. UPM has cooperated with several paper and chemical companies to increase transparency in the supply chain and accelerate the exchange of information. As a result of this cooperation, a harmonised questionnaire and a common tool (PP-VIS) enable UPM to ensure that sourced products comply with laws and requirements such as the EU Ecolabel criteria. To support customer communications, UPM provides product safety profiles and statements of chemical substances that are not used in products.

Most of UPM's products are certified with widely recognised international and regional ecolabels such as the EU Ecolabel. UPM Biofuels has both ISCC EU and ISCC PLUS certification, and UPM Biochemicals and four UPM Raflatac factories have ISCC PLUS certification. UPM Biofuels has also the Roundtable of Sustainable Biofuels (RSB) certification. All UPM businesses which are using wood have FSC™ and/or PEFC Chain of Custody certification. This verifies the origin of wood and guarantees that all wood used in UPM's products is legally harvested from sustainably managed forests and does not originate from controversial sources.

#### Actions in 2024

- The EU Packaging and Packaging Waste Regulation (PPWR) is expected to be implemented from Q3/2026. PPWR requires all packaging to be recyclable. Plastic packaging that is brought to market in EU member states has to be recyclable. Plastic packaging must contain recycled material. In addition, PPWR will introduce changes to the responsibilities of packaging producers and fees, for example. UPM has started to assess the practical actions that need to be taken.
- At the end of 2023, the UPM Sustainability Claims guideline was published. Related support material such as a practical guide and glossary, as well as training, was created and implemented in 2024. The guideline was adopted in all UPM businesses.
- The UPM Product Stewardship Standard was developed and approved at year end.
- In the last couple of years, UPM has improved and streamlined the management of chemical inventories and approval processes in UPM production units and developed a supporting IT system. Raflatac factories, sawmills and Biochemicals operations were not included in the first round, but in 2024, the system was extended to four Raflatac factories.
- Product launches such as the UPM Biochemicals and Nokian Tyres joint project to develop a concept tyre partly based on UPM BioMotion™ Renewable Functional Fillers. » [Refer to E1-3 Actions, Product stewardship: Climate-positive product portfolio](#)

#### Planned actions

- During 2025, UPM continues to develop and harmonise product stewardship and product-related regulatory monitoring processes in UPM to meet the needs of customers, the requirements of rapidly evolving product regulations and UPM's growing product portfolio.
- In 2025, the new UPM Product Stewardship Standard is being implemented in all business areas to clarify roles and responsibilities and to ensure that UPM develops products that not only comply with rapidly evolving product regulations but also support the UN Sustainable Development Goals.
- Continued Sustainable Product Design concept implementation in various UPM businesses, including lifecycle assessment work related to respective projects.

### Making use of residues, side streams and recovered materials

#### Key actions

UPM's goal is to make efficient use of all material streams and to implement a circular bioeconomy: renew; reduce; reuse; recycle; and recover. By 2030, UPM will not send process waste to landfill, and process waste will not be incinerated without recovering the energy. UPM's other circularity target is to use 100% of nutrients from recycled sources in its own effluent treatment plants by 2030. » [Refer to E5-3 Targets](#) for follow-up on these targets.

Best practices, research results and ideas are shared throughout the Company, and internal working groups focus on issues such as the use of side streams and nutrient recycling. Green liquor dregs are a side stream from pulp production and one of the most difficult types of process waste to reuse.

UPM uses its own side streams and residues, as well as materials recovered after product use, thus supporting the circular economy. Furthermore, most of UPM's organic production residues such as bark, wood residues and fibre-containing sludges from deinking and effluent treatment are used to generate energy for mill sites. Some fibrous residues are used in brick manufacturing or as soil amendment materials. Ash from biomass-based energy generation represents a large share of waste and by-products respectively. In 2024, 83% (93%) of the ash was used in various applications such as for soil stabilisation, fertiliser, in the cement industry or as a raw material for the production of paper fillers, and to replace caustic soda.

UPM BioVerno renewable diesel and naphtha are produced from crude tall oil, a residue from chemical pulp production. For decades, UPM has been researching innovative uses for lignin, a side stream from pulp production. A good example is the WISA BioBond gluing technology, which uses lignin to replace part of the fossil-based phenol used in plywood production. Lime is a side stream from pulp production and can be used as a liming agent or for pH adjustment.

UPM is also actively improving the circularity of its product lifecycle by using recovered materials. UPM Raflatac collects label waste from more than 440 partners worldwide and recycles it through its RafCycle® service. The service takes self-adhesive label waste and gives it a new life as a resource for pulp, paper and other fibre-based products or PET products. UPM also has a long history of using recovered paper to produce new graphic paper.

#### Actions in 2024

- UPM continued to follow-up the ISO and CEN standardisation of circular economy and tested the application of some of ISO's circularity indicators.
- Trials were conducted at several mills to test recycled nutrients in effluent treatment. If successful, the recycled nutrients will be brought into use – for example, at UPM Nordland Papier in Germany.
- WISA birch plywood started to be wrapped and shipped in packaging material made of 30% post-industrial plastic.
- Work started at UPM Ettringen and UPM Nordland Papier for separate sludge dewatering of biosludge and primary sludge. This will improve the utilisation options of these sludges.
- In Uruguay, recycling options have been developed for lime kiln electrostatic precipitator dust, and environmental permitting for certain ash utilisation options is ongoing. In UPM Fray Bentos pulp mill, the sludge drying system was further modified allowing to increase the share of treated phosphorous sludge for utilisation from 50% to 80%.
- Further work was done to find a solution for green liquor dregs recycling at UPM pulp mills in Uruguay and Finland. For example, in Uruguay, green liquor dried dregs were successfully trialed in cement production.

#### Planned actions

- In 2025, UPM continues its participation in the Finnish UUMA5 programme to enhance the utilisation of secondary raw materials in earth construction together with the Pohjolan Voima company.
- The pulp mills in Uruguay continue to research and test waste utilisation possibilities which were identified in their 2030 Zero Solid Process Waste to Landfill roadmap.
- In general, development work will continue for the recycled nutrient target and zero solid process waste to landfill target at several sites.

» [Refer to E3-2 Actions](#) for water-related efficiency;

» [Refer to G1-2 Responsible Sourcing](#) for UPM's Sustainable Supply Chain Programme, which addresses resource use.

### Resources

In general, activities related to product stewardship, circular economy and waste management are included in UPM's overall operational expenditures, investment and resource planning.

» [Refer to E1-1 Investments and funding, Innovation products](#) for significant actions and resources related to products

» [Refer to E2-2 Resources](#) for more information on environmental costs and investments.

## TARGETS

### E5-3

To manage its sustainability activities, UPM has set several targets and key performance indicators for its sustainability focus areas covering its own operations (covered under Forest, Water, Waste, Product

Stewardship) and the supply chain. These targets support UPM's policy objective for the responsible use of resources and the circular bioeconomy (UPM Sustainability Policy Statement). UPM's sustainability targets are developed by taking the views, wishes and perspectives of external stakeholders from UPM's constant multi-stakeholder dialogue into account.

### Targets related to circular economy and resource use

SUSTAINABILITY FOCUS AREA AND KEY PERFORMANCE INDICATOR	BASE YEAR	BASE YEAR VALUE	2030 TARGET	TARGET FOLLOW-UP 2024 (2023)
<b>Forest</b>				
Share of certified fibre	2015	84%	100%	88.5% (87.0%)
<b>Water</b>				
Nutrients used for effluent treatment from recycled sources *	2017	17%	100%	33% (33%)
<b>Waste</b>				
Process waste sent to landfills or to incineration without energy recovery	2015	122,000 tonnes	0 tonnes	97,000 (82,000) tonnes; 83% (87%) of UPM's process waste recovered or recycled
<b>Product stewardship</b>				
Climate-positive product portfolio	Since 2019	-	Continuous improvement	Decarbonisation solutions: 8% of sales
Development of new products and services with contribution to SDGs	Since 2019	-	continuous	For example, UPM Solargo™, a new range of bio-based plant stimulants
Share of ecolabelled products	2015	77%	100%	89% (89%)
<b>Responsible sourcing</b>				
UPM total spend covered by UPM Supplier and Third-Party Code	2015	79%	>80% (continuous)	91% (89%)

\*Relevant for pulp and paper production

UPM's sustainability targets for 2030 are followed up and reported at Group level at least annually. The target parameters chosen cover different aspects of resource use and circular economy (see the following paragraphs). The targets are evaluated and set based on their potential positive impact and the minimisation of any negative impact.

Some of the targets related to resource use and circular economy show progress towards the Group-level targets. However, the total amount of process waste to landfills increased in 2023 and in 2024 due to the ramp-up of the Paso de los Toros pulp mill in Uruguay. Measures are taken to achieve UPM's zero process waste to landfill target. The share of recycled nutrients in effluent treatment remained at the same level in 2024, but the results of trials in 2024 should be visible in the coming years. » Refer to E5-2 Actions, Making use of residues, side streams and recovered materials

» Refer to G1-2 Responsible Sourcing for more information about the sourcing target.

UPM's targets related to resource inflows and outflows specifically address the following aspects.

## Circular product design

Product stewardship is one of UPM's sustainability focus areas. It includes three product-related targets (see table above) that are linked to circularity and recyclability:

- Circularity usually has a positive impact on the carbon footprint of products, thus supporting UPM's target of a climate-positive product portfolio;
- Circularity is an aspect of UPM's Sustainable Product Design concept and contributes positively to SDG 12 "Responsible consumption and production";
- The EU Ecolabel for graphic paper includes criteria for recyclability.

## Circular material use and minimisation of primary raw material

UPM is committed to continuous improvement of resource efficiency and to a circular bioeconomy approach. The Company uses materials recovered from production processes and develops recycling and utilisation options for side streams and residues from production processes, as stated in UPM's Sustainability Policy Statement. UPM has also dedicated targets for zero process waste to landfill and 100% use of nutrients from recycled sources in UPM's effluent treatment plants.

## Use of renewable resources

Wood is a renewable resource and is UPM's main raw material. UPM's target of 100% certified fibre by 2030 underlines the importance of forest certification for wood-based resources, even though Chain-of-Custody certification for non-certified forest areas already ensures the origin of wood, legal harvesting and sourcing of wood from non-controversial sources. Forest certification also plays a crucial role in maintaining and enhancing biodiversity. » Refer to E4-3 Actions, Forests and biodiversity

## Sustainable sourcing

Responsible sourcing is one of UPM's sustainability focus areas and includes targets and key performance indicators. Resources and circularity are also addressed as relevant environmental issues in UPM's Sustainable Supply Chain Programme. » Refer to G1-2 Responsible Sourcing

## Waste management

By 2030, zero process waste will be sent to landfills or to incineration without energy recovery. This means all UPM's non-hazardous process waste must be recycled or recovered. Waste management supports the achievement of this target, e.g. through proper sorting of waste and research into waste recycling options.

UPM's targets can contribute to waste prevention, waste recycling or energy recovery from waste.

The targets are voluntary and additional to legal requirements.

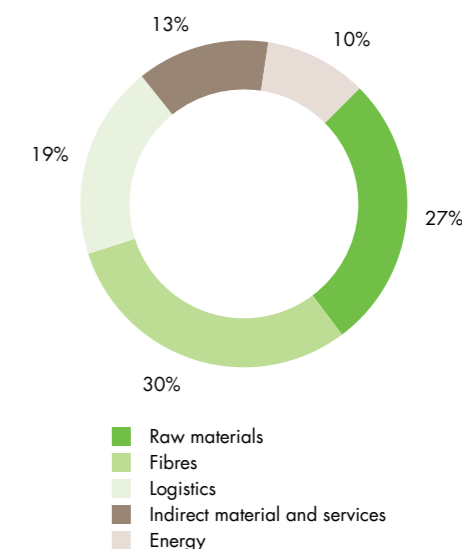
## METRICS

### Resource inflows

#### E5-4

Wood and fibre-based products are the basis of UPM's operations. Certified Chain-of-Custody systems and forest certification ensure that wood and other fibre-based materials are sourced from sustainably managed forests. UPM's main sourcing categories are fibres (wood and fibre-based materials), other raw materials (including pigments and chemicals), indirect materials, and services, logistics and energy.

UPM's external purchasing spend 2024



Suppliers are an essential part of UPM's value chain. Materials and services are purchased from approximately 23,000 B2B suppliers globally. The sourcing network includes suppliers from startup companies to international corporations. In addition, wood is purchased from about 14,500 private forest owners.

» Refer to E1 for energy and E3 for water.

## Raw materials

TONNES (INCL. MOISTURE)	2024	2023
Wood	23,300,000	21,800,000
Market pulp	1,300,000	1,300,000
Recovered paper	700,000	760,000
Purchased paper for converting	310,000	280,000
Minerals	1,800,000	1,900,000
Chemicals	930,000	950,000
Plastics, adhesives, resins, films	160,000	130,000
<b>Total</b>	<b>28,600,000</b>	<b>27,100,000</b>

## Percentage of biological material

%	2024	2023
Wood share in total raw materials	81%	80%

UPM considers only wood a biological material. Its share of total raw materials is calculated based on data in the Raw materials table. Other wood-based raw materials such as pulp, paper and recovered paper, are considered a result of a technical production process.

Both wood and wood-based side streams and residues are used where they create most value.

## Wood certification

%	2024	2023
FSC certified	18.3%	14.4%
PEFC certified	38.3%	42.0%
PEFC and FSC certified	32.0%	30.6%
<b>Total certified wood</b>	<b>88.5%</b>	<b>87.0%</b>
Wood complying with FSC Controlled Wood or PEFC Due Diligence requirements	11.5%	13.0%
<b>Total biological material</b>	<b>100.0%</b>	<b>100.0%</b>

All wood-based raw materials, including wood, are either FSC™ (N003385) and PEFC (PEFC/02-44-41) certified or comply with the FSC Controlled Wood standard or Due Diligence requirements for PEFC. The certification ensures that all UPM's wood, pulp, paper and recovered paper suppliers are continuously assessed for their environmental and social responsibility and their involvement with local communities.

## Secondary material

RECOVERED PAPER	2024	2023
Tonnes (incl. moisture)	700,000	760,000
% of total raw materials	2%	3%

Efficient paper recycling depends on local infrastructure for national collection and recovery systems. Recovered graphic paper is sourced from Europe, where the most significant suppliers are waste management companies, printing houses and local authorities. Recovered paper is used as a raw material in UPM's graphic paper production and accounted for 15% (17%) of fibre materials used in UPM's paper production in 2024.



### Reporting principles for metrics

## Raw materials

Wood is usually measured in cubic metres. » [Refer to E4-5 Wood deliveries](#). Conversion to tonnes is calculated using factors based on measurements and/or literature. The average moisture content of wood is estimated to be 50%. Market pulp and recovered paper are purchased as air dry tonnes with a dry solid content of approximately 90% and 94% respectively. The moisture content of other raw materials may vary, but the relevant delivery quantities are available in UPM's sourcing systems. UPM's Group-level reporting focuses on the Company's use of fibre and other raw materials. Information about material use is aggregated data from UPM's sourcing units.

Note: In the UPM Annual Report 2023, the amount of pigments was reported in dry tonnes.

## Percentage of biological material

Only wood is considered biological material in the calculation. UPM considers other wood-based materials the result of a technical production process. In accordance with ESRS E5-4, the denominator for the percentage indicator is the total weight of raw materials in their original state, i.e. including moisture.

## Secondary material

Recovered paper from external sources is included in the calculation as secondary material. Internal recovery is not included. In accordance with ESRS E5-4, the denominator for the percentage indicator is the total weight of raw materials in their original state, i.e. including moisture.

## Resource outflows

### E5-5

## Products

	UNIT	2024	2023
Paper	t	4,600,000	4,700,000
Chemical pulp	t	5,000,000	4,200,000
Converting materials	t	500,000	400,000
Plywood and veneer	m3	500,000	400,000
Sawn timber	m3	1,200,000	1,500,000
Heat	GWh	1,000	1,000
Electricity	GWh	13,000	14,000

## Designed according to circular principles

Some of UPM's products are made from side streams and residues or from materials recovered after product use, thus supporting a circular bioeconomy.

For use of side streams and production residues » [Refer to E5-2 Making use of residues, side streams and recovered materials](#).

For use of recovered paper in paper production » [Refer to E5-4 Secondary material](#).

## Durability

The majority of UPM's products are business-to-business mass products such as pulp, paper, labels, timber, plywood and biofuels. For such products, durability is usually not the relevant requirement, but recyclability or biodegradability. However, durability is relevant in the case of plywood used for construction or in vehicles or timber when used for log houses or for building in general, for example. The lifespan of UPM plywood can be as long as 100 years. The durability and

performance of timber and plywood in construction applications is proven by CE marking. Durability is also required of paper used for archiving or other long-term purposes or labels for specific end uses.

## Repairability

Repairability is not a relevant requirement for UPM's product range.

## Recyclable content

The majority of UPM's products are recyclable, depending on how they are further processed.

Paper: UPM's paper grades that are mainly used for printing or packaging are 100% recyclable if the further processing does not affect recyclability. Paper recycling systems are well established in most countries. Efficient paper recycling depends on the local infrastructure for national collection and recovery systems.

Pulp: Pulp is 100% recyclable and biodegradable. However, pulp is at the beginning of the processing chain and can be processed into different paper grades (including hygiene papers) or other pulp-based products. A reasonable estimate of the recyclability of the final product is therefore impossible.

Converting materials: The label release liner, the thin layer of paper or plastic that protects the adhesive side of the label, is often discarded after use. This is why UPM Raflatac has developed the RafCycle™ circular solution, a recycling service that enables customers to turn their label liner waste into new raw materials. The actual label used on products can theoretically also be recycled but this depends on the packaging design. A reasonable estimate of the recyclability of the final product is therefore impossible.

Plywood and veneer: Plywood is a 100% recyclable material when repurposed as a raw material for secondary products or reused as such, e.g. in construction, after its initial use. Plywood can also be used as a fuel source in energy production after its first life cycle.

Sawn timber: Sawn timber is 100% recyclable. However, it is at the beginning of the value chain and can be processed into multiple end-use products. Therefore, it is not possible to estimate the potential for reuse and recycling for end products. Typically, sawn timber is used as a fuel in energy production at the end of its life cycle, replacing fossil fuel sources.



## By-products and waste

TONNES (DRY WEIGHT), EXCEPT HAZARDOUS WASTE	BY-PRODUCTS	NON- HAZARDOUS PROCESS WASTE	OTHER NON- HAZARDOUS WASTE	HAZARDOUS WASTE	TOTAL	TOTAL
	2024	2024	2024	2024	2024	2023
Recycling	63,000	268,000	16,000	3,500	352,000	408,000
Composting	0	8,700	0	0	9,100	9,000
Energy recovery	7,800	226,000	1,400	500	235,000	215,000
Temporary storage	900	22,000	2,500	0	25,000	20,000
Landfilling	0	94,000	1,300	0	95,000	85,000
Incineration without energy recovery	0	3,100	0	2,600	5,800	7,000
Other disposal	0	0	0	400	400	2,000
<b>Total</b>	<b>72,000</b>	<b>622,000</b>	<b>22,000</b>	<b>7,000</b>	<b>723,000</b>	<b>745,000</b>
Total amount of non-recycled waste *	—	—	—	—	127,000	113,000
Percentage of non-recycled waste	—	—	—	—	18%	15%

\* Includes waste sent to landfilling and incineration without energy recovery as well as waste and by-products sent to a temporary storage

## Main waste and by-product streams

%	2024	2023
Fibrous residues	50%	48%
Ash	26%	31%
Green liquor dregs	8%	7%

Ash is the residue from UPM's own and co-owned energy generation processes. Fibrous residues are bark, other wood waste or sludges from recovered paper processing and effluent treatment. Green liquor dregs are residues from chemical pulp production. » [Refer to E5-2 Making use of residues, side streams and recovered materials](#)

In addition to waste and by-product streams, production residues are used internally as fuels: mainly black liquor from pulp production but also bark, other wood waste, or sludges from recovered paper processing and effluent treatment. This quantity is reported as fuel.

## § Reporting principles for metrics

### Products

The quantities of paper, pulp and converting materials include packaging and moisture. Plywood, veneer and sawn timber are sold and reported in cubic metres, heat and electricity in GWh. Total paper and chemical pulp production and total electricity sales are reported including internal sales of paper, chemical pulp and electricity.

## Waste and by-products

UPM reports the sum of non-hazardous process waste and by-products divided into recycling, composting, energy recovery, landfilling, incineration without energy recovery and temporary storage. The sum of hazardous waste is divided into recycling, energy recovery, incineration without energy recovery and other disposal. The disposal method is determined by both direct information from the sites and by information provided by waste contractors.

Depending on local circumstances, a waste fraction, e.g. ash, can be a by-product or waste. UPM has decided not to exclude these by-products from its waste reporting but to report on both.

Waste and by-product data are reported in bone dry tonnes, except for hazardous waste. The data are based on weighing results or invoicing data. At site level, data is collected continuously and reported to the authorities as required by law. Consolidation at Group level is done annually in UPM's common database.

Internal use of side streams and residues for energy generation is reported as fuels. » [Refer to E1-5 Energy consumption and mix.](#)

Waste data is reported to the relevant local authorities in accordance with the site permits. For UPM's pulp and paper mills in Europe, China and Uruguay, both waste and by-product data is verified and reported in accordance with the EU's Eco-Management and Audit Scheme (EMAS) by EMAS-accredited auditors.

# Own workforce (ESRS S1)

UPM is committed to being a responsible and attractive employer, now and in the future. Promoting diversity and inclusion is a prerequisite for UPM's business success and a healthy working environment. UPM's safety work is based on long-term planning, effective communication and leadership.

Engagement score in the  
Employee Engagement Survey

# 70

4 points below the global  
average benchmark

Percentage of employees completed  
individual goal setting or annual discussion to  
enable continuous professional development

# 85%

Total recordable injury  
frequency (TRIF)

# 6.1

for UPM's own workforce

# IMPACTS, RISKS AND OPPORTUNITIES

**ESRS 2 SBM-3**

UPM is committed to being a responsible and attractive employer now and in the future. UPM wants to strengthen its employees' sense of belonging and the feeling that they are doing meaningful work. This promotes productivity, engagement and wellbeing.

UPM's values are the foundation of who we are. Building a culture of Aiming Higher is essential to UPM's success in today's rapidly changing world. UPM's employees are accountable, performance-driven, human-centric, and eager to learn and grow. UPM's aim is to further increase employee motivation and make growth opportunities more visible and accessible.

In an increasingly complex business environment, enhancing employees' skills and wellbeing is important for both business success and sustained employability. UPM's long-term goal is to ensure high performance and continuous professional development.

## Overview of material impacts, risks and opportunities

MATERIAL TOPICS	IMPACTS, RISKS AND OPPORTUNITIES	DESCRIPTION
<b>Decent work and fair rewarding</b>	<b>Positive impact:</b> Ensuring equal and adequate pay, training and development	UPM ensures equal and adequate pay through its third-party verified annual review process and correction of identified gaps. UPM is continuously developing its employee experience and leadership culture, evaluating its recruitment, compensation policies and career development opportunities.
	<b>Potential negative impact*:</b> Job losses due to closing of operations or restructuring	Changes in the business environment and market demand may lead to restructuring measures to ensure UPM's cost-competitiveness. Active measures are taken to mitigate the effects on employees, e.g. by promoting employment and retraining.
	<b>Risk:</b> Lack of skilled workforce	The success of UPM's businesses depends largely on the ability to build and maintain the necessary new capabilities required for future growth.
	<b>Opportunity:</b> Being the employer of choice	UPM continuously develops its employee experience and leadership culture, evaluates its recruitment, compensation policies and career development opportunities, and takes measures to attract and retain diversely skilled personnel and individuals with rare and critical specialist knowledge for current and future growth areas.
<b>Diversity and inclusion</b>	<b>Positive impact:</b> Enhancing diversity and inclusion with a positive impact on the workforce	In addition to UPM's targets for female representation in management and equal pay, UPM's commitment to inclusion and diversity is underlined by active training, dialogue and cooperation. The latest example is UPM's global and employee-led BeU network.
<b>Health and safety</b>	<b>Positive impact:</b> Increased focus on health and safety measures for people working at all UPM sites	UPM's Group-wide safety project aims to give a new boost to UPM's safety culture and address the changes needed throughout the organisation. The aim is to empower employees and teams and give them a mandate to improve safety.
	<b>Negative impact*:</b> Health and safety incidents, including serious accidents and fatalities for UPM workforce	Although several measures are taken to prevent injuries and accidents to employees and contractors at UPM's production sites, a risk remains. The importance of health and safety is also discussed and followed up with suppliers, but negative impacts can occur. These negative impacts are related to individual incidents.
	<b>Risk:</b> Potential Injury to UPM workforce	Failure to maintain a high level of safety management could result in injury, illness or liability to UPM's employees, contractors or third parties. These risks are managed through established management procedures, health and safety precautions, and loss prevention programmes.

\*UPM's identified material negative impacts are not seen as widespread or systemic but are related to potential individual incidents.

No risks of forced or compulsory labour or child labour identified for UPM's own operations.

As part of UPM's ongoing human rights due diligence, the Company has identified groups who are at higher risk of experiencing potential adverse human rights impacts. Based on UPM's assessments and

## Description of UPM's own workforce

UPM's own workforce consists of the following groups:

- Own employees: people directly employed by UPM
- Non-employees, further divided into two sub-groups
  - Agency hires: persons employed by employment agencies or labour providers working at UPM's sites under the direct supervision of UPM. Agency employees are not directly employed by UPM.
  - Independent contractors: self-employed individuals who provide services or labour to UPM and are bound by a direct contractual arrangement other than a contract of employment. The number of such independent contractors is currently estimated to be so small that reporting on them is not material for UPM.

All people in UPM's own workforce who could be materially affected by UPM are included in the scope of disclosure. None of the identified material risks and opportunities relate to a specific group within own workforce but concern all employees equally.

dialogue with various stakeholders, UPM has defined migrant workers, women, young workers, and temporary and contractor workers as groups with a higher risk of potential adverse human rights impacts across UPM's value chain.

## POLICIES

**S1-1**

UPM's decision-making, management and operations are guided by UPM's values and the UPM Code of Conduct. Compliance with the laws and responsible practices are the basis of all UPM's operations and create long-term value for both UPM and its stakeholders. The UPM Code of Conduct underlines UPM's commitment to business integrity and responsible business operations and reflects the Company's guiding principles.

UPM works to ensure that human rights are respected by all UPM employees throughout the operations and business relationships and expects its suppliers and business partners to do the same. UPM wants to ensure that all raw materials and services are purchased from responsible sources.

» Refer to G1-1 Policies

## UPM's Human Resources and Safety Rules

UPM's human resources management is based on the Company's values and is an important part of UPM's corporate social responsibility. The UPM HR (Human Resources) Rules complement the UPM Code of Conduct by defining in more detail the principles of working conditions, labour practices and decent work as described by the International Labour Organization (ILO), what UPM is committed to, and what is expected of its employees. The UPM HR Rules are owned by UPM's Human Resources function and approved by the Group Executive Team. The UPM HR Rules apply to all UPM's employees and executives. The UPM HR Rules do not apply directly to suppliers and other third parties and their representatives, as they are bound by similar principles by the UPM Supplier and Third-Party Code.

UPM complies with international, national and local safety laws, regulations and rules. UPM does this by implementing and complying with UPM's safety standards and local procedures.

UPM promotes fair working conditions and respects the right of employees to form and join associations, bargain collectively, and assemble peacefully. UPM does not tolerate modern slavery, child labour, forced labour or human trafficking in any form in its operations or in any part of its value chain.

UPM Safety Rules set and communicate clear safety expectations and targets at all levels of UPM's organisations. The UPM Safety Rules are owned by UPM's Human Resources function and approved by the Group Executive Team. UPM's occupational health and safety management systems ensure that the targets are achieved. This is reinforced by UPM's safety standards, in particular the safety standard on roles and responsibilities, which also defines the business line organisation's responsibility for ensuring the safety standards are implemented.

All UPM employees apply UPM's Safety Rules in a disciplined manner. In addition, UPM's business partners and their employees at UPM's sites are required to adopt safe working practices and to comply with UPM's Safety Rules and standards. If a safety violation is detected, UPM intervenes and takes the necessary measures in a timely manner. UPM has an internal occupational health and safety (OHS) audit programme for each business area to monitor and check compliance with UPM's safety standards. This highlights good practices, as well as any shortcomings or actions needed to meet UPM's OHS expectations.

The UPM Code of Conduct, UPM HR Rules and UPM Safety Rules apply to all UPM's own workforce.

## UPM and human rights

### Commitments

UPM is committed to respecting human rights in line 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. We also promote the human-rights-related principles of the UN Global Compact.

The UPM Code of Conduct, the UPM Sustainability Policy Statement, and the UPM Supplier and Third-Party Code are aligned with these internationally recognised standards.

### Compliance system

UPM's compliance system is the risk management system used to manage UPM's human rights and environmental risks. UPM's compliance system is embedded in its governance model and is designed to strengthen corporate performance and a culture of integrity at all levels.

### Risk analysis

To assess human rights risks in its own operations, UPM has adopted a procedure that is regularly applied at the business area or unit level. The procedure aims to ensure an analysis of actual and potential human rights risks and impacts specific to the business area and/or operating context, and recognises that risks may change over time.

In practice, this means that UPM's business areas regularly identify human rights risks and impacts, assess the severity and likelihood of these risks and impacts, and prioritise the most severe issues for further focus and action. » Refer to G1-2 Responsible Sourcing

The human rights risk assessment and management process is integrated into UPM's existing guidelines and management systems. In addition to the business-area-specific risk assessment procedure described above, human rights considerations and due diligence requirements are integrated into UPM's global processes, e.g. those related to investments and the corporate salient human rights assessment.

### Training and engagement

UPM's Code of Conduct training is mandatory for all UPM employees, and participation is measured and reported annually. The training covers the protection of human rights and the environment and the identification of human rights and environmental risks. In addition, there is a separate e-learning course on the requirements of the UPM Supplier and Third-Party Code for UPM's employees who deal with suppliers. The link between human rights violations and corruption is also covered in UPM's anti-corruption training, which is mandatory for all salaried employees.

UPM's Sourcing function organises additional training for its employees on responsibility principles and supplier requirements.

### Remediation

UPM monitors and works to remedy adverse impacts on human rights of which it is aware, and which its activities have caused or contributed to. In the event of a violation of a human rights or environmental obligation, UPM determines the necessary and appropriate measures on a case-by-

case basis. Remediation is determined case by case, based on verified impacts. » See [G1-1](#) for more information about handling concerns

## Diversity and inclusion

All UPM employees are responsible for creating a diverse and inclusive working environment. It is important to employ people with different competences, backgrounds and experiences, as well as different genders, ages and nationalities, to bring together different views and improve decision-making and business success. All UPM employees are expected to build and encourage a culture that allows different views, and where everyone has the opportunity to contribute. UPM is committed to a European-wide diversity charter initiative to develop a diverse and inclusive workplace.

UPM promotes equal opportunities and does not tolerate direct or indirect discrimination against anyone based on gender, age, ethnicity, race, nationality, family ties, religion, sexual orientation, disability, political opinion, trade union affiliation, or any other similar aspect related to a person.

There shall be no direct or indirect discrimination in relation to selection criteria in resourcing. In personnel planning and recruitment the selection criterion will be based on a person's skills and competences. Application and recruitment processes shall be open and transparent whenever applicable. The working environment and facilities shall be developed so that they do not prevent equality between employees. All employees shall have a chance to develop in their work. Employees are given equal career opportunities based on their qualifications and the business needs.

Sexual or other forms of harassment – whether verbal, physical or visual -, harsh or inhuman treatment, is not tolerated. UPM does not engage in behaviour that could be characterised as offensive, intimidating, threatening, malicious or insulting.

The UPM Code of Conduct, UPM's values and the UPM HR Rules address these topics.

## PROCESSES

### Processes for workforce engagement

S1-2

Every year, UPM's Employee Engagement Survey (EES) is available for all employees across the Company to evaluate various aspects of their working environment. It is an important way of measuring the Company's success in developing as an employer and progress in achieving the social responsibility targets that are important to UPM, such as safety, diversity and inclusion, learning and growth, and leadership. The EES provides an opportunity to monitor long-term trends and progress on agreed development activities annually. This progress is followed up and evaluated to enable continuous development of the workplace at both organisational and team levels.

To complement the EES, a UPM Health and Wellbeing pulse survey has been conducted for the last three years. The pulse focuses on the main elements of the UPM's health and wellbeing approach.

UPM aims to empower and engage employees at all levels through responsible leadership, with different forums to facilitate continuous dialogue between employees and business management, for example.

UPM engages in both formal and informal consultations with trade unions and actively promotes employee participation and consultation in accordance with international and national rules and regulations. To promote employee participation, consultation and dialogue between UPM's business areas and country management, and employee representatives and employees at national level, UPM's countries have cooperative bodies that operate based on country-specific rules, regulations and UPM's practices. In addition, to promote an open international dialogue between management and employee representatives, UPM has a cooperative body, the UPM European Forum, which focuses on issues related to changes in the Company and the business environment in general. The Forum organises regular meetings for employee representatives from business units operating in Europe.

The Human Resources function and the Executive Vice President of Human Resources have operational responsibility for ensuring that employee engagement takes place.

The effectiveness of UPM's engagement with its own employees is assessed through the EES and individual target setting and follow-up discussions.

### Processes for raising and handling concerns

S1-3

UPM has implemented processes for reporting, identifying and investigating concerns and for handling incidents, including remediation and protection against retaliation. These processes cover all stakeholders, including UPM's own workforce. » Refer to [G1-1](#) for detailed information.

## ACTIONS

S1-4

UPM's identified material topics have been defined as a result of a double materiality analysis, considering impacts, risks and opportunities related to its own workforce. Based on these material topics, the following focus areas related to UPM's own workforce have been developed:

- Responsible leadership
- Continuous learning and development
- Diversity and inclusion
- Fair rewarding
- Safe and healthy working environment

For each focus area, the key actions, previous year's key actions and future key actions are presented below. UPM monitors the effectiveness of its actions to manage material impacts by tracking and reporting on the progress of its sustainability targets for 2030. » Refer to [S1-5](#).

### Responsible leadership

#### Key actions

UPM continuously develops leadership capabilities and management teams, as well as the working environment. UPM provides leaders with tools for receiving feedback to develop their leadership and teams. They receive relevant and timely employee engagement data about their teams and organisation.

UPM also provides a leadership development programme portfolio that supports the three cornerstones of leadership at UPM: leading oneself; leading people; and leading business.

Leadership development focus areas and solutions are continuously reviewed and renewed. UPM focuses on improving the performance and motivation of people through feedback, development planning, agile goal setting and regular one-to-one discussions.

#### Actions in 2024

- Update of management team development concept
- Organisational Health Index survey
- Renewal of UPM's leadership frame and assessment tools
- Update of UPM's global leadership development portfolio, e.g. human-centric leadership, senior leadership programmes
- Awareness building and experimenting of AI

#### Planned actions

- Continuous renewal of the programme portfolio to ensure relevant leadership capabilities for any business situation
- People manager development solutions to strengthen leadership which enables everyone to grow, perform and achieve business results
- Encouraging experimentation to promote creativity, testing of ideas and data-driven decisions

## Learning and development

### Key actions

UPM encourages its employees to pursue professional growth and supports them in learning and developing their skills further. Ensuring high performance for business success and continuous professional development of employees are UPM's long-term targets and an important focus area for its work in social responsibility.

UPM invests in the growth of its employees and expects individuals to be eager to learn and develop. All employees are encouraged to create an individual development plan and keep it up to date. UPM applies the 70-20-10 learning and development framework: 70% of the learning takes place on the job; 20% comes from sharing with and learning from colleagues; and 10% comes from training. Expert communities play an important role in sharing and learning across the Company. The learning impact is measured by evaluating the degree to which participants apply what they have learned during training when they are back on the job.

UPM continuously introduces new digital learning content and online programmes to develop skills in commerce, sourcing, finance, compliance, safety, leadership and design thinking, for example. New digital solutions to enhance operator experience were created and tested successfully on some production sites and promoted for others. In the longer run, shopfloor employees will be able to access relevant digital learning content in the flow of work more easily.

UPM encourages and enables employees to contribute to projects such as gigs and expert communities. These are good ways to contribute, learn new skills and network. UPM has developed a project approach to support the project way of working and enable success in different development projects.

### Actions in 2024

- Continued with the Career Experience campaign
- Promoted digi-enabled operator experience
- Brought new learning methods, e.g. microlearning creation
- Copilot learning solutions and piloting

### Future actions

- Support for development and growth visible in management practices, e.g. feedback, development planning
- Renewal of shopfloor annual discussions
- Enabling relevant digital learning for shopfloor employees
- Learning to integrate AI for personal productivity
- Encouraging rotation as a way to learn and develop

## Diversity and inclusion

### Key actions

Developing a diverse and inclusive workplace starts with three things: committing to diversity and inclusion; monitoring data and processes regularly; and developing leadership and working culture. UPM's approach to promoting diversity and inclusion is also enshrined in its Code of Conduct and other Company policies, its social responsibility targets, inclusive leadership, and transparent recruitment.

UPM regularly reviews its diversity status and data. UPM's management teams conduct self-assessments that address diversity and inclusion. Managers and HR have dashboards with diversity data. Processes such as rewarding and recruitment are followed-up regularly.

UPM also regularly reports progress in several external indices. UPM's internal analysis confirm that men and women have equal opportunities for professional growth at UPM. UPM has set a target for female representation in professional and management roles.

### Actions in 2024

- Diversity and Inclusion discussions continued in businesses and functions
- BeU Employee Resource Group for LGBTIQ+ continued after established in 2023
- Management Team diversity reviewed and diversity KPIs reviewed
- Emerged gender pay gap closed

### Planned actions

- Continue benchmarking – learning from other companies that have successfully implemented LGBTIQ+ initiatives
- Continue to develop and implement the BeU Safe Contacts concept, recruit and train the contacts
- Continue the implementation of female leadership target setting related action plans
- Review of HR related guidelines from D&I point of view.

## Fair rewarding

### Key actions

In accordance with the UN's Sustainable Development Goals, UPM has set clear focus areas and targets for its work on social responsibility. UPM wants to ensure fair, equitable and competitive rewarding for all UPM employees globally. UPM is committed to gender pay equity and to paying at least the living wage to all its employees. UPM's commitment to fair rewarding is stated in UPM's Code of Conduct and further specified in its policies and rules on rewarding. UPM's commitment to fair rewarding is included in its 2030 social responsibility targets, where UPM has two specific initiatives: first, ensuring all UPM employees' pay meets at least the local living wage; second, ensuring gender pay equity for all employees. For both these initiatives, UPM is committed to conduct annual reviews and to close any identified gaps in pay.

UPM has been monitoring and paying a living wage to all UPM employees since 2019. UPM's commitment to pay the living wage covers all countries where it operates and applies to both salaried and shopfloor employees. UPM conducts a living wage assessment annually in collaboration with an external partner, with a proven methodology, process and living wage benchmarks in place. UPM's partner helps define the baseline and provides living wage estimates for all countries and cities where UPM operates.

UPM has also carried out an annual gender pay gap review and corrected unexplained pay gaps since 2021. UPM's commitment to gender pay equity covers all countries where UPM operates and applies to both salaried and shopfloor employees. UPM's gender pay equity review seeks to identify possible gender pay gaps that cannot be explained by such factors as job performance, work experience, job grade or location, or any other legitimate factors that typically determine pay and its development.

In 2023, UPM joined the UN Global Compact Forward Faster Initiative with 138 other companies. The goal of this initiative is to accelerate progress towards the 2030 Sustainable Development Goals. By joining the Gender Equality area of action, UPM commits to taking action to advance equal representation, participation and leadership across all levels of management and equal pay for work of equal value.

UPM's commitment in particular encompasses two focus areas: promoting gender equality and ensuring living wages.

### Actions in 2024

- Annual review for 2024 conducted successfully for both gender pay equity and living wage review, and identified gaps have been closed.
- Continuous and proactive training and coaching for managers and Business HRs conducted to support them in pay determining situations.
- Continuous focus on robust people processes and reliable and comprehensive data.

### Planned actions

- Continue to develop methodology and process for both gender pay equity and living wage annual reviews, in collaboration with established external partners, to gain further potential and drive progress in fair rewarding focus areas.
- Continue to discuss these topics with various stakeholders across the organisation and continue the training.

## Safe and healthy working environment

### Key actions

UPM's safety work is based on long-term planning, effective communications and leadership. Safety is integrated into all UPM's daily operations, and in new and ongoing projects, proactive safety is an integral part of project plans and site practices.

UPM's OHS management systems are based on the principle of continuous improvement and include extensive internal and external audits and management reviews. The systems cover 100% of UPM's units and all their employees, as well as all contractors working on site. Annual safety audits are an integral part of UPM's OHS management system. Cross-functional audits provide valuable feedback on selected OHS processes and daily activities. UPM's safety standards cover procedures such as risk assessment, permits to work, safe contractor work, safety reporting, etc.

All accidents, near-misses and other incidents are documented and evaluated in UPM's global safety tool. UPM also documents incidents involving contractors' employees. UPM aims to have an accident-free workplace. All accidents are thoroughly investigated in close cooperation with the authorities and contractors. Corrective and preventive actions are initiated, and the key learning points are shared across all operations to prevent similar accidents in future. Thorough investigation of incidents and effective risk management play an important role in making UPM's operations safer. UPM recognises exemplary safety performance with Company-wide awards.

The safety training needs of UPM's employees are assessed based on the employee's role and needed safety-related skills and competence and input from safety committees, suggestions from employees or management, results of audits and incident investigations, changes in legislation, changes in processes, etc. A training plan is then drafted, and relevant trainers are identified. Trainers can be internal experts or external specialists. Safety training can take the form of e-learning, classroom sessions, hands-on training or a combination of these.

### Actions in 2024

- The main focus was on the Company-wide Safety project aiming to improve safety-related processes and tools from employees' perspective. The development areas of safety were identified by employee dialogues in more than 50 production and office sites. The focus areas of the project cover various topics from improving the safety on-boarding and training to more user-friendly digital tools and systems and improving the efficiency of the safety audits to boosting the safety culture and leadership.
- UPM continued to systematically develop process safety related competences by producing a new, global e-learning for process safety. The current state analysis of process safety continued in operations including the definition of the business area specific development plans for the coming years. The key process safety elements were integrated into the project management manual. Process safety aspects were reviewed as part of the loss prevention surveys conducted by an external partner at our mills.
- UPM continued to implement the UPM Health and Wellbeing concept. The health and wellbeing pulse survey was conducted in May. The survey included more questions on Health and Wellbeing than earlier, based on the feedback from Employee dialogue discussions. In general, the scores slightly decreased compared to the 2023 survey.
- During the year, several virtual health and wellbeing campaigns, as well as local activities, were organised. UPM also organised targeted virtual support services for mental wellbeing at selected sites.

### Planned actions

- The Safety project continues in 2025 focusing on the digital tools and systems, and the visibility of safety in daily operations. Also, the Behavioural safety leadership training programme continues in 2025.
- UPM will continue to organise process safety related targeted trainings. The business areas continue to implement their own process safety action plans.
- A global concept for occupational health will be developed during 2025.

## Resources

In general, workforce-related activities are included in UPM's overall investment and resource planning.

## TARGETS

S1-5

### Targets related to UPM's workforce

To manage its sustainability activities, UPM has set several targets and key performance indicators for its workforce-related sustainability focus areas. UPM's sustainability targets are developed internally by UPM by taking the views, wishes and perspectives of external stakeholders from

UPM's constant multi-stakeholder dialogue into account. The targets are approved by the GET. » [Refer to ESRS 2 GOV-1 Oversight and management of impacts, risks and opportunities](#)

SUSTAINABILITY FOCUS AREA AND KEY PERFORMANCE INDICATOR	BASE YEAR	BASE YEAR VALUE	2030 TARGET	TARGET FOLLOW-UP 2024 (2023)
<b>Continuous learning and development</b>				
Goal setting discussions are held, and development plans are created for employees	2021	88% and 70%	100% completion rate	85% (85) of employees completed individual goal setting or annual discussion, 78% (81%) of employees had a development plan documented
Employee perception of good opportunities to learn and grow, as evaluated in the Employee Engagement Survey	2021	Below benchmark	Clearly above benchmark	Average score of 65 (64). Below global average benchmark by 7 points.
<b>Responsible leadership</b>				
Employee engagement, as evaluated in the Employee Engagement Survey	2021	Below benchmark	Clearly above benchmark	Average score of 70 (70). Below global average benchmark by 4 points.
<b>Diversity and inclusion</b>				
Employees' sense of belonging as evaluated in the Employee Engagement Survey	2021	Below benchmark	Among the top 10% of benchmark companies	Average score of 68 (68). Below top 10% benchmark companies by 11 points.
Continuous improvement in female representation in professional and managerial roles. Developing leadership and decision-making capabilities with increased diversity	2022	30.7%	40% female representation	34.5% (32.3%)
Diversity and inclusion initiative	Since 2021	-	Continuous	Dialogue continued on developing inclusive behaviours. Established Employee Resource Group (BeU) on LGBTQ+ community. Gender pay gap closed.
<b>Fair rewarding</b>				
Employees' pay meeting at least local living wage: implementing an annual review	Since 2021	-	Continuous	Company-wide review done considering the threshold of typical family for local living wage. Pay adjustments implemented to close identified pay gaps related to local living wage.
Gender pay equity for all employees: implementing an annual review process to identify and close unexplained pay gaps	Since 2021	-	Continuous	Company-wide review done, and pay adjustments implemented to close identified statistically significant unexplained gaps related to gender.
<b>Safe and healthy working environment</b>				
Fatalities or serious accidents in UPM operations	Since 2015	-	0 (continuous)	0 (0) fatal accidents, 3 (5) serious accidents
Total recordable injury frequency (TRIF), including contractors	2017	8.5	<2	TRIF 6.1 (6.1) for UPM workforce and 5.1 (5.2), including contractors
Process safety integrated in safety management	Since 2021	-	All sites and businesses	Process safety gap analyses done in all business areas and roadmap actions being implemented.
Employees' sense of work-life balance, as evaluated in the Employee Engagement Survey	2022	Below benchmark	Among the top 10% of benchmark companies	Average score of 72 (72). Below top 10% benchmark companies by 7 points
Absenteeism rate, UPM employees	2015	3.7%	<2%	4.2% (4.3%)

UPM regularly measures progress. For example, the results of the annual Employee Engagement Survey (EES) are used as key performance indicators for several of the targets. The high participation rate of 76% (81%) indicates that UPM's employees are interested in improving their

workplace. For other targets, key performance indicators are also followed up at least annually at Group level. OHS indicators such as TRIF are followed up monthly.

## METRICS

### Characteristics of UPM's employees

S1-6

#### Headcount by gender

GENDER	NUMBER OF EMPLOYEES (HEADCOUNT) 2024	NUMBER OF EMPLOYEES (HEADCOUNT) 2023
Male	11,989	12,797
Female	3,835	3,771
Other	3	1
Not reported	0	4
<b>Total employees</b>	<b>15,827</b>	<b>16,573</b>

\*Gender as reported by the employee. At UPM, employees can choose the gender they report. UPM does not have visibility of the legal gender of its employees.

#### Headcount by gender and contract type

	FEMALE*	MALE*	OTHER*	NOT REPORTED	TOTAL
Number of employees (headcount)	3,835	11,989	3	0	15,827
Number of permanent employees (headcount)	3,449	11,150	2	0	14,601
Number of temporary employees (headcount)	386	839	1	0	1,226
Number of non-guaranteed hours employees (headcount)**	9	33	0	0	42
Number of full-time employees (headcount)	3,592	11,709	3	0	15,304
Number of part-time employees (headcount)	243	280	0	0	523

\*Gender as reported by the employee. At UPM, employees can choose the gender they report. UPM does not have visibility of the legal gender of its employees.

\*\*Of all the countries in which UPM operates, only Finland currently uses the term 'non-guaranteed hours employees'. UPM is currently collecting information about whether such employees exist in other countries. For Finland, the number of such employees is very small, and reporting the number is therefore not considered material.

#### Headcount by country (with more than 50 employees)

COUNTRY	NUMBER OF EMPLOYEES (HEADCOUNT) 2024	NUMBER OF EMPLOYEES (HEADCOUNT) 2023
Finland	6,222	6,281
Germany	3,390	3,918
United Kingdom	445	424
Poland	1,270	1,183
France	197	216
Austria	7	290
Estonia	263	262
Spain	64	74
China	1,513	1,572
United States	745	735
Uruguay	874	872
Malaysia	162	158
South Africa	39	50
Mexico	133	115

» [Refer to Report of the Board of Directors, Key figures](#): personnel at the end of period.

## Headcount by region

	AMERICAS	ASIA	EUROPE	REST OF THE WORLD	TOTAL
Number of employees (headcount)	1,797	1,844	12,100	86	15,827
Number of permanent employees (headcount)	1,780	1,498	11,239	84	14,601
Number of temporary employees (headcount)	17	346	861	2	1,226
Number of non-guaranteed hours employees (headcount)*	0	0	42	0	42
Number of full-time employees (headcount)	1,767	1,843	11,610	84	15,304
Number of part-time employees (headcount)	30	1	490	2	523

\*Of all the countries in which UPM operates, only Finland currently uses the term 'non-guaranteed hours employees'. UPM is currently collecting information about whether such employees exist in other countries. For Finland, the number of such employees is very small, and reporting on these employees is therefore not considered material.

## Employee turnover

	2024	2023
Total number of employees who left UPM	2,148	1,846
Rate of employee turnover	13.6%	11.1%



### Reporting principles for metrics

Employee figures are based on UPM's global total headcount definition, including employees classified as active and inactive, and are calculated as heads unless otherwise stated. Headcount is calculated at the end of the reporting period.

All types of contracts are divided into two categories: permanent and temporary ("fixed-term" in GRI and UPM terminology). Permanent contracts include all contracts valid until further notice, as well as employees not covered by employment contracts, such as in the USA, where all employees are classified as "Employment at Will".

Turnover is calculated based on the number of all types of terminations, whether voluntary or involuntary (number of persons leaving 1 Jan–31 Dec/Total headcount 31 Dec).

## Contextual information

In 2024, UPM permanently closed its UPM Hürth paper mill in Germany, one paper machine at UPM Nordland in Germany and its biocomposite business. UPM Raflatac acquired the Belgian-based company Grafityp with a production site in Belgium and a distribution centre in the UK.

## Characteristics of non-employees in UPM's own workforce

S1-7

### Headcount of non-employees

	2024	2023
Total number of non-employees (agency hires) in UPM's own workforce	344	168

The number of agency hires has been fairly stable throughout the year and over the years.



### Reporting principles for metrics

UPM's non-employees consist of two categories: independent contractors; and agency hires. Independent contractors are self-employed individuals who provide services or labour to UPM and are bound by a direct contractual arrangement other than a contract of employment. UPM currently estimates that the number of such independent contractors in UPM is very small and therefore not material to report. Agency hires are individuals employed by employment agencies or labour contractors to work at UPM's sites under UPM's direct supervision. Agency hires are not directly employed by UPM.

The most common type of non-employees are agency-hired employees, who are provided to UPM by companies whose main activity is employment. Agency-hired employees do not have an employment contract with UPM and are not included in UPM's official employee figures. Examples of the types of work they perform are: production operators; mechanical technicians; automation technicians; forklift truck operators; quality operators; and converting department operators; finishing department operators; or coating department operators.

UPM initiated an internal survey across all sites to gather information about the number of independent contractors hired during 2023. As the results indicated that the number was very small, they are not material to report.

## Collective bargaining coverage and social dialogue

S1-8

The percentage of total employees covered by collective bargaining agreements was 49% (52%) in 2024.

COVERAGE RATE	COLLECTIVE BARGAINING COVERAGE		SOCIAL DIALOGUE
	EMPLOYEES – EEA* (FOR COUNTRIES WITH >50 EMPL. REPRESENTING >10% TOTAL EMPL.**)	EMPLOYEES – NON-EEA* (ESTIMATE FOR REGIONS WITH >50 EMPL. REPRESENTING >10% TOTAL EMPL.)	WORKPLACE REPRESENTATION (EEA* ONLY) (FOR COUNTRIES WITH >50 EMPL. REPRESENTING >10% TOTAL EMPL.)
0–19%	–	–	–
20–39%	–	–	–
40–59%	Finland (57%)	–	–
60–79%	Germany (75%)	–	–
80–100%	–	–	Finland, Germany

\*European Economic Area

\*\*For UPM operating countries, only Finland and Germany fulfil these criteria

Since 2010, UPM has had its own European Forum agreement, which is an agreement provided for the European Works Council (EWC) Directive and covers UPM employees in EEA.

## Diversity metrics

S1-9

### Gender distribution of top management

GENDER	TOP MANAGEMENT*	
	NUMBER	PERCENTAGE
Female	25	31%
Male	55	69%

\* Two levels below the President and CEO, excluding assistants

### Employees by age group

AGE GROUP	NUMBER OF EMPLOYEES (HEADCOUNT) 2024	NUMBER OF EMPLOYEES (HEADCOUNT) 2023
Under 30	2,071	2,136
30–50	8,188	8,612
Over 50	5,568	5,821
Not reported	0	4
<b>Total</b>	<b>15,827</b>	<b>16,573</b>

## Adequate wages

### S1-10

All UPM employees are paid at least an adequate wage in line with applicable benchmarks in the disclosure requirements. UPM is using the living wage concept to review this annually. The living wage is an equivalent concept to adequate wages, which provides a more specific cost of local living as a benchmark. UPM's living wage review is conducted annually in cooperation with an established external partner using a proven methodology, process and benchmark, including local living wage threshold values of typical family for all UPM's operating countries and cities. If any pay gaps are identified, adjustments to pay are made annually.

UPM's living wage review is global by default, applies to both salaried and shopfloor employees in UPM operating countries, and includes those workforce segments where salaries can be reasonably and fairly adjusted. If the global assessment shows unexpected wage gaps, they are corrected. In the review, an employee's total annual

salary is assessed against the local living wage threshold. Total annual salary includes pay elements which are qualified as regular and guaranteed pay, e.g. base salary, regular shift pay and fixed cash allowances. All unexpected living wage gaps are vetted by appropriate human resource personnel. Local information is utilised to validate the proposed adjustments to make sure that all contextual factors are taken into account. These control mechanisms ensure that living wage adjustments are also locally justified and enable UPM to correct living wage gaps.

## Social protection

### S1-11

For 2024, UPM's disclosure covers its seven largest operating countries, Finland, Germany, Uruguay, China, Poland, the USA and the UK, accounting for approximately 91% of UPM's employees.

EMPLOYEES COVERED AGAINST	FINLAND	GERMANY	URUGUAY	CHINA	POLAND	USA	UK
Sickness	yes	yes	yes	yes	yes	yes	yes
Unemployment	yes	yes	yes	yes	yes	yes	yes
Injury and disability	yes	yes	yes	yes	yes	yes	no**
Parental leave	yes	yes	yes	yes	yes	yes*	yes
Retirement	yes	yes	yes	yes	yes	yes	yes

\*Maternity leave only

\*\* Employees without 5 years of service not covered

## Persons with disabilities

### S1-12

Due to legal restrictions, UPM cannot require its employees to report their disabilities. This information can only be collected on a voluntary basis, and UPM does not currently collect such information.

## Participation in regular performance and career development reviews

	DEVELOPMENT PLAN DOCUMENTED	INDIVIDUAL GOAL SETTING OR ANNUAL DISCUSSION COMPLETED
Female	70%	82%
Male	80%	85%
Other	n/a	n/a
<b>Total</b>	<b>78%</b>	<b>85%</b>

## Average number of training hours per employee

	2024	2023
Female	8	10
Male	9	10
Other	n/a	n/a
<b>Total</b>	<b>9</b>	<b>10</b>

## Health and safety

### S1-14

### Percentage of employees covered by OHS management systems

	2024
UPM's OHS management system	100%
Third-party certified OHS management system	74%

All UPM's employees are covered by UPM's OHS management system. The majority of UPM's production units have the ISO 45001 Occupational Health and Safety management system certification. In 2024, certified systems were in place in 43 units with a total of 11,800 employees, which covers 74% of all UPM employees.

The number of non-employees in UPM's own workforce (agency hires) is so small that it would not affect the overall percentage, so the breakdown is not disclosed.

### Occupational Health and Safety (OHS) metrics for UPM workforce

UPM WORKFORCE	2024	2023
Total injuries per one million hours worked, TRIF *	6.1	6.1
Lost-time accidents per one million hours worked, LTAF	3.4	3.7
Number of accident *	166	168
Number of serious accidents	2	4
Number of fatalities **	0	0
Number of days lost due to work-related injuries ***	3,200	3,200
Absenteeism %	4.2	4.3
Number of work-related ill-health cases ****	4	5

\*The number of non-employees in UPM's own workforce (agency hires) is so small that a breakdown is not material.

\*\*No non-employees fatalities – breakdown therefore not disclosed.

\*\*\*The number of non-employees in UPM's own workforce (agency hires) is so small that a breakdown is not material.

\*\*\*\*No work-related illnesses involving non-employees – breakdown therefore not disclosed.

### Occupational Health and Safety (OHS) metrics for UPM workforce and contractors

UPM WORKFORCE INCLUDING CONTRACTORS	2024	2023
Total injuries per one million hours worked, TRIF	5.1	5.2
Lost-time accidents per one million hours worked, LTAF	3.2	3.4
Number of accidents	253	267
Number of serious accidents	3	5
Number of fatalities	0	0



### Reporting policies for metrics

#### Lost-time accident frequency

Lost-time accidents per million hours worked. The calculation is as follows: ('Lost Time Accidents'+ 'Serious Accidents'+ 'Fatal accidents')/ (Actual hours worked)\*1,000,000. Lost time accident – an accident at work which resulted in one or more days of absence or disability. Lost-time accident type excludes modified duties, medical treatment and first aid cases but includes serious and fatal accidents. UPM reports separately for workforce (including UPM employees and supervised workers) and contractors. Disclosure is based on the following annual data: incidents occurring from January to December; and actual hours worked from December to November.

#### Total Recordable Injury Frequency

Recordable injuries per million hours worked. The calculation is as follows: ('Lost Time Accidents'+ 'Serious Accidents'+ 'Fatal accidents'+ '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 the following annual data: incidents occurring from January to December; and actual hours worked from December to November.

#### Contractors and contractor working hours

A contractor is a person or organisation which provides services to UPM as agreed. Contractor personnel are 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 the method for calculating contractor working hours if the exact number is unavailable. 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 travel 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 the hours of the day when the accident occurred).

In 2023, the data from a few sites was incomplete. These sites account for around 3% of the total theoretical working time and have no significant impact on the results.

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

The number of new cases which have been officially diagnosed and reported as occupational diseases during the reporting year. The 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.

### Remuneration metrics

S1-16

#### Gender pay gap

Since 2021, UPM has carried out on a voluntary basis an annual Company-wide process to review and close any possibly identified unexplained pay gap between the genders. The review applies to all UPM's operating countries and includes both salaried and shopfloor employees. This commitment is in alignment with the Company's disclosed 2030 social responsibility targets in the fair rewarding focus area. For this annual review, UPM applies a framework of adjusted pay gap concept, which takes the typical legitimate drivers of pay and pay development into account – for example, the type and level of the job performed, the country and the location of the job, the individual's performance and work experience, etc. These drivers are included in the review using a statistical model. If any unexplained pay gaps are identified between men and women performing the same type of job with equal value, the Company is committed to close them on an annual basis. In 2024, UPM continued monitoring the situation through the established process, and pay adjustments were implemented to close identified statistically significant unexplained gaps related to gender. The Company's initiative is exceptional among its peer companies. Further details on the statistical methodology can be found in the UPM GRI content index.

The raw pay gap, as defined by the standard S1-16 and its disclosure requirements, is calculated purely by dividing the difference of average gross hourly pay of all male and all female employees by the average gross hourly pay of all male employees. In contrast with the adjusted gender pay gap framework, this raw pay gap framework and calculation does not take into account, for example, the number and distribution of the Company's male and female employees in different countries and locations or the different types and levels of jobs performed by the Company's male and female employees, or the experience and performance of the employees and the varying labour market conditions, all of which are considered legitimate factors typically driving pay and pay development decisions. Consequently, as

the legitimate factors affecting pay in real life are not captured in the calculation methodology, the calculated pay gap value is purely artificial and not a representation of real equal pay practices in the company's countries of operation. The Company's voluntary commitment to an annual review of gender pay equity status via the adjusted pay gap framework takes these legitimate factors into account as described above.

In 2024, the UPM global raw pay gap, calculated in accordance with disclosure requirements as of 1st of October 2024, was 6.5%. Raw pay gap is calculated with the same effective date and data as the UPM adjusted gender pay equity review is conducted.

#### Total remuneration ratio

The annual total remuneration ratio of the highest paid individual to the average annual total remuneration for all employees at UPM is 23.6. The pay ratio is calculated using the UPM average annual total remuneration (without CEO) published in the Company's remuneration report for governing bodies. » See [Remuneration report at upm.com](#).

UPM discloses annually the CEO's total remuneration and UPM average employee remuneration for the past 5 years, based on the applicable legislation and the Finnish Corporate Governance Code. The average annual total remuneration for UPM employee is calculated by dividing the disclosed financial statement value of employee costs with the number of personnel at the end of the financial year (excluding the CEO remuneration), both published in the financial statements. UPM average employee remuneration includes the following elements of employee costs: salaries and fees, and share-based payments. The chosen methodology is in line with the figures published in the remuneration report and annual report regarding the employee costs and the remuneration of the highest paid individual.

### Incidents, complaints and severe human rights impacts

S1-17

No severe human rights incidents connected to UPM's workforce have been reported during the reporting period. The severity of incidents is assessed based on the UN Guiding Principles on Business and Human Rights.

UPM's employees have multiple ways to raise concerns: they can discuss them with their manager, discuss them with a representative of UPM's Legal and Compliance, Human Resources or Internal Audit functions, or they can use the UPM Report Misconduct channel (available anonymously). » Refer to [G1-1, Reporting and identifying concerns](#)

## Workers in the value chain (ESRS S2)

In general, UPM's human rights due diligence process includes various actions to gain an insight into the perspective of workers. These include forest certification systems and related audits and worker engagement, supplier audits, and contractor reviews, including respective worker interviews and continuous dialogue with suppliers.

Supplier audits conducted based on identified sustainability-related risks

97

Contractor reviews with focus on working conditions in Uruguay

3,200

Renewal of the UPM Supplier and Third-Party Code



# IMPACTS, RISKS AND OPPORTUNITIES

ESRS 2 SBM-3

## Overview of material impacts, risks and opportunities

MATERIAL TOPICS	IMPACTS, RISKS AND OPPORTUNITIES	DESCRIPTION
Sourcing	<b>Potential negative impact*</b> : Human rights violations affecting people in the supply chain	There is a risk in UPM's multi-tier supply chain related to labour exploitation, forced labour, health and safety, and environmental incidents, for example. UPM's sourcing practices aim to minimise the risk and any potential negative impacts to people or the environment.
	<b>Opportunity</b> : Creating business value through supplier development and collaboration	UPM seizes sustainability-related opportunities to create business value through supplier development and collaboration. UPM's sourcing targets focus on selected environmental, social and governance issues. UPM uses joint development and innovation projects with its suppliers and various sustainability initiatives to promote sustainability in the selected areas.
	<b>Risk</b> : Disruptions in UPM's supply chain	Lack of skilled workforce is a risk for UPM's supply chains and sourcing. Traditional blue-collar jobs may not attract new skilled employees e.g. in forest harvesting or traditional manufacturing jobs.
Health and safety at UPM sites and forestry operations	<b>Positive impact</b> : Increased focus on health and safety measures for contractors working at UPM's operations	Contractor safety is a Group-wide focus area for the Company. All contractor workers receive a general safety induction and detailed safety training focusing on specific risks at their workplace. UPM's Group-wide safety project aims to give a new boost to UPM's safety culture and address the changes needed throughout the organisation.
	<b>Negative impact*</b> : Health and safety incidents, including serious accidents and fatalities for contractors working at UPM's operations	Although several measures are taken to prevent injuries and accidents to employees and contractors at UPM's production sites and forestry operations, a risk remains. The importance of health and safety is also addressed and followed up with contractors, but negative impacts can occur. These negative impacts are related to individual incidents.
	<b>Risk</b> : Potential injury to UPM's contractors or third parties working at UPM's operations	Failure to maintain a high level of safety management could result in physical injury, illness or liability to UPM's contractors or third parties. These risks are managed through established management procedures, health and safety precautions, and loss prevention programmes.

\* UPM's identified material potential negative impacts are not seen as widespread or systemic but are related to potential individual incidents.

## Relation to UPM's business model and strategy

Suppliers are an essential part of UPM's value chain. They also play an important role in UPM's business-specific growth projects. Supplier management, with the required competencies and digitalisation, boosts product development and the commercialisation of new products. » [Refer to ESRS 2 SBM-1, Suppliers.](#)

UPM buys products, materials and services from some 23,000 B2B suppliers worldwide. Approximately 53,000 contractors' workers provide services, such as maintenance, construction, and logging at UPM's production sites and forestry operations every year.

## Description of value chain workers in UPM's reporting scope

The following categories of value chain workers could be materially impacted by UPM and are included in the scope of UPM's disclosure:

- **Workers working on the undertaking site but who are not part of UPM's own workforce**: Contractors and their workers or sub-contractors who work at UPM's production sites and forestry operations. The workers are controlled by the contractor and perform services such as technical and maintenance services, construction services and forestry services, facility services like cleaning, catering or security, IT services, etc.
- **Workers working for entities in the undertaking's upstream value chain**: Workers and contractors working for UPM's suppliers such as suppliers of raw materials or services.
- **Workers working for entities in the undertaking's downstream value chain**: Workers and contractors working for UPM's service suppliers such as suppliers for outbound logistics.
- **Particularly vulnerable workers**: UPM recognises young workers, migrant workers, women, indigenous peoples, and temporary and contractor workers as having a higher risk of potentially experiencing adverse human rights impacts.

Country- and commodity- and industry-specific risks are assessed and mitigated within the scope of UPM's high sustainability risk supplier framework. These risks may occur beyond the second tier of our supply chains and are commonly linked to primary production (such as agriculture, forestry and mining) and/or countries' contexts where the rule of law is weaker.

## Results of UPM's human rights due diligence

As part of UPM's ongoing human rights due diligence, UPM has identified groups who are at higher risk of experiencing potential adverse human rights impacts. Based on UPM's assessments and dialogue with various stakeholders, UPM has defined migrant workers, women, young workers, and temporary and contractor workers as groups with a higher risk of potential adverse human rights impacts across UPM's value chain. UPM also recognises that indigenous people are often among the most marginalised and vulnerable populations.

With an external expert, UPM has identified its salient human rights issues, i.e. human rights that are at risk of the most severe negative impact from UPM's operations or business relationships. UPM regularly analyses the saliency of its human rights impacts based on severity and likelihood, recognising that UPM's impacts on people continue to evolve as its business changes, and its approach to due diligence develops.

UPM has identified forced labour as a salient human rights risk in some of UPM's contracted services and global supply chains and recognises migrants as a particularly vulnerable group of workers. UPM does not use or tolerate the use of forced labour in any form in its own operations or in its supply chains.

Human rights due diligence is part of UPM's overall sustainability due diligence processes. » [Refer to ESRS 2 GOV- 4 Sustainability due diligence](#)

## POLICIES

S2-1

The UPM Code of Conduct expresses the Company's respect for people and human rights, the environment, and ethical business practices. The Code is complemented by UPM's Sustainability Policy Statement, which addresses the topic and related processes in more detail. The UPM Supplier and Third-Party Code sets out minimum requirements for the value chain. » [Refer to G1-1 Policies](#)

In addition, specific aspects are covered in the following policy documents, programmes and supplier requirements:

- Supplier Assessment Criteria
- UPM Sustainable Supply Chain Programme » [Refer to G1-2 Sustainable Supply Chain Programme](#)
- Category-specific requirements, e.g. for wood suppliers, pulp, chemicals or logistics
- UPM Forest Action Programme
- UPM Safety Rules » [Refer to S1-1 UPM's Human Resources & Safety Rules](#)
- UPM Safety requirements for contractors

The UPM Supplier and Third-Party Code covers all suppliers and third parties (e.g. agents, advisers, representatives, joint ventures, joint venture partners, local partners, and distributors) acting on behalf of UPM). Suppliers are also covered by UPM's Sustainable Supply Chain Programme, which addresses social topics, as well as environment and governance. In addition, wood suppliers and forest contractors are covered by the UPM requirements for wood suppliers and the UPM Forest Action Programme. UPM's Safety Rules cover UPM's own workforce, as well as UPM's business partners and their employees, i.e.

contractors, working on UPM's production sites and forest operations. These Rules are specified in more detail in UPM's Safety requirements for contractors.

## UPM's human rights policy commitments

UPM is committed to respecting human rights in line 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-related principles of the UN Global Compact. UPM expects a similar commitment from its suppliers, third parties and joint venture partners, as set out in the UPM Supplier and Third-Party Code.

### Respect for human rights

The UPM Supplier and Third-Party Code states that UPM's suppliers and third parties must:

- Treat people (e.g. own employees, employees of contractors and other suppliers, and stakeholders) with dignity.
- Respect universal human rights such as access to clean and healthy environment, freedom of thought, opinion, expression, religion, and freedom from any discrimination based on e.g. race, age, nationality, gender or sexual orientation, political or union affiliation, or freedom from any form of harassment.
- Identify, prevent, and mitigate adverse human rights impacts in its operations and activities.
- Provide adequate wages and respect local laws and applicable industry standards on working time and compensation, freedom of association, and right to collective bargaining.
- Respect children's rights and not use or tolerate the use of child labour. Follow minimum age set by local laws or the International Labour Organization's (ILO) definition of minimum age of 15 years, whichever is higher. Ensure that special protections are in place for young workers (those below the age of 18 and above legal minimum working age).
- Ensure no form of forced labour (including, but not limited to, modern slavery and human trafficking) is used or tolerated in any of its operations or activities directly or indirectly.
- Ensure the health, safety, and security of its employees, other people working on its sites and premises (e.g. employees of contractors), visitors as well as other people impacted by its operations.
- Comply with UPM's safety requirements when working at or visiting UPM sites and carry out necessary safety training. Ensure that the rights and title to property and land of the individual, indigenous people and local communities are respected.

UPM strives to ensure compliance with its values and commitments by implementing a Company-wide compliance programme through the UPM compliance system. The compliance system is embedded in UPM's governance model and is designed to enhance Company performance and a culture of integrity at all levels. Risk assessments, including human-rights-related risks, are part of the UPM compliance system. » [Refer to G1-3 UPM Compliance system](#)

UPM has ongoing due diligence processes to identify, prevent, mitigate and account for how UPM addresses its adverse impacts on people or the environment. In terms of human rights and environmental due diligence in its supply chain, UPM uses a risk-based approach that consists of various elements applied before and during the onboarding

of new suppliers and monitoring of business partners. These elements include counterparty screening, enhanced due diligence and Know Your Supplier screenings, forest and other certification systems, third-party sustainability assessments by EcoVadis, and the high sustainability risk supplier framework and model. We also conduct regular supplier audits and contractor reviews. In 2024, UPM carried out 97 (95) supplier audits and reviews globally. In addition, about 3,200 contractor reviews focusing on working conditions were carried out in Uruguay.

» [Refer to G1-2 Extensive supplier audits and reviews](#)

For processes related to engagement with value chain workers and measures to provide and/or enable remedy for human rights, » [Refer to S2-2 and S2-3, chapter Processes below.](#)

## PROCESSES

### Processes for engaging with value chain workers

S2-2

Stakeholder engagement is an essential part of UPM's business operations and activities and is implemented as appropriate to the topic and the nature and scale of the activities.

Occupational health and safety is one of UPM's salient human rights issues in the supply chain. UPM's internal OHS audit programme includes engagement with contractors' employees. In general, contractors and their employees at UPM's sites are required to adopt UPM's safe working practices and to comply with the rules and standards established by UPM. UPM also expects them to participate in hazard identification and proactive safety reporting. Before entering a UPM production site, contractors are required to attend UPM's safety induction and training, which covers the Company's safety requirements.

In UPM's wood sourcing and forestry operations a continuous dialogue with stakeholders is also essential. The FSC Controlled Wood requirements are the minimum requirements that UPM applies to all its sourced wood (100% coverage). The requirements include a wide range of criteria related to the legality of the wood, respect for traditional and civil rights (including the rights of indigenous and tribal people), protection of areas of high conservation values, maintaining or improving the social and economic wellbeing of workers, and stakeholder engagement and dialogue. Processes are in place for providing feedback or submitting concerns to UPM. » [Refer to S2-3 Processes for raising and handling concerns.](#) Feedback and concerns are handled promptly in accordance with the Chain of Custody, forest certification and ISO 14001 environmental management systems. Stakeholders are informed of the actions taken by UPM in response to their feedback.

There is also an annual stakeholder consultation process related to UPM's FSC forest management certificates. The focus of the consultation process is to identify forests with high conservation values and the actions required to maintain them. During the consultation process, stakeholders are also invited to express their other views on forest certification.

In general, UPM's human rights due diligence processes include steps and measures to gain an insight into the perspective of workers. These include forest certification systems and related audits and worker

engagement, supplier audits, and contractor reviews, including respective worker interviews and continuous dialogue with suppliers by UPM sourcing professionals or through collaboration forums such as the Together for Sustainability (TfS) initiative or UN Global Compact. In Uruguay, UPM conducts social monitoring involving contractor workers. UPM also promotes local and global grievance mechanisms.

The Senior Vice President of the Sourcing function and the Executive Vice Presidents of the business areas have the operational responsibility for ensuring engagement with value chain workers.

### Processes for raising and handling concerns

S2-3

UPM monitors and works to remediate negative human rights impacts of which it becomes aware, and which the Company's activities have contributed to or caused. Remediation is specified case by case, based on verified impacts.

UPM establishes channels for reporting concerns, reviews reports carefully, handles personal data appropriately, ensures protection against retaliation and treats all reports in strict confidence. Investigations are conducted by designated persons with the necessary competences. If a report is substantiated, UPM takes appropriate disciplinary and/or legal action, and lessons are learned.

» [Refer to G1-1 Reporting and identifying concerns](#)

Local stakeholders can report their concerns directly to UPM representatives at the mills and other sites and through locally provided channels such as email and telephone. In addition, UPM has other local grievance channels for specific business contexts and local needs such as the "how am I driving" solution in Uruguay, which focuses on road safety.

UPM Report Misconduct channel – SpeakUp® is communicated to the suppliers as part of the UPM Supplier and Third-Party Code. Furthermore, suppliers are informed about the existing grievance mechanisms, e.g. during supplier audits and other interactions such as contractor safety induction. The forest certification systems also have existing grievance mechanisms.

## ACTIONS

S2-4

UPM's identified material topics have been defined as a result of a double materiality analysis, including UPM's Corporate Human Rights Saliency Assessment, considering impacts, risks and opportunities related to workers in the value chain. The following UPM focus areas are relevant for workers in the value chain:

- Responsible sourcing (with targets on spend covered by UPM Supplier and Third-Party Code and supplier audits);
- Forestry (with a target for certified fibre share)
- Safe and healthy working environment (with targets for fatalities, serious accidents and injury frequency)

Action plans have been established to achieve the Group-level targets, as well as other relevant areas for continuous improvement. The key actions, previous year's key actions, planned key actions and overarching concepts are presented below.

UPM monitors the effectiveness of its actions to manage material impacts by tracking and reporting on the progress of its sustainability targets for 2030. » [Refer to S2-5 Targets.](#) Furthermore, UPM reviews the effectiveness of its risk management procedures quarterly through its Compliance system. » [Refer to G1-3 UPM compliance system](#)

### Responsible sourcing

#### Key action

UPM's responsible sourcing practices and priorities are formulated in the cohesive overarching Sustainable Supply Chain Programme. » [Refer to G1-2 Sustainable Supply Chain Programme](#) for a general description of the programme and the risk mitigation approach.

The programme defines prioritised ESG topics. In the social area, these are labour and human rights, as well as health and safety. Based on systematic risk assessment, UPM engages in informed risk mitigation activities. UPM sourcing professionals promote respect for people and human rights among their suppliers. This means understanding the relevant risks associated with their sourcing categories, integrating these considerations into category strategies, and planning and implementing appropriate management activities. These activities can entail further supplier assessments, audits and relevant corrective actions.

#### Actions in 2024

- » [Refer to G1-2 Extensive supplier audits and reviews](#)
- UPM continued its work on contractor management, which focuses on contractors working on UPM's production sites and forest operations. A project was initiated to develop a verification model to manage and develop contractors' social responsibility performance. This complements the contractor safety work.
- UPM renewed its Supplier and Third-Party Code.
- UPM initiated a supply chain collaboration programme with its direct starch suppliers to improve the working conditions of farm workers in Thailand (UPM's tier 2–3 suppliers). Based on previously conducted farm audits, improvement areas were identified, and working conditions on the farms were integrated as a key consideration into the category strategy of UPM's starch sourcing. Furthermore, UPM's starch suppliers were required to establish specific targets and action

plans for improving working conditions at each of the farms supplying them with starch.

- A Corporate Human Rights Saliency Assessment was carried out.
- A Human Rights Impacts Assessment was carried out in Uruguay. It included a review of supply chain management.
- The implementation of the Sustainable Supply Chain Programme after its launch in 2023.

#### Planned actions

- UPM will continue to develop and implement measures to reach its 2030 targets.
- Continuation of the contractor management project. » [See Actions in 2024](#)
- Implementation and training of the new UPM Supplier and Third-Party Code during 2025

### Health and safety of contractors working on UPM sites and forest operations

UPM's safety work is based on long-term planning, effective communication and leadership. Safety is integrated into all daily operations, and measures and standards cover UPM's own workforce, as well as contractors working on UPM's production sites and forest operations. UPM's Group-wide safety project aims to give a new boost to UPM's safety culture and address the changes needed throughout the organisation. For more information on key actions, actions in 2024 and planned actions, » [Refer to S1-4 Safe and healthy working environment.](#)

UPM's actions » [Refer to S2-4 Actions](#) and targets » [Refer to S2-5 Targets](#) address the material risk which UPM identified related to workers in the value chain » [Overview Refer to S2-1 Overview.](#) The effectiveness of actions is tracked by a regular follow-up of targets.

At the same time, the actions support the identified material opportunity by creating business value through supplier development and collaboration. » [Refer to S2-1 Overview](#)

### Incidents and remediation

In 2024, no incidents of serious human rights violations occurred in UPM's value chain where UPM's activities would have caused or contributed to the harm.

UPM monitors and works to remediate negative human rights impacts of which it becomes aware, and which the Company's activities have contributed to or caused. Remediation is specified case by case, based on verified impacts. The UPM compliance system covers remedy practices and ensures the adequacy of the process.

### Resources

In general, activities related to workers in the value chain are included in UPM's investment and resource planning.

# TARGETS

S2-5

## Targets related to UPM's value chain workers

To manage its sustainability activities, UPM has set a number of targets and key performance indicators for its sustainability focus areas covering the supply chain (Forestry, Responsible Sourcing) and suppliers working on site in UPM's premises (Health and Safety). UPM's sustainability targets are developed internally by UPM by taking the

views, wishes and perspectives of external stakeholders from UPM's constant multi-stakeholder dialogue into account. The targets are approved by the GET. » [Refer to ESRS 2 GOV-1 Oversight and management of impacts, risks and opportunities](#)

SUSTAINABILITY FOCUS AREA AND KEY PERFORMANCE INDICATOR	BASE YEAR	BASE YEAR VALUE	2030 TARGET	TARGET FOLLOW-UP 2024 (2023)
<b>Forestry</b>				
Share of certified fibre *	2015	84%	100%	88.5% (87.0%)
<b>Responsible sourcing</b>				
UPM total spend covered by UPM Supplier and Third-Party Code	2015	79%	>80% (continuous)	91% (89%)
<b>Safe and healthy working environment</b>				
Fatalities or serious accidents in UPM operations	Since 2015	-	0 (continuous)	0 (0) fatal accidents, 3 (5) serious accidents
Total recordable injury frequency (TRIF), including contractors	2017	8.5	<2	TRIF 5.1 (5.2), including contractors

\*Forest management certification

UPM's sustainability target-setting is based on an annually updated double materiality assessment, which includes the interests and concerns of various stakeholders. » [Refer to ESRS 2 IRO-1 Materiality assessment process](#)

UPM's sustainability targets are followed up at Group level at least annually.

In addition to set targets, UPM continuously strives to improve its processes and its performance, including in relation to workers in the value chain. The improvement areas are identified in various supplier assessments. Supplier audits and reviews form the basis for supplier

development activities and collaboration, which drive improvement in the suppliers' performance. Corrective action plans and follow-up assessments and audits are utilised to confirm that identified improvement areas are addressed. For example, UPM's occupational health and safety management systems are based on the principle of continuous improvement. » [Refer to S1-4 Safe and healthy working environment](#) for information about UPM's key actions in this area. » [Refer to S1-14 Health and Safety](#) for information about reporting principles for metrics such as TRIF.

# Affected communities (ESRS S3)

UPM aims to be a good neighbour and trusted partner to all people, economies and environments affected, both directly and indirectly. For UPM's business and forestry operations, this means active engagement and dialogue with local communities.

Human Rights Impact Assessment conducted in Uruguay by an external party

Supported local learning and education initiatives in our mill communities and provided aid to people suffering from natural disasters and conflicts

Local support and charitable donations under the Share and Care programme amounted to approximately

1.7  
EUR million

## IMPACTS, RISKS AND OPPORTUNITIES

### ESRS 2 SBM-3

### Overview of material impacts, risks and opportunities

MATERIAL TOPICS	IMPACTS, RISKS AND OPPORTUNITIES	DESCRIPTION
Local engagement	<b>Positive impact:</b> Impact on local development through UPM's production sites and investments	UPM promotes positive impacts in local communities in various ways, for example, through development of infrastructure. Surrounding communities also benefit from tax payments and employment opportunities. Measures also include apprenticeship programmes in Finland, Germany and Uruguay, and collaboration with educational institutions to contribute to science and research and increase the social capital and skills. UPM's Share and Care Programme shares resources with causes that promote the vitality and wellbeing of communities where we operate. In Uruguay, the UPM Foundation (Fundación UPM) promotes education and entrepreneurship through co-operation with social organisations and local representatives.
Local engagement	<b>Potential negative impact*:</b> Environmental or safety incidents, as well as restructuring situations, may affect people or the environment in the communities surrounding UPM's sites and forestry operations	Potential material negative impacts can occur as a result of safety risks in transport to and from UPM's paper mills, pulp mills, biorefineries and forestry operations, or a decrease in employment and taxes because of UPM's restructuring measures, for example.

\*UPM's identified material potential negative impacts are not seen as widespread or systemic but are related to potential individual incidents.

### Relation to UPM's business model and strategy

Building and maintaining good relations with and supporting the vitality of local communities close to UPM's operations is essential for the acceptability of operations and identifying the challenges, key risks and opportunities in the operating context. Active and open dialogue with communities supports the management of the impacts of UPM's operations and activities, and contributes to the sustainable development of surrounding communities. In general, human rights considerations and due diligence requirements are integrated into UPM's global processes, which form the basis for UPM's business model.

UPM identified its material positive and potential negative impacts for communities during its double materiality assessment, including the Corporate Human Rights Saliency Assessment. However, none of these material impacts is considered as resulting in a material financial risk or opportunity. » [Refer to ESRS 2 IRO-1 Materiality assessment process](#)

### Description of communities affected by UPM's operations

The following types of communities could be materially impacted by UPM and are included in the scope of UPM's disclosure:

- Communities living or working around the undertaking's operating sites: UPM considers the local communities close to its pulp mills, paper mills, biorefineries and forestry operations as those who are potentially materially impacted by its operations. The main production units are UPM's pulp mills, paper mills and biorefineries,

which are located in China, Finland, Germany, the UK, Uruguay and the USA. UPM's own forest areas are located in Finland, Uruguay and the USA. They are considered particularly relevant due to their importance for local communities. The focus of UPM's reporting is on its operational countries with significant landholdings such as forestry or plantations operations.

- For example, UPM Forestal Oriental in Uruguay operates in five regions in the departments of Cerro Largo, Colonia, Durazno, Flores, Florida, Lavalleja, Paysandú, Río Negro, Rivera, Rocha, Salto, Soriano, Tacuarembó and Treinta y Tres. In every region, UPM identifies and works with affected communities. UPM reviews the planning of operations annually (including planting, harvesting, loading and transport), identifying the areas that will be affected and the activities that will be carried out with the communities to prevent, mitigate and accommodate such activities.
- Communities along the undertaking's value chain: UPM's wood and other applicable wood-based raw material sourcing complies with forest certification requirements on responsible land tenure and securing the land-use rights of indigenous peoples.
- Communities of indigenous people: UPM recognises that the most marginalised and vulnerable populations (e.g. indigenous and tribal peoples) may be disproportionately affected by land acquisition and/or use of wood and other natural resources and therefore require special safeguards. UPM recognises that its landholdings and wood sourcing in the US may have potential impacts on indigenous communities. Forest certification systems and other safeguards are established to avoid potential negative impacts, so this is not considered a potential material negative impact.

### Understanding potential impacts on communities

The material impacts, risks and opportunities related to affected communities have been identified in UPM's double materiality assessment and in UPM's Corporate Human Rights Saliency Assessment. In accordance with the UN Guiding Principles on Business and Human Rights (UNGPS), UPM pays particular attention to individuals or groups who may be at higher risk of negative human rights impacts due to their vulnerability or marginalisation, such as women, young workers, migrant workers and indigenous peoples. Active and open dialogue with local communities is key to understanding these potential and actual impacts in different operating contexts.

In Uruguay, UPM conducts regular social monitoring surveys at UPM's forestry operations and nurseries through an external service provider by interviewing affected community members and contractors' employees. The surveys cover respondents' perceptions, knowledge and future expectations of UPM in topics such as plantation forestry activities, environmental protection, certification, protected areas, job satisfaction, income, safety measures and access to training. In 2024, a Human Rights Impact Assessment was carried out in UPM's operations in Uruguay, contributing to UPM's human rights due diligence and community engagement development locally and globally. The assessment confirmed that robust environmental and social management systems and stakeholder engagement activities are in place in Uruguay. However, it also highlighted development areas and sets a benchmark against international best practices for UPM's investment and business development projects in the future.

» [Refer to S3-4 Actions](#) for more information on the findings of the assessment.

Because of their size and nature of their operations, UPM's pulp mills, paper mills, biorefineries and forest operations are considered relevant for actual and potential material impacts on local communities such as community safety and land rights for example. In recent years, there has been a special focus on pulp production and forest operations in Uruguay because of the construction and start of a new pulp mill.

## POLICIES

### S3-1

The UPM Code of Conduct expresses the Company's respect for people and human rights, the environment, and ethical business practices. The Code is complemented by UPM's Sustainability Policy Statement, which addresses the engagement with stakeholders and society and Company processes, e.g. related to sustainability due diligence. The UPM Supplier and Third-Party Code sets out minimum requirements for suppliers and other third-parties. » [Refer to G1-1 Policies](#)

In addition, specific aspects are covered in the following policy documents, programmes and requirements:

- UPM Rules for Donations, Sponsorships and Employee volunteering
- UPM Sustainable Supply Chain Programme » [Refer to G1-2 Sustainable Supply Chain Programme](#)
- UPM Requirements for wood suppliers
- UPM Forest Action Programme

The policy documents cover communities in UPM's area of influence and/or communities in suppliers' area of influence. There is a special focus on communities with potential impacts from forest management and harvesting via UPM's Requirements for wood suppliers and the UPM Forest Action Programme.

### Human rights in the affected communities

UPM is committed to respecting human rights in line 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-related principles of the UN Global Compact. UPM expects a similar commitment from its suppliers, third parties and joint venture partners, as set out in the UPM Supplier and Third-Party Code.

The UPM Code of Conduct, the UPM Sustainability Policy Statement, and the UPM Supplier and Third-Party Code are aligned with these internationally recognised standards.

UPM's Sustainability Policy Statement specifies topics such as land use and engagement with communities, as well as grievance mechanisms, incident handling and remediation:

- UPM recognises the importance of responsible land tenure and respect for land rights. 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 has a zero-tolerance approach to land grabbing and maintains a respectful and mutually beneficial relationship with local communities in UPM's area of influence.
- UPM recognises the importance of dialogue and open communication channels with internal and external stakeholders who are or may be affected by UPM's actions. UPM acknowledges the need for a clear and consistent approach to local community consultation and social monitoring. UPM pays particular attention to individuals or groups who may be at greater risk of negative human rights impacts due to their vulnerability or marginalisation, such as women, young workers, migrant workers and indigenous peoples.
- UPM monitors and works to remediate negative human rights impacts of which it is aware, and which its activities have caused or contributed to. Access to UPM's Report Misconduct channel is ensured for all stakeholders.

In 2024, no severe human rights incidents related to affected communities have been reported. However, in August 2023, an environmental incident occurred at the UPM Paso de los Toros pulp mill in Uruguay that had a temporary impact on a local creek. According to UPM's assessment, the incident did not cause or contribute to negative human rights impacts, but still required corrective measures. UPM implemented all necessary corrective actions and notified the environmental authorities and the local community about the incident. These measures aimed to prevent further harm and mitigate the impact on the environment and local communities. » [Refer to E2-2 UPM's Clean Run concept](#) for more information about the incident.

## PROCESSES

### Processes for engaging with affected communities about impacts

S3-2

UPM engages with a wide range of stakeholders, including customers, investors, employees, suppliers, the authorities, NGOs and local communities. Each group has different needs and expectations, which UPM takes into account depending on the business focus, region and individual context. The Executive Vice President (EVP) of UPM's Marketing, Sustainability and Communications function has operational responsibility for local engagement. The function coordinates stakeholder relations at Group level, while businesses are responsible for continuous dialogue with local communities. For example, the UPM Kaukas and UPM Kymi mills in Finland have their own local dialogue forums to engage directly with local stakeholders. In Uruguay, there is a specific team responsible for local community engagement. Engagement occurs directly with local people and affected communities are consulted. Engagement takes the form of visiting communities, keeping them informed on potential impacts of our operations, managing concerns and enquiries, and establishing projects with key stakeholders.

In general, stakeholder mapping, active dialogue and systematic collection of feedback play an essential role in UPM's stakeholder relations work, and the Company applies several measures and safeguards to identify and mitigate its environmental and social impacts on surrounding communities, including:

- Environmental and social impact assessments
- Continuous human rights due diligence in UPM's own operations and supply chain
- Third-party certified management systems such as ISO 14001 (Environmental management) and 45001 (Occupational Health and Safety management) for production units
- Sustainable forest management certification (FSC and/or PEFC) of UPM-owned forestry operations and suppliers
- Restructuring processes planned in cooperation with employees, their organisations, the local authorities and other relevant stakeholders.

UPM's processes vary due to different operational contexts and stakeholder expectations. UPM continued to review its processes and policies, and reporting practices in 2024. » [Refer to S3-4 Emphasis on local communities and impacts, Actions 2024](#)

UPM carefully analyses stakeholder feedback to understand its stakeholders' expectations and to take them into consideration in its development work and decision-making. UPM received approximately 350 (350) enquiries or concerns from the general public in 2024.

UPM's engagement with local communities is historically based on decades of close cooperation. Many communities have grown around UPM's operations over the years, especially in Finland, Germany and Uruguay. At UPM's forestry operations and nurseries in Uruguay, regular social monitoring surveys are conducted by an external service provider by interviewing affected community members and contractors' employees. Public opinion surveys are also regularly conducted by a third-party service provider on UPM's operations in Uruguay, including the UPM Fray Bentos and UPM Paso de los Toros pulp mills.

All UPM-owned forests are certified or in the process of being certified if the site is new. In Finland, UPM-owned forests are certified by

PEFC and FSC® and in the USA (Minnesota) by the Sustainable Forestry Initiative (SFI), which is endorsed by PEFC. UPM's eucalyptus plantations in Uruguay are certified by both FSC and PEFC. Certification systems set internationally recognised standards for sustainable forest management, including clear principles and criteria relevant to communities and indigenous peoples.

In the USA, UPM Blandin's landholdings in the state of Minnesota are situated on the traditional and ancestral lands of Indigenous Peoples. UPM acknowledges that the region holds significant cultural, historical and personal significance for native peoples. Indigenous Peoples have been the traditional stewards of these lands, and the Company recognises the value of that stewardship.

UPM Blandin recognises that existing legal, customary and traditional rights are recognised through declarations, laws and treaties governing interactions with Indigenous Peoples. UPM Blandin fully respects the rights of Indigenous Peoples and strives to balance forest management objectives with these rights, the preservation of cultural heritage and traditional ecological knowledge. Continual improvement in these areas is essential, and Blandin is committed to supporting efforts to improve staff knowledge, outreach and cooperation.

### Processes for raising and handling concerns

S3-3

UPM monitors and works to remediate negative human rights impacts of which it becomes aware, and which the Company's activities have contributed to or caused. Remediation is specified case by case, based on verified impacts.

UPM has established channels for reporting misconduct, reports of misconduct are carefully reviewed, personal data is handled appropriately, protection against retaliation is ensured, and all reports are treated in strict confidence. Investigations are conducted by designated persons with the necessary competences. If a report is substantiated, appropriate disciplinary and/or legal action is taken, and lessons are learned. » [Refer to G1-1 Reporting and identifying concerns](#)

All members of affected communities can report concerns anonymously online via the UPM Report Misconduct channel – SpeakUp® » [Refer to G1-1 Reporting and identifying concerns](#)

In addition, local stakeholders can report their concerns directly to UPM representatives at the mills and other sites and through locally provided channels such as email and telephone. Typical concerns relate to odours, traffic and noise, and all grievances are followed up as part of UPM's management systems. Feedback and concerns are handled in accordance with the PEFC and/or FSC Chain of Custody requirement, forest certification standards, ISO 14001 environmental management systems and other standards as relevant. Stakeholders are informed of the actions taken by UPM in response to their feedback.

» [Refer to S2-3 Processes for raising and handling concerns](#)

The UPM Report Misconduct channel is available on UPM's webpage and promoted in the value chain via UPM's Supplier and Third-Party Code and in contractors' safety induction, for example.

UPM evaluates the awareness and trust of affected communities in connection with the ISO management systems and processes through stakeholder surveys and feedback mechanisms. For example, regular social monitoring surveys at UPM's forestry operations and nurseries in

Uruguay are conducted by an external service provider by interviewing affected community members and contractor employees.

UPM business areas are responsible for assessing the awareness and trust of their local communities at their mill sites and in forestry operations respectively. They evaluate the awareness and trust of their local communities through forest certification systems, regular feedback gatherings and community meetings, and mill/unit open days ensuring that local communities are informed about how to raise their concerns or needs and trust that they will be addressed effectively.

UPM is committed to fostering open communication and ensuring the protection of individuals who raise concerns about its operations. To support this, local community members can report concerns anonymously online via the UPM Report Misconduct channel. By providing this secure and anonymous channel, UPM aims to encourage transparency and trust, ensuring that all grievances are addressed promptly and effectively. The effectiveness of the Company's grievance channels is assessed in connection with UPM's compliance programme.

## ACTIONS

S3-4

UPM's identified material topics have been defined as a result of a double materiality analysis including UPM's Corporate Human Rights Saliency Assessment, which considers impacts, risks and opportunities related to affected communities. The following UPM focus areas are relevant for communities:

- Local engagement (with targets on quality of community relationships and long-term initiatives with positive impact communities)
- Forestry (with a target for certified fibre share)
- Responsible sourcing (with targets on spend covered by UPM Supplier and Third-Party Code and supplier audits) » [Refer to G1-2 Sustainable Supply Chain Programme](#)

Action plans have been established to achieve the Group-level targets, as well as other relevant areas for continuous improvement. The key actions, previous year's key actions, planned key actions and overarching concepts are presented below.

UPM monitors the effectiveness of its actions to manage material impacts by tracking and reporting on the progress of its sustainability targets for 2030. » [Refer to S3-5 Targets](#). Furthermore, UPM reviews the effectiveness of its risk management procedures quarterly through its Compliance system. » [Refer to G1-3 UPM compliance system](#)

### Emphasis on local communities and impacts

#### Key actions

UPM aims to be a good neighbour and trusted partner to all people, economies and environments affected, both directly and indirectly. For UPM's business and forestry operations, this means active engagement and dialogue with local communities. This includes assessment of social and human rights impacts, as well as collaboration forums, cooperation with local schools and education networks, and dialogue with local forest owners and neighbours of harvesting sites, and other individuals impacted by forest management.

UPM mills in Europe, the USA and Uruguay have the potential to create significant societal impact through employment and tax generation in the locations where they operate. UPM's EMAS (EU Eco-Management and Audit Scheme) statements publicly disclose societal impacts in addition to environmental performance, providing detailed information about the local impacts of UPM's pulp and paper mills. For the supply chain, UPM's Sustainable Supply Chain Programme and Forest Action Programme cover aspects such as local engagement or social contribution.

#### Actions in 2024

- A Human Rights Impact Assessment of UPM's operations in Uruguay was conducted by an independent consultant. Actual and potential human rights impacts on local communities were assessed, with a focus on the aggregate and cumulative impacts of all UPM's activities in Uruguay (plantations, nurseries, pulp mills, logistics and biofuels). The assessment indicated strong management systems for environmental and social risk management and mitigation, and comprehensive stakeholder engagement processes. The assessment set a benchmark against international best practices and proposed a number of development actions for the Company's human right due diligence.
- Steps were taken to enhance community rail safety in Uruguay. UPM collaborated with the Uruguayan Ministry of Transport and Public Works and the Automóvil Club del Uruguay to run a Railway Safety Awareness Programme. This initiative aims to revive the safety culture and ensure communities' coexistence with the rebuilt state-owned railway from Paso de los Toros to Montevideo, marking one of Uruguay's most significant infrastructure projects.
- In the USA, UPM continued co-operation with local indigenous peoples' communities to learn more about their approach to forest management
- In 2024, UPM initiated the development of a policy related to local community engagement after the Company assessed its local community engagement practices in 2023. This policy guides UPM's operations in identifying their local stakeholders, and particularly those in the most vulnerable position, and maintaining active dialogue with affected communities, ensuring that their primary concerns are effectively addressed.
- Targets and key performance indicators for local engagement under Forest Action programme were renewed for UPM's wood sourcing regions.

#### Planned actions

- Addressing the development needs drawn from the Uruguay Human Rights Impact Assessment, focusing on Company-wide capacity building on business and human rights, developing stakeholder engagement practices, grievance mechanisms and remedy measures.
- Implementing a policy for local community engagement striving to enhance UPM's relationships with its local communities, gain insights into community needs, and track progress of its engagement activities
- Further assessing the potential impacts on Indigenous Peoples across UPM Blandin operational region, including methods for increased coordination, recognising that building relationships requires ongoing communication.
- Implementing of updated targets under Forest Action programme to create positive impact on local communities. Monitoring of development by following key performance indicators.

## UPM's Share and Care Programme

### Key actions

UPM's Share and Care Programme focuses on delivering positive impacts for communities through various initiatives. The programme demonstrates UPM's dedication to responsibility and local community involvement through sponsorships, donations and employee voluntary work.

### Actions in 2024

- In 2024, local sponsorships and other contributions under the Share and Care Programme amounted to approximately EUR 800,000 (EUR 900,000). A total of EUR 920,000 (EUR 533,800) was donated to charities or other non-profit causes such as Aalto University, University of Helsinki, Save the Children Finland, Junior Achievement (JA) Finland and American Red Cross.
- In 2024, UPM initiated development of a policy related to local community engagement including the internal Company rules concerning donations, sponsorships, and employee volunteering. This was followed by a review of the focus areas of the Share and Care Programme and local practices.
- UPM Foundation in Uruguay continued to support initiatives to promote education and entrepreneurship in rural areas.

### Planned actions

- Implementing a policy for local community engagement striving to enhance UPM's relationships with its local communities, gain insights into community needs, and track progress of its engagement activities, including the implementation of renewed internal Company rules concerning donations, sponsorships, and employee volunteering.
- Continue supporting and engaging with the communities where we operate, in alignment with the Share and Care programme.

## Incidents and remediation

In 2024, no severe human rights incidents related to affected communities have been reported. » [Refer to S3-1 Human rights in the affected communities](#)

UPM monitors and works to remediate negative human rights impacts of which it becomes aware, and which the Company's activities have contributed to or caused. Remediation is specified case by case, based on verified impacts. The UPM compliance system covers remediation and ensures the adequacy of the process.

## Resources

In general, activities related to affected communities are included in UPM's investment and resource planning.

## TARGETS

S3-5

### Targets related to local communities

To manage its sustainability activities, UPM has set several targets and key performance indicators for its sustainability focus areas covering the supply chain (Forestry, Responsible sourcing) and UPM's own operations (Community involvement). UPM's sustainability targets are developed

internally by UPM by taking the views, wishes and perspectives of external stakeholders from UPM's constant multi-stakeholder dialogue into account. The targets are approved by the GET. » [Refer to ESRS 2 GOV-1 Oversight and management of impacts, risks and opportunities](#)

SUSTAINABILITY FOCUS AREA AND KEY PERFORMANCE INDICATOR	BASE YEAR	BASE YEAR VALUE	2030 TARGET	TARGET FOLLOW-UP 2024 (2023)
<b>Community involvement</b>				
Assessment of quality of community relationships and define actions at relevant sites	Since 2021	-	Continuous	A Human Rights Impact Assessment conducted in Uruguay by an external party and a development plan created. A preliminary policy for community engagement established, with implementation planned for 2025
Long-term initiative(s) that impact their mill communities defined in line with the Share and Care Programme	Since 2021	-	All businesses (continuous)	Supported local education and learning initiatives to help local communities within our operational sites, and continued to provide aid to people, especially children, impacted by conflicts, wars and natural disasters, such as flooding in Poland and the USA.
<b>Forestry</b>				
Share of certified fibre *	2015	84%	100%	88.5% (87.0%)
<b>Responsible sourcing</b>				
UPM total spend covered by UPM Supplier and Third-Party Code	2015	79%	>80% (continuous)	91% (89%)

\*Forest management certification

UPM's process of setting its sustainability targets is based on an annually updated double materiality assessment, which includes the interests and concerns of various stakeholders. » [Refer to ESRS 2 IRO-1 Materiality assessment process](#)

UPM's sustainability targets are followed up at Group level at least annually.

# Business conduct (ESRS G1)

Regardless of the location, circumstances or people involved, UPM is committed to complying with applicable laws and regulation and the UPM Code of Conduct.

Percentage of active employees\* completed the UPM Code of Conduct training

# 99%

(Continuous target: 100%)

\*excluding UPM Rafflatac companies acquired in 2024

At the end of 2024, UPM adopted the updated UPM Supplier and Third-Party Code and the renewed UPM Sustainability Policy Statement.

Percentage of UPM's total spend covered by the UPM Supplier and Third-Party Code

# 91%

(Continuous target: >80%)

## POLICIES

### G1-1

#### UPM Code of Conduct

UPM's decision-making, management and operations are guided by UPM's values and the UPM Code of Conduct. Compliance with the law and responsible practices are the foundation of all UPM's operations and create long-term value for both UPM and its stakeholders. The UPM Code of Conduct underlines UPM's commitment to business integrity and responsible business operations and manifests the Company's guiding principles.

The Code addresses UPM's material impacts, risks and opportunities. First, it includes UPM's commitment to integrity, which is seen as a general opportunity for success and growth: "Integrity is fundamental to all our business operations and provides the foundation for our continued success and growth." Furthermore, the Code opens up what to do, and how to behave to minimise the negative impacts and potential risks of UPM's material sustainability topics in its chapters on Respect people and human rights, Addressing environmental impact and product safety, Zero tolerance for corruption and bribery, Know with whom you trade, and Engaging with stakeholders and society. The Code also focuses on governance-related topics such as Avoid conflicts of interest, Compliance with competition laws, and Protect assets and information. The last chapter, "Compliance involves everyone", includes the multiple ways to raise concerns for both UPMers and other stakeholders.

To ensure implementation of UPM's commitments, UPM has established a Company-wide compliance system. » [Refer to G1-3 UPM's compliance system](#)

The UPM Code of Conduct is approved by the Board of Directors, UPM's highest governance body. The Group Executive Team (GET), led by the President and CEO, is responsible for managing corporate responsibility, including implementation of the Code of Conduct. The document is shared internally via the intranet and paper copies, and is available for external stakeholders on the Company webpage.

The Code is complemented by more detailed policy statements, policies and rules approved by the Board of Directors, the Group Executive Team, business areas or global functions. These policy statements, policies and rules cover areas such as treasury, taxes, disclosures, insider matters, anti-corruption, competition law, confidentiality, human resources, sustainability, forestry, information security and data protection, environment, safety, international sanctions, and business partner risk management.

The UPM Code of Conduct was last updated in 2022.

#### UPM Supplier and Third-Party Code

UPM expects its suppliers and third-party intermediaries (e.g. agents, advisers, representatives, joint ventures, joint venture partners, local partners, and distributors) to apply the same principles as in the UPM Code of Conduct and to meet social and environmental responsibility criteria. These requirements are defined in the UPM Supplier and Third-Party Code, the latest update of which was adopted at the end of 2024. The practical guide which summarises the framework of the Code and UPM's position and provides examples and good practices for

implementation will be updated in 2025. During 2025, the updated Code, the practical guide and training for UPM's own personnel will be available to cover UPM's broad supplier base.

#### UPM Sustainability Policy Statement

The Sustainability Policy Statement complements the UPM Code of Conduct, with a particular focus on the chapters Respect people and human rights, Addressing environmental impact and product safety, and Engaging with stakeholders and society. The purpose of the Policy Statement is to describe UPM's responsible business conduct regarding the above issues in more detail, and to define principles and commitments such as:

- UPM is committed to contribute to science-based climate targets in line with the 1.5°C pathway;
- ISO 14001 environmental management system certification is required for all UPM production sites;
- All UPM-owned forests and plantations are 100% certified or will be certified if the site is new.

The Policy Statement applies to all activities of UPM. The management of each business and function is responsible for ensuring that these principles and commitments are complied with. It is developed taking the views and perspectives of external stakeholders based on UPM's constant multi-stakeholder dialogue into account.

The Policy Statement was approved by the Group Executive Team at the end of 2024. Implementation and trainings are planned for 2025.

#### UPM's values

UPM is determined to be a responsible and attractive employer now and in the future. UPM wants to strengthen its employees' sense of belonging and the feeling that their work is meaningful. This promotes productivity, engagement and wellbeing. UPM's values – Trust and be trusted, Achieve together, and Renew with courage – guide the way. » [Refer to S1-4](#) on actions to establish, develop and promote UPM's values.

Progress is regularly measured through the annual Employee Engagement Survey (EES), which started in 2007 and invites all employees to evaluate different aspects of their work.

#### Reporting and identifying concerns

At UPM, all employees share responsibility for maintaining integrity and ethical standards. If misconduct is suspected, everyone is obligated to speak up and report it and to listen to the concerns of others. Practices aimed at preventing reporting are prohibited and are in themselves considered misconduct. UPM employees are encouraged to report their concerns to their manager, UPM Legal and Compliance, UPM HR, or UPM Internal Audit or to use the UPM Report Misconduct channel.

Stakeholders play a crucial role in maintaining UPM's standards of integrity. One of the most important ways to contribute is to report any suspected or observed unethical behaviour. Speaking up enables UPM to address and correct issues in a timely manner and to prevent them from recurring in the same place or elsewhere in the organisation. It also contributes to a culture in which people feel comfortable speaking up, are trusted and treated fairly.

External stakeholders are encouraged to make a report to their UPM contact person, the UPM Report Misconduct channel or local contact

points. External stakeholders include employees and representatives of UPM's business partners and their suppliers and sub-suppliers, people in the affected local communities, and job applicants.

The platform for the UPM Report Misconduct channel SpeakUp® is provided by an external service supplier. It allows anyone to raise concerns confidentially and anonymously if they wish. Reports can be made in more than 40 languages, and concerns can also be raised by telephone.

Concerns about unlawful behaviour or behaviour that is in conflict with the UPM Code of Conduct or other Company policies may also be identified based on UPM's compliance monitoring activities (e.g. reviews, audits and counterparty screening procedures).

## Investigating concerns and incident handling

UPM has established procedures to investigate business conduct incidents, including suspected corruption and bribery, in a timely, independent and objective manner.

UPM's Senior Vice President of Internal Audit ("SVP of Internal Audit") and the Chief Compliance Officer ensure that all cases reported through the UPM Report Misconduct channel are properly investigated and documented. The SVP of Internal Audit is responsible for the UPM Report Misconduct channel and its correct operation. Members of the Internal Audit Team and the Compliance Team, including the SVP of Internal Audit and the Chief Compliance Officer, as well as the appointed local person(s), are responsible for handling reports in accordance with the EU directive (EU) 2019/1937 (EU Whistleblowing Directive) as implemented at national level. The responsibility for handling each report is determined on a case-by-case basis by the SVP of Internal Audit and the Chief Compliance Officer. The persons handling the reports receive appropriate training.

The person(s) responsible for handling the reports take the necessary actions in response to the report, such as verifying the report's validity, forwarding the case to a competent authority, conducting or overseeing the investigation, and informing the person who made the report of the action taken.

All reports and related information are treated with strict confidentiality. No one will be considered liable for the alleged misconduct before a report has been thoroughly investigated.

## Protection against retaliation

The identity of the person who made the report and any person mentioned in the report is strictly confidential. During the investigation, the investigator(s) must protect the reputation of all parties involved (those reporting and those being reported) by restricting access to information related to the allegations and the investigation to those who have a legitimate need to know.

UPM also has a strict policy of non-retaliation. UPM does not tolerate retaliation against anyone who in good faith reports suspected misconduct or participates in an investigation to resolve suspected misconduct. Retaliation or tolerating retaliation is in itself considered misconduct and must be reported promptly.

Among other things, UPM's Code of Conduct e-learning course, which is mandatory for all employees, covers how to raise concerns and UPM's non-retaliation policy. In addition, regular communication on the topic is provided to employees.

UPM is subject to legal requirements under national law transposing EU Whistleblowing Directive on the protection of persons who report breaches.

## Training on business conduct policies

Policies and procedures are implemented through training and communication. Available compliance e-learning courses with the target group and completion rates are as follows:

COMPLIANCE TRAINING FOR SPECIFIC TARGET GROUPS	COMPLETION RATES AS OF 31 DEC 2024	SIZE OF TARGET GROUP
Code of Conduct e-learning	99%	15,100
Personal data protection e-learning	98%	6,700
Anti-Corruption e-learning	98%	6,700
Confidentiality e-learning	99%	6,700
Competition law e-learning	97%	2,900
Insider Policy e-learning	99%	160
Association participation e-learning	97%	1,000
Cybersecurity e-learning	99%	6,700

UPM's e-learning modules are available on a global UPM e-learning platform and are easily accessible to all employees. Completion of mandatory e-learning courses is a prerequisite for short-term incentive payments. The e-learning courses are valid for three years, except for cybersecurity, which is valid for one year.

UPM has a Group-level target of 100% participation in training on the UPM Code of Conduct. By the end of 2024, 99% (98%) of active employees completed the training, excluding UPM Raflatac companies acquired in 2024.

UPM also offers compliance e-learning courses to employees of business partners working for UPM. This ensures that they are committed to the same standards of integrity.

UPM complements the e-learning modules with in-person and virtual compliance training for specific target groups. The target groups are determined based on risk assessments. Compliance training is complemented by regular communication activities to maintain awareness among employees.

UPM has identified its salaried employees as the most exposed to corruption and bribery, as they have financial and other decision-making power that can make them more susceptible to corruption and bribery compared to shopfloor employees. Anti-corruption training is provided to all salaried employees.

## RESPONSIBLE SOURCING

### G1-2

Suppliers are an essential part of UPM's value chain. UPM buys products, materials and services from around 23,000 B2B suppliers globally. The sourcing network includes suppliers from start-up companies to international corporations. The Company also buys wood from around 14,500 private forest owners.

The main sourcing categories are fibre, chemicals, other raw materials, logistics, energy and indirect purchases such as services. When selecting suppliers, UPM's most important priorities include reliable long-term deliveries, cost-competitiveness, product and service quality, suppliers' financial stability, social and environmental responsibility, product safety, and the product's carbon footprint.

SUSTAINABILITY FOCUS AREA AND KEY PERFORMANCE INDICATOR	BASE YEAR	BASE YEAR VALUE	2030 TARGET	TARGET FOLLOW-UP 2024 (2023)
<b>Responsible sourcing</b>				
UPM total spend covered by UPM Supplier and Third-Party Code	2015	79%	>80% (continuous)	91% (89%)
Strategic, critical and high sustainability risk supplier spend covered by an EcoVadis assessment indicating low sustainability risk	2025	Value to be defined in 2025	100%	New target, see information below the table
CO <sub>2</sub> emissions from materials and logistics (Scope 3)	2018	6.08 mt CO <sub>2</sub> eq	-30%	-22% (-23%)

Following the launch of the Sustainable Supply Chain Programme in 2023 (next page), UPM aligned its Group-level disclosure of sourcing-related 2030 targets. The targets on raw material spend covered by the UPM Supplier and Third-Party Code and on continuous supplier auditing were replaced with a new target: by 2030, 100% of UPM's strategic, critical and high sustainability risk supplier spend will be covered by an EcoVadis assessment indicating a low sustainability risk.

In 2024, the focus of the new target was on the evaluation of the status for critical and high sustainability risk suppliers which resulted in a percentage of 80% of suppliers with a score indicating a low sustainability risk by spend. UPM has identified approximately 120 Tier 1 suppliers in the high sustainability risk and critical suppliers range, which correlates to an average spend of EUR 1.2 billion. In 2025, the status of strategic suppliers will be evaluated and the common baseline value for the three supplier groups defined.

The progress of the other Group-level targets for sourcing is in line with the planned development.

» Refer to E1-4 for details on the CO<sub>2</sub> target for Scope 3.

» Refer to G1-2 for details on supplier auditing.

Suppliers also play an important role in UPM's business-specific growth projects. Supplier management, with the required competencies and digitalisation, boosts product development and the commercialisation of new products.

## UPM's responsible sourcing targets for 2030

Responsible sourcing has been identified as one of UPM's focus areas. The following targets for 2030 have been defined and are followed up regularly. These targets support UPM's policy objective for responsible sourcing practices (UPM Code of Conduct). UPM's sustainability targets are developed by UPM by taking the views, wishes and perspectives of external stakeholders from UPM's constant multi-stakeholder dialogue into account.

## Contractual payment terms

UPM follows the contractual payment terms as defined by UPM or, in some cases, by the supplier. The due date determines the payment schedule. The invoice processing schedule is defined for invoice verifiers and approvers and is monitored daily. In the event of delays, notifications are sent, and processes can be escalated. There are no special procedures for SMEs.



## Sustainable Supply Chain Programme

UPM's responsible sourcing practices and priorities are formulated in the cohesive, overarching Sustainable Supply Chain Programme. Each element contains clear instructions regarding the relevant sourcing and supply chain management practices and impacts at UPM, as well as tangible guidelines, requirements and expectations for UPM's suppliers.

Effective implementation is managed and tracked through UPM's 2030 sustainability targets, performance indicators and capacity building programmes.

### Sustainable supply chain programme

We renew the everyday - Together							
ESG topics Strategic focus	ENVIRONMENT			SOCIAL		GOVERNANCE	
	Climate action	Biodiversity	Resources and circularity	Labour and human rights	Health and safety	Business ethics and values	Responsible use of assets
Ambition	Climate change mitigation in the supply chain	Biodiversity protection in the supply chain	Responsible resource use in the supply chain	Decent work in the supply chain	Health, safety and security in the supply chain	Ethical behaviour and culture of integrity in the supply chain	Responsible use and management of assets in the supply chain
Risk mitigation	Sustainability risk identification, assessment and mitigation in the supply chain Transparent sharing of reliable and credible sustainability information between chain members						
Compliance	Compliance with applicable regulations and UPM requirements in the supply chain						

## Risk mitigation

UPM identifies suppliers with the greatest business relevance and supply chains with a high risk of potential negative environmental and social impacts. Risk management contingency plans have been created for identified high sustainability risk suppliers. The evaluation is based on the country of origin, the sourced material or service, and the UPM supply chain ESG risk register, which includes country-, commodity- and sector-specific sustainability risk insights. The UPM Sourcing Risk Management Steering Group evaluates the development of all sourcing and supply chain risks and oversees the implementation of risk management strategies and actions.

EcoVadis and other assessments, supplier audits and reviews, and joint development plans are used to conduct more detailed evaluations of suppliers' activities. All suppliers are regularly screened using a counterparty risk management tool.

If non-conformities are identified, the supplier is required to take corrective measures. UPM monitors the implementation of these measures and provides support to improve the suppliers' operations if necessary. Some contracts may have to be terminated due to insufficient measures or the seriousness of UPM's findings.

## Extensive supplier audits and reviews

Supplier audits and reviews are defined based on, but not limited to, identified risks related to social and environmental topics, including human rights.

In 2024, UPM carried out 97 (95) supplier audits and reviews globally. 62 were conducted by UPM's own trained auditors and 35 were carried out by external auditors from independent accredited auditing bodies. 549 (125) findings were identified in these audits. In 2024, none of the findings were considered critical with regard to actual or potential significant environmental or social impacts. All findings are followed up with corrective potential further audits in close collaboration with the suppliers.

In addition, about 3,200 contractor reviews focusing on working conditions were carried out in Uruguay. UPM has an extensive contractor assurance system in Uruguay. Assurance consists of compliance reviews covering labour and other document audits and field audits focusing on security, safety and working standards. The information gathered in field audits is cross-examined against the pre-existing data.

621 (540) of UPM's suppliers completed and have valid sustainability assessments through EcoVadis in 2024. The results of the assessment show that 95% of UPM's suppliers assessed with EcoVadis have a low sustainability risk by supplier count. All suppliers that do not

meet the low sustainability risk requirements are supported in developing their practices. Suppliers and UPM are able to monitor and benchmark suppliers' sustainability performance against industry averages through EcoVadis.

## Supplier compliance

UPM is committed to responsible sourcing practices in accordance with the UPM Code of Conduct. The minimum requirements for suppliers are defined in the UPM Supplier and Third-Party Code. UPM requires the suppliers to ensure that their suppliers and contractors providing products or services connected to the agreement between the supplier and UPM comply with the UPM Supplier and Third-Party Code or similar standards. In 2024, 91% (89%) of UPM's total spend was with suppliers who are committed to the Supplier and Third-Party Code.

Additional category-specific requirements apply to wood, chemicals, pulp, packaging materials and logistics, for example. The requirements cover environmental performance, social responsibility and reporting. Contractors working at UPM's production sites must comply with UPM's safety requirements.

UPM seizes sustainability-related opportunities to create business value through supplier development and collaboration. UPM actively participates in various development and innovation projects with suppliers and joins different sustainability initiatives when feasible. Sourcing objectives focus on selected environmental, social and governance issues (illustrated above).

In 2024, UPM updated the UPM Supplier and Third-Party Code » [Refer G1-1, Supplier and Third-Party Code](#). UPM also continued to work closely with Together for Sustainability (TfS).

## -30 by 30 Programme for CO<sub>2</sub> reduction

The Group-wide -30 by 30 Programme to reduce CO<sub>2</sub> emissions in the supply chain focuses on cooperation in climate actions. » [Refer to E1-3, Responsible sourcing – the -30 by 30 Programme](#), for more information.

## Communication and training

UPM offers its employees and suppliers capacity building sessions on its Sustainable Supply Chain Programme. In 2024, a total of 23 internal training and awareness-raising sessions on supplier engagement and status were held. Around 300 participants attended the sessions. In addition, 200 UPM employees completed e-learning training related to the Sustainable Supply Chain Programme. Individual supplier meetings were held during the year to support and raise awareness of the programme's expectations and means of collaboration with suppliers. For 2025, both internal and external capacity building sessions will continue with an increased focus on external stakeholder engagement.

In connection with the -30 by 30 Programme for CO<sub>2</sub> reduction in the supply chain, UPM provides capacity building programmes for its employees and suppliers. In 2024, a total of 41 individual supplier meetings were held to ensure awareness of climate actions related to UPM's Scope 3 CO<sub>2</sub> emissions, support on product carbon footprint calculation methodology and collaboration on decarbonisation. UPM also organised two logistics-related climate webinars with more than 200 internal and external participants on the -30 by 30 Programme, climate-related requirements and sharing best practices on supplier engagement. Internal training on how to engage with suppliers in climate actions was offered in three sessions with 49 participants. Training on product carbon footprints was launched via an e-learning solution and completed by 95 employees in 2024.

# ANTI-CORRUPTION AND ANTI-BRIBERY

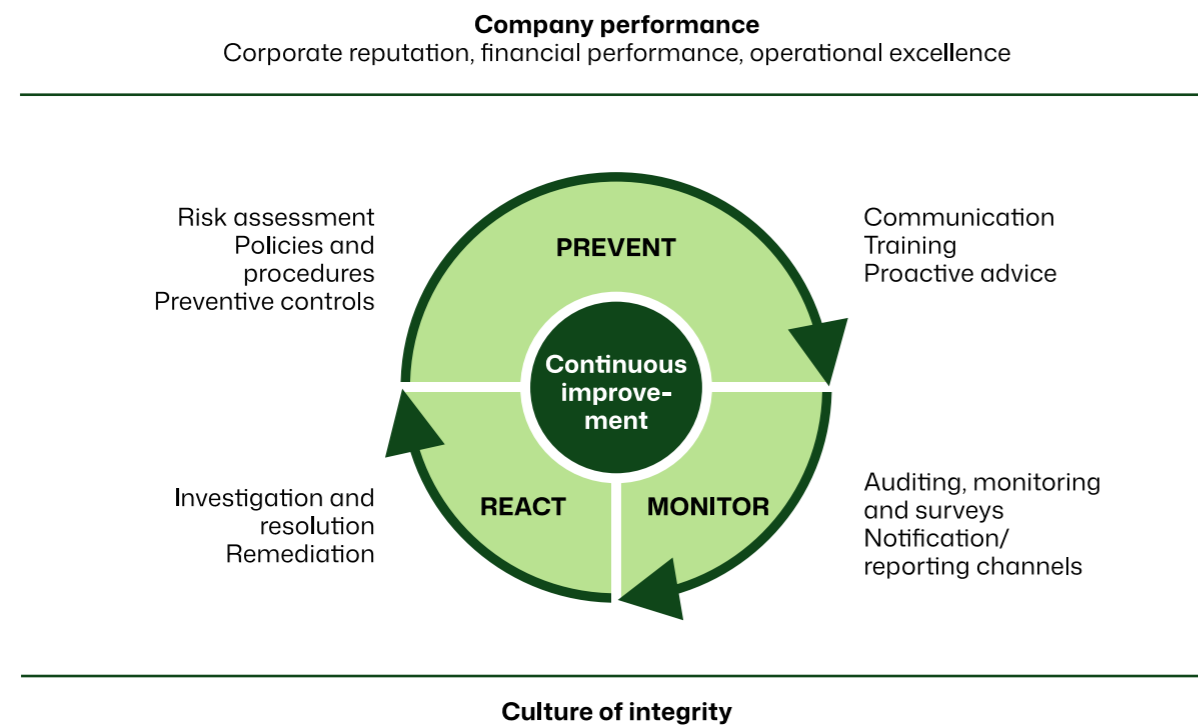
G1-3

## Covered by the UPM Compliance System

The UPM Code of Conduct underlines the Company's zero-tolerance attitude towards corruption and bribery in any form. UPM's Anti-Corruption Rules, with the latest update in 2024, explain in more detail what is prohibited conduct, and what ethical behaviour is expected.

UPM strives to ensure compliance with its values and commitments by implementing a Company-wide compliance programme, including anti-corruption and anti-bribery, through the UPM compliance system. The compliance system is embedded in UPM's governance model and is designed to enhance Company performance and a culture of integrity at all levels.

### UPM Compliance system



## Risk assessments

UPM regularly performs anti-corruption risk assessments. The 2024 compliance risk-assessment process included a top-down risk discussion (including corruption) with the management of each business area. All UPM entities were also assessed based on country risk and the complexity of operations. UPM operates globally and has significant

manufacturing operations in several countries in emerging markets. Such operations require several permits and other licences from the relevant authorities. Some of the countries where UPM operates (such as Mexico, Türkiye, Indonesia, Thailand, Argentina, India, South Africa and Vietnam) are perceived as highly corrupt or corrupt according to

Transparency International. In these countries, there is an increased risk of corruption in relation to interaction with government officials and in the use of intermediaries when applying for permits and licences requiring governmental approval, for example.

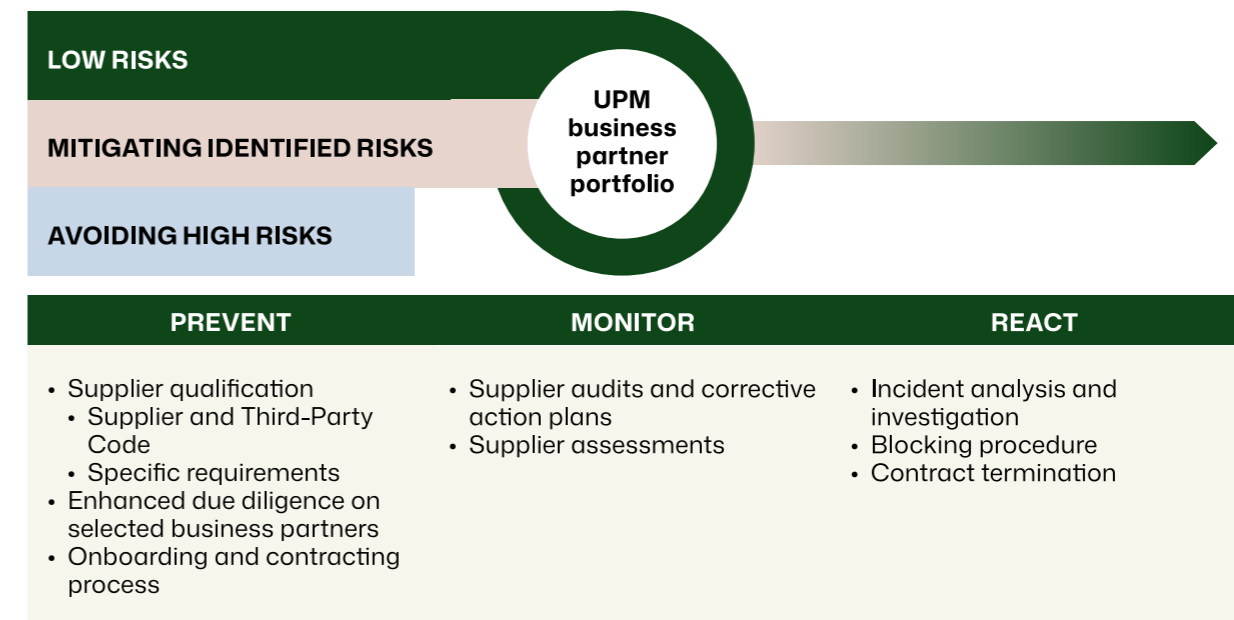
The due diligence of suppliers and third parties with whom UPM does business is an essential part of UPM's anti-corruption compliance programme. UPM requires that due diligence is performed before entering into or renewing any contract with a third party that meets specified criteria. UPM requires anti-bribery contract terms to be included in agreements with such third parties outlining the third-party's commitment to compliance with applicable anti-bribery laws and UPM's right to audit the third party to verify compliance with these terms. UPM also has corresponding due diligence procedures for joint ventures, mergers and acquisitions.

## Monitoring

UPM aims to ensure compliance at all levels of the organisation through monitoring. Monitoring activities are based on a Group company risk matrix which takes the country risk and complexity and scope of UPM's operations in each country into account. UPM's Compliance Team has a three-year monitoring plan for its unit-specific compliance reviews that are based on this matrix. In addition to these general reviews, which cover all business integrity issues, risk-based reviews are conducted on specific issues such as anti-corruption. The key findings and recommendations of the compliance review are reported to the Audit Committee of the Board of Directors and to businesses. These recommendations are then implemented in collaboration with the businesses concerned. Another example of UPM's monitoring activities is the counterparty screening procedures, which also cover anti-corruption and anti-bribery.

### Counterparty screening procedures

- Business partner screening against public sources
- Business integrity (trade sanctions, anti-corruption, anti-money laundering, competition law, fraud)
- Human rights
- Environment
- Supply chain risk assessments



## Investigation

Allegations or incidents of corruption and bribery can be reported by employees or external stakeholders through the UPM Report Misconduct channel. Such allegations or incidents are investigated in accordance with the UPM Misconduct Investigation Protocol and the UPM Misconduct Investigation Procedure. » [Refer to G1-1](#)

Investigation of allegations or incidents of corruption and bribery are carried out under the supervision of UPM's Internal Audit or UPM Legal and Compliance by parties separate from the management chain involved in the matter.

The Chief Compliance Officer and SVP of Internal Audit provide reports on the outcome of the investigations to the Ethics Advisory Committee and the Board's Audit Committee on a quarterly basis.

## Communication and training

Anti-corruption is one of the topics in the UPM Code of Conduct. The Code is distributed to all employees. In addition, UPM has more detailed internal rules on anti-bribery and anti-corruption. Policies and procedures are implemented through training and communication.

99% of active UPM employees (excluding UPM Raflatac companies acquired in 2024) completed the Code of Conduct training, including anti-corruption training at the end of 2024. » [Refer to G1-1, table.](#)

In addition, all salaried employees must complete UPM's anti-corruption e-learning course, which includes a commitment to comply with UPM's Anti-Corruption Rules. UPM has identified its salaried employees as the most at risk of corruption and bribery as they have financial and other decision-making power that can make them more susceptible to corruption and bribery compared to shopfloor employees. The completion rate of the UPM Anti-Corruption e-learning course, last renewed in 2024, was 98% at the end of 2024. » [Refer to G1-1, table.](#)

UPM complements the e-learning modules with in-person and virtual compliance training for specific target groups. The target groups are determined based on risk assessments. In 2024, the Company organised tailored anti-corruption training for selected target groups across the Company.

Compliance training is complemented by regular communication activities to maintain awareness among all employees.

Members of the Group Executive Team are included in the target groups for anti-corruption training described above. Anti-corruption training is also provided to the Board of Directors on a regular basis. In addition, each new member of the Board of Directors receives training on the Company's Code of Conduct and other Group policies, including anti-corruption, as part of their onboarding programme.

UPM has built a platform to provide training to employees of business partners working for UPM. This ensures that they are committed to the same standards of integrity.

The UPM Supplier and Third-Party Code was revised in 2024. It is communicated to suppliers as part of the business contract. In 2024, 91% of UPM's supplier spend was covered by the Code. Suppliers represent the majority of relevant business partners regarding the UPM Supplier and Third-Party Code. » [Refer to G 1-2 Responsible sourcing](#)

## METRICS

### G1-4

### Incidents of corruption or bribery

	2024	2023
Number of convictions	0	0
Amount of fines (EUR)	0	0

In response to violations of UPM's anti-corruption policies and procedures, UPM conducted investigations and monitoring activities and took action to improve its control environment. Disciplinary measures were taken against the employees concerned, and training was provided to identified risk groups.

In 2024, two cases of alleged violations of UPM's anti-corruption policies and procedures, including those related to gifts and hospitality, were investigated. In both cases, violations of UPM's policies were substantiated, and the employees concerned were disciplined.

There were no confirmed cases of contracts with business partners being terminated or not renewed due to violations related to corruption or bribery in 2024.

No cases of corruption or bribery were brought against the Company or its own employees during the reporting period.

### G1-5

### Political influence and lobbying activities

Through public affairs work, UPM aims to promote the necessary prerequisites for its operations, particularly in its main operating countries Finland, Uruguay, Germany and China. Active influencing at EU level is also important.

Public affairs activities are based on UPM's strategy. They are also in line with the Paris Agreement. UPM also has topic-specific steering groups that guide public affairs activities, and the Group Executive Team regularly reviews these topics.

UPM co-operates with several trade associations, the most important being the Finnish Forest Industries Federation (FFIF) and the Confederation of European Paper Industries (Cepi). As UPM enters into new businesses, it is necessary to find new ways and forums for co-operation. For example, UPM is a founding member of the Advanced Biofuels Coalition in the EU and is also a member of the European Chemical Industry Council (CEFIC). UPM is also represented in the decision-making bodies of these trade associations, so that the Company can influence and monitor their positions to ensure that they are in line with UPM's strategy. The basic requirement for membership of any trade association is the principal alignment with UPM's strategic positions.

As UPM is an active participant in the energy market, both as an energy-intensive consumer and as an energy producer, UPM reminded decision-makers of the importance of functioning energy markets.

Climate change and UPM's commitment to the UN's 1.5 °C agenda continued to be of great interest to stakeholders. Discussions were held with environmental organisations, certification bodies, authorities and decision-makers. Forests' impact on climate are linked to policies on

land use, land use change and forestry (LULUCF). UPM highlighted the importance of sustainable forest management and wood-based products replacing fossils as effective ways to mitigate climate change.

The EU's "Fit for 55" package proposal, initially published in 2021, has seen significant progress. By 2024, both the European Parliament and the EU member states will have finalised almost all the necessary changes to align the EU's climate and energy legislation with the EU's climate targets. This comprehensive package aims to reduce net greenhouse gas emissions by at least 55% by 2030, setting the EU on a clear path towards climate neutrality by 2050.

UPM actively promotes the cost-competitive and consistent implementation of climate-related policies. UPM calls for predictable regulations that enable investments in the circular bioeconomy. EU policies must therefore ensure the sustainable use of forests and the availability of wood as a key resource for green growth.

UPM's main advocacy topics are publicly presented on UPM's website.

UPM's Public Affairs Team is led by the EVP, Marketing, Sustainability and Communication, who is a member of the Group Executive Team. UPM also has topic-specific steering groups that steer public affairs activities, and these topics are regularly reviewed by the Group Executive Team.

In accordance with the UPM Code of Conduct, UPM does not support political parties or individual candidates financially and in kind.

UPM is transparent in its dialogue and engagement with governments and regulators. UPM's identification number in the EU's Transparency Register is 861194311863-31. UPM is also registered in the German Lobby Register and, as of 2024, the new Finnish Transparency Register.

One Board member has held a position in public administration two years preceding his appointment to the Board of Directors, i.e. Mr Jari Gustafsson acted as the Finnish Ambassador for Greece and Albania until 31 August 2024. The President and CEO has not held position in public administration in the two years preceding his appointment to his current position.

### Actions 2024

- UPM published its main advocacy themes on the Company's website
- UPM registered for the Finnish Transparency register and filed the first disclosures
- Organising a UPM event "Green growth through bio-based innovations" in Brussels for EU regulators and decision-makers

### G1-6

### Payment practices

The average number of days it takes to pay an invoice after the due date determined in the payment schedule is not followed up by UPM as a payment-related performance indicator. Also, UPM is not gathering statistics on the number of legal proceedings currently outstanding for late payments. The development of the reporting will start in 2025.

On average, UPM applies payment terms of 14-60 days in its contracts with suppliers and, as standard, payments are made according to the due date. Individual contracts and respective payment terms may vary between countries and businesses, reflecting the characteristics of the business.

» [Refer to G1-2 Contractual payment terms](#)



## Research and development

### Innovating for the future

Innovation and R&D programmes are essential in the development of new products and technologies. Research and development expenses cover the development of new technologies, businesses and processes. In 2024, UPM spent EUR 488 million (EUR 538 million) on research and development, which accounted for 36.1% (23.7%) of the operating cash flow. In addition to direct R&D expenditure of EUR 70 (66) million, the figure includes negative operating cash flow and capital expenditure in developing businesses, transformative business prospects and digitalisation projects.

The patents, trademarks and rights protecting UPM's innovations support the journey from innovation to business. The company has more than 3,700 patents and patent applications, and more than 1,900 trademarks globally. The licensing of innovations and technologies provides an excellent basis for value creation with customers and technology partners.

### Extensive partner network

UPM's close-knit global partner network includes customers, universities, research organisations, suppliers and start-up companies. Collaboration speeds up the development and launch of new business solutions.

The company's network includes the Circular Bio-based Europe Joint Undertaking (CBE JU), the European Chemical Industry Council (Cefic) and the Renewable Carbon Initiative (RCI). UPM is a member of the 4evergreen alliance, an initiative created by the Confederation of European Paper Industries (Cepi) to raise the overall recycling rate of fibre-based packaging to 90% by 2030. UPM is also a member of EUROOPEN, the European association that strives towards achieving carbon neutrality in the packaging value chain.

UPM wants to take part in the developments that reduce greenhouse gas and CO<sub>2</sub> emissions. In 2024, the company participated in Hydrogen Cluster Finland in order to create new technologies, business opportunities and climate benefits throughout the network. It also joined a 5-year research programme led by VTT and RISE Research Institutes of Sweden on emission free pulping. The programme aims to significantly reduce biomass burning and increase the product yield from wood from approximately 50% to around 70%.

### Expanding R&D infrastructure

UPM's three research centres in Finland, China and Germany accelerate the development of bio-based products. The centres focus on research, piloting and analytics, enabling seamless collaboration with customers, value chain partners and research organisations such as universities. They work closely with UPM's mills, businesses and business-specific research centres in various countries.

In Germany, UPM has intensified biochemical R&D and piloting in several of its laboratories in connection with the biochemicals refinery. In Finland, the company's research centre in Lappeenranta concentrates on developing biomolecular businesses and advanced materials. In Uruguay, the focus is on piloting future pulp end-uses in close collaboration with UPM's forestry research centre specialising in eucalyptus plantations.

### Developing R&D competencies

R&D supports UPM's growth and sustainability targets globally, enhances technology-triggered business opportunities and protects company's performance in existing businesses. UPM places a strong focus on the growth businesses and close collaboration with customers and production.

UPM continuously develops its competences for the future needs of its businesses. Competence development is essential for the entire organisation, including both technical capabilities and ways of working.

UPM focuses especially on chemical safety and behavioural safety at work, noting both safe and at-risk behaviours. The company's R&D and piloting teams have also become more international thanks to successful recruitments and onboarding. In addition to internal competence development, UPM collaborates with universities and vocational schools in order to enhance mutual learning.

In recent years, UPM has significantly enhanced its chemical expertise, leading to substantial advancements in chemical processing. This progress has also paved the way for the successful commercialisation of future products. By continuously raising the bar, the company is well-positioned to innovate and bring cutting-edge biochemical solutions to the market.

### UPM's focus in 2024

#### Innovating climate-positive products

Decarbonisation solutions offer innovative and sustainable options to meet the urgent need to decarbonise society. With the launch of the biochemicals business, UPM's customers will become able to switch from fossil raw materials to wood-based alternatives in textiles, plastics, PET bottles, packaging and pharma.

To accelerate product development, UPM Biochemicals announced several commercial partnerships in 2024. UPM Biochemicals and Nokian Tyres, a leading developer and manufacturer of premium tires, introduced the industry-first concept tire partly based on UPM BioMotion™ Renewable Functional Fillers (RFF). The partnership will launch UPM's CO<sub>2</sub>-negative RFFs into a new market segment and highlights the possibilities to use a lighter weight, 100% renewable alternative to traditional CO<sub>2</sub>-intensive fillers.

Another commercial partnership announced in 2024 is the cooperation between UPM Biochemicals, Selenis and Bormioli Pharma. The companies have partnered to produce the world's first pharmaceutical bottles made of partially wood-based PET. Since the high regulatory and performance requirements for pharmaceutical packaging may limit the use of new or recycled materials, this bottle uses standard PET which is made with UPM BioPura™, UPM's world first wood-based BioMEG.

#### Sustainable packaging

The demand for sustainable packaging continues to grow rapidly. In food packaging, barrier protection is one of the key features that ensures that food reaches the consumer in perfect condition. Traditionally, plastic packaging has been widely used to provide this protection.

Packaging requirements vary greatly, depending on a number of factors: the characteristics of the food itself, the surrounding climate conditions, the size and format of the package – and the logistics route used. For example, sugar-coated confectionery, dark chocolate and cereals are well preserved with lower barrier protection. UPM's existing barrier paper portfolio is well-suited for these types of end-uses.

However, the majority of packaging end-uses require much higher barrier protection. Through co-creation with its partners in the packaging value chain, UPM Specialty Papers aims to enhance the performance of fibre-based packaging and enable brand owners and converters to make the transition to fibre-based packaging.

UPM's barrier papers are also optimal for further converting, and co-creation projects have resulted in innovative packaging solutions that combine high barrier properties, sealability and runnability on high-speed packaging machines. These solutions are typically designed for

demanding end-uses, including food packaging for items such as coffee, chocolate and confectionery, thus offering recyclable alternatives to traditional plastic packaging.

#### Shifting gears in AI

AI is expected to transform the global economy, leading to productivity gains and a faster discovery of new ideas. UPM has launched an AI programme to develop a comprehensive AI strategy and implement the selected transformations. The programme assesses opportunities, sets directions and accelerates AI adoption and learning across the company. It provides clear, agile governance to ensure that AI delivers value. The AI strategy has been developed with contributions from more than 150 employees across multiple businesses and functions.

The strategy identifies high-impact AI transformations such as increased sales, optimised supply chains and improved processes. AI principles include ensuring the ethical, secure and transparent use of AI, with human oversight and the consideration of cybersecurity, privacy and data quality. AI is expected to significantly increase efficiency and streamline workflows. UPM is working to bring the benefits to its customers, employees and business development.

#### Implementing sustainable product design concept

The UPM Sustainable Product Design concept supports and steers company's product development projects, promotes a sustainable product lifecycle approach and ensures that every new product and service the company designs has a proven sustainability value proposition. The concept also ensures that UPM supports the UN Sustainable Development Goals (SDGs).

The concept is used in the early stages of new product development, using a tool that UPM has developed to map its impact on the SDGs. As key tools in the concept, the company have also used Life Cycle Assessment (LCA) and carbon footprint to provide credible environmental data over the lifecycle. The concept has been used in existing business areas, and in the development of lignin and fibre-based products. Joint workshops were held to support the implementation of the concept in all business areas.

As a result of sustainable product design, UPM Biochemicals launched UPM Solargo™, a new range of bio-based plant stimulants. They support plant growth by improving the quality of the soil microbiome and increase drought stress tolerance of the plants. UPM has entered the large agrochemical market with an innovative, sustainable alternative to fossil-based products.

#### UPM Biochemicals - Ramping up new business

Global brands deepen their sustainability promises to consumers and market CO<sub>2</sub>-optimised products while embracing increased supply chain sustainability. UPM Biochemicals will be well-positioned to provide renewable chemicals made from sustainable wood with a CO<sub>2</sub> product footprint that is considerably below that of fossil-based chemical products and credibly documented by the third-party-reviewed LCA. UPM's proposition to help brands defossilise its products has gained further traction in the market and has triggered wide-spread support across the key markets.

In January 2020, UPM announced that it would invest in a 220,000 tonnes next-generation biochemicals refinery in Leuna, Germany. The estimated investment is EUR 1,275 million. The commissioning and start-up was initiated in late 2024, and good progress has been made in most units. However, in the quality assurance checks, certain corrective works required in the sugars-to-chemicals process were identified. These works have been arranged and will take a few months. Meanwhile, the sequential start-up in the other units continues. The integrated commercial production of the site is expected to start in H2 2025. The

biorefinery is expected to reach full production and positive EBIT in 2027.

The biorefinery will produce a range of 100% wood-based biochemicals, which will enable a switch from fossil raw materials to sustainable alternatives in various consumer-driven end-uses. The investment opens up totally new markets for UPM, with large growth potential for the future.

The industrial scale biorefinery will convert solid wood into next generation biochemicals: bio-monoethylene glycol (BioMEG) and renewable functional fillers (RFF). In addition, the biorefinery will also produce bio-monopropylene glycol (BioMPG) and industrial sugars.

#### The overall business readiness is ensured

All teams, business processes and systems are operational. UPM has secured the required materials to start and run the refinery as well as the infrastructure and capacity to ship its products. The biorefinery is the first of its kind and the process design as well as some of the technologies used are new to the world.

The combination of a sustainable wood supply, a unique technology concept, integration into existing infrastructure at Leuna and the proximity to customers will ensure the competitiveness of operations. The safety and sustainability of the value chain will be based on UPM's high standards.

Markets are responding very positively to company's new products as it has further stepped up our sales and marketing. This is visible in proactive endorsements through global consumer brands and a series of development partnerships in globally leading markets for sustainable chemicals. UPM has made strong progress in qualifying its products for key end-uses and has successfully launched commercial partnerships both for UPM BioMotion™ Renewable Functional Fillers (RFF) products and UPM BioPura™ renewable bio-monoethylene glycols (BioMEG).

#### UPM Biofuels - Growth with advanced biofuels

UPM's renewable and sustainable biofuels help to mitigate climate change. Advanced biofuels reduce greenhouse gas emissions by more than 80% when compared to fossil fuels. In addition to decarbonising road transportation, UPM helps to defossilise various other industries by offering wood-based naphtha. Naphtha is the major raw material for most chemicals and plastics. UPM BioVerno™ naphtha is a drop-in solution for replacing fossil-based naphtha, thus allowing the production of sustainable chemicals and plastics. UPM's strategy is based on proprietary technology and UPM's integrated feedstocks.

#### Green growth opportunities

UPM aims to become a major European player in the production of advanced biofuels. Markets continue to grow and be driven by climate targets. According to estimates, around 30% of fossil-derived fuels used for transportation in the EU could be replaced with advanced biofuels by 2050.

Further growth in advanced biofuels plays an important role in UPM's strategy. In January 2021, UPM started the basic engineering phase of a next-generation biofuels refinery. The planning for the potential biorefinery in Rotterdam, the Netherlands, is based on an annual capacity of up to 500,000 tonnes of high-quality renewable fuels including advanced biofuels and, possibly, sustainable jet fuels, as well as renewable chemicals. The products would significantly reduce the carbon footprint of road transport and aviation, as well as replace fossil raw materials with renewable alternatives in chemicals and bioplastics.

UPM Biofuels initiated proceedings to qualify its renewable fuel as sustainable aviation fuel in 2023. The certification proceedings continued in 2024.

The current feedstock for biofuels in the UPM Lappeenranta Biorefinery is crude tall oil, which is a residue from pulp production. In the plans to increase production of advanced biofuels, UPM is also considering other residue streams and by-products of the forest industry. Feedstock sourcing would focus on UPM integrated feedstocks from the company's own ecosystem, including various wood-based residues and potential carbon farming.

The design for the potential biorefinery has progressed, and a major part of the basic engineering has been completed. The chosen technology has been validated at a demonstration scale. Before the potential investment decision, the focus will be on testing the novel, proprietary technology on a larger scale and on flexible feedstock options that will ensure differentiation and support the long-term competitiveness of the business case. This work is expected to take approximately two years, until 2026.

In the future, the path to defossilisation in different transport sectors will increasingly rely on renewable synthetic fuels. UPM's extensive know-how and experience in biorefinery operations not only gives a competitive edge but also opens up growth opportunities in the realm of green hydrogen solutions.

### Towards 2030

UPM's advanced biofuels belong to the most demanding sustainability category of the Renewable Energy Directive (RED II and RED III), which includes residues from agricultural and forestry activities. The UPM Lappeenranta Biorefinery, with an annual capacity of 1 30,000 tonnes, is the largest advanced biofuels-only refinery in the EU.

The RED III Directive includes an increased target for advanced biofuels in the transport energy mix in Europe by 2030, reflecting a considerable increase on today's production capacity and creating significant opportunities for new investments.

### R&D's role in different businesses

BUSINESS AREA	DESCRIPTION
<b>UPM Fibres</b>	<p>UPM's global R&amp;D presence continued to enable the company to work faster and better with our customers and partners to find and implement the required and fit for purpose solutions. Several developments were made to improve the operational reliability, safety and environmental performance of our pulp mills.</p> <p>UPM's commitment to developing sustainable and high-quality eucalyptus plantations for pulp production remains at the core of our operations in Uruguay. The new Forestry R&amp;D Centre and the third tree nursery were fully operational, turning company's long-term R&amp;D into high quality seedlings for new plantations and supporting the operations of the company's two pulp mills.</p> <p>In Uruguay, UPM was also able to capitalise on long-term R&amp;D into circular economy solutions for the pulp mill waste materials. The company has established a continuous supply of a dried mix of biosludge and lime sludge to a local cement factory, reducing landfill waste at the UPM Fray Bentos pulp mill and replacing fossil CO<sub>2</sub> energy sources at the cement factory with a renewable biofuel. UPM also made further progress in the development of agricultural liming agents made from recycled alkaline waste materials. The first material was produced into a liming agent and commercial development began.</p> <p>At UPM's pilot plant in Lappeenranta, more emphasis was placed on developing and piloting the first stages of the next fibre-based and bio-streams growth concepts for the pulp mills in co-operation with research institutes. UPM sees clear synergies and advantages in having in-house businesses focused on replacing fossil materials with renewable solutions. This allows the company to make its customers more successful faster by designing and implementing solutions based on the bio-streams in different industries and applications.</p> <p>UPM is exploring options for the further use of its biogenic CO<sub>2</sub> sidestream. The options being explored include the creation of negative emissions by storing the biogenic CO<sub>2</sub> emitted by the pulp mills, as well as the use in, for example, carbon-neutral synthetic fuels and chemicals. UPM has published a white paper on its views on how to scale up the negative emissions value chain.</p>
<b>UPM Energy</b>	<p>The focus was on improving the cost-competitiveness and environmental performance of hydropower production assets and on developing competencies and business operations related to the optimisation of industrial energy consumption and demand-side flexibility. UPM Energy participated in several research programmes and undertook development work with the aim of improving UPM's power generation and consumption operations in a changing electricity market, as well as developing the means to mitigate the impact of hydropower operations on rivers and migratory fish as a part of UPM's Stream water programme.</p>
<b>UPM Raflatac</b>	<p>UPM Raflatac's Product Development (PD) &amp; Innovation organisation plays a key role in maintaining UPM Raflatac's competitiveness in a rapidly evolving market. Innovation is the cornerstone of the entire organisation, enabling the company to not only meet but exceed the customers' expectations and support sustainable growth. With a deep end-use understanding, UPM's regional and global development experts anticipate market needs and translate them into actionable innovations. Company's global network of experts enables to deliver region-specific solutions while leveraging collective expertise on a global scale. Sustainability is at the core of UPM's efforts. The company continues to drive product portfolio towards innovative, scalable solutions that have a positive impact on climate and circularity to meet growing customer and regulatory needs.</p>
<b>UPM Specialty Papers</b>	<p>R&amp;D and product development initiatives aim to enable high performance and efficiency in the value chain and to develop fibre-based alternatives for non-renewable materials. These initiatives also support growth targets by driving the innovation of products for new applications. UPM continues to focus on co-creating sustainable paper-based packaging solutions for various end-uses with the packaging value network. The company has currently several ongoing co-creation initiatives supported by its excellent R&amp;D infrastructure including Northern European and Asian R&amp;D centres.</p> <p>UPM Specialty Papers continues to develop release liner base papers to further improve efficiency and minimise the environmental impact of the value chain. The company also supports industry-wide design-for-recycling approach across the label and tape value chains.</p>
<b>UPM Communication Papers</b>	<p>In the area of energy, UPM has finished the electrification of our heat and steam generation and invested considerably in power-to-heat boilers at its paper mills to enable reliable heat supply in the event of gas or other fuel supply disruptions, to improve its cost competitiveness and to reduce CO<sub>2</sub> emissions in an increasingly volatile electricity system. All boilers are installed and operational. There has also been a focus on technological innovations that help minimise energy needs at the production sites. The paper mills also developed further intelligent operations to enable increasing demand-side management of electricity markets and grids to support system stability and reduce emissions at peak times. The Research &amp; Development Centre in Lappeenranta, Finland, and the Central European Support Team in Augsburg, Germany, continued to focus on investigating fibre concepts for various paper grades. UPM Communication Papers continued to participate in projects and association activities to keep RCP recyclable. UPM's R&amp;D teams also supported the optimisation of the deinking process to minimise material losses and reduce energy and the water consumption. Product portfolio development focused on the needs of key customer groups.</p> <p>In terms of operational efficiency, the R&amp;D efforts focused on improving the efficiency of several mills in order to identify both efficiency-enhancing and safety-improving areas. Contributions from the R&amp;D teams helped to achieve the 2030 targets in the areas of energy, water consumption, effluent treatment and resource efficiency.</p>
<b>UPM Plywood</b>	<p>UPM Plywood product management and development provides competitive products within selected end-use areas in collaboration with the customers, superior technical expertise and support for customers, and support for the commercialisation of newly developed products and applications. An example would be further expanding the use of lignin-based WISA BioBond gluing solution to new product lines.</p>
<b>Other operations UPM Biofuels</b>	<p>Development of new applications for renewable plastics based on UPM BioVerno naphtha continued. Piloting, research and process development continued to take place at the UPM Biorefinery Development Centre (BrDC) and with external partners. UPM also studied and tested the use of several new innovative feedstocks that meet sustainability criteria, such as forest industry residues for its possible growth plans.</p> <p>In Q4 2023, UPM Biofuels started the registration process for tall oil-based biofuels for jet engine use with ASTM (American Society for Testing and Materials) – a necessary step to enter into the production of sustainable aviation fuels which is one of the potential products of potential next biofuels refinery. The registration process and discussions with technical partners in the aviation space are ongoing.</p>

## Information on shares

### Shares

UPM has one class of shares. Each share entitles the holder to one vote at the General Meeting of UPM.

On 31 December 2024, the total number of UPM shares was 533,735,699. Through the issuance authorisation described below, the number of shares may increase to a maximum of 558,735,699. On 31 December 2024, UPM held 411,653 treasury shares, representing approximately 0.08% of the total number of UPM shares and voting rights. There are no specific terms related to the shares.

In 2024, UPM shares worth a total of EUR 7,936 million (8,752 million) were traded on the Nasdaq Helsinki stock exchange. This is estimated to represent approximately 70% of the total trading volume in UPM shares. The highest listing was EUR 35.77 in May and the lowest was EUR 24.78 in November.

### Authorisations held by the Board of Directors

The Annual General Meeting held on 4 April 2024, authorised the Board of Directors to decide on the repurchase of a maximum of 50,000,000 of the Company's own shares. The authorisation will be valid for 18 months from the date of the AGM resolution.

The Annual General Meeting held on 4 April 2024, authorised the Board of Directors to decide on the issuance of new shares, the transfer of treasury shares and the issuance of special rights entitling to shares in proportion to the shareholders' existing holdings in the Company, or in a directed share issue, deviating from the shareholder's pre-emptive subscription right. The Board of Directors may also decide on a share issue without payment to the Company itself. The aggregate maximum number of new shares that may be issued and treasury shares that may be transferred is 25,000,000, including the number of shares that can be received on the basis of special rights. The authorisation will be valid for 18 months from the date of the AGM resolution.

Aside from the above, the Board of Directors has no current authorisation to issue shares, convertible bonds or share options.

### Changes in number of shares

	2024	2023	2022	2021	2020
Number of shares 1 January	533,735,699	533,735,699	533,735,699	533,735,699	533,735,699
<b>Number of shares at 31 December</b>	<b>533,735,699</b>	<b>533,735,699</b>	<b>533,735,699</b>	<b>533,735,699</b>	<b>533,735,699</b>

### Major shareholders at 31 December 2024

	NUMBER OF SHARES	HOLDING %
Varma Mutual Pension Insurance Company	12,999,564	2.44
Ilmarinen Mutual Pension Insurance Company	12,164,214	2.28
ELO Mutual Pension Insurance Company	6,483,000	1.21
The State Pension Fund	3,500,000	0.66
Nordea Bank ABP	2,804,413	0.53
Svenska Kulturfonden	1,859,271	0.35
Holding Manutas Oy	1,800,000	0.34
Kymin Osakeyhtiön 100-vuotissäätiö	1,696,360	0.32
Investment fund Seligson & Co	1,654,521	0.31
Security Trading Oy	1,650,000	0.31
Nominees & Registered foreign owners	345,546,627	64.74
Others	141,577,729	26.53
<b>Total</b>	<b>533,735,699</b>	<b>100.00</b>

### Shareholders by category at 31 December, %

	2024	2023	2022	2021	2020
Companies	2.9	2.6	2.6	2.9	2.7
Financial institutions and insurance companies	4.4	3.8	3.6	3.7	3.8
Public bodies	7.2	5.3	5.3	5.8	6.0
Non-profit organisations	4.0	4.4	4.5	4.6	4.7
Households	16.9	16.4	16.0	15.8	15.6
Non-Finnish nationals	64.7	67.6	68.1	67.2	67.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Share distribution at 31 December 2024

SIZE OF SHAREHOLDINGS	NUMBER OF SHARE-HOLDERS	% OF SHARE-HOLDERS	NUMBER OF SHARES, MILLION	% OF SHARES
1 – 100	63,083	43.13	2.7	0.5
101 – 1,000	64,335	43.99	24.2	4.5
1,001 – 10,000	17,415	11.91	45.9	8.6
10,001 – 100,000	1,296	0.89	31.5	5.9
100,001 –	129	0.09	86.6	16.2
<b>Total</b>	<b>146,258</b>	<b>100.00</b>	<b>190.9</b>	<b>35.8</b>
Nominee-registered			342.9	64.2
Not registered as book entry units			–	0.0
<b>Total</b>			<b>533.7</b>	<b>100.0</b>

Under the provisions of the Securities Markets Act, changes in holdings must be disclosed when the holding reaches, exceeds or falls below 5, 10, 15, 20, 25, 30, 50 or 66.7 (2/3) per cent of the voting rights or the number of shares of the company. The stock exchange releases on notifications of changes in holdings pursuant to Chapter 9, Section 5 of the Securities Market Act are available in UPM website [upm.com/investors](https://upm.com/investors).

## Adjusted share related indicators

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Earnings per share (EPS), EUR	0.82	0.73	2.86	2.41	1.05	1.99	2.80	1.82	1.65	1.72
Comparable EPS, EUR	1.74	1.40	3.09	2.22	1.37	2.07	2.24	1.88	1.65	1.38
Equity per share, EUR	20.89	20.93	23.44	20.34	17.53	18.87	18.36	16.24	15.43	14.89
Dividend per share, EUR <sup>1)</sup>	1.50	1.50	1.50	1.30	1.30	1.30	1.30	1.15	0.95	0.75
Dividend to earnings ratio, %	183.6	206.2	52.4	53.9	123.7	65.4	46.4	63.0	57.6	43.6
Dividend to operating cash flow, %	59	35	158	55	69	38	52	42	30	34
Dividend to comparable EPS, %	86	107	49	59	95	63	58	61	58	54
Effective dividend yield, %	5.6	4.4	4.3	3.9	4.3	4.2	5.9	4.4	4.1	4.4
P/E ratio	32.5	46.8	12.2	13.9	29.0	15.5	7.9	14.2	14.1	10.0
Operating cash flow per share, EUR	2.54	4.25	0.95	2.34	1.89	3.46	2.49	2.74	3.16	2.22
Dividend distribution, EURm <sup>1)</sup>	800	800	800	693	693	693	693	613	507	400
Share price at 31 Dec., EUR	26.56	34.06	34.93	33.46	30.47	30.91	22.15	25.91	23.34	17.23
Lowest quotation, EUR	24.78	26.62	24.85	29.11	20.31	21.10	21.69	20.82	13.71	13.19
Highest quotation, EUR	35.77	35.99	37.14	35.37	31.50	31.49	34.70	26.69	23.41	19.26
Average quotation for the period, EUR	30.16	31.33	32.50	32.15	26.09	25.73	28.86	23.89	17.51	16.37
Market capitalisation, EURm	14,165	18,165	18,629	17,845	16,250	16,485	11,813	13,818	12,452	9,192
Shares traded, EURm <sup>2)</sup>	7,936	8,752	9,680	8,435	9,921	9,695	9,980	8,460	6,749	7,469
Shares traded (1,000)	263,124	279,371	297,879	262,377	380,237	376,801	345,822	354,053	385,355	456,168
Shares traded, % of all shares	49.3	52.4	55.9	49.2	71.3	70.7	64.8	66.4	72.2	85.5
Number of shares, average (1,000)	533,324	533,324	533,324	533,324	533,324	533,324	533,324	533,415	533,505	533,505
Number of shares at the end of period (1,000)	533,736	533,736	533,736	533,736	533,736	533,736	533,736	533,736	533,736	533,736
of which treasury shares (1,000)	412	412	412	412	412	412	412	412	231	231

<sup>1)</sup> 2024 proposal

<sup>2)</sup> Trading on the Nasdaq Helsinki Main Market. Treasury shares bought by the company are included in shares traded.

## The definitions of adjusted share related indicators are described below

SHARE RELATED INDICATORS	DEFINITION
Earnings per share (EPS), EUR	Profit for the period attributable to owners of the parent company divided by adjusted average number of shares during the period excluding treasury shares.
Comparable EPS, EUR	Earnings per share calculated in accordance with IFRS excluding items affecting comparability and their tax impact.
Equity per share, EUR	Equity attributable to the owners of the parent company in relation to the adjusted number of shares at the end of period.
Dividend per share, EUR	Dividend distribution divided by adjusted number of shares at the end of period.
Dividend to earnings ratio, %	Dividend per share as a percentage of earnings per share.
Dividend to operating cash flow, %	Dividend per share as a percentage of operating cash flow per share.
Dividend to comparable EPS, %	Dividend per share as a percentage of comparable earnings per share
Effective dividend yield, %	Adjusted dividend per share as a percentage of adjusted share price at 31 December
P/E ratio	Adjusted share price in relation to the earnings per share.
Operating cash flow per share, EUR	Operating cash flow divided by adjusted average number of shares during the period excluding treasury shares.
Market capitalisation, EURm	Total number of shares (excluding those held as treasury shares) multiplied by the share price at the end of period.
Adjusted share price at the end of period	Share price at the end of period in relation to share issue coefficient.
Adjusted average share price	Total value of shares traded in relation to adjusted number of shares traded during the period.

## Board of Directors' proposal for the distribution of profit

The Board of Directors proposes to the Annual General Meeting of UPM-Kymmene Corporation to be held on 27 March 2025, that an aggregate dividend of EUR 1.50 per share be paid based on the balance sheet to be adopted for the financial year ending 31 December 2024, and that the remaining portion of the distributable funds be retained in the Company's unrestricted shareholders' equity. The Board proposes that the dividend be paid in two instalments.

The first dividend instalment, EUR 0.75 per share, is proposed to be paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Oy on the record date for the first dividend instalment 31 March 2025. The Board proposes that the payment date for the first dividend instalment would be on 8 April 2025.

The second dividend instalment, EUR 0.75 per share, is proposed to be paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Oy on the record date for the second dividend instalment 31 October 2025. The Board proposes that the payment date for the second dividend instalment would be on 7 November 2025.

If the payment of the dividend is prevented due to applicable law, regulation or unexpected circumstances, the Board will resolve, as soon as practically possible, on a new record date and payment date.

On the date of the dividend proposal, 5 February 2025, the registered number of the Company's shares is 533,735,699. The aforementioned number of shares includes 411,653 treasury shares

which are not entitled to dividend. As a result, the proposed dividend would total EUR 800.0 million.

On 31 December 2024, the distributable funds of the parent company were EUR 2,870,807,659.79. The profit of the parent company for the period was EUR 381,913,739.95. No material changes have taken place in respect of the Company's financial position after the balance sheet date. In the opinion of the Board Of Directors, the proposed distribution of profits does not risk the solvency of the Company.

## Signatures of the annual accounts and the report of the Board of Directors for the year 2024

The financial statements have been prepared in accordance with the applicable accounting standards and they give a true and fair view of the assets, obligations, financial position and profit or loss of both the company and the group of companies included in the consolidated financial statements. The Board of Directors' report includes a truthful description of the development and results of the business of both the company and the group of companies included in the consolidated financial statements and a description of the most significant risks and uncertainties and other state of the company. The Sustainability Statement included in the Board of Director's report has been prepared in accordance with the reporting standards indicated in the Accounting Act chapter 7 and Article 8 of the Taxonomy Regulation.

Helsinki, 5 February 2025

Henrik Ehrnrooth  
Chair

Kim Wahl

Pia Aaltonen-Forsell

Jari Gustafsson

Piia-Noora Kauppi

Melanie Maas-Brunner

Topi Manner

Marjan Oudeman

Martin à Porta

Massimo Reynaudo  
President and CEO

# Financial Statements 2024

Consolidated income statement and statement of comprehensive income	256		
Consolidated balance sheet	257		
Consolidated statement of changes in equity	258		
Consolidated cash flow statement	259		
Notes to the consolidated financial statements	261		
<b>1. Basis for reporting</b>	<b>262</b>	<b>5. Capital structure</b>	<b>292</b>
1.1 Corporate information	262	5.1 Capital management	292
1.2 Basis of preparation	262	5.2 Net debt	295
1.3 Consolidation principles	263	5.3 Financial assets and liabilities by category	300
1.4 Foreign currency translation	263	5.4 Financial income and expenses	303
1.5 Changes in accounting policies	264	5.5 Share capital and reserves	303
<b>2. Business performance</b>	<b>265</b>	<b>6. Risk management</b>	<b>305</b>
2.1 Business areas	265	6.1 Financial risk management	305
2.2 Sales	270	6.2 Derivatives and hedge accounting	307
2.3 Operating expenses and other operating income	271	<b>7. Income tax</b>	<b>311</b>
2.4 Earnings per share and dividend	273	7.1 Tax on profit for the year	311
<b>3. Employee rewards</b>	<b>274</b>	7.2 Deferred tax	312
3.1 Employee costs	274	<b>8. Group structure</b>	<b>314</b>
3.2 Key management personnel	274	8.1 Business acquisitions and disposals	314
3.3 Share-based payments	276	8.2 Principal subsidiaries and joint operations	315
3.4 Retirement benefit obligations	278	8.3 Related party transactions	317
<b>4. Capital employed</b>	<b>281</b>	8.4 Assets held for sale	317
4.1 Property, plant and equipment	282	<b>9. Unrecognised items</b>	<b>318</b>
4.2 Forest assets	284	9.1 Commitments and contingencies	318
4.3 Energy shareholdings	284	9.2 Litigation	318
4.4 Goodwill and other intangible assets	286	9.3 Events after balance sheet date	318
4.5 Provisions	288	<b>10. Other notes</b>	<b>319</b>
4.6 Working capital	289	10.1 Forthcoming new standards, amendments	319
Parent company accounts			320



## Consolidated financial statements

### Consolidated income statement

EURm	NOTE	2024	2023
<b>Sales</b>	2.1, 2.2	10,339	10,460
Other operating income	2.3	130	228
Costs and expenses	2.3	-8,806	-9,316
Change in fair value of forest assets and wood harvested	4.2	80	-103
Share of results of associated companies and joint ventures		1	-1
Depreciation, amortisation and impairment charges	2.3, 4.1, 4.4, 5.2	-1,139	-660
<b>Operating profit</b>		604	608
Exchange rate and fair value gains and losses	5.4	-7	-74
Interest and other finance costs, net	5.4	-97	-70
<b>Profit before tax</b>		500	464
Income taxes	7.1	-37	-71
<b>Profit for the period</b>		463	394
<b>Attributable to:</b>			
Owners of the parent company		436	388
Non-controlling interests	8.1	27	6
		463	394
<b>Earnings per share for profit attributable to owners of the parent company</b>			
Basic earnings per share, EUR	2.4	0.82	0.73
Diluted earnings per share, EUR	2.4	0.82	0.73

### Consolidated statement of comprehensive income

EURm	NOTE	2024	2023
<b>Profit for the period</b>		463	394
<b>Other comprehensive income for the period, net of tax</b>			
<b>Items that will not be reclassified to income statement:</b>			
Actuarial gains and losses on defined benefit plans		4	-10
Changes in fair value of energy shareholdings		-47	-1,351
<b>Items that may be reclassified subsequently to income statement:</b>			
Translation differences		346	-120
Net investment hedge		-13	6
Cash flow hedges		78	539
<b>Other comprehensive income for the period, net of tax</b>	7.2	368	-936
<b>Total comprehensive income for the period</b>		831	-542
<b>Attributable to:</b>			
Owners of the parent company		781	-536
Non-controlling interests		50	-7
		831	-542

The notes are integral part of these consolidated financial statements.

### Consolidated balance sheet

EURm	NOTE	2024	2023
<b>ASSETS</b>			
Goodwill	4.4	174	283
Other intangible assets	4.4	580	715
Property, plant and equipment	4.1	7,085	7,053
Leased assets	5.2	847	683
Forest assets	4.2	2,517	2,355
Energy shareholdings	4.3	2,247	2,283
Other non-current financial assets	5.3	44	60
Deferred tax assets	7.2	526	431
Net retirement benefit assets	3.4	1	1
Investments in associates and joint ventures		20	23
Other non-current assets		21	26
<b>Non-current assets</b>		14,062	13,913
Inventories	4.6	2,104	1,948
Trade and other receivables	4.6, 5.3	1,929	1,782
Other current financial assets	5.3	69	64
Income tax receivables		40	27
Cash and cash equivalents	5.1, 5.3	892	632
<b>Current assets</b>		5,034	4,454
Assets classified as held for sale	8.4	—	106
<b>Assets</b>		19,096	18,473

EURm	NOTE	2024	2023
<b>EQUITY AND LIABILITIES</b>			
Share capital	5.5	890	890
Treasury shares		-2	-2
Translation reserve		657	347
Other reserves	5.5	1,678	1,655
Reserve for invested non-restricted equity	5.5	1,273	1,273
Retained earnings		6,644	6,998
<b>Equity attributable to owners of the parent company</b>		11,139	11,161
<b>Non-controlling interests</b>	8.1	401	370
<b>Equity</b>		11,540	11,531
Deferred tax liabilities	7.2	673	616
Net retirement benefit liabilities	3.4	496	502
Provisions	4.5	89	170
Non-current debt	5.2, 5.3	3,747	3,056
Other non-current financial liabilities	5.3	158	157
<b>Non-current liabilities</b>		5,162	4,501
Current debt	5.2, 5.3	166	327
Trade and other payables	4.6, 5.3	1,938	1,883
Provisions	4.5	165	96
Other current financial liabilities	5.3	108	51
Income tax payables		18	28
<b>Current liabilities</b>		2,395	2,385
Liabilities related to assets classified as held for sale	8.4	—	56
<b>Liabilities</b>		7,556	6,942
<b>Equity and liabilities</b>		19,096	18,473

The notes are integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

EURm	SHARE CAPITAL	TREASURY SHARES	TRANSLATION RESERVE	OTHER RESERVES	RESERVE FOR INVESTED NON-RESTRICTED EQUITY	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
<b>Value at 1 January 2024</b>	890	-2	347	1,655	1,273	6,998	11,161	370	11,531
Profit for the period	—	—	—	—	—	436	436	27	463
Translation differences	—	—	322	—	—	—	322	23	346
Cash flow hedges - reclassified to income statement, net of tax	—	—	—	6	—	—	6	—	6
Cash flow hedges - reclassified to PPE, net of tax	—	—	—	—	—	—	—	—	—
Cash flow hedges - change in fair value, net of tax	—	—	—	72	—	—	72	—	72
Net investment hedge, net of tax	—	—	-13	—	—	—	-13	—	-13
Energy shareholdings - changes in fair value, net of tax	—	—	—	-51	—	4	-47	—	-47
Actuarial gains and losses on defined benefit plans, net of tax	—	—	—	—	—	4	4	—	4
<b>Total comprehensive income for the period</b>	—	—	309	27	—	444	781	50	831
Share-based payments, net of tax	—	—	—	-4	—	2	-2	—	-2
Dividend distribution	—	—	—	—	—	-800	-800	-19	-819
Other items	—	—	—	—	—	-1	-1	—	-1
<b>Total transactions with owners for the period</b>	—	—	—	-4	—	-799	-803	-19	-822
<b>Total equity at 31 December 2024</b>	890	-2	657	1,678	1,273	6,644	11,139	401	11,540
<b>Value at 1 January 2023</b>	890	-2	449	2,460	1,273	7,433	12,502	376	12,879
Profit for the period	—	—	—	—	—	388	388	6	394
Translation differences	—	—	-108	—	—	—	-108	-13	-120
Cash flow hedges - reclassified to income statement, net of tax	—	—	—	94	—	—	94	—	94
Cash flow hedges - reclassified to PPE, net of tax	—	—	—	1	—	—	1	—	1
Cash flow hedges - change in fair value, net of tax	—	—	—	444	—	—	444	—	444
Net investment hedge, net of tax	—	—	6	—	—	—	6	—	6
Energy shareholdings - changes in fair value, net of tax	—	—	—	-1,350	—	-1	-1,351	—	-1,351
Actuarial gains and losses on defined benefit plans, net of tax	—	—	—	—	—	-10	-10	—	-10
<b>Total comprehensive income for the period</b>	—	—	-102	-811	—	377	-536	-7	-542
Share-based payments, net of tax	—	—	—	6	—	-11	-5	—	-5
Dividend distribution	—	—	—	—	—	-800	-800	-35	-835
Contributions by non-controlling interests	—	—	—	—	—	—	—	35	35
<b>Total transactions with owners for the period</b>	—	—	—	6	—	-811	-805	—	-805
<b>Total equity at 31 December 2023</b>	890	-2	347	1,655	1,273	6,998	11,161	370	11,531

» Refer Note 5.5 Share capital and reserves, for further information.

## Consolidated cash flow statement

EURm	2024	2023
<b>Cash flows from operating activities</b>		
Profit for the period	463	394
Adjustments <sup>1)</sup>	1,223	1,760
Interest received	31	37
Interest paid	-133	-116
Dividends received	4	3
Other financial items, net	-13	-44
Income taxes paid <sup>3)</sup>	-144	-181
Change in working capital <sup>2)</sup>	-80	417
<b>Operating cash flow</b>	1,352	2,269
<b>Cash flows from investing activities</b>		
Capital expenditure	-543	-1,026
Additions to forest assets	-53	-54
Acquisition of businesses and subsidiaries, net of cash acquired	-28	-20
Proceeds from sale of property, plant and equipment and intangible assets, net of tax <sup>3)</sup>	10	7
Proceeds from sale of forest assets, net of tax <sup>3)</sup>	19	10
Proceeds from disposal of businesses and subsidiaries and advances received	16	1
Proceeds from disposal of shares in associates and joint ventures	1	1
Proceeds from disposal of energy shareholdings	5	0
Net cash flows from net investment hedges	-1	10
Change in other non-current assets	-10	-5
<b>Investing cash flow</b>	-586	-1,076
<b>Cash flows from financing activities</b>		
Proceeds from non-current debt	600	100
Payments of non-current debt	-23	-1,506
Lease repayments	-105	-99
Change in current liabilities	-182	-260
Net cash flows from derivatives	-5	6
Dividends paid to owners of the parent company	-801	-799
Dividends paid to non-controlling interests	-19	-36
Contributions paid by non-controlling interests	0	35
Other financing cash flow	-10	-14
<b>Financing cash flow</b>	-544	-2,573
<b>Change in cash and cash equivalents</b>	222	-1,379
Cash and cash equivalents at the beginning of the period	632	2,067
Exchange rate effect on cash and cash equivalents	-2	-16
Change in cash and cash equivalents	222	-1,379
Cash and cash equivalents classified as held for sale (Note 8.1)	39	-39
<b>Cash and cash equivalents at the end of the period</b>	892	632

<sup>1)</sup> Adjustments

EURm	2024	2023
Change in fair value of forest assets and wood harvested	-80	103
Share of results of associated companies and joint ventures	-1	1
Depreciation, amortisation and impairment charges	1,139	660
Capital gains and losses on sale of non-current assets	-31	-2
Financial income and expenses	104	144
Income taxes	37	71
Utilised provisions	-121	-42
Non-cash changes in provisions	101	179
Other adjustments	74	646
<b>Total</b>	<b>1,223</b>	<b>1,760</b>

<sup>2)</sup> Change in working capital

EURm	2024	2023
Inventories	-94	293
Receivables included in working capital	-81	854
Liabilities included in working capital	95	-731
<b>Total</b>	<b>-80</b>	<b>417</b>

<sup>3)</sup> Total income taxes paid in 2024 amounted to EUR 145 million (181 million). Income taxes paid related to investing activities are presented in investing cash flow.

# Notes to the consolidated financial statements

The notes to the consolidated financial statements are grouped into sections based on their nature. The notes contain the relevant financial information as well as a description of accounting policy and key estimates and judgements applied for the topics of the individual notes. All amounts are shown in millions of euros unless otherwise stated.



Items marked with this symbol describe the accounting principle by UPM to specific financial statement area.



Items marked with this symbol indicate that the accounting area involves estimates and judgement which are described separately.



Risks related to disclosures, whether they are financial, actuarial, credit or counterparty in nature, can be found in sections marked with this symbol.

# 1. Basis for reporting

## 1.1 Corporate information

UPM-Kymmene Corporation ("the parent company" or "the company") together with its consolidated subsidiaries ("UPM" or "the group") is a global forest-based bioindustry group. UPM's large product range covers pulp, graphic and specialty papers, self-adhesive labels, wood-based renewable diesel, electricity, as well as plywood and timber products.

UPM-Kymmene Corporation is a Finnish limited liability company, domiciled in Helsinki in the Republic of Finland. The address of the company's registered office is Alvar Aallon katu 1, 00100 Helsinki, where a copy of the consolidated financial statements can be obtained.

The parent company's shares are publicly traded on the Nasdaq Helsinki Main Market.

These group consolidated financial statements were authorised for issue by the Board of Directors on 5 February 2025. According to the Finnish Companies Act, the General Meeting of Shareholders is entitled to decide on the adoption of the company's financial statements.

## 1.2 Basis of preparation

UPM's consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the EU (IFRS as issued by the IASB and as adopted by the European Union) and IFRIC Interpretations.

The consolidated financial statements have been prepared under the historical cost convention, except for forest assets, energy shareholdings and certain other financial assets and financial liabilities, defined benefit plan assets and obligations and share-based payment arrangements which are measured at fair value.

The consolidated financial statements are presented in millions of euros, which is the functional and presentation currency of the parent company. Items included in the financial statements of each group subsidiary are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency").

The amounts within parentheses refer to the preceding year, 2023.

Figures presented in these financial statements are rounded and therefore the sum of individual figures might deviate from the presented total figure.

In accordance with the European Single Electronic Format (ESEF) reporting requirements, UPM has published the Board of Directors' report and the financial statements as an XHTML file as its official financial statements. In line with the ESEF requirements, the primary statements of the consolidated financial statements and notes have been labelled with XBRL tags. The group has also voluntarily published its financial statements in a PDF format. The consolidated financial statements have been prepared in two languages, of which the Finnish version is official and the English translation is unofficial.

### Accounting policies

The accounting policies applied to the consolidated financial statements as a whole are described in this section, while the remaining accounting policies are described in the notes to which they relate as UPM aims to provide enhanced understanding of each financial statement area. Further, to provide a better understanding, the accounting choices made

within the framework of the prevailing IFRS Accounting Standards are described together with the policy.



### Key estimates and judgements

In the process of applying the group's accounting policies, management has made a number of judgements and applied estimates of future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Although these estimates are based on management's best knowledge, actual results and timing may ultimately differ from previously made estimates.

Key estimates and judgements which are material to the reported results and financial position are presented in the following notes.

KEY ESTIMATES AND JUDGEMENTS	NOTE
Valuation of forest assets	4.2 Forest assets
Fair value determination of energy shareholdings	4.3 Energy shareholdings
Impairment of property, plant and equipment	4.1 Property, plant and equipment
Impairment of goodwill and other intangible assets	4.4 Goodwill and other intangible assets
Pension and other post-employment benefits	3.4 Retirement benefit obligations
Income taxes	7. Income tax
Environmental provisions	4.5 Provisions
Legal contingencies	9.2 Litigation



### Financial risks

UPM is exposed to a variety of financial risks as a result of its business activities including currency risk, interest rate risk, commodity price risk, credit risk, capital risk and liquidity risk. Risk management related to financial activities is carried out by UPM's central treasury department, Treasury and Risk Management, under policies approved by the Board of Directors. Financial risks are described in the relevant notes as described below

FINANCIAL RISK	NOTE
Credit risk	4.6 Working capital
Liquidity and refinancing risk	5.1 Capital management
Interest rate risk	6.1 Financial risk management
Foreign exchange risk	6.1 Financial risk management
Electricity price risk	6.1 Financial risk management
Financial counterparty risk	6.2 Derivatives and hedge accounting



### Climate-related risks

#### Climate change

UPM is exposed to a variety of risks related to climate change. Strategic risks related to climate change include risks concerning competition, markets, customers, products and regulation. For example, unpredictable regulation, subsidies or EU policies and resulting national legislation in EU countries may distort raw material, energy and final product markets, and changing costs of greenhouse gas emissions may influence UPM's financial performance. Other risks related to climate change particularly concern UPM's supply chain as well as the availability and price of major inputs, such as wood and electricity. » Refer note 2.3 Operating expenses and other operating income and note 4.2 Forest assets for information on items exposed to climate-related risks

## 1.3 Consolidation principles

### Subsidiaries

UPM's consolidated financial statements include the financial statements of the parent company, UPM-Kymmene Corporation, and subsidiaries controlled by UPM. All group entities consistently apply UPM's accounting policies. All inter-company transactions, receivables, liabilities and unrealised profits, as well as intragroup profit distributions, are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

### Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

UPM's share in joint operations is recognised in the consolidated balance sheet through recognition of the group's own assets and liabilities and revenues and expenses in the arrangement together with UPM's proportionate share in the joint assets, liabilities and joint income and expenses. The proportionate share of realised and unrealised gains and losses arising from intragroup transactions between UPM and its joint operations is eliminated.

### Associates and joint ventures

Associates are entities over which the group has significant influence but no control. Significant influence is the power to participate in the financial and operating policy decisions without the power to control or jointly control those policies. Joint ventures are joint arrangements where the Group has joint control with other parties and the parties have rights to the arrangement's net assets.

Interests in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost.

Associates and joint ventures follow the group accounting policies for consolidation purpose.

### Non-controlling interests

The profit or loss attributable to owners of the parent company and non-controlling interests is presented on the face of the income statement. Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to owners of the parent company.

Transactions with non-controlling interests are treated as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between consideration paid and the acquired share of the carrying value of the subsidiary's net assets is recorded in equity. Gains or losses of disposals to non-controlling interests are also recorded in equity, net of transaction costs.

## 1.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Receivables and liabilities denominated in foreign currencies outstanding on the balance sheet date are translated into the functional currency using the balance sheet date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when recognised in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

UPM records foreign exchange differences relating to ordinary business operations within the appropriate line items above operating profit and those relating to financial items are presented separately as a net amount in finance costs.

Income and expenses of subsidiaries that have a functional currency different from euro are translated into euros at monthly average exchange rates. Assets and liabilities of subsidiaries are translated at the closing rate at the balance sheet date. All resulting translation differences are recognised as a separate component in other comprehensive income. On consolidation, exchange differences arising from the translation of net investment in foreign operations and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign entity is partially disposed of, sold or liquidated, translation differences accrued in equity are recognised in the income statement as part of the gain or loss on sale/liquidation.

## 1.5 Changes in accounting policies

The group has reviewed IFRS Accounting Standard amendments effective on periods starting 1 January 2024.

### Classification of liabilities

As of 1 January 2024, the group has adopted the amendments to IAS 1. According to the amendments, for a liability to be classified as non-current, an entity must have the right to defer settlement of the liability for at least twelve months after the reporting period. The right must have substance and exist at the end of the reporting period and the classification of the liability must be unaffected by the likelihood that the company will exercise that right. The amendment did not have any impact on the group's financial statements.

Other interpretations and amendments effective as of 1 January 2024, did not have any impact on group's financial statements.

### Income tax – OECD Pillar Two model rules

The group is in the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Finland in 2023, the jurisdiction in which UPM is incorporated, and came into effect from 1 January 2024. The group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The entities in scope will be liable to pay a top-up tax for the difference between their GloBe effective tax rate per jurisdiction and the 15% minimum rate. The Pillar Two legislation had no impact on income taxes for the current reporting period. » [Refer note 7.1 Tax on profit for the year](#)

## 2. Business performance

### Sales

EUR **10,339 m**  
(EUR 10,460m)

### Comparable EBIT

EUR **1,224 m**  
(EUR 1,013m)

### Comparable ROE

**8.3 %**  
(6.2%)

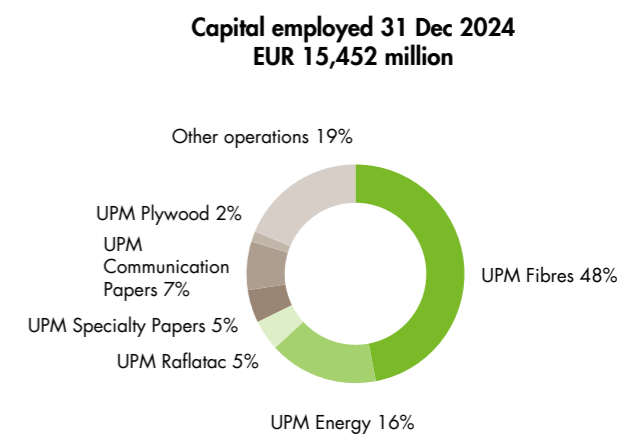
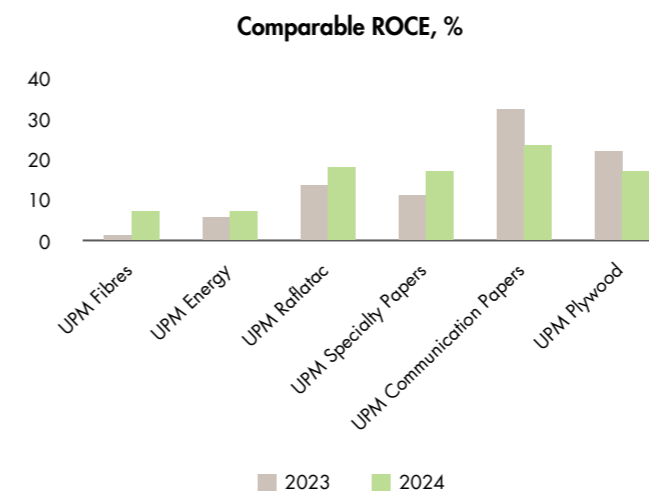
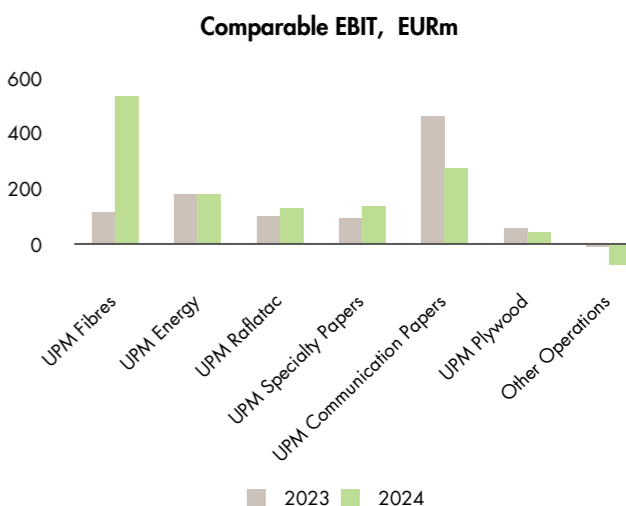
### 2.1 Business areas

UPM business portfolio consist of six competitive businesses with strong market positions. UPM reports financial information for the following business areas (segments): UPM Fibres, UPM Energy, UPM Raflatac, UPM Specialty Papers, UPM Communication Papers, UPM Plywood and Other operations. UPM has production plants in 11 countries. The group's most important markets are Europe, North America and Asia.



### Accounting policies

UPM business areas are reported consistently, with the internal reporting provided to UPM's President and CEO who is responsible for allocating resources and assessing performance of the business areas. Internal reporting is prepared under the same basis as the consolidated accounts. Costs, revenues, assets and liabilities are allocated to business areas on a consistent basis. The sales transactions between business areas are based on market prices, and they are eliminated on consolidation.



The goods and services included in sales revenue of each business area are presented in below table:

BUSINESS AREA	DESCRIPTION AND PRODUCTS
<b>UPM Fibres</b>	UPM Fibres consists of UPM Pulp and UPM Timber business units.  UPM Pulp offers a versatile range of responsibly-produced pulp grades suitable for a wide range of end-uses such as tissue, specialty and packaging papers, graphic papers and board.  UPM Timber offers certified sawn timber for joinery, packaging, furniture, planing and construction end-use segments.
<b>UPM Energy</b>	UPM Energy generates cost-competitive, zero-carbon electricity. Operations also include physical electricity and financial portfolio management as well as services to industrial electricity consumers and producers.
<b>UPM Raflatac</b>	UPM Raflatac offers innovative and sustainable self-adhesive label materials for branding and promotion, information and functional labelling in the food, beverage, personal care, pharmaceutical and logistics segments, for example.
<b>UPM Specialty Papers</b>	UPM Specialty Papers offers labelling and packaging materials as well as office and graphic papers for labelling, commercial siliconising, packaging, office use and printing.
<b>UPM Communication Papers</b>	UPM Communication Papers offers an extensive product range of sustainably produced graphic papers for advertising and publishing as well as home and office uses.
<b>UPM Plywood</b>	UPM Plywood offers high quality WISA® plywood and veneer products for construction, vehicle flooring, LNG shipbuilding, parquet manufacturing and other industrial applications.
<b>Other operations</b>	Other operations include UPM Forest, UPM Biofuels, UPM Biochemicals-, UPM Biomedicals- business units and group services.  UPM Forest secures competitive wood and biomass for UPM businesses and manages UPM-owned and privately-owned forests in North Europe. In addition, UPM offers forestry services to forest owners and forest investors.  UPM Biofuels produces wood-based renewable diesel for all diesel engines and renewable naphtha that can be used as a biocomponent for gasoline or for replacing fossil raw materials in the petrochemical industry.  UPM Biochemicals offers innovative wood-based biochemicals for replacing fossil-based raw materials in various applications such as textiles, PET bottles, packaging, cosmetics, pharmaceuticals, detergents, rubbers and resins.  UPM Biomedicals is the forerunner in producing nanofibrillar cellulose for clinical and life science applications in the field of drug screening, personalised medicine, advanced cell therapies, 3D bioprinting, tissue engineering and wound care.  UPM Biocomposites is a pioneer in circular economy offering composite decking materials based on both recycled consumer and industrial waste. The product range also includes composite materials made from renewable fibres and polymers to replace fossil-based plastics.

## Key performance indicators and financial targets

UPM aims to grow its comparable EBIT over the long term. The group has a portfolio of five businesses that operate on growing markets and one business that faces declining demand. All of UPM's businesses are competitive and have strong market positions. Financial target setting, follow up and allocation of resources in the group's performance management process is mainly based on the business area comparable EBIT and comparable ROCE.

UPM presents comparable performance measures to reflect the underlying business performance and to enhance comparability from period to period. However, the comparable performance measures used by management should not be considered in isolation as a substitute for measures of performance in accordance with IFRS. Business area information including description of items affecting comparability is presented below.

## Business area information for the year ended 31 December 2024

EURm, OR AS INDICATED	UPM FIBRES	UPM ENERGY	UPM RAFLATAC	UPM SPECIALTY PAPERS	UPM COM PAPERS	UPM PLYWOOD	OTHER OPERATIONS	ELIMINATIONS AND RECONCILIATIONS <sup>2)</sup>	GROUP
External sales	3,108	487	1,562	1,272	2,920	409	582	-1	10,339
Internal sales	621	139	—	195	33	21	40	-1,049	—
<b>Total sales</b>	<b>3,728</b>	<b>627</b>	<b>1,562</b>	<b>1,467</b>	<b>2,953</b>	<b>430</b>	<b>623</b>	<b>-1,051</b>	<b>10,339</b>
<b>Comparable EBIT</b>	<b>533</b>	<b>181</b>	<b>132</b>	<b>135</b>	<b>273</b>	<b>42</b>	<b>-52</b>	<b>-20</b>	<b>1,224</b>
Items affecting comparability in operating profit	-114	—	-44	-3	-83	—	-382	7	-620
<b>Operating profit</b>	<b>419</b>	<b>181</b>	<b>88</b>	<b>132</b>	<b>190</b>	<b>42</b>	<b>-434</b>	<b>-13</b>	<b>604</b>
Finance costs, net									-104
Income taxes									-37
<b>Profit for the period</b>									<b>463</b>
Operating assets <sup>1)</sup>	7,772	2,562	862	1,036	1,500	275	3,331	-332	17,005
Deferred tax assets									526
Other non-operating assets									62
Other financial assets									1,502
<b>Total assets</b>									<b>19,096</b>
Operating liabilities <sup>1)</sup>	422	34	149	274	376	34	394	-308	1,375
Deferred tax liabilities									673
Other liabilities									603
Other financial liabilities									4,906
<b>Total liabilities</b>									<b>7,556</b>
<b>Other items</b>									
Change in fair value of forest assets and wood harvested	11	—	—	—	—	—	68	—	80
Share of results of associates and joint ventures	2	—	—	—	—	—	-1	—	1
Depreciation and amortisation	-316	-7	-45	-71	-68	-23	-47	—	-576
Impairment charges	-121	—	-26	-2	-32	—	-380	—	-562
Capital employed, 31 December	7,350	2,527	713	762	1,125	241	2,937	-201	15,452
Average capital employed	7,153	2,426	722	789	1,151	243	3,129	-428	15,184
Capital expenditure	93	4	46	19	37	16	335	—	550
Capital expenditure, excluding acquisitions and shares	93	4	23	19	37	16	335	—	527
Comparable ROCE, %	7.5	7.5	18.3	17.1	23.8	17.1	-1.7	—	8.2
Personnel, 31 December	2,740	91	3,224	1,945	5,190	1,598	1,039	—	15,827

<sup>1)</sup> Business area's operating assets include goodwill, other intangible assets, property, plant and equipment, forest assets, energy shareholdings, investments in associates and joint ventures, inventories and trade receivables. Operating liabilities include trade payables and advances received.

<sup>2)</sup> Eliminations and reconciliations include the elimination of internal sales and internal inventory margin and the changes in fair value of unrealised cash flow and commodity hedges that are not allocated to segments.

» Refer Other financial information on Alternative performance measures, for definitions of key figures and reconciliation to measures presented in the consolidated income statement and balance sheet prepared in accordance with IFRS Accounting Standards.

## Business area information for the year ended 31 December 2023

EURm, OR AS INDICATED	UPM FIBRES	UPM ENERGY	UPM RAFLATAC	UPM SPECIALTY PAPERS	UPM COM PAPERS	UPM PLYWOOD	OTHER OPERATIONS	ELIMINATIONS AND RECONCILIATIONS <sup>2)</sup>	GROUP
External sales	2,452	486	1,485	1,300	3,570	402	768	-3	10,460
Internal sales	592	141	—	185	28	20	34	-1,000	—
<b>Total sales</b>	<b>3,044</b>	<b>628</b>	<b>1,485</b>	<b>1,485</b>	<b>3,598</b>	<b>422</b>	<b>802</b>	<b>-1,003</b>	<b>10,460</b>
<b>Comparable EBIT</b>	<b>116</b>	<b>182</b>	<b>103</b>	<b>98</b>	<b>462</b>	<b>56</b>	<b>-14</b>	<b>8</b>	<b>1,013</b>
Items affecting comparability in operating profit	—	—	-22	—	-288	-6	-87	-2	-405
<b>Operating profit</b>	<b>116</b>	<b>182</b>	<b>81</b>	<b>98</b>	<b>174</b>	<b>50</b>	<b>-101</b>	<b>6</b>	<b>608</b>
Finance costs, net									-144
Income taxes									-71
<b>Profit for the period</b>									<b>394</b>
Operating assets <sup>1)</sup>	7,314	2,624	831	1,022	1,619	276	3,374	-411	16,648
Deferred tax assets									431
Other non-operating assets									62
Other financial assets									1,332
<b>Total assets</b>									<b>18,473</b>
Operating liabilities <sup>1)</sup>	419	116	144	219	377	29	431	-408	1,328
Deferred tax liabilities									616
Other liabilities									832
Other financial liabilities									4,166
<b>Total liabilities</b>									<b>6,942</b>
<b>Other items</b>									
Change in fair value of forest assets and wood harvested	-20	—	—	—	—	—	-82	—	-103
Share of results of associates and joint ventures	2	—	—	—	-1	—	-2	—	-1
Depreciation and amortisation	-270	-7	-43	-74	-78	-21	-44	—	-538
Impairment charges	-2	—	-4	—	-117	—	—	—	-123
Capital employed, 31 December	6,895	2,508	687	803	1,242	246	2,943	-408	14,916
Average capital employed	6,839	3,042	737	875	1,424	254	2,922	321	16,414
Capital expenditure	616	3	26	23	50	15	388	—	1,122
Capital expenditure, excluding acquisitions and shares	616	3	26	23	50	15	361	—	1,094
Comparable ROCE, %	1.7	6.0	14.0	11.2	32.4	22.2	-0.5	—	6.4
Personnel, 31 December	2,775	81	3,100	1,963	6,005	1,634	1,015	—	16,573

<sup>1)</sup> Business area's operating assets include goodwill, other intangible assets, property, plant and equipment, forest assets, energy shareholdings, investments in associates and joint ventures, inventories and trade receivables. Operating liabilities include trade payables and advances received.

<sup>2)</sup> Eliminations and reconciliations include the elimination of internal sales and the changes in fair value of unrealised cash flow and commodity hedges that are not allocated to segments.

» Refer Other financial information on Alternative performance measures, for definitions of key figures and reconciliation to measures presented in the consolidated income statement and balance sheet prepared in accordance with IFRS Accounting Standards.

## Items affecting comparability

EURm	2024	2023
<b>In operating profit</b>		
Impairment charges	-549	-117
Restructuring charges	-103	-199
Change in fair value of unrealised cash flow and commodity hedges	7	-2
Capital gains and losses on sale of non-current assets	29	—
Fair value changes of forest assets	—	-86
Other non-operational items	-4	—
<b>Total</b>	<b>-620</b>	<b>-405</b>
<b>In finance costs</b>	<b>-3</b>	<b>-65</b>
<b>Total in profit before tax</b>	<b>-623</b>	<b>-470</b>
<b>In income taxes</b>		
Taxes related to items affecting comparability	133	107
Tax provisions	—	2
<b>Total</b>	<b>133</b>	<b>109</b>
<b>Total in profit for the period</b>	<b>-490</b>	<b>-361</b>

In 2024, items affecting comparability include EUR 373 million impairment on assets in Biochemicals refinery in Leuna, EUR 5 million impairment of UPM Biochemicals goodwill, and EUR 113 million impairment of Pulp operations Finland goodwill. Other items affecting comparability include EUR 10 million restructuring charges and EUR 26 million impairment charges of fixed assets related to planned closure of UPM Raflatac Kaltenkirchen factory in Germany, EUR 40 million of restructuring and impairment charges related to the closure of Hürth newsprint mill in Germany, EUR 54 million restructuring and impairment charges related to the closure of Nordland fine paper machine 3 in Germany, EUR 4 million write down of inventory at the Raflatac mill, located in Western North Carolina, USA, which was impacted by Hurricane Helene, EUR 12 million restructuring and impairment charges related to the closure of the UPM Biocomposites business, a EUR 21 million capital gain on the sale of UPM-Kymmene Austria GmbH to HEINZEL GROUP, EUR 9 million capital gain on the sale of other non-current assets, EUR 12 million other restructuring costs and EUR 8 million restructuring costs related to prior capacity closures.

In 2023, items affecting comparability include EUR 120 million restructuring charges and EUR 112 million impairment charges related to the closure of the UPM Plattling paper mill in Germany, EUR 30 million restructuring charges relating to the closure of paper machine 6 at the UPM Schongau mill in Germany and EUR 15 million restructuring and impairment charges related to restructuring measures at the UPM Raflatac Nancy factory in France, EUR 86 million decrease in the fair value of forest assets in Finland and EUR 10 million charges related to the sale of the Steyrmühl site in Austria. Items affecting comparability in finance costs include EUR 71 million exchange rate losses related to the sale of Russian subsidiaries.

### § Accounting policies

Certain non-operational or non-cash valuation transactions with significant income statement impact are considered as items affecting comparability and reported separately to reflect the underlying business

performance and to enhance comparability from period to period. The group applies relevant IFRS Accounting Standards to such transactions.

Effective retrospectively from the start of the year 2024, UPM has changed its accounting policy related to the materiality thresholds in items affecting comparability by aligning one threshold to be used in all business areas. Transactions (incomes or expenses) are considered to be significant, hence reported as items affecting comparability, in all business areas if the impact exceeds EUR 1 million pre-tax. In addition, business acquisition costs are classified as items affecting comparability regardless of amount. The change did not have any impact on prior year figures.

## Total assets and capital expenditure by country

EURm	Assets		Capital expenditure	
	2024	2023	2024	2023
Finland	8,776	8,633	100	153
Germany	2,128	2,139	335	358
Uruguay	6,213	5,817	58	581
China	603	572	6	4
United States	554	463	16	12
United Kingdom	111	103	3	4
Austria	—	106	—	—
Poland	135	145	2	4
Estonia	51	47	4	1
France	20	27	—	2
Other EU countries	93	54	24	—
Other European countries	36	32	—	—
Rest of world	377	335	2	1
<b>Total</b>	<b>19,096</b>	<b>18,473</b>	<b>550</b>	<b>1,122</b>

## Sales by destination country

EURm	2024	2023
Finland	1,306	1,267
Germany	1,073	1,469
United States	1,803	1,366
United Kingdom	513	548
China	1,744	1,533
France	386	435
Uruguay	100	66
Poland	304	301
Austria	110	160
Other EU countries	1,468	1,594
Other European countries	402	306
Rest of world	1,132	1,415
<b>Total</b>	<b>10,339</b>	<b>10,460</b>

## 2.2 Sales

UPM generates revenue mainly from the sale of goods, i.e. several types of products.

The majority of UPM's revenue comes from sales of graphic and specialty papers to publishers, retailers, printing houses, merchants and distributors, converters and label stock manufacturers; sales of self-adhesive label materials to label printers and brand owners and sales of pulp products to tissue, board, specialty and graphic paper producers. The revenue comprises also sales of energy, biofuels, sawn timber and plywood products and a very limited amount of services not related to sale of goods.

UPM sells a proportion of its products to several major customers. The largest customer in terms of sales represented approximately 2% (2%) of UPM's sales and the ten largest customers represented approximately 13% (13%) of such sales.

The group disaggregates its external sales by business area, because this depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Sales by UPM business areas are reported consistently, with the internal reporting provided to UPM's President and CEO who is responsible for allocating resources and assessing performance of the business areas. The goods and services included in sales revenue of each business area are presented in below tables.

» Refer Note 2.1 Business areas for information on UPM products.

### External sales by major products

BUSINESS AREA	BUSINESS	2024	2023
EUR million			
UPM Fibres	UPM Pulp, UPM Timber	3,108	2,452
UPM Energy	UPM Energy	487	486
UPM Raflatac	UPM Raflatac	1,562	1,485
UPM Specialty Papers	UPM Specialty Papers	1,272	1,300
UPM Communication Papers	UPM Communication Papers	2,920	3,570
UPM Plywood	UPM Plywood	409	402
Other operations	UPM Forest, UPM Biofuels, UPM Biochemicals, UPM Biomedicals, UPM Biocomposites	582	768
Eliminations and reconciliations		-1	-3
<b>Total</b>		<b>10,339</b>	<b>10,460</b>

BUSINESS	PRODUCT RANGE
UPM Pulp	Softwood, birch and eucalyptus pulp
UPM Timber	Standard and special sawn timber
UPM Energy	Electricity and related services
UPM Raflatac	Self-adhesive paper and film label stock
UPM Specialty Papers	Labelling materials, release base papers, flexible packaging materials, office papers, graphic papers
UPM Communication Papers	Graphic papers for various end uses
UPM Plywood	Plywood and veneer products
UPM Forest	Wood and wood-based biomass (logs, pulpwood, chips, forest residues etc.), full forestry service offering
UPM Biofuels	Wood-based renewable diesel for transport and renewable naphtha for transport and petrochemicals
UPM Biochemicals	Lignin products for industrial use
UPM Biomedicals	Wood-based products for biomedical applications
UPM Biocomposites	UPM ProFi decking products and UPM Formi granules

### Sales by business area

EURm	2024	2023	CHANGE %
UPM Fibres	3,728	3,044	22 %
UPM Energy	627	628	— %
UPM Raflatac	1,562	1,485	5 %
UPM Specialty Papers	1,467	1,485	-1 %
UPM Communication Papers	2,953	3,598	-18 %
UPM Plywood	430	422	2 %
Other operations	623	802	-22 %
Eliminations	-1,051	-1,003	—
<b>Total</b>	<b>10,339</b>	<b>10,460</b>	<b>-1 %</b>



### Accounting policies

#### Sales of goods

UPM's performance obligation in the contracts with customers consists of providing the goods specified in the contracts. Revenue from UPM's product sales is recognised when performance obligation is satisfied, which takes place at a point in time when control of the good has been transferred to the customer. In UPM's customer contracts the transfer of control and thus timing of revenue recognition is largely dependent on delivery terms. Group terms of delivery are based on Incoterms 2020, the official rules for interpretation of trade terms issued by the International Chamber of Commerce. A major part of the sales contracts is on delivery terms basis, whereby delivery is not a promised service to the customer, as the control of a good does not transfer to the customer before shipment. Revenue and the corresponding receivable are recorded at the point in time when the product is delivered to the destination point for terms designated Delivered Duty Paid ("DDP") or Delivered at Place ("DAP"). For sales transactions designated free of carriage (FCA), revenue is recorded at the time of shipment. For sales transactions designated as Carriage paid to (CPT) or Carriage and Insurance Paid to (CIP), the portion of revenue relating to goods is recorded at the time of loading and the portion of revenue relating to delivery services over time when the service has been performed.

UPM sells energy to NordPool electricity market. Revenue is recognised when electricity is transmitted over time.

#### Sales of services

UPM provides forest expertise and contracting services to woodland and forestry owners and freight services (free space on group's vessels sold as freight services). Revenues from services are recorded over time when the service has been performed. Sales of services is very limited and thus the group does not report it separately.

#### Revenue recognition

The group recognises revenue as an amount equal to the price specified in the customer contract net of any sales taxes, cash flow hedging results of sales in foreign currency, hedges of energy sales and variable consideration, when applicable. Variable consideration is defined as any variability that may occur between the sales price and the amount UPM expects to receive. The variable consideration includes mainly cash discounts and volume rebates that encourage the customer to take specific volumes in a given timescale. In addition, the group gives the customers the right for purchase price refund in case the products do not meet the quality as specified in the agreement. The amount of variable consideration is recognised as a refund liability when some of the amount received is expected to be refunded to the customer. Customer rebates payable to customers in relation to sales made until the end of the reporting period and expected quality claims are estimated using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is included in trade and other payables.

Receivables are recognised when the goods are delivered, and the consideration is unconditional except for the passage of time. For most of UPM's customer contracts the period between the transfer of goods or services to customers and the receipt of payment is less than 12 months. For these contracts the group has elected to use the practical expedient not to adjust revenue for the effect of financing components.

Advance payments received from customers are recognised as contract liability. UPM does not have any contract assets arising from contracts with customers.

» Refer Note 4.6 Working capital for information on contract liabilities and refund liabilities.

## 2.3 Operating expenses and other operating income

### Operating expenses

Operating expenses excluding forest assets fair value change, wood harvested and share of results of associates and joint ventures are presented below.

EURm	2024	2023
<b>Costs and expenses</b>		
Raw materials, consumables and goods	4,472	6,000
Employee costs <sup>1)</sup>	1,179	1,287
Other operating costs and expenses <sup>2)</sup>	1,083	1,143
Delivery costs and other external charges	2,072	886
<b>Total</b>	<b>8,806</b>	<b>9,316</b>

<sup>1)</sup> » Refer Note 3 Employee rewards, for further information.

### <sup>2)</sup> Distribution of other operating costs and expenses

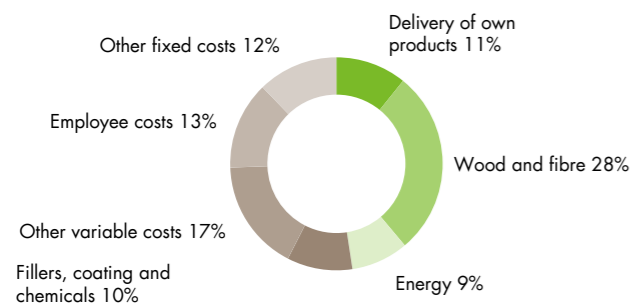
EURm	2024	2023
Rents and lease expenses	21	23
Emission expenses <sup>1)</sup>	64	18
Losses on sale of non-current assets	0	6
Credit losses	10	4
Maintenance and other operating expenses <sup>2)</sup>	988	1,092
<b>Total</b>	<b>1,083</b>	<b>1,143</b>

<sup>1)</sup> Emission expenses include gains on sales of emission rights EUR 2 million (EUR 49 million).

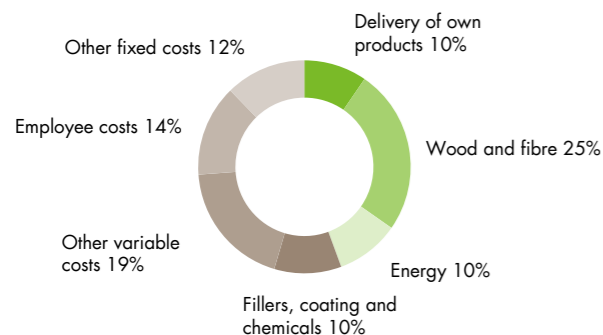
<sup>2)</sup> Other operating expenses include, among others, energy as well as expenses related to services and group's administration.



### Cost structure 2024 EUR 8,806 million



### Cost structure 2023 EUR 9,316 million



### Auditor's fees

EURm	2024*	2023*
Audit fee	4.5	4.4
Audit related services	0.6	0.2
Tax services	0.6	0.3
Other services	0.1	0.1
<b>Total</b>	<b>5.8</b>	<b>5.0</b>

\* ) In 2024 auditor's fees were paid to Ernst & Young and in 2023 auditor's fees were paid to PricewaterhouseCoopers.

In 2024, auditor's fees include EUR 0.6 million related to audit related services, EUR 0.4 million related to tax services and EUR 0.0 million related to other services paid to Ernst & Young Oy. The assurance fee EUR 0.3 million related to sustainability reporting is presented as a part of audit related services. The respective fees in 2023 were EUR 0.2 million, EUR 0.3 million and EUR 0.1 million paid to PricewaterhouseCoopers Oy.

### Research and development costs

The research and development costs included in operating expenses were EUR 70 million (66 million) in 2024. The focus was on new technologies and developing businesses.

### Government grants

In 2024, government grants recognised as deduction of operating expenses totalled to EUR 31 million (16 million) of which EUR 31 million (16 million) relates to Finland. In addition, the group received emission rights from governments amounting to EUR 92 million (154 million) of which EUR 40 million (65 million) relates to Finland, EUR 40 million (79 million) to Germany, EUR 10 million (0 million) to China and EUR 2 million (4 million) to UK.

In addition, the company receives electricity price compensation in Germany and Finland. The group considers that the conditions related to subsidies have been met. Accordingly, the subsidies have been recorded as income for the period when the subsidy has been received. The authorities monitor the use of subsidies afterwards.

### Other operating income

EURm	2024	2023
Gains on sale of non-current assets	31	8
Rental income	9	10
Emission rights received	92	154
Derivatives, non-qualifying hedges	-25	4
Exchange rate gains and losses	-9	-35
Other	31	88
<b>Total</b>	<b>130</b>	<b>228</b>

### Emission rights

The group has recognised EUR 92 million (154 million) of income in Other operating income and EUR 64 million of expense (18 million) under Other operating costs and expenses relating to CO<sub>2</sub> emissions. The liability to cover the obligation to return emission rights amounted to EUR 66 million (56 million) and is recognised in provisions. The emission rights recognised in intangible assets are specified below:

EURm	2024	2023
<b>Carrying value, at 1 January</b>	<b>256</b>	<b>235</b>
Emission rights received and purchased	96	159
Deliveries and disposals	-84	-134
Impairment	-5	-3
Reclassifications to assets held for sale	-	-1
<b>Carrying value, at 31 December</b>	<b>264</b>	<b>256</b>
Accumulated costs	272	260
Accumulated impairments	-8	-4
<b>Carrying value, at 31 December</b>	<b>264</b>	<b>256</b>

### Accounting policies

#### Research and development costs

Research and development costs are expensed as incurred, except for certain development costs, which are capitalised as they generate future economic benefits, and UPM can measure the cost reliably. Capitalised development costs are amortised on a systematic basis over their expected useful lives, usually not exceeding five years.

### Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and the group will comply with the attached conditions. Government grants relating to the purchase of property, plant and equipment are deducted from the acquisition cost of the asset and accordingly directly reduce the annual depreciation of the underlying asset. Other government grants are recognised in the income statement in the period necessary to match them with the costs they are intended to compensate. A government grant can also become receivable by the group as compensation for expenses incurred in a previous period. Such a grant is recognised in profit or loss of the period in which it becomes receivable.

### Other operating income

Other operating income mainly includes gains on the disposal of non-current assets and rental income. Further, other operating income includes foreign exchange gains and losses in respect of UPM's normal business activities. Gains and losses on derivatives not qualifying hedge accounting are also recognised in other operating income.

### Emission rights

The group participates in the European Emissions Trading Scheme aimed at reducing greenhouse gas emissions. In addition, the group participates in the Chinese national emissions trading scheme. Emission rights received from governments free of charge to emit a fixed tonnage of carbon dioxide in a fixed period of time give rise to an intangible asset for the emission rights, a government grant and a liability for the obligation to deliver emission rights equal to the emissions that have been made during the compliance period.

Emission rights are initially recognised as intangible assets based on market value at the date of initial recognition. Emission rights are not amortised. If the market price of emissions rights at the balance sheet date is less than the recognised costs, any surplus emission rights that are not required to cover actual and estimated emissions during the financial year, are impaired to the market price.

Government grants are recognised as deferred income in the balance sheet at the same time as emission rights and are recognised in other operating income in the income statement, systematically, over the compliance period to which the corresponding emission rights relate.

The liability to deliver emission rights is recognised based on actual emissions. The emissions realised are expensed under other operating costs and expenses in the income statement and presented as a provision in the balance sheet. The liability is settled using emission rights on hand, measured at the carrying amount of those emission rights. Emission rights and associated provisions are derecognised when disposed. Any profit or loss represents the costs of purchasing additional rights to cover excess emissions, the sale of unused rights in the case realised emission are under emission rights received free of charge or the impairment of unused emission rights.

## 2.4 Earnings per share and dividend

According to UPM dividend policy, the company aims to pay attractive dividends, targeting at least half of the comparable earnings per share over time.

The dividend paid in 2024 was EUR 800 million (EUR 1.50 per share) which is 35% of the operating cash flow per share and in 2023 EUR 800 million (EUR 1.50 per share). The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 800 million, EUR 1.50 per share, will be paid in respect of 2024. The proposed dividend

represents 86% of UPM's comparable earnings per share for the year 2024.

### Earnings per share

EURm	2024	2023
Profit attributable to owners of the parent company, EURm	436	388
Weighted average no. of shares (1,000)	533,324	533,324
Basic earnings per share, EUR	0.82	0.73
Diluted earnings per share, EUR	0.82	0.73

### Accounting policies

#### Earnings per share

Earnings per share (EPS) is the amount of profit for the period attributable to each share. The basic earnings per share are computed using the weighted average number of shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of shares outstanding during the period plus the dilutive effect of share options. The group did not have share-option schemes at the end of 2024 and 2023.

#### Dividend

Dividend distribution to the owners of the parent company is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the parent company's shareholders.

## 3. Employee rewards

### 3.1 Employee costs

EURm	2024	2023
Salaries and fees	937	1,039
Share-based payments	16	15
Pension and other post-employment benefits, defined benefit plans	19	21
Pension costs, defined contribution plans	101	101
Other indirect employee costs <sup>1)</sup>	106	111
<b>Total</b>	<b>1,179</b>	<b>1,287</b>

<sup>1)</sup> Other indirect employee expenses primarily include other statutory social expenses, excluding pension expenses.

### 3.2 Key management personnel

The remuneration of the Chair of the Board of Directors was resolved to be raised so that the Chair of the Board was paid an annual base fee of EUR 231,000, the Deputy Chair of the Board EUR 145,000 and the other members of the Board EUR 120,000.

The annual base fee was paid in company shares and cash so that approximately 40% of the fee was paid in the company shares purchased on the Board members' behalf, and the rest in cash. The company paid any costs and transfer tax related to the purchase of the company shares.

The remuneration of the Audit Committee was resolved to be raised and other annual committee fees remained unchanged. The Chair of Audit Committee received annual committee fee of EUR 45,000, the Chair of Nomination and Governance Committee EUR 20,000 and the Chair of Remuneration Committee EUR 27,500. The members of the Audit Committee received an annual committee fee of EUR 25,000 and members of other committees EUR 10,000. The annual committee fees were paid in cash.

In 2024, 2,816 (3,027) company shares were purchased to the Chair, 1,767 (2,013) to the Deputy Chair and 1,462 (1,666) to other members of the Board.

#### Shareholdings (no. of shares) and fees of the Board of Directors

	Shareholdings 31 December		Annual base fee (EUR 1,000)		Annual committee fee (EUR 1,000)	
	2024	2023	2024	2023	2024	2023
<b>Board members</b>						
Henrik Ehrnrooth, Chair	30,304	17,488	231	218	20	20
Kim Wahl, Deputy Chair	29,729	27,962	145	145	10	35
Pia Aaltonen-Forsell	3,128	1,666	120	120	45	15
Melanie Maas-Brunner <sup>1)</sup>	1,462	—	120	—	10	—
Jari Gustafsson	5,964	4,502	120	120	25	10
Piia-Noora Kauppi	27,163	25,701	120	120	10	10
Topi Manner	7,929	3,097	120	120	10	10
Marjan Oudeman	12,722	11,260	120	120	25	15
Martin à Porta	27,972	26,510	120	120	28	28
Emma FitzGerald <sup>2)</sup>	—	3,097	—	120	—	10
<b>Total</b>	<b>146,373</b>	<b>121,283</b>	<b>1,216</b>	<b>1,203</b>	<b>183</b>	<b>153</b>

<sup>1)</sup> Melanie Maas-Brunner, was elected as a new director to the Board in 2024

<sup>2)</sup> Emma FitzGerald, member of the Board of Directors until 4 April 2024

#### Salaries and benefits paid to the President and CEO and the Group Executive Team

EUR 1,000	President and CEO <sup>1)</sup>		Other members of Group Executive Team <sup>2)</sup>	
	2024	2023	2024	2023
Salaries	894	1,161	3,736	3,950
Short-term incentives	363	1,473	996	2,973
Share rewards	125	2,902	2,871	9,242
Benefits	36	24	146	139
<b>Total</b>	<b>1,418</b>	<b>5,561</b>	<b>7,748</b>	<b>16,304</b>

<sup>1)</sup> Massimo Reynaudo was appointed as President and CEO of UPM-Kymmene Corporation as of 1 January 2024. Jussi Pesonen continued as the President and CEO until 31 December 2023.

<sup>2)</sup> Group Executive Team was composed of 10-11 members in addition to CEO during 2024 and 2023.

In October 2023, Massimo Reynaudo was appointed as President and CEO of UPM-Kymmene Corporation as of 1 January 2024. Jussi Pesonen continued as the President and CEO until 31 December 2023, after which he worked as an advisor to the Company and its management until he retired from UPM on 30 April, 2024.

In 2024, costs under the Finnish statutory pension scheme for the President and CEO amounted to EUR 220,000 (469,000) and payments under the voluntary pension plan amounted to EUR 190,000 (911,000).

In 2024, costs under the Finnish and German statutory pension schemes for Group Executive Team (GET) members (excluding the President and CEO) amounted to EUR 731,000 (881,000) and payments under the voluntary pension plan amounted to EUR 671,000 (994,000).

The remuneration of the President and CEO and other members of the Group Executive Team consists of the base salary and benefits, short-term incentive and long-term share-based incentive.

In 2024 and 2023, the short-term incentives were based on the company's Short-Term Incentive Plan and they are paid annually in cash. The amount of the incentive is linked to the executive's position and achievement of annually set targets. The maximum incentives amount to a total of 110% of the annual base salary to the Business Area Executives and to a total of 90% of annual base salary to the other members of the Group Executive Team. For the President and CEO, the maximum annual incentive amounts to 150% of the annual base salary.

The expenses recognised in income statement in respect of share-based payments for the Group Executive Team were EUR 2.8 million (4.3 million).

The UPM's President and CEO Massimo Reynaudo's retirement age is 65 years. He has a voluntary pension benefit to supplement the Finnish statutory pension scheme (TyEL). The voluntary pension benefit is arranged through a defined contribution plan. Should the company give notice of termination of the President and CEO Massimo Reynaudo's service agreement, severance pay of 12 months base salary will be paid in addition to the salary for the 12-month notice period. Should the President and CEO give notice of termination to the company, no severance pay will be paid in addition to the salary for the notice period.

The former President and CEO Jussi Pesonen had a voluntary pension benefit in addition to the Finnish statutory pension scheme. This voluntary pension benefit was arranged through a defined benefit plan until the end of November 2020. The last contribution to the defined benefit plan was made in 2020. Under the defined benefit plan, the target pension was 60% of the average indexed earnings from the last ten full calendar years of employment calculated according to the Finnish statutory pension scheme. The income of the former President and CEO Jussi

Pesonen's defined benefit pension plan in 2024 was EUR 0.9 million (0.7 million). In 2024, the pension plan was fully settled, reducing both plan assets (EUR 10.4 million in 2023) and obligations (EUR 9.7 million in 2023) to EUR 0 million. As of December 2020, the voluntary pension benefit was arranged through a defined contribution plan for the former President and CEO.

The retirement age of other members of the Group Executive Team is 65 or 63 for executives who have become Group Executive Team members before December 2023. They are covered by the statutory pension plan in the country of residence, supplemented by voluntary defined contribution pension plans. For other GET members, the period for severance pay is 12 months, in addition to the six months' salary for the notice period, unless notice is given for reasons that are solely attributable to the executive. Should a GET member give notice of termination to the company, no severance pay will be paid in addition to the salary for the notice period.

If there is a change of control in the company, the President and CEO may terminate his service agreement within three months and each GET member within one month from closing the takeover and shall receive compensation equivalent to 24 months' base salary.

### 3.3 Share-based payments

UPM offers rewards and recognition with an emphasis on high performance. All UPM's employees belong to a unified annual Short-Term Incentive (STI) scheme. In addition, in 2024 UPM had three long-term incentive schemes: the Performance Share Plan (PSP) for senior executives, the Deferred Bonus Plan (DBP) for other key employees and Restricted Share Plan (RSP) for individually selected participants in specific recruitment and retention situations. In 2023, UPM had two long-term incentive schemes as the Restricted Share Plan was established in 2023 and the first plan was approved for the period 2024–2027.

#### Performance Share Plan

The Performance Share Plan (PSP) is targeted at the President and CEO and other Group Executive Team (GET) members as well as other selected members of the management. Under the PSP 2021–2023 UPM shares are awarded based on total shareholder return during a three-year earning period. Total shareholder return takes into account share price appreciation and paid dividends. The performance measures for the PSP 2022–2024, PSP 2023–2025 and PSP 2024–2026 comprise the total shareholder return (80% weighting) and selected environmental, social and governance related (ESG) measures. In all plans, the earned shares are delivered after the earning period has ended.

PERFORMANCE SHARE PLANS	PSP 2021-2023	PSP 2022-2024	PSP 2023-2025	PSP 2024-2026
No. of participants at 31 December 2024	21	17	17	25
Actual achievement	34.62 %	—	—	—
Max no. of shares to be delivered <sup>1)</sup>				
to the President and CEO	28,829	30,000	29,000	72,952
to other members of GET	89,562	150,500	146,000	204,000
to other selected members of management	42,272	105,500	93,500	158,000
Total max no. of shares to be delivered	160,663	286,000	268,500	434,952
Share delivery (year)	2024	2025	2026	2027
Earning criteria (weighting)	Total shareholder return (100%)	Total shareholder return (80%) ESG (20%) <sup>2)</sup>	Total shareholder return (80%) ESG (20%) <sup>3)</sup>	Total shareholder return (80%) ESG (20%) <sup>4)</sup>

<sup>1)</sup> For PSP 2021–2023, the gross number of shares actually earned.

<sup>2)</sup> ESG measures are reduction of fossil CO<sub>2</sub> emissions from UPM's own combustion and purchased electricity by 65% by 2030 from 2015 level (10% weighting), achievement of a net positive impact on biodiversity in the company's own forests in Finland (5% weighting) and achievement of gender pay equity (5% weighting).

<sup>3)</sup> ESG measures are reduction of fossil CO<sub>2</sub> emissions from UPM's on-site combustion and purchased energy by 65% by 2030 from 2015 level (10% weighting), achievement of a net positive impact on biodiversity in the company's own forests in Finland (5% weighting) and achievement of gender pay equity (5% weighting).

<sup>4)</sup> ESG measures are reduction of fossil CO<sub>2</sub> emissions from UPM's on-site combustion and purchased energy, the achievement of a net positive impact on biodiversity in the Company's own forests in Finland and the achievement of gender pay equity globally.

#### Deferred Bonus Plan

The Deferred Bonus Plan (DBP) is targeted at other selected key employees and it consists of annually commencing plans. Each plan consists of a one-year earning period and a two-year restriction period. UPM shares are awarded based on achievement of group or group and business area EBITDA targets. Prior to share delivery, the share rewards earned are adjusted with dividends and other capital distributions, if any, paid to all shareholders during the restriction period.

DEFERRED BONUS PLANS	DBP 2021	DBP 2022	DBP 2023	DBP 2024
No. of participants (at grant)	428	451	446	453
No. of participants (at 31 December 2024)	350	369	120	436
Max no. of shares to be delivered (at grant)	459,912	487,130	477,052	571,338
Estimated no. of shares to be delivered at 31 December 2024 <sup>1)</sup>	355,032	382,038	57,876	191,209
Share delivery (year)	2024	2025	2026	2027
Earning criteria	Group/Business Area EBITDA	Group/Business Area EBITDA	Group/Business Area EBITDA	Group/Business Area EBITDA

<sup>1)</sup> For DBP 2021, the gross number of shares actually earned

#### Restricted Share Plan

The Restricted Share Plan (RSP) is used as a commitment instrument for individually selected participants in specific recruitment and retention situations. The Restricted Share Plan is targeted at the President and CEO, the other Group Executive Team members and the other selected members of the senior management. The President and CEO is not eligible to receive a reward from this Plan for retention purposes. Each plan consists of a one-year grant period and a three-year vesting period

during which share rewards are delivered in instalments to the participants. The first instalment of the reward shall be delivered no earlier than one year after the date the participant was nominated to the Plan. No earning criteria is applied to the Restricted Share Plan and the delivery of the share reward is subject to the continuation of the employment or service.

RESTRICTED SHARE PLAN	RSP 2024-2027
No. of participants (at 31 December 2024)	11
Estimated no. of shares to be delivered at 31 December 2024 <sup>1)</sup>	238,340
Share delivery (year)	2025, 2026, 2027*

<sup>1)</sup> Share delivery in annual instalments

The indicated actuals and estimates of the share rewards under the Performance Share Plan, the Deferred Bonus Plan and the Restricted Share Plan represent the gross amount of the rewards of which the applicable taxes will be deducted before the shares are delivered to the participants.



#### Accounting policies

The group's long-term share incentive plans are recognised as equity-settled or cash-settled share-based payment transactions depending on the settlement. The group classifies the transactions with net settlement features for tax obligations as equity-settled in its entirety. Shares are valued using the market rate on the grant date. The settlement is a combination of shares and cash. The group may obtain the necessary shares by using its treasury shares or may purchase shares from the market. Share deliveries are executed by using already existing shares and the plans, therefore, have no dilutive effect.

### 3.4 Retirement benefit obligations

The group operates various pension schemes in accordance with local conditions and practices in the countries of operations. Retirement benefits are employee benefits that are payable usually after the termination of employment, such as pensions and post-employment medical care.

The pension plans are generally funded through payments to insurance companies or to trustee-administered funds or foundations and classified as defined contribution plans or defined benefit plans.

Defined benefit assets and liabilities recognised in the balance sheet are presented below:

EURm	2024					2023				
	FINLAND	UK	GERMANY	OTHER COUNTRIES	TOTAL	FINLAND	UK	GERMANY	OTHER COUNTRIES	TOTAL
Present value of funded obligations	14	305	—	2	321	26	320	30	2	377
Fair value of plan assets	-15	-275	-2	-2	-293	-26	-297	-2	-2	-327
Deficit (+)/surplus (-)	0	30	-2	0	28	0	23	27	0	50
Present value of unfunded obligations	—	—	431	15	446	—	—	417	16	434
<b>Net defined benefit liability (+)/asset (-)</b>	0	30	429	15	474	0	23	445	16	484
Net retirement benefit asset in the balance sheet	-1	—	—	—	-1	-1	—	—	—	-1
Net retirement benefit liability in the balance sheet <sup>1)</sup>	0	30	429	15	475	0	23	445	16	485

<sup>1)</sup> Net retirement benefit liability in the balance sheet includes other long-term employee benefits of EUR 22 million (17 million) in 2024.

UPM's most significant defined benefit arrangements are in the UK and in Germany. The group has defined benefit obligations also in Finland, the Netherlands, France, Canada and in the US. In 2024, one defined benefit plan in Finland was fully settled reducing both plan assets (EUR 10.4 million in 2023) and obligations (EUR 9.7 million in 2023) to EUR 0 million. In 2023, net retirement benefit liability of EUR 36 million of UPM-Kymmene Austria GmbH was presented in liabilities related to assets held for sale, and consisted of unfunded obligations.

#### Finland

In Finland, employers are obliged to insure their employees for statutory benefits, as determined in Employee's Pension Act (TyEL). TyEL provides the employee with insurance protection for old age, disability and death.

The group's Finnish employees are mainly insured with an insurance company and these arrangements qualify as defined contributions plans.

#### UK

In the UK, the group operates a legacy defined benefit scheme providing benefits that are linked to the salary level near retirement age or an earlier date of leaving service. The scheme is closed both for new members and future accrual for old members. Part of the scheme is a defined contribution plan and is open to all current employees. The UK pension scheme operates under a single trust which is independent from the group.

#### Germany

In Germany, employees within defined benefit arrangements are entitled to annual pensions on retirement based on their service and final salary. All significant defined benefit plans are closed for new employees.

### Present value of obligation and fair value of plan assets

EURm	Pension and other post-employment benefits 2024			Pension and other post-employment benefits 2023		
	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	NET DEFINED LIABILITY / (ASSET)	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	NET DEFINED LIABILITY / (ASSET)
<b>Carrying value, at 1 January</b>	810	-327	484	850	-340	510
Current service cost	4	—	4	5	—	5
Past service cost	—	—	—	-1	—	-1
Gains and losses arising from settlements	-1	—	-1	—	—	—
Interest expense (+) income (-)	30	-14	16	32	-15	17
Total included in employee costs (Note 3.1)	33	-14	19	36	-15	21
Actuarial gains and losses arising from changes in demographic assumptions	-1	—	-1	-13	—	-13
Actuarial gains and losses arising from changes in financial assumptions	-28	—	-28	9	—	9
Actuarial gains and losses arising from experience adjustments	-12	—	-12	12	—	12
Return on plan assets, excluding amounts included in interest expense (+) income (-)	—	34	34	—	6	6
<b>Total remeasurement gains (-) and losses (+) included in other comprehensive income</b>	-41	34	-7	7	6	14
Benefits paid	-52	52	—	-44	44	—
Settlements paid	—	—	—	-9	9	—
Contributions by the employer	—	-24	-24	—	-25	-25
Translation differences	16	-15	1	6	-6	—
Liabilities classified as held for sale (Note 8.4)	—	—	—	-36	—	-36
<b>Carrying value, at 31 December</b>	767	-293	474	810	-327	484



#### Actuarial risks

Defined benefit plans typically expose the group to the following actuarial risks:

#### Investment risk (asset volatility)

The group is exposed to changes of assets' values especially in the UK. The asset values of UK arrangements constitute 94% of total asset values in defined benefit plans within group.

#### Interest risk

Discount rates used in calculations are based on high-quality corporate bond yield curves in currency in which the benefits are paid. A decrease in the discount rate would increase the plan liabilities. The maturities of yields are reflecting the durations of the underlying obligations. The weighted average duration of group's defined benefit obligation is 13 years (14 years) at the end of 2024.

#### Inflation risk

In the UK, the pensions in payment are tied to Retail Price Index whilst being tied to Consumer Price Index during deferment. An increase of 0.5% in indexes will increase the liabilities by approximately EUR 11

million. In Germany the pensions have to be adjusted in accordance with the Consumer Price Index.

#### Salary risk

The present value of the net retirement benefit assets and liabilities is calculated by reference to the expected future salaries of plan participants. An increase in the salary of the plan participants would increase the plan liabilities. In the UK, the changes in salary levels have no impact on the funding position as all defined benefit arrangements in the UK are closed to future accrual. In Germany, an increase of 0.5% in expected future salaries would increase the obligation by EUR 5 million.

#### Life expectancy

Adjustments in mortality assumption have an impact on group's defined benefit obligation. An increase in life expectancy by one year will increase the obligation in the UK by EUR 11 million and in Germany by EUR 16 million.



### Key estimates and judgements

Several actuarial assumptions are used in calculating the expense and liability related to the defined benefit plans. Statistical information

#### Actuarial assumptions

The weighted average principal assumptions used in the valuations of the defined benefit obligations are detailed below:

	FINLAND		UK		GERMANY		OTHER COUNTRIES	
	2024	2023	2024	2023	2024	2023	2024	2023
Discount rate %	2.85	3.11	5.45	4.55	3.22	3.26	4.30	4.16
Inflation rate %	1.90	2.13	3.20	3.10	2.00	2.00	2.02	2.28
Rate of salary increase %	1.89	1.89	—	—	2.31	2.50	2.50	2.50
Rate of pension increase %	—	1.44	3.10	3.00	2.31	2.00	2.50	2.50
Expected average remaining working years of participants	0.0	1.0	8.3	8.8	7.8	8.1	8.6	11.5

EURm	0.5% INCREASE		0.5% DECREASE	
	2024	2023	2024	2023
Discount rate %	-46	-50	50	54
Rate of salary increase %	5	6	-5	-6
Rate of pension increase %	33	40	-32	-37
Life expectancy +1 year	28	29	—	—

A negative change indicates a decrease in the defined benefit obligation. A positive change indicates an increase in the defined benefit obligation.

#### Plan assets by categories at 31 December

EURm	2024		2023	
	Quoted	Unquoted	Quoted	Unquoted
Money market	49	—	49	2
Debt instruments	131	9	129	32
Equity instruments	50	—	3	45
Property	—	21	—	21
Assets held by insurance companies	—	14	—	30
Other assets	—	19	—	15
<b>Total</b>	<b>230</b>	<b>63</b>	<b>182</b>	<b>145</b>

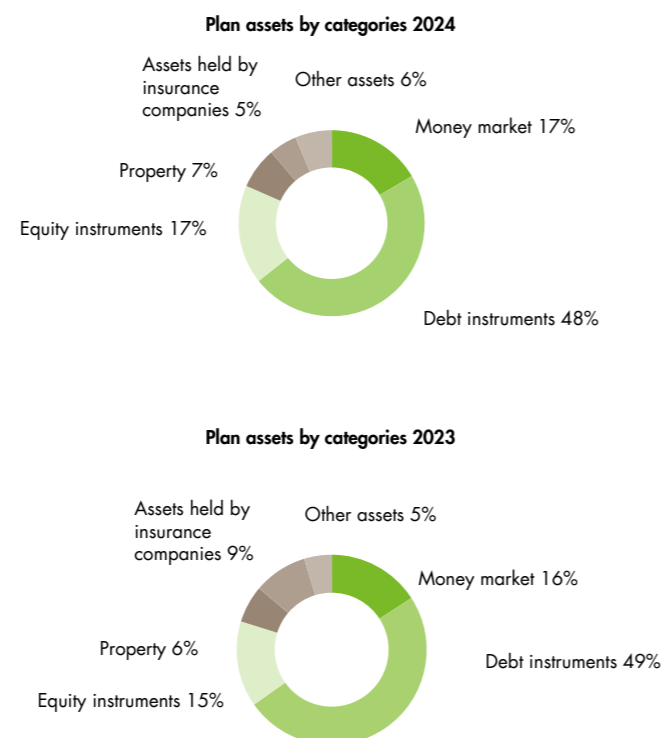
In 2024, plan assets include the company's ordinary shares with a fair value of EUR 0 million (0 million).

In 2025, contributions of EUR 25 million are expected to be paid to group's defined benefit plans. In 2024, contributions of EUR 23 million were paid to group's defined benefit plans.

used may differ materially from actual results due to, among others, changing market and economic conditions, or changes in service period of plan participants. Significant differences in actual experience or significant changes in assumptions may affect the future amounts of the defined benefit obligation and future expense.

#### Sensitivity analysis of defined benefit obligations

The sensitivity analysis shows the effect of the change in assumption. The analysis assume that all other assumptions remain unchanged. The projected unit credit method has been applied when calculating the obligation as well as these sensitivities.



### Accounting policies

#### Defined benefit pension plans

Plan benefits depend on salary and length of service. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the term of the related pension liability. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The cost of providing pensions is charged to the income statement as employee costs so as to spread the cost over the service lives of employees. Changes in actuarial assumptions and actuarial gains and losses arising from experience adjustments are charged or credited in other comprehensive income in the period in which they arise. Past service costs and gains or losses on settlement are recognised immediately in income when they occur.

#### Defined contribution plans

For defined contribution plans, contributions are paid to pension insurance companies. Once the contributions have been paid, there are no further payment obligations. Contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

#### Other post-employment obligations

Some group companies provide post-employment medical and other benefits to their retirees. The entitlement to healthcare benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries.

## 4. Capital employed

UPM's capital employed primarily relates to its production facilities and both forest and energy assets. UPM aims to capture growth opportunities in its existing business portfolio and invest in projects with attractive and sustainable returns.

#### Capital employed

EURm	2024	2023
Property, plant and equipment	7,085	7,053
Leased assets	847	683
Forest assets	2,517	2,355
Energy shareholdings	2,247	2,283
Goodwill and other intangible assets	754	998
Operating working capital	2,161	1,883
Provisions	-253	-266
Net retirement benefit assets and liabilities	-496	-501
Cash and cash equivalents	892	632
Other assets and liabilities	-154	-69
Net deferred tax assets and liabilities	-146	-185
Assets classified as held for sale, net	0	50
<b>Total</b>	<b>15,452</b>	<b>14,916</b>

## 4.1 Property, plant and equipment

EURm	LAND AND WATER AREAS	BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE ASSETS	CONSTRUCTION IN PROGRESS	TOTAL
<b>2024</b>						
Accumulated costs	954	4,699	14,693	821	1,224	22,390
Accumulated depreciation and impairments	—	-2,601	-11,688	-642	-373	-15,305
<b>Carrying value, at 31 December</b>	<b>954</b>	<b>2,098</b>	<b>3,005</b>	<b>178</b>	<b>850</b>	<b>7,085</b>
<b>Carrying value, at 1 January</b>	<b>861</b>	<b>2,073</b>	<b>3,019</b>	<b>175</b>	<b>925</b>	<b>7,053</b>
Additions	44	—	3	—	462	508
Companies acquired	7	6	2	1	—	16
Disposals	-2	—	-1	—	—	-3
Depreciation	—	-101	-339	-21	—	-461
Impairment	—	-32	-28	-1	-373	-435
Reclassifications <sup>1)</sup>	1	55	230	16	-167	136
Translation differences and other changes	43	98	119	8	4	272
<b>Carrying value, at 31 December</b>	<b>954</b>	<b>2,098</b>	<b>3,005</b>	<b>178</b>	<b>850</b>	<b>7,085</b>
<b>2023</b>						
Accumulated costs	862	4,766	14,771	891	925	22,216
Accumulated depreciation and impairments	-2	-2,693	-11,752	-716	—	-15,163
<b>Carrying value, at 31 December</b>	<b>861</b>	<b>2,073</b>	<b>3,019</b>	<b>175</b>	<b>925</b>	<b>7,053</b>
<b>Carrying value, at 1 January</b>	<b>900</b>	<b>1,054</b>	<b>1,638</b>	<b>148</b>	<b>2,993</b>	<b>6,733</b>
Additions	2	—	5	—	1,067	1,074
Companies acquired	—	—	—	—	—	1
Disposals	—	-1	—	—	—	-2
Depreciation	—	-92	-310	-19	—	-422
Impairment	—	-3	-15	-3	—	-20
Reclassifications <sup>1)</sup>	—	1,135	1,723	53	-3,052	-141
Reclassifications to assets held for sale <sup>2)</sup>	-17	-1	-1	-1	—	-21
Translation differences and other changes	-23	-19	-20	-3	-84	-149
<b>Carrying value, at 31 December</b>	<b>861</b>	<b>2,073</b>	<b>3,019</b>	<b>175</b>	<b>925</b>	<b>7,053</b>

<sup>1)</sup> Reclassifications in 2024 and 2023 relate to final classification of assets in the Uruguay pulp mill investment. » Refer note 4.4 Goodwill and other intangible assets.

<sup>2)</sup> Reclassification to assets held for sale in 2023 relates to agreement to sell 100% of the shares of the Austrian subsidiary UPM-Kymmene Austria GmbH.

### Capital expenditure

Capital expenditure, excluding acquisitions and shares, amounted to EUR 527 million (1,094 million) in 2024.

In January 2020, UPM announced that it would invest in a 220,000 tonnes next-generation biochemicals biorefinery in Leuna, Germany. The commissioning and start-up was initiated in late 2024, and the total investment estimate is EUR 1,275 million.

### Capitalised borrowing costs

In 2024, the borrowing costs capitalised as part of non-current assets amounted to EUR 29 million (38 million). Amortisation of capitalised borrowing costs was EUR 1 million (2 million) and the average interest rate used 3.04% (3.00%), which represents the average costs to finance the projects. In 2024, capitalised borrowing costs were related to the construction of the biochemicals biorefinery in Germany. In 2023, capitalised borrowing costs were related to the construction of the pulp mill in Uruguay and biochemicals biorefinery in Germany.

### Government grants

In 2024, government grants recognised as deduction of non-current assets totalled to EUR 3 million (7 million).

### Major capital commitments at 31 December

EURm	2024	2023
New biorefinery / Germany	177	363

### Impairment losses

In 2024, impairment charges relate to the closure of UPM Hürth mill, closure of paper machine 3 at Nordland in Germany, planned closure of Kaltenkirchen factory in Germany and property, plant and equipment of Leuna biorefinery. In December 2024, the group conducted the impairment test of UPM Biochemicals CGU resulting to impairment of the entire goodwill of EUR 5 million and impairment of EUR 373 million of property, plant and equipment. Refer Note 4.4 Goodwill and other intangible assets.

In 2023, impairment charges mainly relate to the closure of UPM Platling mill in Germany.



### Accounting policies

#### Property, plant and equipment

Property, plant and equipment is stated at historical cost. Costs of assets of acquired in business combinations are determined at fair value at the acquisition date. Depreciation is calculated on a straightline basis and the carrying value is adjusted for impairment charges, if any. The carrying value of property, plant and equipment on the balance sheet represents the cost less accumulated depreciation and any impairment charges.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Major renovations are capitalised and depreciated over the useful lives of the related asset. Ordinary expenses for repairs and maintenance are expensed as incurred.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in other operating income and other operating expenses, respectively.

ASSESSED USEFUL LIVES	NUMBER OF YEARS
Land, not subject to depreciation	-
Buildings	20-50
Power plants	20-30
Heavy machinery	15-20
Light machinery	10-15
Equipment	5

#### Impairment testing

Carrying values of individual items included in property, plant and equipment are reviewed at each closing date to determine whether there is any indication of impairment. The carrying value is written down immediately to the asset's recoverable amount if the carrying value exceeds the estimated recoverable amount. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and its value in use. Value in use is determined by discounting future cash flows expected to be generated by the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets, other than goodwill, that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount will not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.



### Key estimates and judgements

The estimations of useful lives, residual value as well as depreciation and amortisation methods require significant management judgement and are reviewed annually. Management makes estimates on the future cash flows expected to result from the use of the asset and its eventual disposal. While management believes that estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect valuations.

The long useful lives of assets, changes in estimated future sales prices of products, changes in product costs and changes in the discount rates used could lead to significant impairment charges.

Estimates are also made in an acquisition when determining the fair values and remaining useful lives of acquired intangible and tangible assets.

## 4.2 Forest assets

UPM is both a major forest owner and a purchaser of wood. The value of forest assets, i.e. standing trees, amounted to EUR 2,517 million (2,355 million) at the end of 2024.

EURm	2024	2023
<b>Carrying value, at 1 January</b>	2,355	2,442
Additions	54	50
Disposals	-21	-10
Wood harvested	-218	-184
Net change in fair value	299	81
Translation differences	48	-25
<b>Carrying value, at 31 December</b>	2,517	2,355

Change in fair value, change due to harvesting and gains or losses on sale of forest assets are recognised in the income statement as a net amount amounting to EUR 80 million (-103 million) in 2024. In 2024, the fair value of forest assets in Finland was impacted by higher long term stumpage price estimates. In 2023, the change in fair value of forest assets in Finland was impacted by higher discount rate which was partly offset by higher stumpage price estimates.

### Forest assets

EURm	2024	2023
Forest assets in Finland	1,695	1,621
Forest assets in Uruguay	807	720
Forest assets in United States	15	13
<b>Carrying value, at 31 December</b>	2,517	2,355

### Forest land

Forest land is included in land and water areas within property, plant and equipment. » [Refer Note 4.1 Property, Plant and equipment](#). At the end of 2024, carrying value of own forest land amounted to EUR 801 million (EUR 715 million) and leased forest land EUR 249 million (EUR 231 million).

UPM's own and leased forest land areas are summarised in below table.

1,000 ha	FOREST LAND	PRO-DUCTIVE FOREST LAND	FORESTED LAND
Finland	522	428	416
Uruguay	318	189	178
Uruguay, leased land	174	140	130
United States	76	55	55
<b>Total</b>	1,090	812	779

### Accounting policies

The group divides all its forest assets for accounting purposes into growing forests, which are recognised as forest assets at fair value less costs to sell, and land. The group applies IAS 41 to account its forest assets. Own land is stated at cost whereas leased land is valued at cost less accumulated depreciation.

Any changes in the fair value of the growing forests are recognised in the operating profit in the income statement. The fair value is calculated on the basis of discounted future expected cash flows considering existing, sustainable harvesting plans and assessments regarding growth, timber prices, harvesting and silviculture costs and selling expenses. Forest renewal costs are capitalised during the growth cycle as part of the forest assets value. The fair value of forest assets is a level 3 measure in terms of the fair value measurement hierarchy.



### Key estimates and judgements

#### Fair valuation

The valuation process of forest assets is complex and requires management estimates and judgement on assumptions that have a significant impact on the valuation of the group's forest assets.

Main factors used in the fair valuation of forest assets are estimates for growth and wood harvested, stumpage prices and discount rates. Stumpage price forecasts are based on the current prices adjusted by the management's estimates for the full remaining productive lives of the trees, up to 150 years or until next regeneration cutting for forests in Finland and in the US and up to 10 years for plantations in Uruguay. The cash flows are adjusted by selling costs and costs related to future risks. Felling revenues and maintenance costs are estimated on the basis of actual costs and prices, taking into account the group's projection of future price and costs development. In addition, calculations take into account future forest growth and environmental restrictions.

The pre-tax discount rate used to determine the fair value of the Finnish forests in 2024 was 9.7% (9.5%) and for Uruguayan plantations 11.2% (11.5%). A decrease (increase) of one percentage point in discount rate would increase (decrease) the fair value of forest assets by approximately EUR 221 million (214 million).

## 4.3 Energy shareholdings

UPM is both a significant purchaser and producer of energy. The majority of electrical and thermal energy is consumed at the group's pulp and paper production. The production is mainly carried out by energy companies in which UPM has energy shareholdings. Energy shareholdings are unlisted equity investments. Based on the shareholder agreements, UPM does not have control or joint control of or significant influence in the said energy companies.

The value of energy shareholdings amounted to EUR 2,247 million (2,283 million) at the end of 2024. These energy companies supply electricity or both electricity and heat to their shareholders on a cost-price principle (Mankala-principle) which is widely applied in the Finnish energy industry. Under the Mankala-principle electricity and/or heat is supplied to the shareholders in proportion to their ownership and each shareholder is, pursuant to the specific stipulations of the respective articles of association, severally responsible for its respective share of the production costs of the energy company concerned.

In 2020, UPM issued a shareholder loan of EUR 47 million without a maturity date to PVO. Embedded into the loan terms is a right to issue new shares in the PVO B2 series against the remaining, unpaid nominal of the loan starting from 2021. The loan is valued at fair value and is taken into account as a part of the total fair valuation of the PVO B2 series valuation.

## Energy shareholdings

	Number of shares	Group holding %	Carrying value, EURm	
			2024	2023
Pohjolan Voima Oyj, A series	8,176,191	61.24	543	507
Pohjolan Voima Oyj, B series	4,140,132	58.11	1,151	1,302
Pohjolan Voima Oyj, B2 series	2,869,819	51.22	0	0
Kemijoki Oy	179,189	7.33	426	345
Länsi-Suomen Voima Oy	10,220	51.10	123	124
Other	—	—	4	5
<b>Carrying value, at 31 December</b>			2,247	2,283

PVO's share capital is divided into different series of shares. The B and B2 series relate to PVO's shareholdings in Teollisuuden Voima Oyj (TVO). UPM has no direct shareholdings in TVO. TVO operates three nuclear power plants (Olkiluoto 1, Olkiluoto 2 and Olkiluoto 3) in Finland. The operation of a nuclear power plant is governed by international, European Union and local nuclear regulatory regimes. Pursuant to the Finnish Nuclear Liability Act, the operator of a nuclear facility has a strict third-party liability in relation to nuclear accidents. Shareholders of power companies that own and operate nuclear power plants are not subject to the liability under the Nuclear Liability Act. In Finland, the future costs of conditioning, storage and final disposal of spent fuel, management of low and intermediate level radioactive waste as well as nuclear power plant decommissioning are provided for by a state established fund (the Finnish State Nuclear Waste Management Fund). The contributions to the Fund are intended to be sufficient to cover estimated future costs. These contributions have been taken into consideration in the fair value of the related energy shareholdings.

### Changes in energy shareholdings

EURm	2024	2023
<b>Carrying value, at 1 January</b>	2,283	3,652
Disposals	-4	—
Changes in fair value recognised in other comprehensive income	-32	-1,369
<b>Carrying value, at 31 December</b>	2,247	2,283



### Accounting policies

The group has made an irrevocable election to designate its energy shareholdings as equity instruments where changes in fair value are recognised through OCI. The shareholdings are not held for trading as the group has an intention to hold the investments for the long term. Purchases of energy shareholdings are initially and subsequently measured at fair value through other comprehensive income, net of tax if applicable, with only dividend income recognised through profit and loss. Initial fair value is acquisition cost including transaction costs. Upon disposal of the investment, the accumulated fair value changes in equity are not recycled to the income statement but instead, are reclassified from the fair value reserve to retained earnings.

The fair value of energy shareholdings is a level 3 measure in the fair value measurement hierarchy.



### Key estimates and judgements

#### Fair valuation and sensitivity

Valuation of energy shareholdings requires management's assumptions and estimates of a number of factors that may differ from the actual outcome which could lead to significant adjustment to the carrying amount of the asset. Fair value is determined on a discounted cash flow basis and the main factors impacting the future cash flows include future electricity prices, price trends and discount rates. Changes in regulatory environment or taxation may also have an impact on the value of the energy generating assets. The valuation process is carried out by UPM Energy and the results are reviewed by management.

The electricity price estimate is based on future electricity forward prices and a simulation of the Finnish area electricity price. A change of 5% in the electricity price used in the model would change the total value of the assets by EUR 250 (180) million. The discount rate of 8.07% (8.01%) used in the valuation model is determined using the weighted average cost of capital method. A change of 0.5% percentage points in the discount rate would change the estimated fair value of the assets by approximately EUR 180 (100) million.

One of the main factors in the decrease in fair value during reporting period was the decrease in electricity forward market prices. Additionally, market price volatility's impact on the value of hydropower assets has been updated, increasing the fair value of hydropower assets.

## 4.4 Goodwill and other intangible assets

The group's goodwill in 2024 mainly relates to pulp operations in Uruguay belonging to the UPM Fibres business area. In 2024, the group impaired the entire goodwill of Pulp operations in Finland CGU, amounting to EUR 113 million and entire goodwill of UPM Biochemicals CGU, amounting to EUR 5 million. Companies acquired in 2024, relate to the acquisition of Grafityp in UPM Raflatac business area. [Refer note 8.1. Business acquisitions and disposals](#) for further information.

In 2023, the group's goodwill and other intangible assets increased mainly as a result of the company acquisition of SunCoal Industries GmbH in UPM Biochemicals under Other Operations.

### Goodwill by business area

EURm	2024	2023
Pulp operations Uruguay	111	105
Pulp operations Finland	—	113
UPM Raflatac	48	46
UPM Plywood	13	13
Other operations	1	6
<b>Total</b>	<b>174</b>	<b>283</b>

### Goodwill

EURm	2024	2023
Carrying value, at 1 January	283	282
Companies acquired	3	5
Translation differences	7	-4
Impairment charges	-118	—
<b>Carrying value, at 31 December</b>	<b>174</b>	<b>283</b>

### Other intangible assets

EURm	INTANGIBLE RIGHTS	SOFTWARE AND OTHER INTANGIBLE ASSETS	TOTAL
<b>2024</b>			
Accumulated costs	434	587	1,021
Accumulated amortisation and impairments	-222	-482	-705
<b>Carrying value, at 31 December</b>	<b>212</b>	<b>104</b>	<b>316</b>
<b>Carrying value, at 1 January</b>	<b>214</b>	<b>245</b>	<b>459</b>
Additions	3	16	18
Companies acquired	—	5	5
Amortisation	-5	-26	-30
Impairment	—	-5	-5
Reclassifications <sup>2)</sup>	—	-136	-135
Translation differences	—	4	4
<b>Carrying value, at 31 December</b>	<b>212</b>	<b>104</b>	<b>316</b>
Emission rights, carrying value <sup>1)</sup>			264
<b>Carrying value including emission rights, at 31 December</b>			<b>580</b>
<b>2023</b>			
Accumulated costs	463	765	1,228
Accumulated amortisation and impairments	-249	-520	-769
<b>Carrying value, at 31 December</b>	<b>214</b>	<b>245</b>	<b>459</b>
<b>Carrying value, at 1 January</b>	<b>198</b>	<b>120</b>	<b>317</b>
Additions	2	6	8
Companies acquired	18	4	22
Amortisation	-4	-25	-29
Reclassifications <sup>2)</sup>	—	140	140
<b>Carrying value, at 31 December</b>	<b>214</b>	<b>245</b>	<b>459</b>
Emission rights, carrying value <sup>1)</sup>			256
<b>Carrying value including emission rights, at 31 December</b>			<b>715</b>

<sup>1)</sup> » [Refer Note 2.3 Operating expenses and other operating income](#), for further information on emission rights.

<sup>2)</sup> Reclassifications in 2024 and 2023 relate to final classification of assets in the Uruguay pulp mill investment. » [Refer note 4.1 Property, plant and equipment](#).

### Impairment testing

Impairment tests for goodwill and water rights with indefinite life were carried out in the fourth quarter 2024.

Water rights of hydropower plants belonging to UPM Energy and reported in intangible rights amounted EUR 189 million at the end of 2024 and 2023. The values of water rights were tested based on expected future cash flows of each separate hydro power plant. The impairment test of water rights did not result in a recognition of any impairment in 2024 and 2023.

Goodwill impairment tests were carried out for pulp operations in Finland and Uruguay, belonging to the UPM Fibres business area, UPM Raflatac business area, UPM Plywood business area and UPM Biochemicals business in Other operations.

In 2024, the weakened pulp market and high wood costs have negatively affected the performance outlook of Pulp operations in

Finland compared to previous estimates. As a result of the impairment test calculation, UPM impaired the entire goodwill of EUR 113 million. No other assets than goodwill was impaired.

UPM Biochemicals CGU includes assets of Leuna biorefinery, which is the first of its kind new technology-based plant. The increased costs from the initial investment estimate and the construction delays indicated that the carrying amount of CGU may no longer be fully recoverable. As a result of the impairment test calculation conducted in December 2024, UPM impaired the entire goodwill of EUR 5 million and EUR 373 million of other assets. The remaining book value of the refinery closely aligns with the estimated cost of constructing a comparable plant in the current economic environment. [Refer Note 4.1 Property, Plant and Equipment](#).

The recoverable amount of CGUs was estimated based on value in use calculations.

The basis for valuation and key assumptions used in goodwill impairment testing are summarised in the below table:

CASH GENERATING UNIT	BASIS OF VALUATION	PERIOD OF FORECAST	PRE-TAX DISCOUNT RATE	KEY ASSUMPTIONS
Pulp operations Finland	Value in use	10 years + terminal value	10.55 % (2023: 10.68%)	Pulp price, wood costs
Pulp operations Uruguay	Value in use	10 years + terminal value	9.12% (2023: 9.61%)	Pulp price, wood costs
UPM Raflatac	Value in use	10 years + terminal value	10.59% (2023: 10.05%)	Product prices, cost development
UPM Plywood	Value in use	10 years + terminal value	11.12% (2023: 12.06%)	Product prices, cost development
UPM Biochemicals	Value in use	5 years + terminal value	9.69% (2023: 10.20%)	Product prices, cost development

### Sensitivity analyses

The sensitivity analyses of goodwill impairment tests indicate that no reasonable change in key assumptions would result in recognition of impairment loss against goodwill. In pulp operations Uruguay, the recoverable amount is most sensitive to pulp sales prices.



### Key estimates and judgements

The group's assessment of the carrying value of goodwill and indefinite life assets requires significant judgement.

While management believes that estimates of future cash flows are reasonable, different assumptions are subject to change as a result of changing economic and operational conditions. Actual cash flows could therefore vary from estimated discounted future cash flows and could result in changes in the recognition of impairment charges in future periods.

### Future cash flows

The review of recoverable amount for goodwill and indefinite life assets is based on a calculation of value in use, using management projections of future cash flows. The most important assessments and assumptions needed in calculations are forecasts for future growth rates for the business in question, product prices, cost development and the discount rates applied. The group is using mainly ten-year forecasts in calculations as the nature of the group's business is long term, due to its capital intensity, and is exposed to cyclical changes. For UPM Biochemicals, the group used five-year forecasts in calculations due to different maturity level of the business. In estimates of product prices and cost development, forecasts prepared by management for the next three years and estimates made for the following two to seven years are taken into consideration. In addition, consideration is given to the investment

decisions made by the group as well as the profitability programmes that the group has implemented and the views of knowledgeable industry experts on the long-term development of demand and prices. In the projection of cash flows UPM uses EBITDA adjusted with cash flows not captured within EBITDA, including working capital movements and capital expenditures. An assumed terminal value is based on a EBITDA multiples six times, except for UPM Biochemicals for which perpetuity value is determined using inflation based 2% growth rate.

### Discount rate

The discount rate is estimated using the weighted average cost of capital (WACC) on the calculation date adjusted for risks specific to the business in question. The adjusted after-tax discount rate is translated to a pre-tax rate for each cash generating unit (CGU) based on the specific tax rate applicable to where the CGU operates.



### Accounting policies

### Goodwill

Goodwill arises in connection with business combinations where the consideration transferred exceeds the fair value of the acquired net assets. Goodwill is recognised at cost less accumulated impairment and is an intangible asset with an indefinite useful life. Goodwill is allocated to the cash generating units that are expected to benefit from the synergies from the business combination.

### Intangible rights

Intangible rights include water rights of hydropower plants, patents, licences, intellectual property and similar rights. Water rights are deemed to have an indefinite useful life as the company has a contractual right to exploit water resources in the energy production of power plants.



The values of water rights are tested annually for impairment based on expected future cash flows of each separate hydropower plant. Other intangible rights are recognised at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives ranging from 5 to 10 years.

#### Software and other intangible assets

Research expenditure is recognised as an expense as incurred. Costs incurred in acquiring software that will contribute to future period financial benefit are capitalised to software and systems. Other intangible assets are recognised at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives ranging from 3 to 5 years.

## 4.5 Provisions

EURm	RESTRUCTURING	TERMINATION	ENVIRON- MENTAL	EMISSIONS	OTHER	TOTAL
<b>2024</b>						
<b>Provisions at 1 January</b>	59	117	27	56	6	266
Provisions made during the year	27	58	—	78	26	189
Provisions utilised during the year	-29	-90	-1	-68	-1	-189
Unused provisions reversed	-4	-5	-1	-1	-3	-14
Reclassifications	1	-1	—	—	—	—
Translation differences	—	—	—	—	—	1
<b>Provisions at 31 December</b>	<b>55</b>	<b>79</b>	<b>26</b>	<b>66</b>	<b>28</b>	<b>253</b>
Non-current						89
Current						165
<b>Total</b>						<b>253</b>
<b>2023</b>						
<b>Provisions at 1 January</b>	14	22	29	53	15	134
Provisions made during the year	53	129	2	69	5	258
Provisions utilised during the year	-6	-30	-3	-65	-12	-116
Unused provisions reversed	-1	-4	-2	—	-2	-10
Reclassifications	-1	—	1	-1	—	-1
<b>Provisions at 31 December</b>	<b>59</b>	<b>117</b>	<b>27</b>	<b>56</b>	<b>6</b>	<b>266</b>
Non-current						170
Current						96
<b>Total</b>						<b>266</b>

UPM has undergone several restructuring programmes in recent years including mill closures and profit improvement programmes. Restructuring provisions recognised include various restructuring activities including dismantling costs. Termination provisions include severance payments, unemployment compensations or other arrangements for employees leaving the company. In Finland, termination provisions include also unemployment arrangements and disability pensions. Unemployment provisions in Finland are recognised 2–3 years before the granting and settlement of the compensation.

At 31 December 2024 and 2023, restructuring and termination provisions relate mainly to capacity closures and optimisation of operations in UPM Communication Papers business area. In 2024,

#### Impairment testing

Goodwill and other intangible assets that are deemed to have an indefinite life are tested at least annually for impairment. For goodwill impairment testing purposes the group identifies its cash-generating units (CGUs), which is the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets or other groups of assets. Each CGU is no larger than a business area. The carrying amount for the CGU includes goodwill, non-current assets and working capital. If the balance sheet carrying amount of the CGU unit exceeds its recoverable amount, an impairment loss is recognised. Impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other intangible assets with indefinite useful lives are impaired if the recoverable amount of the asset is less than the carrying amount. The carrying amount of the asset is then reduced to the recoverable amount which is the higher of the asset's net selling price and its value in use.

additions to restructuring and termination provisions of EUR 71 million relate to closures of Hürth newsprint mill and Nordland fine paper machine 3 and the planned closure of Raflatac Kalttenkirchen factory.

In 2023, additions to restructuring and termination provisions of EUR 143 million relate to the closure of UPM Plattling paper mill and paper machine 6 at UPM Schongau paper mill.

The group recognises provisions for normal environmental remediation costs expected to be incurred in a future period upon a removal of non-current assets and restoring industrial landfills where a legal or constructive obligation exists.

Other provisions mainly include other short-term obligations related to emission rights.

Provisions for emissions include liability to cover the obligation to return emission rights. The group possesses emission rights amounting to EUR 264 million (256 million) as intangible assets.

» [Refer Note 2.3](#) *Operating expenses and other operating income, for further information on emission rights.*



#### Accounting policies

A provision is recognised when a present legal or constructive obligation exists as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are split between amounts expected to be settled within 12 months of the balance sheet date (current) and amounts expected to be settled later (non-current).

#### Restructuring and termination provisions

A restructuring provisions is recognised when a detailed plan for the implementation of the measures is complete and when the plan has been communicated to those who are affected. Employee termination provisions are recognised when the group has communicated the plan to the employees.

#### Environmental provisions

Environmental expenditures that relate to an existing condition caused by past operations that do not contribute to future earnings are expensed. The recognition of environmental provisions is based on current interpretations of environmental laws and regulations. Such provisions are recognised when the group has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognised and subsequently depreciated as part of the asset. Provisions do not include any third-party recoveries.

#### Emission provisions

Emission obligations are recognised in provisions based on realised emissions. The provision is measured at the carrying amounts of the corresponding emission rights held, which are recognised as intangible assets. In case of deficit in emission rights, the shortage is valued at the market value at the balance sheet date.



#### Key estimates and judgements

#### Environmental provisions

The estimates used in determining the provisions are based on the expenses incurred for similar activities in the current reporting period taking into account the effect of inflation, cost-base development and discounting. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take into account of any such changes. The discount rate applied is reviewed annually.

The group aims to operate in compliance with regulations related to the treatment of waste water, air emissions and landfill sites. However,

expected events during production processes and waste treatment could cause material losses and additional costs in the group's operations.

#### Legal contingencies

Management judgement is required in measurement and recognition of provisions related to pending litigation. Provisions are recorded when the group has a present legal or constructive obligation as a result of past event, an unfavourable outcome is probable and the amount of loss can be reasonably estimated. Due to inherent uncertain nature of litigation, the actual losses may differ significantly from the originally estimated provision.

» [Refer Note 9.2](#) *Litigation for details of legal contingencies.*

## 4.6 Working capital

The group defines operating working capital as inventories, trade receivables, trade payables and advances received which are presented separately below. The performance obligations related to advances received are typically fulfilled within 12 months of receipt of the advance. UPM is focusing on working capital efficiency and targeting a sustainable and permanent reduction in operating working capital.

#### Operating working capital

EURm	2024	2023
Inventories	2,104	1,948
Trade receivables	1,432	1,254
Trade payables	-1,369	-1,297
Advances received	-6	-22
<b>Total</b>	<b>2,161</b>	<b>1,883</b>

#### Inventories

EURm	2024	2023
Raw materials and consumables	1,149	1,027
Work in progress	6	6
Finished products and goods	915	885
Advance payments	35	31
<b>Total</b>	<b>2,104</b>	<b>1,948</b>

## Trade and other receivables

EURm	2024	2023
<b>Trade receivables</b>		
Trade receivables	1,458	1,284
Loss allowance provision	-26	-30
<b>Total trade receivables</b>	<b>1,432</b>	<b>1,254</b>
<b>Prepayments and accrued income</b>		
Personnel expenses	3	2
Interest income	0	1
Energy and other excise taxes	8	11
Other items	164	118
<b>Total prepayments and accrued income</b>	<b>176</b>	<b>133</b>
<b>Other receivables</b>		
VAT and other indirect taxes receivable	169	155
Cash collaterals	110	187
Other receivables	43	53
<b>Total other receivables</b>	<b>322</b>	<b>395</b>
<b>Total</b>	<b>1,929</b>	<b>1,782</b>

## Trade receivables ageing

EURm	2024			2023		
	TRADE RECEIVABLES	LOSS ALLOWANCE PROVISION	TRADE RECEIVABLES, NET OF PROVISION	TRADE RECEIVABLES	LOSS ALLOWANCE PROVISION	TRADE RECEIVABLES, NET OF PROVISION
Undue	1,347	-3	1,345	1,165	-4	1,161
Past due up to 30 days	63	-1	62	82	-2	80
Past due 31–90 days	14	-2	12	8	-1	7
Past due over 90 days	34	-21	13	30	-23	6
<b>Total</b>	<b>1,458</b>	<b>-26</b>	<b>1,432</b>	<b>1,284</b>	<b>-30</b>	<b>1,254</b>

## Trade and other payables

EURm	2024	2023
<b>Accrued expenses and deferred income</b>		
Personnel expenses	186	181
Interest expenses	30	22
Indirect taxes	16	16
Customer rebates	114	94
Customer claims	6	6
Other items	109	148
<b>Total accrued expenses and deferred income</b>	<b>462</b>	<b>467</b>
Advances received	6	22
Trade payables	1,369	1,297
Other current liabilities	101	97
<b>Total</b>	<b>1,938</b>	<b>1,883</b>



### Operational credit risk

Operational credit risk is defined as the risk where UPM is not able to collect the payments for its receivables. The group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Outstanding trade receivables, days of sales outstanding (DSO) and overdue trade receivables are followed on monthly basis. Potential concentrations of credit risk with respect to trade and other receivables are limited due to the large number and the geographic dispersion of customers. Customer credit limits are established and monitored, and ongoing evaluations of their financial condition is performed. The group has trade credit insurances to protect accounts receivables from significant credit losses. In certain market areas, including Asia and Northern Africa, measures to reduce credit risks include letters of credit, prepayments and bank guarantees. Maximum exposure to credit risk, without taking into account any credit enhancements, is the carrying amount of trade and other receivables.

UPM does not have significant concentration of customer credit risk. The ten largest customers accounted for approximately 20% (19%) of the trade receivables as at 31 December 2024 – i.e., approximately EUR 288 million (239 million).

In 2024, trade receivables amounting to EUR 15 million (5 million) were subject to permanent write-off and the loss was recognised under other costs and expenses. In accordance with the group's accounting policy, trade receivables are permanently written off when there is no reasonable expectation of recovery.



### Accounting policies

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the method most appropriate to the particular nature of inventory, the first-in, first-out (FIFO) or weighted average cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. If the net realisable value is lower than cost, a valuation allowance is established for inventory obsolescence.

#### Trade and other receivables

Trade receivables arising from selling goods and services in the normal course of business are recognised initially at transaction price and subsequently at amortised cost less loss allowance provision. No element of financing is deemed present as the sales are made with a credit term of 14–60 days, which is consistent with market practice.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The group has recognised two types of provisions for trade receivables – a general provision for lifetime expected credit losses and a provision for specified individual trade receivables, both of which are charged to the income statement. The group uses a provision matrix for estimating lifetime expected credit losses where trade receivables are segregated by businesses. The provision matrix is based on historical observed default rates, adjusted by forward looking information. It takes into account trade credit insurances, payment profile of customers and the factor that as debts get older they are more likely not to be paid. Additionally, the group recognises a provision individually for outstanding trade receivables where specific debtor information is available. In these cases there must be objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Trade receivables are permanently written off when there is no reasonable expectation of recovery. The customer entering into bankruptcy or liquidation proceedings or finalising such proceedings, or entering into debt-restructuring are considered indicators that the trade receivables are no longer expected to be recovered. Subsequent recoveries of amounts previously written off are credited to the income statement. The carrying amount of trade receivables approximates to their fair value due to the short-term nature of the receivables.

Other receivables consist mainly of cash collaterals pledged for commodity contracts and interest rate futures. The fair value equals to the amount of cash pledged as collateral. The cash collaterals cover the counterparties' losses in case UPM is unable to meet its obligations.

#### Trade and other payables

Trade payables arise from purchase of inventories, fixed assets and goods and services in the ordinary course of business from UPM's suppliers. Trade and other payables are classified as current liabilities if they are due to be settled within the normal operating cycle of the

business or within 12 months from the balance sheet date. Trade payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method. The carrying amount of trade payables approximates to their fair value due to the short-term nature of the payables.

The group is recognising refund liability for expected volume and other discounts arising from contracts with customers. Customer rebates include mainly volume discounts and are recognised as equal to an amount which is most likely to be paid to the customer. The carrying amount of expected customer rebates is updated at each reporting date, using the latest forecast data available.

Customer claims relating to quality complaints are accounted for as revenue-related refund liability. Expected customer claims are estimated based on historical data and the amount of refund liability is updated at each reporting date. Customer claims and customer rebates are typically expected to realise within the next 12 months.

Advances received are recognised as contract liability until the performance obligation is fulfilled.

## 5. Capital structure

UPM has a strong cash flow and industry-leading balance sheet that mitigates risks and enables value-enhancing strategic actions.

<b>Net debt</b>	<b>Free cash flow</b>
EUR <b>2,869 m</b>	EUR <b>766 m</b>
(EUR 2,432m)	(EUR 1,193m)

### 5.1 Capital management

UPM's objective for managing capital comprising of net debt and total equity is to ensure maintenance of flexible capital structure to enable the ability to operate in capital markets and maintain optimal returns to shareholders. The group manages its financing activities, debt portfolio and financial resources via various policies that are designed to ensure optimum financing arrangements minimising simultaneously financial expenses and refinancing risk and optimising liquidity. Borrowing activities are centralised to the parent to the extent possible and cash resources are distributed within the group by the central treasury department.

UPM targets a net debt to EBITDA ratio of approximately 2 times or less.

#### UPM's capital

EURm	2024	2023
Equity attributable to owners of the parent company	11,139	11,161
Non-controlling interest	401	370
<b>Total equity</b>	<b>11,540</b>	<b>11,531</b>
Non-current debt	3,747	3,056
Current debt	166	327
Debt held for sale	—	2
<b>Total debt</b>	<b>3,913</b>	<b>3,385</b>
<b>Total capitalisation</b>	<b>15,452</b>	<b>14,916</b>
Total debt	3,913	3,385
Less: Interest-bearing financial assets and investment funds	1,044	906
Less: Interest-bearing financial assets held for sale	—	47
<b>Net debt</b>	<b>2,869</b>	<b>2,432</b>
<b>Gearing ratio, % <sup>1)</sup></b>	<b>25</b>	<b>21</b>
<b>Net debt to EBITDA <sup>1)</sup></b>	<b>1.66</b>	<b>1.55</b>

<sup>1)</sup> Refer » [Other financial information](#) on *Alternative performance measures*.



#### Liquidity and refinancing risk

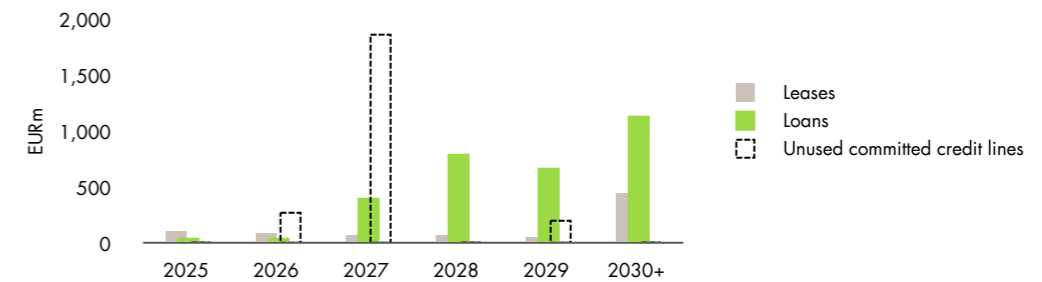
Under all circumstances, UPM seeks to maintain adequate liquidity, which depends on a number of factors, such as the availability of cash flows from operations and access to additional debt and equity financing. UPM aims to ensure sufficient liquidity by means of efficient cash management and restricting financial investments to investment types that can readily be converted into cash and by keeping a sufficient amount of unused committed credit lines or cash as a reserve. UPM aims to minimise refinancing risks by ensuring a balanced loan portfolio maturing schedule and sufficiently long maturities. The average loan maturity at 31 December 2024 was 5.5 years (5.1 years).

#### Liquidity and refinancing

EURm	2024	2023
Cash at bank	849	613
Cash equivalents	42	19
Cash classified as assets held for sale	—	39
Investment funds	1	1
Committed credit lines	2,310	2,909
of which used	0	—
Loan commitments	—	—
Used uncommitted credit lines	-1	-182
Long-term loan repayment cash flow	-151	-114
Debt held for sale	—	-2
<b>Liquidity</b>	<b>3,050</b>	<b>3,284</b>

Cash and cash equivalents comprise cash in hand, deposits held at banks and with original maturities of three months or less. Investment funds comprise fund investments with a redemption period of less than 12 months. Commercial papers and utilised bank overdrafts are included in used uncommitted credit lines and presented within current debt in the balance sheet. In 2024 or 2023, no material impairment and no expected credit losses were recognised in profit or loss for loan receivables or cash and cash equivalents.

Repayments of debt and maturities of unused committed credit lines at the end of 2024



#### Maturity table of debt at the end of 2024

EURm	2025	2026	2027	2028	2029	2030+	Total
Bonds	—	—	361	750	500	1,100	2,711
Loans from financial institutions	34	31	31	31	31	31	188
Lease liabilities	115	81	69	63	55	451	832
Other loans	2	—	—	—	129	—	131
Current loans and debt held for sale	1	—	—	—	—	—	1
<b>Principal payments</b>	<b>152</b>	<b>112</b>	<b>461</b>	<b>844</b>	<b>714</b>	<b>1,581</b>	<b>3,863</b>
<b>Interest payments</b>	<b>102</b>	<b>93</b>	<b>91</b>	<b>63</b>	<b>56</b>	<b>215</b>	<b>620</b>

The difference between the above nominal values and carrying value of total debt arise from fair value adjustments decreasing carrying value by EUR 26 million and other non-cash adjustments decreasing carrying value by EUR 23 million.

#### Maturity table of debt at the end of 2023

EURm	2024	2025	2026	2027	2028	2029+	Total
Bonds	—	—	—	339	750	1,000	2,089
Loans from financial institutions	20	34	31	31	31	62	208
Lease liabilities	94	97	64	53	50	348	706
Other loans	—	2	—	—	—	135	137
Current loans and debt held for sale	183	—	—	—	—	—	183
<b>Principal payments</b>	<b>297</b>	<b>133</b>	<b>95</b>	<b>423</b>	<b>830</b>	<b>1,545</b>	<b>3,323</b>
<b>Interest payments</b>	<b>75</b>	<b>66</b>	<b>62</b>	<b>61</b>	<b>34</b>	<b>111</b>	<b>409</b>

The difference between the above nominal values and carrying value of total debt arise from fair value adjustments decreasing carrying value by EUR 45 million and other non-cash adjustments decreasing carrying value by EUR 20 million.

## Maturity table of derivatives included in net debt and guarantees at the end of 2024

EURm	2025	2026	2027	2028	2029	2030+	Total
<b>Net settled interest rate swaps</b>							
Net inflow	5	8	9	1	1	—	25
Net outflow	-23	-17	-18	-19	—	—	-79
<b>Gross settled derivatives</b>							
<b>Gross currency swaps</b>							
Total inflow	8	8	8	8	133	—	163
Total outflow	-5	-5	-5	-5	-168	—	-189
<b>Forward foreign exchange contracts</b>							
Total inflow	741	—	—	—	—	—	741
Total outflow	-750	—	—	—	—	—	-750
<b>Guarantees</b>	—	—	—	—	—	—	—

## Maturity table of derivatives included in net debt and guarantees at the end of 2023

EURm	2024	2025	2026	2027	2028	2029+	Total
<b>Net settled interest rate swaps</b>							
Net inflow	3	7	9	9	—	—	27
Net outflow	-30	-19	-17	-18	-19	—	-104
<b>Gross settled derivatives</b>							
<b>Gross currency swaps</b>							
Total inflow	7	7	7	7	7	138	173
Total outflow	-7	-5	-5	-5	-5	-168	-195
<b>Forward foreign exchange contracts</b>							
Total inflow	1,000	9	—	—	—	—	1,009
Total outflow	-989	-9	—	—	—	—	-999
<b>Guarantees</b>	—	—	—	—	—	—	—

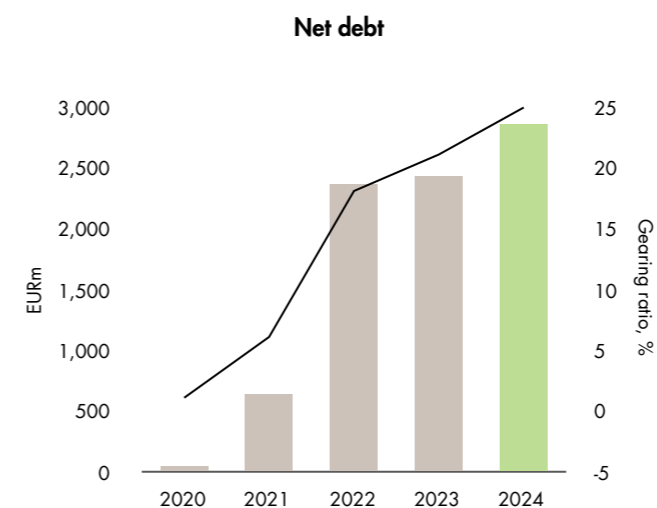
## 5.2 Net debt

Net debt is defined as the total of current and non-current debt less cash and cash equivalents and interest-bearing current and non-current financial assets. In 2024, net debt increased by EUR 437 million. Net debt totalled EUR 2,869 million (2,432 million) at the end of 2024.

UPM has a EUR 5 billion Euro Medium Term Note (EMTN) programme and a Green Finance Framework that aligns with the International Capital Markets Association (ICMA) Green Bond Principles. The framework has a second party opinion from S&P Global ratings with the highest "Dark green" overall shading.

In August 2024, UPM successfully issued its fourth Green Bond under its EMTN programme and Green Finance Framework. The EUR 600 million bond matures in August 2034, and pays a fixed coupon of 3.375%. UPM has issued four Green Bonds, totalling EUR 2,350 million.

The proceeds from the Green Bonds will be allocated in accordance with the Green Finance Framework to eligible green projects and assets. The following framework categories have been used for the previously issued three Green Bonds: sustainable forest management, climate-positive products and solutions, and hydropower. The bonds do not have any financial covenants and all issued euro bonds are listed on the Irish Stock Exchange plc, trading as Euronext Dublin.



## Net debt

EURm	2024	2023
<b>Bonds</b>	2,642	2,002
Loans from financial institutions	154	188
Lease liabilities	717	612
Derivatives	84	94
Other loans	149	160
<b>Non-current debt</b>	3,747	3,056
Repayments of non-current debt	36	20
Repayments of lease liabilities	115	94
Derivatives	14	33
Other liabilities	1	180
<b>Current debt</b>	166	327
Debt held for sale	0	2
<b>Total debt</b>	3,913	3,385
Loan receivables	2	4
Derivatives	21	51
Other receivables	15	17
<b>Non-current interest-bearing assets</b>	38	71
Loan receivables	1	1
Derivatives	2	14
Other receivables	110	187
Investment funds	1	1
Cash and cash equivalents	892	632
<b>Current interest-bearing assets</b>	1,006	835
Interest-bearing assets held for sale	0	47
<b>Total interest-bearing assets</b>	1,044	953
<b>Net debt</b>	2,869	2,432



## Accounting policies

## Debt

Debt comprising of bonds, bank and pension loans, lease liabilities and other loans is recognised initially at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the estimated life of the borrowing. UPM classifies debt as non-current unless due for settlement within a year. Most of the debt is hedged in a fair value hedge relationship as described in » [Note 6.1 Financial risk management](#).

## Change in net debt 2024

Reported in financing activities in cash flow statement

EURm	NON-CURRENT LOANS INCL. REPAYMENTS	LEASE LIABILITIES	CURRENT LOANS	NET DERIVATIVES	INVESTMENT FUNDS	DEBT HELD FOR SALE	OTHER FINANCIAL ASSETS	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS HELD FOR SALE	NET DEBT
<b>Carrying value, at 1 January</b>	2371	706	180	63	-1	2	-208	-632	-47	2,432
Change in net debt, cash										
Proceeds from non-current debt	600	—	—	—	—	—	—	—	—	600
Payments of non-current debt	-23	—	—	—	—	—	—	—	—	-23
Lease repayments	—	-105	—	—	—	—	—	—	—	-105
Change in current liabilities	—	—	-182	—	—	—	—	—	—	-182
Net cash flows from derivatives	—	—	—	-5	—	—	—	—	—	-5
Transaction costs and discounts in operating cash flow	-7	—	—	—	—	—	—	—	—	-7
Change in other financial assets in operating cash flow	—	—	—	—	—	—	79	—	—	79
Change in other financial assets in investing cash flow	—	—	—	—	—	—	—	—	—	—
Change in investment funds	—	—	—	—	—	—	—	—	—	—
Change in cash and cash equivalents <sup>1)</sup>	—	—	—	—	—	—	—	-261	39	-222
	570	-105	-182	-5	—	—	79	-261	39	135
Change in net debt, non-cash										
Companies acquired	1	—	3	—	—	—	—	—	—	4
Companies disposed	—	—	—	—	—	-2	2	—	9	9
New contracts and subsequent additions	—	202	—	—	—	—	—	—	—	202
Lease liability reassessments	—	5	—	—	—	—	—	—	—	5
Fair value gains and losses	17	—	—	18	—	—	—	—	—	35
Exchange gains and losses	17	24	—	—	—	—	—	2	—	43
Effective interest rate adjustment	4	—	—	—	—	—	—	—	—	4
	40	231	3	18	—	-2	1	2	9	302
<b>Carrying value, at 31 December</b>	2,981	832	1	76	-1	—	-128	-892	—	2,869

<sup>1)</sup> The difference between the change in cash and cash equivalents in the consolidated cash flow statement, amounting to EUR 222 million and the change in cash and cash equivalents here, amounting to EUR 261 million, is due to cash and cash equivalents classified as held for sale as of 31.12.2023, amounting to EUR 39 million. Cash and cash equivalents classified as held for sale were disposed in 2024 as a part of the sale of 100% of the shares of Austrian subsidiary UPM Kymmene-Austria GmbH to the HEINZEL GROUP.

## Change in net debt 2023

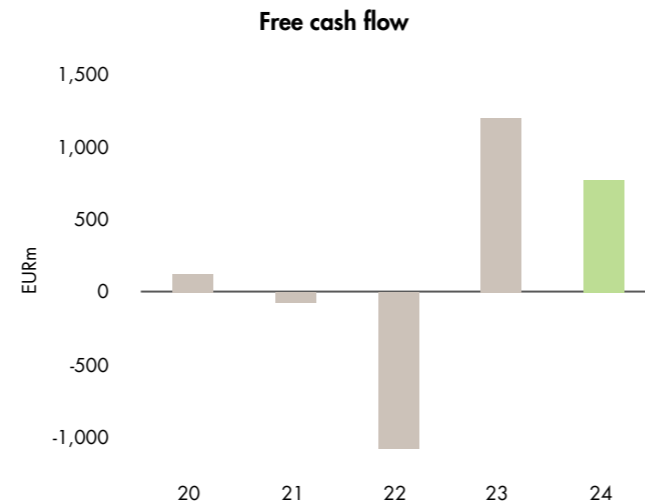
Reported in financing activities in cash flow statement

EURm	NON-CURRENT LOANS INCL. REPAYMENTS	LEASE LIABILITIES	CURRENT LOANS	NET DERIVATIVES	INVESTMENT FUNDS	DEBT HELD FOR SALE	OTHER FINANCIAL ASSETS	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS HELD FOR SALE	NET DEBT
<b>Carrying value, at 1 January</b>	3,766	668	441	90	-1	—	-523	-2,067	—	2,374
Change in net debt, cash										
Proceeds from non-current debt	100	—	—	—	—	—	—	—	—	100
Payments of non-current debt	-1,506	—	—	—	—	—	—	—	—	-1,506
Lease repayments	—	-99	—	—	—	—	—	—	—	-99
Change in current liabilities	—	—	-260	—	—	—	—	—	—	-260
Net cash flows from derivatives	—	—	—	6	—	—	—	—	—	6
Change in other financial assets in operating cash flow	—	—	—	—	—	—	311	—	—	311
Change in other financial assets in investing cash flow	—	—	—	—	—	—	-5	—	—	-5
Change in investment funds	—	—	—	—	—	—	—	—	—	—
Change in cash and cash equivalents	—	—	—	—	—	—	—	1,379	—	1,379
	-1,406	-99	-260	6	—	—	306	1,379	—	-74
Change in net debt, non-cash										
Companies acquired	2	—	—	—	—	—	—	—	—	2
Companies disposed	—	-2	—	—	—	—	—	—	—	-2
New contracts and subsequent additions	—	149	—	—	—	—	—	—	—	149
Lease liability reassessments	—	2	—	—	—	—	—	—	—	2
Fair value gains and losses	33	—	—	-34	—	—	—	—	—	-1
Exchange gains and losses	-27	-11	—	—	—	—	—	16	—	-22
Effective interest rate adjustment	4	—	—	—	—	—	—	—	—	4
Reclassifications to assets and liabilities held for sale	-1	-1	—	—	—	2	9	39	-47	—
	11	137	—	-34	—	2	8	55	-47	131
<b>Carrying value, at 31 December</b>	2,371	706	180	63	-1	2	-208	-632	-47	2,432

### Free cash flow

Free cash flow is primarily a liquidity measure. It is an important indicator of UPM's overall operational performance as it reflects the cash generated from operations after investing activities.

EURm	2024	2023
Operating cash flow	1,352	2,269
Investing cash flow	-586	-1,076
<b>Free cash flow</b>	<b>766</b>	<b>1,193</b>
Dividends paid to owners of the parent company	-801	-799
Dividends paid to non-controlling interests	-19	-36
Contributions paid by non-controlling interests	0	35
Other financing cash flow	-10	-14
Transaction costs and discounts in operating cash flow	7	0
Change in other financial assets in operating cash flow	-79	-311
Change in other financial assets in investing cash flow	0	5
<b>Change in net debt, cash</b>	<b>135</b>	<b>-74</b>
Change in net debt, non-cash	302	131
<b>Change in net debt</b>	<b>437</b>	<b>58</b>
Opening net debt	2,432	2,374
<b>Closing net debt</b>	<b>2,869</b>	<b>2,432</b>



### Bonds

FIXED RATE PERIOD	INTEREST RATE, %	CURRENCY	NOMINAL VALUE ISSUED, MILLION	CARRYING VALUE 2024 EURm	CARRYING VALUE 2023 EURm
1997-2027	7.450	USD	375	375	361
2020-2028	0.125	EUR	750	675	650
2021-2031	0.500	EUR	500	496	495
2022-2029	2.250	EUR	500	497	496
2024-2034	3.375	EUR	600	599	—
<b>Value, at 31 December</b>				<b>2,642</b>	<b>2,002</b>
Current portion				—	—
Non-current portion				2,642	2,002

### Leases

Leases of property, plant and equipment where UPM, as a lessee, obtains substantially all of the economic benefits from the use of the identified asset and where UPM has the right to direct the use of the identified asset, are classified as leases. Approximately 29% (34%) of leased assets recognised on the balance sheet consists of land areas in Uruguay, which the group uses for eucalyptus plantations. Approximately 8% (11%) of leased assets on the balance sheet consists of vessels for sea transportation in Europe. Approximately 6% (9%) of the leased assets on the balance sheet consist of five power plants. UPM uses the energy generated by these plants for its own production. In 2023, the decrease in carrying value is mainly attributable to the EUR 100 million impairment charge of a leased power plant related to the closure of UPM Plattling paper mill in Germany. In addition, the group has leased one waste water treatment plant as well as several warehouses, terminals, offices and railcars. UPM also leases some

production machinery and equipment like forklifts and vehicles that are insignificant to the total leased assets portfolio.

In 2024, additions to leased assets mainly relate to Uruguay railway service agreement, which is approximately 24% of leased assets on the balance sheet. In 2023, additions to leased assets mainly relate to biochemicals refinery utilities in Leuna and new vessels for sea transportation in Europe. Impairment charges in 2023 relate to the closure of the UPM Plattling paper mill.

In 2024, the total cash outflow for leased assets was EUR 105 (99) million. The expenses related to short-term leases recognised in the income statement in 2024 were not material. The group did not have significant variable lease payments in 2024.

The lease commitments for leases not commenced at year-end 31 December 2024 totalled approximately EUR 24 (176) million, which is mostly related to a service agreement related waste water treatment in Leuna, Germany.

### Changes in leased assets

	LAND AREAS	BUILDINGS	MACHINERY AND EQUIPMENT	OTHER LEASED ASSETS	ADVANCE PAYMENTS <sup>1)</sup>	TOTAL
<b>2024</b>						
<b>Carrying value, at 1 January</b>	272	161	226	1	24	683
New contracts and subsequent additions	19	3	181	1	9	213
Reassessments and disposals	1	4	-1	—	—	4
Depreciation	-18	-24	-43	—	—	-85
Reclassifications	—	—	33	—	-33	—
Translation differences	16	—	15	—	—	32
<b>Carrying value, at 31 December</b>	<b>291</b>	<b>144</b>	<b>411</b>	<b>1</b>	<b>—</b>	<b>847</b>
<b>2023</b>						
<b>Carrying value, at 1 January</b>	283	247	169	1	13	713
New contracts and subsequent additions	9	40	95	4	13	161
Reassessments and disposals	7	4	-2	—	—	9
Depreciation	-17	-31	-39	—	—	-87
Impairments	—	-100	—	—	—	-100
Reclassifications	—	2	4	-4	-2	—
Reclassifications held for sale	—	—	—	—	—	-1
Translation differences	-10	-1	-1	—	—	-11
<b>Carrying value, at 31 December</b>	<b>272</b>	<b>161</b>	<b>226</b>	<b>1</b>	<b>24</b>	<b>683</b>

<sup>1)</sup> Advance payments for leases not commenced at the year end reporting date 31 December.



### Accounting policies

#### Leases

##### The group as a lessee

UPM assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether UPM obtains substantially all the economic benefits from the use of that asset, and whether UPM has the right to direct the use of the asset.

The group recognises a leased asset and a lease liability at the lease commencement date, except for short-term leases. UPM applies this to all asset classes. Short-term leases are leases that, at the commencement date, have a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. UPM recognises lease payments of short-term leases as an expense on a straight-line basis over the lease term.

The lease term is determined as the non-cancellable period of the lease taking into consideration the options to extend and terminate if it is reasonably certain that the group will exercise the extension option or will not exercise the termination option. If the contract is for an indefinite period of time and the group and the lessor both have a right to terminate the contract within a short notice period (12 months or less) without a significant economic penalties and termination cash payments, the contract is considered to be a short-term contract.

The lease liability is recognised at the commencement date and measured at the present value of the lease payments to be paid during the lease term. The group uses, as a basis, discount rate implicit in the lease and if that rate cannot be readily determined, UPM uses incremental borrowing rate which comprises of currency and lease term-based reference rate and specific credit spread as well as other specific terms and conditions of a lease. Lease payments can include fixed payments, variable payments that depend on an index or rate and extension option payments or purchase options if it is reasonably certain

that the group will exercise them. The lease liability is subsequently measured at amortised cost using the effective interest rate method and remeasured (with corresponding adjustment to the related leased asset) when there is a change in future lease payments due to renegotiation, changes of an index or rate or reassessment of options.

Leased asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The leased asset is subsequently valued at cost less accumulated depreciation and impairment losses. Remeasurement takes place in case lease liability is remeasured and change in cash flows is based on contract terms that have been included in the original contract. The leased asset is depreciated over the shorter of the asset's useful life and the lease term. The leased asset is subject to testing for impairment if there is an indicator for impairment, as for own assets.

The group has elected to separate non-lease components such as service components and other variable components and account them for as expenses, if they can be separated from the leased asset. However, the group does not separate non-lease components from the lease contracts of company cars.

The group does not apply portfolio approach of leases with similar characteristics.

Leased assets are presented in the balance sheet as a separate financial statement line item. Lease liabilities are presented as part of non-current debt and current debt line items in the balance sheet. Lease liabilities are part of net debt calculation of the group. Short-term lease payments are reported as rents and lease expenses. Variable lease payments are recognised within the operating costs and expenses based on the nature of the payment. The interest expense on the lease liability is recognised as a component of finance costs in income statement. In cash flow statement, payments for the principal portion of the lease liability are recognised as financing cash flow while payments for interest portion of lease liability, short-term leases, and variable amounts not included in the measurement of the lease liability, are classified within operating cash flow.

### The group as a lessor

At inception of a lease contract, the group makes an assessment whether the lease is a finance lease or an operating lease. If the lease transfers substantially all of the risks and rewards incidental to ownership of the

asset, it is considered to be a finance lease; if not, the lease is considered to be an operating lease. The group has only a minor amount of operating lease contracts, whereby the lease payments are recognised on a straight-line basis over the term of the lease.

## 5.3 Financial assets and liabilities by category

Financial assets and liabilities recognised in the balance sheet include cash and cash equivalents, loans and other financial receivables, investments in securities, trade receivables, trade payables, loans, bank overdrafts and derivatives.

Classification of financial assets into different measurement categories depends on the contractual cash flow characteristics and the business model for managing the financial asset. The measurement category of each financial asset is determined at inception. Financial

assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right in all circumstances to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the group has transferred substantially all the risks and rewards of ownership.

### Financial assets and liabilities by category at the end of 2024

EURm	FAIR VALUE THROUGH PROFIT AND LOSS	EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OCI	DERIVATIVES UNDER HEDGE ACCOUNTING	FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST	TOTAL
Energy shareholdings	—	2,247	—	—	2,247
Other non-current financial assets					
Loans and receivables	—	—	—	16	16
Derivatives	1	—	27	—	28
	1	—	27	16	44
Trade and other receivables	—	—	—	1,929	1,929
Other current financial assets					
Loans and receivables	—	—	—	1	1
Derivatives	9	—	58	—	67
Investment funds	1	—	—	—	1
	10	—	58	1	69
Financial assets classified as held for sale	—	—	—	—	—
Cash and cash equivalents	—	—	—	892	892
<b>Total financial assets</b>	<b>11</b>	<b>2,247</b>	<b>85</b>	<b>2,838</b>	<b>5,181</b>
Non-current debt					
Interest-bearing liabilities	—	—	—	3,662	3,662
Derivatives	—	—	84	—	84
	—	—	84	3,662	3,747
Other non-current financial liabilities					
Other liabilities <sup>1)</sup>	—	—	—	153	153
Derivatives	—	—	5	—	5
	—	—	5	153	158
Current debt					
Interest-bearing liabilities	—	—	—	152	152
Derivatives	10	—	5	—	14
	10	—	5	152	166
Trade and other payables	—	—	—	1,938	1,938
Other current financial liabilities					
Derivatives	7	—	101	—	108
	7	—	101	—	108
Financial liabilities classified as held for sale	—	—	—	—	—
<b>Total financial liabilities</b>	<b>17</b>	<b>—</b>	<b>195</b>	<b>5,905</b>	<b>6,116</b>

<sup>1)</sup> Consists mainly of non-current advances received and a put liability that is not estimated to mature within 12 months.

### Financial assets and liabilities by category at the end of 2023

EURm	FAIR VALUE THROUGH PROFIT AND LOSS	EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OCI	DERIVATIVES UNDER HEDGE ACCOUNTING	FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST	TOTAL
Energy shareholdings	—	2,283	—	—	2,283
Other non-current financial assets					
Loans and receivables	—	—	—	8	8
Derivatives	—	—	52	—	52
	—	—	52	8	60
Trade and other receivables	—	—	—	1,782	1,782
Other current financial assets					
Loans and receivables	—	—	—	1	1
Derivatives	19	—	43	—	62
Investment funds	1	—	—	—	1
	20	—	43	1	64
Financial assets classified as held for sale <sup>2)</sup>	—	—	—	63	63
Cash and cash equivalents	—	—	—	632	632
<b>Total financial assets</b>	<b>20</b>	<b>2,283</b>	<b>95</b>	<b>2,486</b>	<b>4,884</b>
Non-current debt					
Interest-bearing liabilities	—	—	—	2,962	2,962
Derivatives	—	—	94	—	94
	—	—	94	2,962	3,056
Other non-current financial liabilities					
Other liabilities <sup>1)</sup>	—	—	—	155	155
Derivatives	—	—	2	—	2
	—	—	2	155	157
Current debt					
Loans	—	—	—	294	294
Derivatives	33	—	—	—	33
	33	—	—	294	327
Trade and other payables	—	—	—	1,883	1,883
Other current financial liabilities					
Derivatives	13	—	38	—	51
	13	—	38	—	51
Financial liabilities classified as held for sale <sup>2)</sup>	—	—	—	20	20
<b>Total financial liabilities</b>	<b>46</b>	<b>—</b>	<b>134</b>	<b>5,314</b>	<b>5,494</b>

<sup>1)</sup> Consists mainly of non-current advances received and a put liability that is not estimated to mature within 12 months.

<sup>2)</sup> Financial assets and liabilities classified as held for sale relate to agreement to sell 100% of the shares the of the Austrian subsidiary UPM-Kymmene Austria GmbH.

The carrying amounts of financial assets and financial liabilities approximate their fair value except for interest-bearing liabilities in non-current debt. Their fair value amounted to EUR 2,898 million (2,873 million) at the end of 2024. For quoted bonds, the fair values are based on the quoted market value as of 31 December. At the end of 2024, all bonds were quoted.

For other non-current debt in interest-bearing liabilities fair values are estimated using the expected contractual future payments discounted at market interest rates and are categorised within level 2 of the fair value hierarchy.

» Refer Note 5.2 Net debt, for further information on net debt and bonds.

### Fair value measurement hierarchy for financial assets and liabilities

EURm	2024				2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investment funds	—	1	—	1	—	1	—	1
Derivatives, non-qualifying hedges	—	10	—	10	—	19	—	19
Derivatives under hedge accounting	1	85	—	85	4	91	—	95
Energy shareholdings	—	—	2,247	2,247	—	—	2,283	2,283
<b>Total</b>	<b>1</b>	<b>96</b>	<b>2,247</b>	<b>2,343</b>	<b>4</b>	<b>111</b>	<b>2,283</b>	<b>2,398</b>
<b>Financial liabilities</b>								
Derivatives, non-qualifying hedges	—	17	—	17	—	46	—	46
Derivatives under hedge accounting	—	195	—	195	6	128	—	134
<b>Total</b>	<b>—</b>	<b>211</b>	<b>—</b>	<b>211</b>	<b>6</b>	<b>174</b>	<b>—</b>	<b>180</b>

There have been no transfers between levels in 2024 and 2023.

### Accounting policies

#### Fair value through profit or loss

This category includes derivatives that do not qualify for hedge accounting and investments funds. They are measured at fair value and any gains or losses from subsequent measurement are recognised in the income statement.

#### Equity instruments at fair value through OCI

This category includes mainly UPM's energy shareholdings. These assets are measured at fair value through other comprehensive income. » [Refer Note 4.3 Energy shareholdings](#).

#### Financial assets at amortised cost

This category comprises loan receivables with fixed or determinable payments that are not quoted in an active market, as well as trade and other receivables, and cash and cash equivalents. They are included in non-current assets unless they mature within 12 months of the balance sheet date. Cash and cash equivalents are always classified as current assets. Loan receivables that have a fixed maturity are measured at amortised cost using the effective interest method. Loan receivables without fixed maturity date are measured at amortised cost. As soon as a loan receivables or cash and cash equivalents are originated or purchased, a loss allowance for 12-month expected credit losses are recognised in profit or loss. If credit risk increases significantly, full lifetime expected credit losses are recognised in profit or loss. The credit loss model applied to trade receivables is described in » [Note 4.6 Working capital](#).

#### Derivatives under hedge accounting

All derivatives are initially and continuously recognised at fair value in the balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognised in accordance with the accounting principles described in » [Note 6.2 Derivatives and hedge accounting](#).

#### Financial liabilities measured at amortised cost

This category includes debt, trade payables and other financial liabilities. » [Refer Note 5.2 Net debt, for further information](#).

The different levels of fair value hierarchy used in fair value estimation are defined as follows:

#### Fair values under level 1

Quoted prices (unadjusted) traded in active markets for identical assets or liabilities. Derivatives include futures and commodity forwards traded in exchange.

#### Fair values under level 2

Observable inputs are used as basis for fair value calculations either directly (prices) or indirectly (derived from prices). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. For investment funds, the valuation is based on quoted prices (unadjusted) for identical assets in markets that are not active. For derivatives, level 2 include OTC derivatives like forward foreign exchange contracts, foreign currency options, interest and currency swaps and commodity swaps. Specific valuation techniques used to value financial instruments at level 2 include the following methods:

Interest forward rate agreements (FRA) are fair valued based on quoted market rates on the balance sheet date. Forward foreign exchange contracts are fair valued based on the contract forward rates at the balance sheet date. Foreign currency options are fair valued based on quoted market rates and market volatility rates on the balance sheet date by using the Black&Scholes option valuation model. Interest and currency swap instruments are fair valued as present value of the estimated future cash flows based on observable yield curves. Commodity swaps are fair valued based on quoted forward prices on the balance sheet date.

An embedded derivative that is by nature a foreign currency forward contract is valued at market forward exchange rates and is included in level 2. Embedded derivatives are monitored by the group and the fair value changes are reported in other operating income in the income statement.

#### Fair values under level 3

Financial assets or liabilities of which fair values are not based on observable market data (that is, unobservable inputs) are classified under level 3. This category include UPM's energy shareholdings and forest assets. Fair valuations are performed at least quarterly by respective business areas or functions. Fair valuations are reviewed by the group finance management and overseen by the Audit Committee. » [Refer Note 4.3 Energy shareholdings](#) and » [Note 4.2 Forest assets](#).

## 5.4 Financial income and expenses

EURm	2024	2023
<b>Exchange rate gains and losses</b>		
Derivatives	-31	4
Exchange gains and losses on financial liabilities measured at amortised costs	-11	29
Exchange gains and losses on financial assets measured at amortised costs	37	-32
Other exchange rate gains and losses <sup>1)</sup>	0	-73
	-6	-72
<b>Fair value changes</b>		
Fair value gains and losses on derivatives designated as fair value hedges	16	32
Fair value adjustment of debt attributable to interest rate risk	-17	-33
	-1	-2
<b>Total</b>	<b>-7</b>	<b>-74</b>
<b>Interest and other finance income and costs, net</b>		
Interest expense on lease liabilities	-24	-21
Interest expense on other financial liabilities measured at amortised cost	-47	-38
Interest income (expense) on derivatives	-40	-28
Interest income on loans, receivables and cash	31	37
Dividend income from energy shareholdings	2	0
Impairment charges of associates and joint ventures	-2	0
Other financial income and expenses, net	-17	-20
	-97	-70
<b>Total</b>	<b>-104</b>	<b>-144</b>

<sup>1)</sup> Other exchange rate gains and losses include EUR 71 million exchange rate losses relating to the sale of Russian subsidiaries in 2023.

### Net gains and losses on derivatives included in the operating profit

EURm	2024	2023
Cash flow hedges reclassified from hedging reserve	-7	-117
Non-qualifying hedges	-25	4
<b>Total</b>	<b>-33</b>	<b>-113</b>

### Foreign exchange gains and losses in the operating profit excluding non-qualifying hedges

EURm	2024	2023
Sales	-5	61
Other operating income	-9	-35
<b>Total</b>	<b>-14</b>	<b>26</b>

## 5.5 Share capital and reserves

The company has one series of shares and each share carries one vote. There are no specific terms related to the shares. At 31 December 2024, the number of the company's shares was 533,735,699. The shares do not have any nominal counter value. The shares are included within the book entry system for securities.

### Share capital

	2024	2023
Number of shares (1,000)	533,736	533,736
Share capital, EURm	890	890



## Treasury shares

At 31 December 2024, the company held 411,653 (411,653) of its own shares, 0.08% (0.08%) of the total number of shares.

## Reserves

EURm	2024	2023
Fair value reserve	1,661	1,713
Hedging reserve	-10	-88
Share-based payments reserve	26	31
<b>Total other reserves</b>	<b>1,678</b>	<b>1,655</b>
Reserve for invested non-restricted equity	1,273	1,273
Translation reserve	657	347
<b>Total reserves</b>	<b>3,608</b>	<b>3,276</b>

## Fair value reserve

This reserve represents the cumulative net change in the fair value of investments in equity securities comprising mainly of the fair value change of the energy shareholdings. Amounts are recycled only within equity upon the disposal of the asset.

## Hedging reserve

This reserve comprises the cumulative net change in the fair value of the effective portion of cash flow hedging instruments related to hedged transactions that have not yet occurred and the cost of hedging when recognised in OCI. Amounts are recognised in profit or loss when the associated hedged transactions affect profit or loss or as part of the acquisition cost of property, plant and equipment.

## Share-based payments reserve

## Hedging reserve

EURm	CURRENCY CASH FLOW HEDGES	ELECTRICITY PURCHASE AND SALES HEDGES	COST OF HEDGING	TAX	TOTAL
<b>2024</b>					
<b>Hedging reserve, at 1 January</b>	13	-120	-3	21	-88
Amounts reclassified to profit and loss	2	2	3	-1	6
Amounts reclassified to acquisition cost of a fixed assets	—	—	—	—	—
Change in fair value of hedging instruments recognised in OCI	-55	146	-1	-18	72
<b>Hedging reserve, at 31 December</b>	<b>-40</b>	<b>29</b>	<b>0</b>	<b>2</b>	<b>-10</b>

EURm	CURRENCY CASH FLOW HEDGES	ELECTRICITY PURCHASE AND SALES HEDGES	COST OF HEDGING	TAX	TOTAL
<b>2023</b>					
<b>Hedging reserve, at 1 January</b>	42	-814	-11	155	-627
Amounts reclassified to profit and loss	-74	178	13	-23	94
Amounts reclassified to acquisition cost of a fixed assets	—	—	1	—	1
Change in fair value of hedging instruments recognised in OCI	44	516	-5	-111	444
<b>Hedging reserve, at 31 December</b>	<b>13</b>	<b>-120</b>	<b>-3</b>	<b>21</b>	<b>-88</b>

The share-based payments reserve is used to recognise the fair value at the grant date of the share incentive plans, Performance Share Plan, Restricted Share Plan and Deferred Bonus Plan, over their vesting period.

## Reserve for invested non-restricted equity

Reserve for invested non-restricted equity includes, under the Companies' Act, the exercise value of shareholders' investments in the company unless otherwise decided by the company.

## Translation reserve

This reserve includes the foreign currency differences arising from the translation of foreign operations, and the effective result of transactions that hedge the group's net investments in foreign operations. There were no reclassifications from the translation reserve to profit or loss during the period resulting from inefficiency of net investment hedges.



## Accounting policies

Transaction costs directly relating to the issue of new shares or share options are recognised, net of tax, in equity as a reduction in the proceeds. Where any group company purchases the parent company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of tax), is deducted from equity attributable to the owners of the parent company until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the parent company.

# 6. Risk management

## 6.1 Financial risk management

The objective of financial risk management is to protect the group from unfavourable changes in financial markets and thus help to secure profitability. The objectives and limits for financing activities are defined in the Group Treasury Policy approved by the Board of Directors. In financial risk management various financial instruments are used within the limits specified in the Group Treasury Policy. Only such instruments which market value and risk profile can be continuously and reliably monitored are used for this purpose.

Financing services are provided to the group entities and financial risk management carried out by the central treasury department, Treasury and Risk Management.



## Foreign exchange risk

As a consequence of the global nature of its business, UPM is exposed to risks associated with changes in exchange rates, primarily with respect to USD, UYU, GBP and CNY. Foreign exchange risk arises from contracted and expected commercial future payment flows (transaction exposure), changes in value of recognised assets and liabilities denominated in foreign currency and changes in the value of assets and liabilities in foreign subsidiaries (translation exposure). The objective of foreign exchange risk management is to limit the uncertainty created by changes in foreign exchange rates on the future value of cash flows earnings and in the group's balance sheet. Changing exchange rates can also have indirect effects, such as change in relative competitiveness between currency regions.

## Transaction exposure

The group hedges transaction exposure related to highly probable future commercial foreign currency cash flows on a rolling basis over the next 12-month period based on forecasts by the respective business areas. Transaction risk arises from the changes in currency rates of highly probable transactions, which are expected to take place in currencies other than the functional currency of the entity. The group's policy is to hedge an average of 50% of its estimated net risk currency cash flow. Some highly probable cash flows have been hedged for longer than 12 months ahead while deviating from the risk neutral hedging level at the same time. At 31 December 2024, 52% (53%) of the forecast 12-month currency flow was hedged.

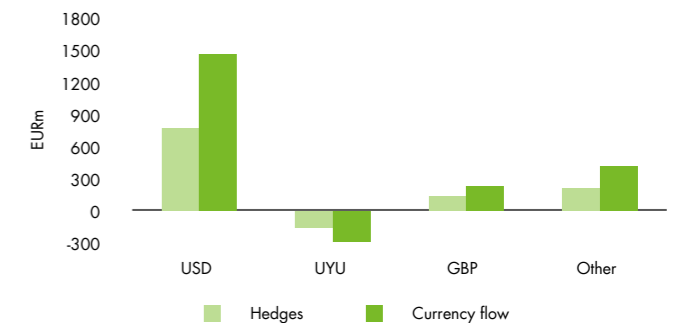
The group enters into external forward contracts, which are designated at group level as hedges of foreign exchange risk of specific future foreign currency flows. Cash flow hedge accounting is applied when possible. If hedge accounting is not possible, fair value changes of the hedging instrument are recognised through profit and loss immediately.

At the end of 2024, UPM's estimated net risk currency flow for the next 12 months was EUR 1,815 million (1,875 million).

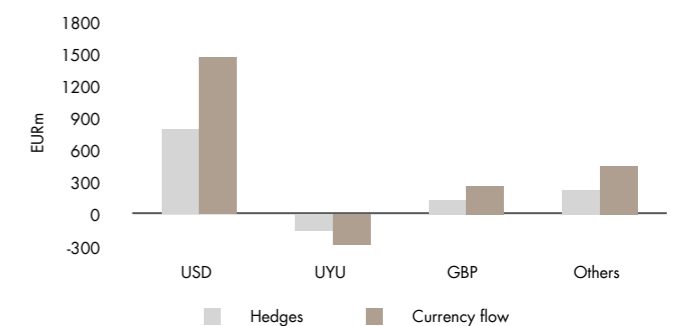
The weighted hedging rate by currency against EUR were USD 1.08, UYU 44.22 and GBP 0.86.

In addition to commercial foreign currency flow, the group has hedged risk currency flow related to investments. Cash flow hedge accounting is applied. At the end of 2024, the hedged net risk currency flow was EUR 2 million (EUR 1 million).

## 12 months net risk currency flow and hedges 2024



## 12 months net risk currency flow and hedges 2023



## Translation exposure

The group has several currency denominated assets and liabilities on its balance sheet such as foreign currency bonds, loans and deposits, group internal loans and cash in other currencies than functional currencies. UPM aims to fully hedge this balance sheet translation exposure, however, UPM might have unhedged balance sheet exposures within the limits set in group Treasury Policy.

At 31 December 2024, the unhedged balance sheet exposures in net of interest-bearing assets and liabilities amounted to EUR 7 million (9 million). Hedge accounting is not applied and all fair value changes of hedging instruments are recognised through profit and loss immediately.

The group has also accounts receivable and payable balances denominated in foreign currencies and UPM aims to fully hedge the net exposure in main currencies. The nominal values of the hedging instruments in net of accounts payable and receivable hedging were EUR 333 million (323 million). Hedge accounting is not applied and all fair value changes of hedging instruments are recognised through profit and loss immediately.

UPM's net investments in foreign subsidiaries are also subject to foreign currency translation differences. The exchange rate differences arising from translation of foreign subsidiaries are accumulated as a separate component of equity in the translation reserve relate mainly to USD, CNY and GBP. Currency exposure arising from the net investment in foreign subsidiaries is generally not hedged. However, at 31 December 2024, part of the foreign exchange risk associated with the net investments was hedged, major ones in China and Uruguay, and

net investment hedge accounting has been applied. The average weighted hedging rate of these hedges against EUR were China CNY 7.68 and Uruguay USD 1.10.

Derivatives used for hedging translation risks are external forward contracts, cross currency swaps and currency options.

### Foreign exchange risk sensitivity

The following table illustrates the effect to profit before tax due to recognised balance sheet items in foreign currency and the effect to equity arising mainly from foreign currency forwards used to hedge foreign currency flows.

EURm	Profit before tax		Equity	
	2024	2023	2024	2023
EUR strengthens by 10%				
USD	1	2	102	89
GBP	—	—	-14	-14
UYU	—	—	12	13
CNY	1	1	13	10
EUR weakens by 10%				
USD	-1	-2	-102	-89
GBP	—	—	14	14
UYU	—	—	-12	-13
CNY	-1	-1	-13	-10

The following assumptions were made when calculating the sensitivity to changes in the foreign exchange risk:

- A major part of non-derivative financial instruments (such as cash and cash equivalents, trade receivables, debt and trade payables) are either directly denominated in the functional currency or are transferred to the functional currency through the use of derivatives i.e. the balance sheet position is close to zero. Exchange rate fluctuations have therefore minor or no effects on profit or loss.
- The table includes effect of foreign currency forward contracts that hedge commercial flows or investments or net investments in foreign subsidiaries, and which have an effective hedge relationship.
- The table includes also effect of foreign currency forward contracts that are not part of the effective cash flow hedge having an effect on profit.
- The table excludes effect of foreign currency denominated future cash flows.



### Interest rate risk

The interest-bearing liabilities and assets expose the group to interest rate risk, namely repricing and fair value interest rate risk caused by interest rate movements. According to the Group Treasury Policy the interest rate exposure is defined as the difference in interest rate sensitivity between assets and liabilities compared to a benchmark portfolio with a 6-month duration. The total interest rate exposure is a net debt portfolio which includes all interest bearing assets and liabilities and derivatives that are used to hedge the aforementioned balance sheet items. The policy sets risk limits and allowed deviation from 6-month benchmark net debt duration level. UPM has decided to deviate from its policy benchmark and extend the duration of net debt. At 31 December 2024 the duration of net debt was 30 (40) months. The

group uses interest rate derivatives, such as interest rate swaps, interest rate futures and cross currency swaps, to change net debt duration.

The table below shows the nominal value of interest rate position exposed to interest rate risk in each significant currency. The position includes all cash balances, investment funds, interest bearing assets and liabilities and derivatives used to hedge these items. The positive/negative position indicates a net liability/asset position by currency and that the group is exposed to repricing and/or fair value interest risk by interest rate movements in that currency. Table excludes leasing transactions.

### Nominal values of the group's net debt by currency including derivatives

EURbn	2024	2023
EUR	1.7	1.3
USD	0.8	0.9
CNY	-0.3	-0.2
Others	-0.2	-0.2
<b>Total</b>	<b>2.1</b>	<b>1.8</b>

Most of the interest rate derivatives hedging interest on long-term debt meet the requirement of fair value hedge accounting.

### Interest rate risk sensitivity

The following table illustrates the effect to profit before tax mainly as a result of changes in interest expense on floating rate debt.

EURm	Profit before tax	
	2024	2023
Interest rate of net debt 100 basis points higher	-12	-8
Interest rate of net debt 100 basis points lower	12	8

The following assumptions were made when calculating the sensitivity to changes in interest rates:

- The variation of interest rate is assumed to be 100 basis points parallel shift in applicable interest rate curves.
- In the case of fair value hedges designated for hedging interest rate risk, the changes in the fair values of the hedged items and the hedging instruments attributable to the interest rate movements balance out almost completely in the income statement in the same period. However, the possible ineffectiveness has an effect on the profit of the year.
- Cash balances are excluded.
- Investment funds are excluded.
- Leasing transactions are excluded.
- Fixed rate debt that is measured at amortised cost and is not designated to fair value hedge relationship is not subject to interest rate risk sensitivity.
- Floating rate debt that are measured at amortised cost and not designated as hedged items are included in interest rate sensitivity analysis.
- Changes in the market interest rate of interest rate derivatives (interest rate futures, swaps and cross currency swaps) that are not designated as hedging instruments in hedge accounting affect the financial income or expenses (net gains or losses from remeasurement of the financial assets and liabilities to fair value) and are therefore included in the income-related sensitivity analysis.



### Electricity price risk

UPM is hedging the price of electricity consumption and production. Electricity prices rely on weather, fossil fuel and emissions allowance prices as well as the balance of supply and demand. The group's sensitivity to electricity market price is dependent on the electricity production and consumption levels and the hedging levels. The inherent price risks arise from the daily sales and purchases of electricity from the power market with spot prices, and the hedging objective is to reduce the earnings volatility that arises from electricity prices.

UPM considers Nordic system and electricity price area differential (EPAD) for Finland products perfect hedges for corresponding electricity price risk components in Finland. The components of electricity price risk in the Nordic power market are hedged by entering into System and EPAD electricity derivative contracts, mostly Nasdaq Commodities futures and bilateral forwards. System and EPAD prices are considered as separately identifiable and reliably measurable risk components in electricity sales and purchase contracts as well as in the hedging instruments, as a quoted price is available. Fair value changes of designated system and EPAD derivatives are offsetting electricity sales and purchase price changes. The share of system component covers approximately 80-90% and the share of EPAD component covers 10-20% of the changes in electricity sales and purchase prices.

The electricity price risk in the Central European power market is hedged by entering into European Electricity Exchange futures. Products used for hedging hedge the entire price risk for the underlying price area.

The time frame hedged has historically been approximately rolling 5 years. Hedging level has been typically higher for the nearest years and lower for the latter years. Hedging level for a certain year has historically varied between 0-80%. UPM constantly updates its electricity production and consumption forecasts. Hedging level is calculated based on the most recent available information about the electricity production and consumption forecast.

The group applies cash flow hedge accounting for the hedging relationships when it hedges its electricity price risk. In small amounts, the group is also trading electricity forwards and futures. As well as hedging, proprietary trading risks are monitored on a daily basis. Value-At-Risk levels are set to limit the maximum risk at any given time. Cumulative maximum loss is limited by stop-loss limits.

### Electricity derivatives price sensitivity

Sensitivity analysis for financial electricity derivatives is based on position at the end of financial year. Sensitivities change over time as the overall hedging and trading positions change. Underlying physical positions are not included in the sensitivity analysis. Sensitivity analysis is calculated separately for the hedge accounted and non-hedge accounted volumes. In the analysis it is assumed that forward quotation for Nasdaq Commodities, EEX and bilateral derivatives would change EUR 5/ MWh throughout the period UPM has derivatives.

EURm	EFFECT	2024	2023
+/- EUR 5/MWh in electricity forward quotations			
Effect on profit before tax	+/-	0.0	0.1
Effect on equity	+/-	31.0	34.8

## 6.2 Derivatives and hedge accounting

The group uses financial derivatives to manage currency, interest rate and commodity price risks.

» Refer Note 6.1 Financial risk management.



### Accounting policies

All derivatives are initially and continuously recognised at fair value in the balance sheet. The fair value gain or loss is recognised through the income statement or other comprehensive income depending on whether the derivative is designated as a hedging instrument, and on the nature of the item being hedged. Certain derivatives are designated at inception either hedges of the fair value of recognised assets or liabilities (fair value hedge), hedges of highly probable forecasted transactions (cash flow hedge), or hedges of net investments in foreign subsidiaries with other than the EUR as their functional currency (net investment hedge). Derivative fair values on the balance sheet are classified as non-current when the remaining maturity is more than 12 months and as current when the remaining maturity is less than 12 months.

For hedge accounting purposes, UPM documents the relationship between the hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions at the inception date. This process includes linking all derivatives designated as hedges to specific assets and liabilities or forecast transactions. The group also documents its assessment, both at the hedge inception and on an on-going basis, as to whether the hedge is highly effective in offsetting changes in fair values or cash flows of the hedged items.

Certain derivatives, while considered to be economical hedges for UPM's financial risk management purposes, do not qualify for hedge accounting. Such derivatives are recognised at fair value through the income statement in other operating income or under financial items.

### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. Cost of hedging, meaning forward points of derivative forward contracts accounted as cash flow hedges, is recognised as a part of the hedging reserve. Amounts deferred in equity are transferred to the income statement and classified as income or expense in the same period as that in which the hedged item affects the income statement (for example, when the forecast external sale to the group that is hedged takes place).

When the forecasted transaction that is hedged results in the recognition of a fixed asset, gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the acquisition cost and depreciated over the useful lives of the assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets hedge accounting criteria, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed or forecasted transaction is ultimately recognised in the income statement. However, if a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised to the income statement.

In currency cash flow hedging, the hedging instrument is made in the same currency as the hedged item and hence the fair value change of the hedging instrument are expected to effectively offset the fair value

changes generated by the hedged items. Thereby the hedge ratio between the instrument and the cash flow is 1:1. Hedge accounting ceases in the case that the forecasted cash flows are no longer expected to occur. The group has not recognised significant sources of ineffectiveness that can reasonably be expected to take place.

Also in electricity price hedges, hedge accounting ceases in the case that the forecasted cash flows are no longer expected to occur.

#### Hedges of net investments in foreign subsidiaries

The fair value changes of forward exchange contracts used in hedging net investments that reflect the change in spot exchange rates are recognised in other comprehensive income within translation reserve. Any gain or loss relating to the interest portion of forward exchange contracts is recognised immediately in the income statement under financial items. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

The hedging instrument is always made in the same currency as the hedged investment, hence the hedge ratio in net investment hedging is 1:1. For hedging of net investments, hedge accounting ceases in the situation where the hedged item is disposed or sold during the duration of the hedging instrument.

#### Fair value hedges

The group applies fair value hedge accounting for hedging fixed interest risk on debt. Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are prospectively highly effective are recorded in the income statement under financial items, along with any changes in the fair value of the hedged asset or liabilities that are attributable to the hedged risk. The carrying amounts of hedged items and the fair values of hedging instruments are included in interest-bearing assets or liabilities.

Derivatives that are designated and qualify as fair value hedges mature at the same time as hedged items. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the expected period to maturity.

Hedge accounting ceases in fair value hedge of fixed interest risk in case of early redemption of such debt, which is hedged under fair value hedge accounting. The group has not recognised significant sources of ineffectiveness that can reasonably be expected to take place.



#### Financial counterparty risk

The financial instruments the group has agreed with banks and financial institutions contain an element of risk of the counterparties being unable to meet their obligations. According to the Group Treasury Policy, derivative instruments and investments of cash funds may be made only with counterparties meeting certain creditworthiness criteria. The group minimises counterparty risk also by using a number of major banks and financial institutions. Creditworthiness of counterparties is constantly monitored by Treasury and Risk Management. Due to the tight counterparty criteria, credit risk does not dominate the fair valuation of financial instruments.

#### Effects of IBOR reform

The main effect of the IBOR reform was limited to fair value hedge accounting of long-term fixed-rate debt for changes in fair value attributable to USD LIBOR, that was used as the benchmark interest rate as long as USD LIBOR rates were published. UPM adhered to ISDA 2020 IBOR Fallback Protocol in 2023, and fallback terms stated in the protocol were followed to convert USD LIBOR based transactions SOFR based transactions. In the fair value hedging relationships where IBOR reform had an effect, fair value for both the hedged item and hedging instrument is calculated with identical valuation curve. Therefore no ineffectiveness was recorded.

#### Net fair values of derivatives

EURm	Positive fair values	Negative fair values	Net fair values	Positive fair values	Negative fair values	Net fair values
	2024			2023		
<b>Foreign exchange risk</b>						
Forward foreign exchange contracts						
Cash flow hedges	16	-54	-38	25	-12	13
Net investment hedge	9	-25	-16	3	-2	1
Non-qualifying hedges	10	-17	-7	19	-5	14
Cross currency swaps						
Non-qualifying hedges	—	—	—	—	-31	-31
<b>Derivatives hedging foreign exchange risk</b>	<b>35</b>	<b>-96</b>	<b>-61</b>	<b>47</b>	<b>-50</b>	<b>-3</b>
<b>Interest rate risk</b>						
Interest rate swaps						
Fair value hedges	21	-74	-53	24	-94	-69
Non-qualifying hedges	—	—	—	—	-4	-4
Cross currency swaps						
Fair value hedges	—	-15	-15	27	—	27
Non-qualifying hedges	—	—	—	—	—	—
<b>Derivatives hedging interest risk</b>	<b>21</b>	<b>-89</b>	<b>-68</b>	<b>51</b>	<b>-97</b>	<b>-46</b>
<b>Commodity risk</b>						
Electricity sales						
Cash flow hedges	18	-26	-8	12	-26	-14
Non-qualifying hedges	—	—	—	—	—	—
Electricity purchase						
Cash flow hedges	—	—	—	4	—	4
Other commodities						
Cash flow hedges	21	—	21	—	—	—
Non-qualifying hedges	0	—	—	—	-6	-6
<b>Derivatives hedging commodity risk</b>	<b>39</b>	<b>-26</b>	<b>13</b>	<b>16</b>	<b>-32</b>	<b>-16</b>
<b>Total</b>	<b>95</b>	<b>-211</b>	<b>-116</b>	<b>114</b>	<b>-180</b>	<b>-66</b>

No derivatives are subject to offsetting in the group's financial statements. All derivatives are under ISDA or similar master netting agreement, which are applied on conditional terms, such as case of breach of contract or bankruptcy. The values of derivatives are recognised as gross on the balance sheet and a breakdown by category of instruments is presented in » [Note 5.3](#) Financial assets and liabilities by category.

#### Nominal amounts of derivatives

EURm	2024	2023
Interest rate futures	1,134	1,691
Interest rate swaps	1,711	1,089
Forward foreign exchange contracts	3,617	3,308
Currency options	—	—
Cross currency swaps	129	134
Commodity contracts	551	591

Cash collaterals pledged mainly for exchange traded contracts totalled EUR 108 (185) million of which EUR 107 (184) million relate to commodity contracts and EUR 1 (1) million to interest rate futures. The open market value of exchange traded contracts on the balance sheet is minor. Cash collaterals are included in Other receivables. » [Refer Note 4.6](#) Working capital.

#### Net fair values of derivatives calculated by counterparty

EURm	POSITIVE FAIR VALUES	NEGATIVE FAIR VALUES	NET FAIR VALUES
2024	43	-159	-116
2023	55	-121	-66

**Timing of nominal amounts of derivatives 2024**

	Within 1 year	Between 1–5 years	Later than 5 years	Total
<b>EURm</b>	<b>2024</b>			
<b>Foreign exchange risk</b>				
Forward foreign exchange contracts				
Cash flow hedges	1,679	11	–	1,690
Net investment hedge	783	–	–	783
Non-qualifying hedges	1,099	46	–	1,145
Cross currency swaps				
Non-qualifying hedges	–	129	–	129
<b>Interest rate risk</b>				
Interest rate swaps				
Fair value hedges	–	1,111	600	1,711
Cross currency swaps				
Fair value hedges	–	129	–	129
Interest rate futures				
Non-qualifying hedges	1,134	–	–	1,134
<b>Commodity risk</b>				
Electricity sales				
Cash flow hedges	285	69	–	354
Electricity purchase				
Cash flow hedges	68	30	–	98
Non-qualifying hedges	–	–	–	–
Other commodities				
Cash flow hedges	56	17	–	73
Non-qualifying hedges	26	–	–	26

**Timing of nominal amounts of derivatives 2023**

	Within 1 year	Between 1–5 years	Later than 5 years	Total
<b>EURm</b>	<b>2023</b>			
<b>Foreign exchange risk</b>				
Forward foreign exchange contracts				
Cash flow hedges	1,735	8	–	1,743
Net investment hedge	287	–	–	287
Non-qualifying hedges	1,263	15	–	1,278
Cross currency swaps				
Non-qualifying hedges	–	–	134	134
<b>Interest rate risk</b>				
Interest rate swaps				
Fair value hedges	–	1,089	–	1,089
Cross currency swaps				
Fair value hedges	–	–	134	134
Interest rate futures				
Non-qualifying hedges	1,691	–	–	1,691
<b>Commodity risk</b>				
Electricity sales				
Cash flow hedges	381	60	–	442
Non-qualifying hedges	–	–	–	–
Electricity purchase				
Cash flow hedges	35	2	–	37
Non-qualifying hedges	1	–	–	1
Other commodities				
Non-qualifying hedges	111	–	–	111

The nominals of cross currency swaps are included in both foreign exchange risk and interest rate risk.

## 7. Income tax

### 7.1 Tax on profit for the year

**Income tax**

In 2024, tax on profit for the year amounted to EUR 37 million (71 million). The effective tax rate was 7.4% (15.2%). In 2024 and 2023, the effective tax rate was affected by the income not subject to tax from subsidiaries operating in tax free zone in Uruguay and German tax rate that is higher than in Finland. In 2024, effective tax rate was significantly impacted by the impairment on assets in biochemicals refinery in Leuna, Germany, and restructuring charges and impairment charges related to the closure of Hürth newsprint mill, the closure of Nordland fine paper machine 3 and the planned closure of Kaltenkirchen factory in Germany.

**Income tax**

EURm	2024	2023
Current tax expense	122	161
Change in deferred taxes	-85	-90
<b>Total</b>	<b>37</b>	<b>71</b>

**Tax rate reconciliation**

EURm	2024	2023
<b>Profit before tax</b>	<b>500</b>	<b>464</b>
Computed tax at Finnish statutory rate of 20%	100	93
Difference between Finnish and foreign rates	-6	-28
Tax-exempt income	-91	-51
Non-deductible expenses	37	28
Withholding taxes	2	2
Tax loss with no tax benefit	8	45
Results of associates	0	0
Change in tax legislation	–	–
Change in recoverability of deferred tax assets	–	-5
Utilisation of previously unrecognised tax losses	-1	-3
Other items	-13	-9
<b>Total income taxes</b>	<b>37</b>	<b>71</b>
<b>Effective tax rate, %</b>	<b>7.4 %</b>	<b>15.2 %</b>

**Accounting policies**

The group's income tax expense comprises current tax and deferred tax. Current tax is calculated on the taxable result for the period based on the tax rules prevailing in the countries where the group operates and includes tax adjustments for previous periods and withholding taxes deducted at source on intra-group transactions. Tax expense is recognised in the income statement, unless it relates to items that have been recognised in equity or as part of other comprehensive income. In these instances, the related tax expense is also recognised in equity or other comprehensive income, respectively.

**Key estimates and judgements**

The group is subject to income taxes in numerous jurisdictions and the calculation of the group's tax expense and income tax liabilities involves a degree of estimation and judgement. Tax balances reflect a current understanding and interpretation of existing tax laws. Management periodically evaluates positions taken in tax returns with respect of situations in which applicable tax regulation is subject to interpretation and adjusts income tax liabilities where appropriate.

The group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Finland in 2023, the jurisdiction in which UPM is incorporated, and came into effect from 1 January 2024. The group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The entities in scope will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The group has performed an assessment of its potential exposure to Pillar Two income taxes for year 2024 based on the 2024 financial information for the constituent entities in the Group. The jurisdictions in which the group operates are expected to be either within the transitional safe harbours or to have jurisdictional GloBE effective tax rates above 15%. The Pillar Two legislation had no impact on income taxes for the current reporting period. The assessment is based on currently available information and analysis regarding the interpretation of the rules, for which additional guidance is still being developed by the OECD.

The group expects that the main jurisdiction for possible exposure to additional Pillar Two income taxes in the future is Uruguay. The financial impact will depend on the results of the Uruguay subsidiaries and the decrease in the substance based income exclusion in accordance with the OECD Pillar Two model rules in subsequent years.

## 7.2 Deferred tax

EURm	2024	2023	2022
<b>Deferred tax assets</b>			
Intangible assets and property, plant and equipment	134	66	86
Inventories	72	77	86
Retirement benefit liabilities and provisions	95	94	88
Other temporary differences	192	175	475
Tax losses and tax credits carried forward	276	242	167
Offset against liabilities	-243	-224	-417
<b>Total</b>	<b>526</b>	<b>431</b>	<b>485</b>
<b>Deferred tax liabilities</b>			
Intangible assets and property, plant and equipment	-330	-265	-335
Forest assets	-440	-412	-423
Retirement benefit assets	—	—	-2
Other temporary differences	-145	-163	-294
Offset against assets	243	224	417
<b>Total</b>	<b>-673</b>	<b>-616</b>	<b>-636</b>
<b>Net deferred tax assets (liabilities)</b>	<b>-146</b>	<b>-185</b>	<b>-151</b>

### Movements in deferred tax assets and liabilities

EURm	2024	2023
<b>Carrying value, at 1 January</b>	<b>-185</b>	<b>-151</b>
Charged to income statement	85	90
Charged to other comprehensive income	-35	-113
Companies acquired	-4	-5
Classified as held for sale	—	-13
Exchange rate adjustments	-8	7
<b>Net deferred tax assets (liabilities)</b>	<b>-146</b>	<b>-185</b>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

### Accounting policies

Deferred tax is calculated based on temporary differences between the carrying amounts and the taxable values of assets and liabilities and for tax loss carry-forwards to the extent that it is probable that these can be utilised against future taxable profits.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are recognised net where there is a legal right to set-off and an intention to settle on a net basis.

### Tax charge to other comprehensive income

EURm	2024			2023		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Actuarial gains and losses on defined benefit plans	7	-2	4	-14	4	-10
Energy shareholdings	-31	-16	-47	-1,370	19	-1,351
Translation differences	346	—	346	-120	—	-120
Cash flow hedges	98	-20	78	673	-134	539
Net investment hedges	-16	3	-13	8	-2	6
<b>Total</b>	<b>403</b>	<b>-35</b>	<b>368</b>	<b>-823</b>	<b>-113</b>	<b>-936</b>



### Key estimates and judgements

#### Recognised deferred tax assets

The recognition of deferred tax assets requires management judgement as to whether it is probable that such balances will be utilised and/or reversed in the foreseeable future. At 31 December 2024, net operating loss carry-forwards for which the group has recognised a deferred tax asset amounted to EUR 904 million (841 million in 2023 and EUR 584 in 2022), of which EUR 865 million (772 million in 2023 and EUR 514 in 2022) was attributable to German subsidiaries. These losses primarily relate to restructuring activities and mill closures, as well as profit improvement programs implemented in recent years. In Germany net operating loss carry-forwards do not expire. The group expects sufficient future taxable income to be available for the utilisation of deferred tax assets. In other countries net operating loss carry-forwards expire at various dates and in varying amounts. Based on profit forecasts, it is probable that there will be sufficient future taxable profits available against which the tax losses and tax credits can be utilised.

The assumptions regarding future realisation of tax benefits, and therefore the recognition of deferred tax assets, may change due to future operating performance of the group, as well as other factors, some of which are outside of the control of the group.

#### Unrecognised deferred tax assets and liabilities

The net operating loss carry-forwards for which no deferred tax is recognised due to uncertainty of their utilisation amounted to EUR 844 million (902 million) in 2024. These net operating loss carry-forwards are mainly attributable to certain German and French subsidiaries and do not expire, as well as to certain Uruguayan subsidiaries which expire at different times by the end of 2029.

In addition, the group has not recognised deferred tax assets on loss carry-forwards relating to closed Miramichi paper mill in Canada. These loss carry-forwards expire at different times and the majority of the loss carry-forwards expire by the end of 2028.

In Uruguay, tax credits amounting to EUR 151 million (155 million) have not been recognised due to uncertainty of their utilisation.

The group has not recognised deferred tax liability in respect of undistributed earnings of non-Finnish subsidiaries to the extent that it is probable that the temporary differences will not reverse in the foreseeable future. In addition, the group has not recognised deferred tax liability for the undistributed earnings of Finnish subsidiaries and associates as such earnings can be distributed without any tax consequences.

## 8. Group structure

### 8.1 Business acquisitions and disposals

In 2024, UPM completed the sale of UPM Kymmene-Austria GmbH. The transaction comprises the UPM Steyermühl site and the Steyermühl sawmill operations. UPM Communication Papers ended the newspaper production at Steyermühl paper mill in June 2023. The group also sold its 50.00% holding in joint venture ASD Altpapier Sortierung Dachau GmbH. UPM made also several minor sales of equity investments accounted at fair value through OCI.

In 2023, UPM sold all its business operations in Russia to Gungnir Wooden Products Trading. The group also sold its holding in ASK Altpapier Sortierung Kinsau GmbH and its 20.00% holding in the associated company Northern SC Paper Corporation. UPM made also several minor investments and sales of equity investments accounted at fair value through OCI.

#### Reconciliation of gain on sale and net cash arising from the disposal of UPM Kymmene-Austria GmbH

EURm	Q1-Q4/2024
<b>Reconciliation of gain on sale</b>	
Consideration paid in advance	15
Consideration paid in cash	56
Net assets sold	-50
Transaction and other costs, net	0
<b>Gain on disposal</b>	<b>21</b>
Consideration paid in cash	56
Cash in company disposed	-39
<b>Net cash arising from disposal</b>	<b>17</b>

#### Business combinations

On 23 July 2024, it was announced that UPM Raflatac has acquired Grafityp, a Belgian-based company to further accelerate its growth in graphics solutions. Merging UPM Raflatac's existing Graphics business with Grafityp will strengthen UPM Raflatac's overall competitive positioning in this attractive product segment, expand its portfolio and give access to high-value new technologies.

If the transaction had occurred on 1 January 2024, UPM's sales for January–December 2024 would have been EUR 10,356 million and profit for the period EUR 461 million. These amounts have been calculated using the group's accounting policies and by adjusting the results of the subsidiaries to reflect the depreciation and amortisation that would have been charged assuming application of fair value adjustments to other intangible assets, property plant and equipment and inventories from 1 January 2024, together with the consequential tax effects.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

EURm	
Cash paid	29
Deferred consideration	0
<b>Total purchase consideration</b>	<b>29</b>

EURm	23 JUL 2024
Other intangible assets	5
Property, plant and equipment	16
Leased assets	0
Inventories	14
Trade and other receivables	5
Cash and cash equivalents	1
<b>Total assets</b>	<b>42</b>
Deferred tax liabilities	4
Non-current debt	2
Current debt	3
Trade and other payables	6
Income tax payables	0
<b>Total liabilities</b>	<b>15</b>
Net identifiable assets acquired	27
<b>Goodwill arising from acquisition</b>	<b>3</b>

The fair value of trade and other receivables included trade receivables with a fair value of EUR 5 million. At the date of acquisition, the gross contractual amount for trade receivables was EUR 5 million, of which EUR 0 million was expected to be uncollectible.

Acquisition-related costs of EUR 1 million are included in other operating expenses and are reported as items affecting comparability in UPM Raflatac business area.

Information on the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated income statement for the reporting period is not disclosed because it would be impracticable. The acquired business has been included in the group since 23 July 2024, and the effects of the revenues and profit or loss thereof are not considered material for disclosure purposes.

The fair values of net identifiable assets acquired are provisional and dependent on final fair valuations.

#### Transactions with non-controlling interests

In 2024 and 2023, UPM did not have any change in its non-controlling interests.



#### Accounting policies

UPM consolidates acquired entities at the acquisition date which is when it gains control using the acquisition method. Consideration transferred is determined as the fair value of the assets transferred, the liabilities incurred and equity instruments issued including the fair value of a contingent consideration. Acquisition-related transaction costs are

expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill.

The assets, liabilities, income and expenses of subsidiaries with non-controlling interests are consolidated line by line into the UPM consolidated financial statements. The proportion of the profit for the period, as well as the accumulated share of total equity belonging to non-controlling interests are presented separately in the consolidated income statement and consolidated balance sheet.

### 8.2 Principal subsidiaries and joint operations

SUBSIDIARIES	COUNTRY OF INCORPORATION	HOLDING % 2024	HOLDING % 2023
Blandin Paper Company	US	100.00	100.00
Blanvira S.A.	UY	91.00	91.00
Cuecar S.A.	UY	91.00	91.00
Forestal Oriental S.A.	UY	100.00	100.00
Gebr. Lang GmbH Papierfabrik	DE	100.00	100.00
Grafityp (UK) Limited <sup>1)</sup>	GB	100.00	—
Grafityp Engineering Europe NV <sup>1)</sup>	BE	100.00	—
Grafityp Selfadhesive Products NV <sup>1)</sup>	BE	100.00	—
LLC UPM Ukraine	UA	100.00	100.00
Myllykoski Oyj	FI	100.00	100.00
Nordland Papier GmbH	DE	100.00	100.00
NorService GmbH	DE	100.00	100.00
Nortrans Speditionsgesellschaft mbH	DE	100.00	100.00
Print Inform Japan K.K.	JP	80.00	80.00
PT UPM Raflatac Indonesia	ID	100.00	100.00
Rhein Papier GmbH	DE	100.00	100.00
Steyermühl Sägewerks-gesellschaft m.b.H. Nfg KG <sup>2)</sup>	AT	—	100.00
Tebetur S.A.	UY	91.00	91.00
Tile Forestal S.A.	UY	91.00	91.00
UPM (China) Co. Ltd	CN	100.00	100.00
UPM (Vietnam) Limited	VN	100.00	100.00
UPM Asia Pacific Pte. Ltd.	SG	100.00	100.00
UPM Biochemicals GmbH	DE	100.00	100.00
UPM Biochemicals Sales GmbH	DE	100.00	100.00
UPM Biofuels S.A.	UY	100.00	100.00
UPM Communication Papers Oy	FI	100.00	100.00
UPM Energy Oy	FI	100.00	100.00
UPM GmbH	DE	100.00	100.00
UPM NV	BE	100.00	100.00
UPM OÜ	EE	100.00	100.00
UPM Plywood Oy	FI	100.00	100.00
UPM Pulp Sales Oy	FI	100.00	100.00
UPM Pulp, Inc.	US	100.00	100.00
UPM Raflatac (China) Co., Ltd.	CN	100.00	100.00
UPM Raflatac (S) Pte Ltd	SG	100.00	100.00
UPM Raflatac (UK) Ltd.	GB	100.00	100.00
UPM Raflatac Canada Holdings Inc.	CA	100.00	100.00
UPM Raflatac Chile SpA	CL	100.00	100.00
UPM Raflatac Co. Ltd.	TH	100.00	100.00

SUBSIDIARIES	COUNTRY OF INCORPORATION	HOLDING % 2024	HOLDING % 2023
UPM Raflatac GmbH	DE	100.00	100.00
UPM Raflatac Iberica S.A.	ES	100.00	100.00
UPM Raflatac Inc.	US	100.00	100.00
UPM Raflatac Mexico S.A. de C.V.	MX	100.00	100.00
UPM Raflatac NZ Limited	NZ	100.00	100.00
UPM Raflatac Oy	FI	100.00	100.00
UPM Raflatac Pty Ltd	AU	100.00	100.00
UPM Raflatac S.r.l.	AR	100.00	100.00
UPM Raflatac SAS	FR	100.00	100.00
UPM Raflatac Sdn.Bhd.	MY	100.00	100.00
UPM Raflatac South Africa (Pty) Ltd	ZA	100.00	100.00
UPM Raflatac Sp. z o .o.	PL	100.00	100.00
UPM S.A.	UY	91.00	91.00
UPM Sähkösiirto Oy	FI	100.00	100.00
UPM Sales GmbH	DE	100.00	100.00
UPM Sales Oy	FI	100.00	100.00
UPM Specialty Papers Oy	FI	100.00	100.00
UPM Trading (Shanghai) Co	CN	100.00	100.00
UPM-Kymmene (Korea) Ltd	KO	100.00	100.00
UPM-Kymmene (UK) Ltd	GB	100.00	100.00
UPM-Kymmene Austria GmbH <sup>2)</sup>	AT	—	100.00
UPM-Kymmene Inc.	US	100.00	100.00
UPM-Kymmene India Private Limited	IN	100.00	100.00
UPM-Kymmene Japan K.K.	JP	100.00	100.00
UPM-Kymmene Kagit Urunleri Sanayi ve Ticaret Ltd. Sti.	TR	100.00	100.00
UPM-Kymmene Otepää OÜ	EE	100.00	100.00
UPM-Kymmene S.r.l.	IT	100.00	100.00
UPM-Kymmene Seven Seas Oy	FI	100.00	100.00
UPM-Kymmene Sp.z o.o.	PL	100.00	100.00
Uruwood S.A.	UY	93.55	93.55
Werla Insurance Company Ltd	MT	100.00	100.00

Above list includes UPM's principal subsidiaries.

<sup>1)</sup> In 2024, UPM acquired Grafityp. » Refer to note 8.1. Business acquisitions and disposals.

<sup>2)</sup> Steyrermühl Sägewerksgesellschaft m.b.H. Nfg KG. and UPM-Kymmene Austria GmbH sold in 2024. » Refer to note 8.1. Business acquisitions and disposals.

JOINT OPERATIONS	COUNTRY OF INCORPORATION	HOLDING % 2024	HOLDING % 2023
Oy Alholmens Kraft Ab (Pohjolan Voima Oy, G series and direct ownership)	FI	50.00	50.00
EEVG Entsorgung- und Energieverwertungsgesellschaft m.b.H. <sup>1)</sup>	AT	—	50.00
Järvi-Suomen Voima Oy	FI	50.00	50.00
Kaukaan Voima Oy (Pohjolan Voima Oy, G9 series)	FI	54.00	54.00
Kymin Voima Oy (Pohjolan Voima Oy, G2 series)	FI	76.00	76.00
Rauman Biovoima Oy (Pohjolan Voima Oy, G4 series)	FI	71.95	71.95
Phyla UPM JVCO Limited <sup>2)</sup>	GB	50.00	—

<sup>1)</sup> EEVG Entsorgung- und Energieverwertungsgesellschaft m.b.H. sold in 2024 as part of sales of Steyrermühl mill and sawmill operations.

<sup>2)</sup> In 2024, UPM established a joint operation Phyla UPM JVCO Limited.

### Non-controlling interests

UPM has non-controlling interests mainly in Uruguay companies. Summarised financial information of Uruguay subsidiaries that have non-controlling interests is presented in the following table. The amounts disclosed are before inter-company eliminations.

EURm	2024	2023
Profit for the period	298	60
Other comprehensive income for the period	—	3
<b>Total comprehensive income for the period</b>	<b>298</b>	<b>63</b>
Share of non-controlling interests	27	6
Non-current assets	3,632	3,449
Current assets	965	712
Non-current liabilities	270	121
Current liabilities	132	188
<b>Net assets</b>	<b>4,195</b>	<b>3,852</b>
Share of non-controlling interests	378	347

### 8.3 Related party transactions

#### The Board of Directors and the Group Executive Team

There have not been any material transactions between UPM and its members of the Board of Directors or the Group Executive Team (key management personnel) or persons closely associated with these members or organisations in which these individuals have control or significant influence. There are no loans granted to any members of the Board of Directors or the Group Executive Team at 31 December 2024 or 2023.

For information concerning shares held by members of the Board of Directors as well as remuneration to members of the Board of Directors and the Group Executive Team are disclosed in » Note 3.2. Key management personnel.

#### Associates and joint ventures

Transactions with associates and joint ventures are presented in the table below. The group has no individually material associates or joint ventures.

EURm	2024	2023
Dividends received	2	2
Purchases of raw materials and services	28	37
Loan receivables	13	5
Trade and other receivables	1	—
Trade and other payables	4	5

#### Subsidiaries and joint operations

» Refer Note 8.2 Principal subsidiaries and joint operations.

#### Pension Funds

In the UK, the single UPM Pension Scheme operates under a Trust which is independent from the group. The Trust consists of various defined benefit sections, all of which are closed to future accrual and one

common defined contribution section which is open to all UPM employees in the UK. The group made contributions of EUR 0 million (0 million) to the defined benefit sections of the Scheme in 2024. The fair value of the UK defined benefit fund assets at 31 December 2024 was EUR 274 million (297 million), of which 18% was invested in equity instruments, 51% in debt instruments, 8% in property, 18% money market and 5% in other investments.

### 8.4 Assets held for sale

No assets or liabilities were classified as held for sale at the end of 2024.

Assets and liabilities classified as held for sale as at 31 December 2023 relate to agreement to sell 100% of the shares of Austrian subsidiary UPM-Kymmene Austria GmbH to the HEINZEL GROUP as announced in June 2022. The transaction comprises the UPM Steyrermühl site and the Steyrermühl sawmill operations. UPM Communication Papers ended the newspaper production at Steyrermühl paper mill in June 2023. On 2 January 2024, UPM announced that it has completed the sale.



#### Accounting policies

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell, if UPM will recover their carrying amount through a sale transaction which is considered highly probable. Non-current assets classified as held for sale, or included within a disposal group that is classified as held for sale, are not depreciated after the classification.

## 9. Unrecognised items

### 9.1 Commitments and contingencies

In the normal course of business, UPM enters into various agreements providing financial or performance assurance to third parties. The maximum amounts of future payments for which UPM is liable is disclosed in the table below under "Other commitments". Property under mortgages given as collateral for own commitments include property, plant and equipment, industrial estates and forest land.

EURm	2024	2023
Other own commitments		
Leasing commitments for the next 12 months in accordance with IFRS 16	1	2
Other commitments	106	99
<b>Total</b>	<b>107</b>	<b>101</b>

The lease commitments for leases not commenced at the end of 2024 amounted to EUR 24 million (EUR 176 million at the end of 2023). The decrease during the reporting period is due to the commencement of the Uruguay railway lease in 2024. The 2023 commitments relate to a railway service agreement in Uruguay and a service agreement related to wastewater treatment in Leuna, Germany.

### 9.2 Litigation

#### Contingent liabilities

The group is defendant or plaintiff in a number of legal proceedings incidental to its operations. These lawsuits primarily involve claims arising from commercial law issues.

#### Group companies

The Group's management is not aware of any significant litigation at the end of 2024.

### 9.3 Events after the balance sheet date

On 2 January 2025, UPM announced that it has been listed as the only forest and paper industry company in the Dow Jones Global and European Sustainability Indices (DJSI) for the years 2024–2025. The indices cover environmental, social and governance aspects of responsibility.

On 5 February 2025, UPM announced the acquisition of Metamark, a UK-based company to further accelerate UPM Raflatac's growth in Graphics business. The transaction will bring attractive synergies and make UPM Raflatac a significant player in the fast-growing, high value-added Graphics segment. The Enterprise Value of the transaction is GBP 146 million.

On 5 February 2025, the Board decided to commence UPM's first buy-back program of UPM's own shares. The maximum number of shares to be repurchased is 6,000,000, corresponding to approximately 1.1% of the total number of shares. The maximum monetary amount to be used for the program is EUR 160 million.

## 10. Other notes

### 10.1 Forthcoming new standards, amendments and accounting policy changes

Certain new accounting standard amendments and interpretations have been published that come into effect only after the reporting period started on 1 January 2024. These standards and amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions and have not been early adopted.

The group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18. For the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1 is required.

#### IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. Although the adoption of IFRS 18 will have no impact on the group's net profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:

- The group currently recognises some foreign exchange gains or losses in operating profit and others in financial income and expenses. There might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.
- The group currently recognises some derivative gains or losses in operating profit and others in financial income and expenses. There might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be new disclosures required for management-defined performance measures.

There will also be changes to how interest received and interest paid are presented in the consolidated cash flow statement. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.



## Parent company accounts

(Finnish Accounting Standards, FAS)

### Income statement

EURm	NOTE	2024	2023
<b>Sales</b>	1	2,599	2,585
Change in inventories of finished goods and work in progress		-10	10
Production for own use		3	1
Other operating income	2	79	103
<b>Materials and services</b>			
Raw materials and consumables purchased		-1,956	-1,935
Change in inventories		26	-43
External charges		-9	-8
		-1,938	-1,987
<b>Personnel expenses</b>			
Salaries and fees		-206	-198
Indirect employee costs			
Pension costs		-35	-36
Other indirect employee costs		-5	-7
	3	-247	-241
<b>Depreciation, amortisation and impairment charges</b>			
Depreciation and amortisation		-103	-112
	4	-103	-112
Other operating expenses	5	-287	-349
<b>Operating profit (loss)</b>		96	10
<b>Financial income and expenses</b>			
Income from non-current assets			
Dividend income from group companies		479	738
Interest income from group companies		8	5
Other interest and financial income			
Other interest income from group companies		144	150
Other interest income from other companies		24	30
Other financial income from group companies		39	1
Other financial income from other companies		130	974
Impairment charges and reversals on investments		-226	9
<b>Interest and other financial expenses</b>			
Interest expenses to group companies		-156	-133
Interest expenses to other companies		-102	-93
Other financial expenses to group companies		0	-32
Other financial expenses to other companies		-112	-17
		228	1,632
<b>Profit (loss) before closing entries and tax</b>		323	1,642
<b>Closing entries</b>			
Depreciation difference		20	31
Group contributions received		57	37
Group contributions granted		-7	-37
		70	31
Income taxes	6	-12	1
<b>Profit (Loss) for the period</b>		382	1,675

### Balance sheet

EURm	NOTE	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Intangible rights		5	5
Other intangible assets		21	27
Advance payments		41	26
	7	67	58
<b>Tangible assets</b>			
Land and water areas		747	748
Buildings		158	166
Machinery and equipment		386	414
Other tangible assets		18	18
Advance payments and construction in progress		17	26
	8	1,326	1,372
<b>Investments</b>			
Holdings in group companies		6,968	6,587
Holdings in participating interest companies		5	5
Other shares and holdings		3	3
Receivables from group companies		950	993
Receivables from participating interest companies		13	3
	9	7,939	7,590
<b>Total non-current assets</b>		9,331	9,019
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		256	229
Finished products and goods		32	43
Advance payments		33	30
		321	302
<b>Receivables</b>			
<b>Current receivables</b>			
Trade receivables		48	37
Receivables from group companies		1,714	1,786
Receivables from participating interest companies		12	13
Other current receivables		112	182
Prepayments and accrued income		15	12
	10	1,900	2,029
Other current financial assets		1	1
Cash and cash equivalents		729	500
<b>Total current assets</b>		2,952	2,832
<b>Assets</b>		12,283	11,852

EURm	NOTE	2024	2023
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		890	890
Revaluation reserve		140	140
Reserve for invested non-restricted equity		1,273	1,273
Retained earnings		1,216	342
Profit (Loss) for the period		382	1,675
<b>Total equity</b>	11	3,900	4,319
<b>Accumulated depreciation difference</b>			
		347	367
<b>Provisions</b>			
Termination provisions		4	1
Other provisions		196	166
	12	200	167
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bonds		2,711	2,089
Loans from financial institutions		154	185
Payables to group companies		321	285
Other non-current liabilities		129	134
	13	3,315	2,693
<b>Current liabilities</b>			
Loans from financial institutions		31	15
Trade payables		357	341
Payables to group companies		3,990	3,654
Payables to participating interest companies		3	6
Other current liabilities		50	201
Accrued expenses and deferred income		91	88
	14	4,521	4,305
<b>Total liabilities</b>		7,836	6,998
<b>Equity and liabilities</b>		12,283	11,852

## Cash flow statement

EURm	2024	2023
<b>Cash flows from operating activities</b>		
Profit before closing entries and tax	323	1,642
Financial income and expenses	-228	-1,632
Adjustments to operating profit <sup>1)</sup>	279	48
Change in working capital <sup>2)</sup>	291	983
Interest received	172	185
Interest paid	-250	-228
Dividends received	479	738
Other financial items	-128	861
Income taxes paid <sup>3)</sup>	-7	8
<b>Operating cash flow</b>	931	2,605
<b>Cash flows from investing activities</b>		
Investments in tangible and intangible assets	-70	-69
Investments in shares and holdings	-611	-812
Proceeds from sale of intangible and tangible assets	13	12
Proceeds from disposal of shares and holdings	4	68
Change in other non-current receivables	33	-63
<b>Investing cash flow</b>	-632	-865
<b>Cash flows from financing activities</b>		
Proceeds from non-current liabilities	650	325
Payments of non-current liabilities	-29	-1,578
Change in current liabilities	60	-1,004
Dividends paid	-800	-800
Group contributions, net	50	-24
Other items	-1	-1
<b>Financing cash flow</b>	-70	-3,081
Cash and cash equivalents at beginning of period	500	1,840
Change in cash and cash equivalents	230	-1,340
<b>Cash and cash equivalents at end of period</b>	729	500

### Notes to cash flow statement

<sup>1)</sup> Adjustments to operating profit

EURm	2024	2023
Depreciation, amortisation and impairment charges	102	113
Capital gains and losses on sale of non-current assets	216	-14
Change in provisions	-39	-51
<b>Total</b>	279	48

<sup>2)</sup> Change in working capital

EURm	2024	2023
Inventories	-19	34
Current receivables	314	1,133
Current non-interest-bearing liabilities	-4	-184
<b>Total</b>	291	983

<sup>3)</sup> Income taxes related to sale of assets are presented in investing cash flow.

## Notes to the parent company financial statements

### § Accounting policies

The financial statements of the parent company are prepared in accordance with Finnish Accounting Standards, FAS. The main differences in accounting policies of the group and the parent company relate to the measurement of financial derivatives and forest assets and recognition of defined benefit obligations, share-based payments, lease agreements and deferred income taxes.

The financial statements are presented in millions of euros and rounded and therefore the sum of individual figures might deviate from the presented total figure.

#### Foreign currency translation

Receivables and liabilities denominated in foreign currencies outstanding on the balance sheet date and other commitments are translated into euro currency using the balance sheet date exchange rate. Exchange rate differences arising from the valuation of trade receivables are recognised in sales and exchange rate differences on trade payables in purchases. Exchange differences arising from the measurement of other receivables and liabilities are recognised in financial items.

#### Tangible and intangible assets

Tangible and intangible assets are stated at cost less accumulated depreciation and amortisation according to plan and impairments. Emission rights are recognised using net approach. Depreciation and amortisation according to plan is recorded on a straight-line basis over the expected useful lives of the assets as follows:

Land and water areas, no depreciation	
Intangible assets	5–10 years
Buildings	20–50 years
Light machinery and equipment	5–10 years
Heavy machinery	15–20 years
Power plants	20–30 years
Other tangible assets	5–20 years

Forest assets are recognised as tangible assets within land and water areas at historical cost and revaluation. No systematic depreciation or changes in value due to felling is recognised.

#### Investments

Investments are stated at cost less impairments.

#### Inventories

Inventories are stated at cost or the lower of replacement cost and probable selling price. Costs are measured using FIFO-method. In addition to variable costs, the cost of inventories includes a portion of the fixed costs of acquisition and manufacturing.

#### Revaluations

The balance sheet value of land includes revaluations. No new revaluations are made and the balance sheet value of land is considered to be below their fair value.

#### Leases

Lease payments of lease contracts are recognised in other operating expenses over the lease term. Lease payments due in future years under lease contracts are presented as off-balance sheet items.

#### Provisions

Provisions include foreseeable future expenses and losses to which the company is committed, the realisation of which is probable and the amount can be reliably estimated, e.g. pension and environmental liabilities and termination and restructuring costs. Changes in provisions are recognised in income statement within particular cost items.

#### Sales

Sales include sales revenue from actual operations less indirect taxes, discounts, claims and exchange rate differences on trade receivables.

#### Research and development costs

Research and development costs are expensed in the year in which they are incurred.

#### Pensions

In Finland, employers are obliged to insure their employees for statutory benefits, as determined in Employee's Pension Act (TyEL). The mandatory pensions are arranged through pension insurance companies. Contributions to pension insurance companies are charged to the income statement in the period to which the contributions relate.

#### Share-based payments

Share based compensation is recognised as an expense in the income statement over the earnings period or in the year of award and the related liability is booked to the balance sheet.

#### Closing entries

Parent company closing entries consists of the change in the depreciation difference and group contributions granted to group companies. The accumulated depreciation difference in the parent company has not been divided into equity and deferred tax liability.

#### Income taxes

Income taxes presented in the income statement consist of accrued taxes for the financial year and tax adjustments for prior years. The parent company has not recognised deferred tax assets and liabilities in the balance sheet, but presents the information in the notes.

#### Derivatives

Realised results of derivative contracts and negative fair value of open derivative contracts are recognised in the income statement. Negative fair value of open derivative contracts that are not settled in cash is recognised as a provision in the balance sheet. Hedge accounting is not applied. Income and expenses of balance sheet hedging and forward foreign exchange contracts hedging commercial foreign currency flow of all group companies are recognised in financial items. Income and expenses of commodity derivatives are recognised in operating profit. Income and expenses of commodity derivative contracts of group companies are recognised in financial items.

The majority of financial derivative contracts of the group are made by the parent company. All contracts are made with external

counterparties except internal derivatives which are used to manage foreign currency and interest rate exposure.

Financial risks, fair values and maturities of the group external derivatives are disclosed in » [Note 6.1](#) Financial risk management and in » [Note 6.2](#) Derivatives and hedge accounting.

## 1. Sales

### Sales by business area

EURm	2024	2023
UPM Fibres	2,043	2,075
Other operations	556	509
<b>Total</b>	<b>2,599</b>	<b>2,585</b>

### Sales by destination

EURm	2024	2023
Finland	2,545	2,515
Other EU countries	34	45
Other countries	20	24
<b>Total</b>	<b>2,599</b>	<b>2,585</b>

## 2. Other operating income

EURm	2024	2023
Gains on sale of non-current assets	10	5
Rental income	7	6
Other	62	92
<b>Total</b>	<b>79</b>	<b>103</b>

## 3. Personnel expenses

EURm	2024	2023
Salaries and fees of the President and CEO, and members of the Board of Directors <sup>1)</sup>	3	7
Other salaries and fees	203	191
Pension costs	35	36
Other indirect employee costs	5	7
<b>Total</b>	<b>247</b>	<b>241</b>

<sup>1)</sup> » [Refer Note 3.2](#) Key management personnel

### Personnel

	2024	2023
<b>Total average</b>	<b>2,933</b>	<b>2,932</b>

## 4. Depreciation, amortisation and impairment charges

EURm	2024	2023
Intangible rights	2	2
Other intangible assets	15	13
Buildings	14	16
Machinery and equipment	70	79
Other tangible assets	2	3
<b>Total</b>	<b>103</b>	<b>112</b>

## 5. Other operating expenses

EURm	2024	2023
Rents and lease expenses	14	15
Maintenance expenses	91	146
Other operating expenses <sup>1)</sup>	181	188
<b>Total</b>	<b>287</b>	<b>349</b>

<sup>1)</sup> The research and development costs in operating expenses were EUR 28 million (32 million) and auditor's fee EUR 2.6 million (3.2 million). In personnel expenses the research and development costs were EUR 20 million (16 million).

## 6. Income taxes

EURm	2024	2023
Tax expense for the period	9	9
Tax expense for the previous periods	3	-10
<b>Total</b>	<b>12</b>	<b>-1</b>

### Deferred tax assets and liabilities <sup>1)</sup>

EURm	2024	2023
<b>Deferred tax assets</b>		
Provisions	40	33
Share-based payments	1	2
Other temporary differences	2	24
<b>Total</b>	<b>43</b>	<b>60</b>
<b>Deferred tax liabilities</b>		
Accumulated depreciation difference	69	73
Revaluations of land areas	60	60
<b>Total</b>	<b>129</b>	<b>133</b>

<sup>1)</sup> The parent company has not recognised deferred tax assets and liabilities in the balance sheet. Deferred tax assets and liabilities are calculated based on temporary differences between the carrying and taxable values of assets and liabilities.

## 7. Intangible assets

EURm	INTANGIBLE RIGHTS	OTHER INTANGIBLE ASSETS	ADVANCE PAYMENTS	TOTAL
<b>2024</b>				
Accumulated costs	23	302	41	367
Accumulated amortisation and impairments	-19	-281	—	-300
<b>Carrying value, at 31 December</b>	5	21	41	67
<b>Carrying value, at 1 January</b>	5	27	26	58
Additions	2	3	21	27
Amortisation	-2	-15	—	-17
Reclassifications	—	7	-7	—
<b>Carrying value, at 31 December</b>	5	21	41	67
<b>2023</b>				
Accumulated costs	22	300	26	348
Accumulated amortisation and impairments	-18	-273	—	-291
<b>Carrying value, at 31 December</b>	5	27	26	58
<b>Carrying value, at 1 January</b>	5	32	22	60
Additions	2	8	8	18
Disposals	—	-5	—	-5
Amortisation	-2	-13	—	-15
Reclassifications	—	4	-4	—
<b>Carrying value, at 31 December</b>	5	27	26	58

## 8. Tangible assets

EURm	LAND AND WATER AREAS	BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE ASSETS	ADVANCE PAYMENTS AND CONSTRUCTION IN PROGRESS	TOTAL
<b>2024</b>						
Accumulated costs	449	577	2,299	141	17	3,483
Accumulated depreciation and impairments	—	-419	-1,913	-122	—	-2,454
Revaluations	298	—	—	—	—	298
<b>Carrying value, at 31 December</b>	747	158	386	18	17	1,326
<b>Carrying value, at 1 January</b>	748	166	414	18	26	1,372
Additions	1	1	24	2	14	43
Disposals	-2	—	—	—	—	-3
Depreciation	—	-14	-70	-2	—	-86
Reclassifications	—	5	18	—	-23	—
<b>Carrying value, at 31 December</b>	747	158	386	18	17	1,326
<b>2023</b>						
Accumulated costs	450	574	2,268	138	26	3,456
Accumulated depreciation and impairments	—	-408	-1,854	-120	—	-2,382
Revaluations	298	—	—	—	—	298
<b>Carrying value, at 31 December</b>	748	166	414	18	26	1,372
<b>Carrying value, at 1 January</b>	746	178	453	19	21	1,418
Additions	2	1	24	2	23	52
Disposals	—	—	—	—	—	-1
Depreciation	—	-16	-79	-3	—	-97
Reclassifications	—	2	15	—	-17	—
<b>Carrying value, at 31 December</b>	748	166	414	18	26	1,372

## 9. Other non-current assets

EURm	HOLDINGS IN GROUP COMPANIES	HOLDINGS IN PARTICIPATING INTEREST COMPANIES	OTHER SHARES AND HOLDINGS	RECEIVABLES FROM GROUP COMPANIES	RECEIVABLES FROM PARTICIPATING INTEREST COMPANIES	TOTAL
<b>2024</b>						
Accumulated costs	8,662	5	3	950	13	9,632
Accumulated value adjustments	-1,693	—	—	—	—	-1,693
<b>Carrying value, at 31 December</b>	6,968	5	3	950	13	7,939
<b>Carrying value, at 1 January</b>	6,587	5	3	993	3	7,590
Additions	611	—	—	1	10	623
Disposals	-4	—	—	-44	—	-48
Value adjustments <sup>1)</sup>	-226	—	—	—	—	-226
<b>Carrying value, at 31 December</b>	6,968	5	3	950	13	7,939
<b>2023</b>						
Accumulated costs	8,054	5	3	993	3	9,057
Accumulated value adjustments	-1,467	—	—	—	—	-1,467
<b>Carrying value, at 31 December</b>	6,587	5	3	993	3	7,590
<b>Carrying value, at 1 January</b>	5,834	5	3	930	3	6,774
Additions	812	—	—	164	—	976
Disposals	-68	—	—	-102	—	-169
Value adjustments <sup>1)</sup>	9	—	—	—	—	9
<b>Carrying value, at 31 December</b>	6,587	5	3	993	3	7,590

<sup>1)</sup> Value adjustments are shown in financial expenses

## 10. Current receivables

EURm	RECEIVABLES FROM GROUP COMPANIES	RECEIVABLES FROM PARTICIPATING INTEREST COMPANIES	RECEIVABLES FROM OTHERS	TOTAL
<b>2024</b>				
Trade receivables	462	12	48	521
Loan receivables <sup>1)</sup>	1,195	—	—	1,195
Prepayments and accrued income <sup>2)</sup>	1	—	15	16
Other current receivables	57	—	112	168
<b>Carrying value, at 31 December</b>	1,714	12	174	1,900
<b>2023</b>				
Trade receivables	478	13	37	528
Loan receivables <sup>1)</sup>	1,269	—	—	1,269
Prepayments and accrued income <sup>2)</sup>	3	—	12	14
Other current receivables	37	—	182	219
<b>Carrying value, at 31 December</b>	1,786	13	231	2,029

<sup>1)</sup> There were no loans granted to the company's President and CEO and members of the Board of Directors at 31 December 2024 and 2023.

### <sup>2)</sup> Prepayments and accrued income

EURm	2024	2023
Interest income	12	9
Income taxes	—	2
Other items	4	3
<b>Carrying value, at 31 December</b>	16	14

## 11. Equity

EURm	SHARE CAPITAL	REVALUATION RESERVE	RESERVE FOR INVESTED NON-RESTRICTED EQUITY	RETAINED EARNINGS	PROFIT/LOSS FOR THE PERIOD	TOTAL SHARE-HOLDER'S EQUITY
<b>2024</b>						
<b>Carrying value, at 1 January</b>	890	140	1,273	342	1,675	4,319
Transfer of profit from previous year	—	—	—	1,675	-1,675	—
Profit for period	—	—	—	—	382	382
Dividend distribution	—	—	—	-800	—	-800
Other changes	—	—	—	-1	—	-1
<b>Carrying value, at 31 December</b>	890	140	1,273	1,216	382	3,900
<b>2023</b>						
<b>Carrying value, at 1 January</b>	890	140	1,273	1,333	-190	3,445
Transfer of profit from previous year	—	—	—	-190	190	—
Profit for period	—	—	—	—	1,675	1,675
Dividend distribution	—	—	—	-800	—	-800
Other changes	—	—	—	-1	—	-1
<b>Carrying value, at 31 December</b>	890	140	1,273	342	1,675	4,319

EURm	2024	2023
<b>Distributable funds</b>		
Reserve for invested non-restricted equity	1,273	1,273
Retained earnings from previous years	1,216	342
Profit (Loss) for the period	382	1,675
<b>Total distributable funds at 31 December</b>	2,871	3,290

## 12. Provisions

EURm	RESTRUCTURING	TERMINATION	ENVIRONMENTAL	OTHER <sup>1)</sup>	TOTAL
<b>2024</b>					
<b>Provisions at 1 January</b>	2	1	9	155	167
Provisions made during the year	—	3	—	59	63
Provisions utilised during the year	—	-1	—	-23	-24
Unused provisions reversed	-2	—	-1	-3	-6
<b>Carrying value, at 31 December</b>	—	4	8	188	200
<b>2023</b>					
<b>Provisions at 1 January</b>	3	2	8	286	299
Provisions made during the year	—	—	1	—	1
Provisions utilised during the year	—	—	—	-129	-130
Unused provisions reversed	—	-1	—	-2	-3
<b>Carrying value, at 31 December</b>	2	1	9	155	167

<sup>1)</sup> Other provisions are attributable to onerous contracts and negative fair values of financial derivatives. At the end of 2024, the negative fair value in other provisions of EUR 5 million (8 million) is attributable to one group internal cross currency swap. Group internal foreign currency forwards expired by the end of 2024 (the negative fair value included in other provisions at the end of 2023 EUR 0.3 million).

## 13. Non-current liabilities

EURm	2024	2023
Bonds	2,711	2,089
Loans from financial institutions	154	185
Payables to group companies	321	285
Other non-current liabilities	129	134
<b>Carrying value, at 31 December</b>	3,315	2,693

### Maturity in 2030 (in 2029) or later

EURm	2024	2023
Bonds	1,100	1,000
Loans from financial institutions	31	62
Other non-current liabilities	—	134
<b>Total</b>	1,131	1,196

### Bonds

FIXED RATE PERIOD	INTEREST RATE, %	CURRENCY	NOMINAL VALUE ISSUED, MILLION	CARRYING VALUE 2024 EURm	CARRYING VALUE 2023 EURm
1997-2027	7.450	USD	375	361	339
2020-2028	0.125	EUR	750	750	750
2021-2031	0.500	EUR	500	500	500
2022-2029	2.250	EUR	500	500	500
2024-2034	3.375	EUR	600	600	—
<b>Carrying value, at 31 December</b>				2,711	2,089
Non-current portion				2,711	2,089

## 14. Current liabilities

EURm	PAYABLES TO GROUP COMPANIES	PAYABLES TO PARTICIPATING INTEREST COMPANIES	PAYABLES TO OTHERS	TOTAL
<b>2024</b>				
Loans from financial institutions	—	—	31	31
Trade payables	81	3	357	440
Accrued expenses and deferred income <sup>1)</sup>	—	—	91	91
Other current liabilities	3,909	—	50	3,958
<b>Carrying value, at 31 December</b>	<b>3,990</b>	<b>3</b>	<b>529</b>	<b>4,521</b>
<b>2023</b>				
Loans from financial institutions	—	—	15	15
Trade payables	104	6	341	451
Accrued expenses and deferred income <sup>1)</sup>	1	—	88	88
Other current liabilities	3,549	—	201	3,750
<b>Carrying value, at 31 December</b>	<b>3,654</b>	<b>6</b>	<b>645</b>	<b>4,305</b>

### <sup>1)</sup> Accrued expenses and deferred income

EURm	2024	2023
Personnel expenses	70	73
Interest expenses	20	15
Income taxes	1	—
Other items	—	1
<b>Carrying value, at 31 December</b>	<b>91</b>	<b>88</b>

## 15. Commitments

EURm	2024	2023
<b>Guarantees</b>		
Other guarantees on behalf of group companies	23	25
<b>Other commitments</b>		
Leasing commitments, due within 12 months	25	24
Leasing commitments, due after 12 months	95	115
Other commitments	52	47
<b>Total</b>	<b>196</b>	<b>212</b>

In addition, the parent company acts as a guarantor on behalf of other companies belonging to the group. The majority of such commitments relate to major investment projects and can end up payable by the parent company in case group companies are unable to manage their obligations. » [Refer Note 4.1](#) Property, plant and equipment for information about major investment projects.

### Pension commitments of the President and CEO and the members of the Group Executive Team

» [Refer Note 3.2](#) Key management personnel.

### Related party transactions

» [Refer Note 8.3](#) Related party transactions.

## 16. Shares and holdings owned by parent company

SUBSIDIARIES	COUNTRY OF INCORPORATION	HOLDING %
Myllykoski Oyj	FI	100.00
Repola Investment Oy	FI	100.00
Suurijärven Huolto Oy	FI	65.44
Unicarta Oy	FI	100.00
UPM (Vietnam) Limited	VN	100.00
UPM AG	CH	100.00
UPM Asia Pacific Pte. Ltd.	SG	100.00
UPM B.V.	NL	100.00

SUBSIDIARIES	COUNTRY OF INCORPORATION	HOLDING %
UPM Biochemicals GmbH	DE	100.00
UPM Biorefining Holding Oy	FI	100.00
UPM Communication Papers Oy	FI	100.00
UPM Energy Oy	FI	100.00
UPM Kft.	HU	100.00
UPM Manufatura e Comércio de Produtos Florestais Ltda.	BR	100.00
UPM NV	BE	100.00
UPM OÜ	EE	100.00
UPM Plywood Oy	FI	100.00
UPM Pulp Holding Oy	FI	100.00
UPM Pulp Oy	FI	100.00
UPM Pulp Sales Oy	FI	100.00
UPM Raflatac Canada Holdings Inc.	CA	100.00
UPM Raflatac NZ Limited	NZ	100.00
UPM Raflatac Oy	FI	100.00
UPM Raflatac S.r.l.	AR	27.80
UPM Romania S.R.L	RO	100.00
UPM Silvesta Oy	FI	100.00
UPM Specialty Papers Oy	FI	100.00
UPM Wood Materials (UK) Ltd	UK	100.00
UPM Wood Materials Austria GmbH	AT	100.00
UPM-Kymmene (HK) Ltd.	CN/HK	100.00
UPM-Kymmene (Korea) Ltd	KR	100.00
UPM-Kymmene (UK) Holdings Limited	UK	100.00
UPM-Kymmene A/S	DK	100.00
UPM-Kymmene AB	SE	100.00
UPM-Kymmene B.V.	NL	100.00
UPM-Kymmene Beteiligungs GmbH	DE	100.00
UPM-Kymmene d.o.o.	SI	100.00
UPM-Kymmene Groupe S.A.	FR	100.00
UPM-Kymmene Grundstücksverwaltung GmbH	DE	100.00
UPM-Kymmene Hellas Ltd	GR	100.00
UPM-Kymmene India Private Limited	IN	100.00
UPM-Kymmene Investment Inc.	US	100.00
UPM-Kymmene Japan K.K.	JP	100.00
UPM-Kymmene Pty Limited	AU	100.00
UPM-Kymmene S.A.	ES	100.00
UPM-Kymmene S.r.l.	IT	100.00
UPM-Kymmene s.r.o.	CZ	100.00
UPM-Kymmene Seven Seas Oy	FI	100.00
UPM-Kymmene Slovakia s.r.o.	SK	100.00
Werla Insurance Company Ltd	MT	100.00

PARTICIPATING INTEREST COMPANIES	COUNTRY OF INCORPORATION	HOLDING %
Kiinteistö Oy Joutsan Rantatie 3	FI	25.43
Metsäteho Oy	FI	23.95
Novimus Oy (Oy Keskuslaboratorio - Centrallaboratorium Ab)	FI	38.65
Perkaus Oy	FI	33.33
Rönnäsin Kiinteistöhuolto Oy	FI	28.41
Steveco Oy	FI	34.32

Group subsidiaries and joint operations are disclosed in » [Note 8.2](#).



## AUDITOR'S REPORT (Translation of the Finnish original)

To the Annual General Meeting of UPM-Kymmene Oyj

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of UPM-Kymmene Corporation (business identity code 1041090-0) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.3 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures,



including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of forest assets</b> <i>We refer to the note 4.2 Forest assets in the consolidated financial statements</i></p> <p>The value of forest assets at the balance sheet date 31.12.2024 amounted to 2 517 million euros representing 13 % of total assets and 22 % of total equity.</p> <p>Valuation of forest assets was a key audit matter because</p> <ul style="list-style-type: none"> <li>the valuation process is complex,</li> <li>the fair value measurement requires significant management judgement and is based on assumptions that are affected by expected market or economic conditions, and</li> <li>the value of forest assets is material to the financial statements.</li> </ul> <p>The fair value of forest assets is calculated based on discounted future expected cash flows. Main factors used in the fair value calculations are estimates for growth and wood harvested, stumpage prices and discount rates.</p> <p>Fair values of forest assets may vary significantly when above mentioned assumptions are changed.</p> <p>Fair value measurement of forest assets was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10 (2).</p>	<p>Our audit procedures to address the risk of material misstatement in respect of valuation of forest assets included among others:</p> <ul style="list-style-type: none"> <li>Involvement of EY valuation specialists to assist us in evaluating appropriateness of methodologies, fair value calculations and underlying assumptions applied by the management.</li> <li>Testing of mathematical accuracy of the fair value calculations.</li> <li>Comparing the key assumptions made by management to estimates of tree growth assumptions, wood harvested and stumpage prices available in external sources; and assessing the used discount rate for reasonableness and consistency.</li> </ul> <p>In addition, we assessed the overall reasonableness of management's judgments.</p> <p>We also assessed the sufficiency and appropriateness of the disclosures regarding the forest assets.</p>
<p><b>Valuation of energy shareholdings</b> <i>We refer to the note 4.3 Energy shareholdings in the consolidated financial statements</i></p> <p>The value of energy shareholdings at the balance sheet date 31.12.2024 amounted to 2 247 million euros representing 12 % of total assets and 19 % of total equity.</p> <p>Valuation of energy shareholdings was a key audit matter because</p> <ul style="list-style-type: none"> <li>the valuation process is complex</li> </ul>	<p>Our audit procedures to address the risk of material misstatement in respect of valuation of energy shareholdings included among others:</p> <ul style="list-style-type: none"> <li>Involvement of EY valuation specialists to assist us in evaluating appropriateness of methodologies, fair value calculations and underlying assumptions applied by the management.</li> <li>Testing of mathematical accuracy of the fair value calculations.</li> </ul>



<ul style="list-style-type: none"> <li>the fair value measurement requires significant management judgement and is based on assumptions that are affected by expected market or economic conditions, and</li> <li>the value of energy shareholdings is material to the financial statements.</li> </ul> <p>The fair value of energy shareholdings is calculated based on discounted future expected cash flows. In determining the fair value of energy shareholdings, management must make among other things an assessment regarding future electricity market prices, future electricity production costs and volumes, and discount rate applied on discounting the cashflows.</p> <p>Fair values of energy shareholdings may vary significantly when above mentioned assumptions are changed.</p> <p>Fair value measurement of energy shareholdings was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10 (2).</p>	<ul style="list-style-type: none"> <li>Comparing the key assumptions made by management to estimates of future electricity market prices available on external sources, estimates of future electricity production costs and volumes available on external sources, and assessing the used discount rate for reasonableness and consistency.</li> </ul> <p>In addition, we assessed the overall reasonableness of management's judgments.</p> <p>We also assessed the sufficiency and appropriateness of the disclosures regarding the energy shareholdings.</p>
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### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

- basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Reporting Requirements

#### Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 12.4.2023 for the year ended 31 December, 2024.

#### Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.





In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Other opinions on assignment of the Board of Directors

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki 13.2.2025

Ernst & Young Oy  
Authorized Public Accountant Firm

Heikki Ilkka  
Authorized Public Accountant



#### (Translation of the Finnish original)

### Independent Auditor's Report on the ESEF Consolidated Financial Statements of UPM-Kymmene Oyj

#### To the Board of Directors of UPM-Kymmene Oyj

We have performed a reasonable assurance engagement on the financial statements 213800ec6pw5vu4j9u64-2024-12-31-fi.zip of UPM-Kymmene Oyj (y-identifier: 1041090-0) that have been prepared in accordance with the Commission's regulatory technical standard for the financial year ended 31.12.2024.

#### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors and the Managing Director are responsible for the preparation of the company's report of Board of Directors and financial statements (the ESEF financial statements) in such a way that they comply with the requirements of the Commission's regulatory technical standard. This responsibility includes:

- preparing the ESEF financial statements in XHTML format in accordance with Article 3 of the Commission's regulatory technical standard
- tagging the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements with iXBRL tags in accordance with Article 4 of the Commission's regulatory technical standard and
- ensuring the consistency between the ESEF financial statements and the audited financial statements

The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of the Commission's regulatory technical standard.

#### *Auditor's Independence and Quality Management*

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

#### *Auditor's Responsibilities*

Our responsibility is to, in accordance with Chapter 7, Section 8 of the Securities Markets Act, provide assurance on the financial statements that have been prepared in accordance with the Commission's technical regulatory standard. We express an opinion on whether the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, in accordance with the requirements of Article 4 of the Commission's regulatory technical standard.

Our responsibility is to indicate in our opinion to what extent the assurance has been provided. We conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000.

The engagement includes procedures to obtain evidence on:



- whether the primary financial statements in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether the notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether there is consistency between the ESEF financial statements and the audited financial statements.

The nature, timing and extent of the selected procedures depend on the auditor's judgement. This includes an assessment of the risk of material deviations due to fraud or error from the requirements of the Commission's technical regulatory standard. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Opinion

Our opinion pursuant to Chapter 7, Section 8 of the Securities Markets Act is that the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements of UPM-Kymmene Oyj 213800ec6pw5vu4j9u64-2024-12-31-fi.zip for the financial year ended 31.12.2024 have been tagged, in all material respects, in accordance with the requirements of the Commission's regulatory technical standard.

Our opinion on the audit of the consolidated financial statements of UPM-Kymmene Oyj for the financial year ended 31.12.2024 has been expressed in our auditor's report 13.2.2025. With this report we do not express an opinion on the audit of the consolidated financial statements nor express another assurance conclusion.

Helsinki 4.3.2025

Ernst & Young Oy  
Authorized Public Accountant Firm

Heikki Ilkka  
Authorized Public Accountant



## ASSURANCE REPORT ON THE SUSTAINABILITY STATEMENT (Translation of the Finnish original)

### To the Annual General Meeting of UPM-Kymmene Oyj

We have performed a limited assurance engagement on the group sustainability statement of UPM-Kymmene Oyj (1041090-0) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

#### Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability statement does not comply, in all material respects, with

- 1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
- 2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which UPM-Kymmene Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

#### Basis for Opinion

We performed the assurance of the group sustainability statement as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (*Revised*) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the *Responsibilities of the Group Sustainability Auditor* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Other Matter

We draw attention to the fact that the group sustainability statement of UPM-Kymmene Oyj that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability statement. Our opinion is not modified in respect of this matter.

### Group sustainability auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of UPM-Kymmene Oyj are responsible for:

- the group sustainability statement and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability statement with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

### Inherent Limitations in the Preparation of a Sustainability Statement

The preparation of the group sustainability statement requires a materiality assessment from the company in order to identify relevant disclosures. This significantly involves management judgment and choices. Group sustainability reporting is also characterized by estimates and assumptions, as well as measurement and estimation uncertainty.

The determination of greenhouse gases is subject to inherent uncertainty due to the incomplete scientific data used to determine the emission factors and the numerical values needed to combine emissions of different gases.

In addition, when reporting forward-looking information, the company must make assumptions about possible future events and disclose the company's possible future actions in relation to these events. The actual outcome may be different because predicted events do not always occur as expected.



### Responsibilities of the Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability statement.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability statement, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

- We have interviewed the key persons responsible for collecting and reporting the information included in the group sustainability statement.
- Through interviews, we gained an understanding of the group's control environment related to the group sustainability reporting process.
- We evaluated the implementation of the company's double materiality assessment process against the requirements of ESRS standards and the compliance of the information provided for the double materiality assessment with ESRS standards.



- We assessed whether the group sustainability statement in material respect meets the requirements of ESRS standards for material sustainability topics:
  - We have tested the accuracy of the information presented in the group sustainability statement by comparing the information on a sample basis with supporting company documentation.
  - We have on a sample basis performed analytical assurance procedures and related inquiries, recalculation and inspected documentation, as well as tested data aggregation to assess the accuracy of the group sustainability statement.
- We gained an understanding of the process by which a company has defined taxonomy-eligible and taxonomy-aligned economic activities and evaluate the regulatory compliance of the information provided.

Helsinki 13.2.2025

Ernst & Young Oy  
Authorized Sustainability Audit Firm

Heikki Ilkka  
Authorized Sustainability Auditor



## ASSURANCE REPORT ON THE SUSTAINABILITY STATEMENT (Translation of the Finnish original)

### To the Annual General Meeting of UPM-Kymmene Oyj

We have performed a reasonable assurance engagement of Scope 1 and Scope 2 GHG emissions (the "GHG emissions") contained in the group sustainability statement of UPM-Kymmene Oyj (1041090-0) that is referred to in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS) (the "Criteria") and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform reasonable assurance procedures on the remaining information included in the group sustainability statement and accordingly, we do not express an opinion on this information.

### Opinion

In our opinion, Scope 1 and Scope 2 GHG emissions for the financial year 1.1-31.12.2024 are presented, in all material respects, in accordance with the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS).

Our opinion does not cover the tagging of the group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

### Basis for Opinion

We performed the assurance of the group sustainability statement as a reasonable assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the *Responsibilities of the Group Sustainability Auditor* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

We draw attention to the fact that the group sustainability statement of UPM-Kymmene Oyj that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability statement. Our opinion is not modified in respect of this matter.



### Group sustainability auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of UPM-Kymmene Oyj are responsible for:

- the group sustainability statement and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

### Inherent Limitations in the Preparation of a Sustainability Statement

Sustainability reporting is characterized by estimates and assumptions, as well as measurement and estimation uncertainty. The determination of greenhouse gases is subject to inherent uncertainty due to the incomplete scientific data used to determine the emission factors and the numerical values needed to combine emissions of different gases.

### Responsibilities of the Group Sustainability Auditor

Our responsibility is to express an opinion on the presentation of the GHG emissions based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 (Revised) Other Than Audits or Reviews of Historical Financial Information. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the GHG emissions are presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

### Description of the Procedures That Have Been Performed

As part of our assurance procedures we, for example:

- Conducted interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- Conducted interviews with key personnel to understand the sustainability reporting system during the reporting period, including the process for collecting, collating and reporting the GHG emissions
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria



- Undertook analytical review procedures to support the reasonableness of the data
- Identified and testing assumptions supporting calculations
- Tested, on a sample basis, underlying source information to check the accuracy of the data
- Inspected relevant documentation of the systems and processes for compiling, analysing, and aggregating data in the reporting period and testing such documentation on a sample basis
- Performed physical and online site visits to performed inquiries and inspect documents on a sample basis.
- Read and reviewed selected material qualitative statements in applicable sections of the report for plausibility and consistency

Helsinki 13.2.2025

Ernst & Young Oy  
Authorized Sustainability Audit Firm

Heikki Ilkka  
Authorized Sustainability Auditor



## Independent practitioner's assurance report – AA1000 (Translated from the original Finnish report)

### To the Management of UPM-Kymmene Oyj

#### Scope

We have been engaged by UPM-Kymmene Oyj (hereafter UPM) to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, and by AA1000AS v3 Standard (limited assurance according to the AA1000AS standard, moderate assurance), hereafter referred to as the engagement, to report on sustainability information in UPM's Sustainability Statement and Annual Report 2024 (the "Subject Matter") for the period 1.1.-31.12.2024. The assignment corresponds to the type 2 assignment of the AA1000AS standard, where the assurance assignment includes not only the AA Principles but also the verification of the reliability and quality of the information.

#### Criteria applied by UPM

In preparing the Subject Matter, UPM applied the AA1000 standards (the "Criteria"). As a result, the Subject Matter information may not be suitable for another purpose.

#### UPM's responsibilities

UPM's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

#### Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and in accordance with AccountAbility's assurance standard (AA1000AS v3), and the terms of reference for this engagement as agreed with UPM on 25.6.2024. ISAE 3000 standard require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The AA1000AS standard requires the planning and execution of the assurance engagement performed in a way that it provides limited assurance as to whether the corporate responsibility information complies with AccountAbility's reporting principles (AA1000) and whether the information is reliable and of high quality. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions



### Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

Ernst & Young also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the Subject Matter, and applying analytical and other appropriate procedures.

Our procedures included:

- a) To develop the knowledge and understanding of UPM's material sustainability topics, organization and activities,
- b) Interviews with senior management to understand UPM's sustainability management related to the Subject Matter,
- c) Interviews with personnel responsible for gathering and consolidation of the Subject Matter to understand the systems, processes and controls related to gathering and consolidating the information,
- d) Assessing sustainability data from internal and external sources and checking the data to reporting information on a sample basis to check the accuracy of the data,
- e) Assessing AccountAbility (AA1000) Principles (participation of stakeholders, determination of relevant topics of corporate responsibility, meeting the expectations of stakeholders and impact assessment) as part of the evaluation of the implementation of the aforementioned measures.

We also performed such other procedures as we considered necessary in the circumstances.



### Limitation of the Assignment

In a limited assurance assignment, the methods of obtaining evidence are more limited than in a reasonable assurance assignment, which is why more limited assurance is obtained than in a reasonable assurance assignment.

We have designed and performed the engagement in such a way that we obtain enough evidence for limited assurance on which to base our conclusions, and thus it does not provide all of the evidence required to obtain reasonable assurance.

The scope of the assignment covers the Subject Matter for the reporting period 1 January 2024 – 31 December 2024 and does not include sustainability information from previous reporting periods. The assurance covers the Subject Matter previously defined in the section Scope, and the assurance does not apply to other information published in the Annual Report.

### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the period 1.1-31.12.2024, in order for it to be in accordance with the Criteria.

### Applying AccountAbility (AA1000) principles of corporate responsibility:

► **Involvement of stakeholders:** Based on the assurance work done and the evidence we have obtained, we have not come across any facts, based on which it would be reasonable to assume that essential stakeholders were not taken into account in the measures related to the participation of stakeholders or that the principle of the participation of stakeholders was not taken into account in the development of corporate responsibility procedures. In its disclosures, UPM has identified its key stakeholders, set goals related to the involvement of stakeholders and reported on measures to involve stakeholders. Stakeholder group work is monitored regularly at the management team and board level.

► **Determining the essential topics of corporate responsibility:** Based on the assurance work done and the evidence we have obtained, we have not come across any facts, based on which there is reason to assume that the determination of UPM's materiality topics of corporate responsibility does not give a fair picture of the material topics regarding corporate responsibility. UPM has carried out a materiality analysis to identify key impacts and published its results in its Sustainability Statement and Annual Report 2024. The materiality topics have been prioritized based on the significance of the effects of UPM's operations and the views of stakeholders. UPM regularly monitors stakeholders' views by conducting stakeholder surveys. Goals have been set for each relevant topic, which are monitored and reported on using appropriate metrics.

► **Responding to stakeholders' expectations:** Based on the assurance work done and the evidence we have obtained, we have not come across any facts that would give a reason to assume that UPM has not applied the principle of responding to stakeholders' expectations with regard to the topics to be reported. UPM has identified the expectations of various stakeholders and described the measures taken to meet them.

► **Assessment of impacts:** Based on the assurance work done and the evidence we have obtained, we have not come across any facts that would make it reasonable to assume that UPM has not measured, monitored and evaluated its impacts on the ecosystems surrounding the company. UPM's essential impacts, indicators and goal monitoring are described in the annual report for each area of corporate responsibility.



### Quality and reliability of corporate responsibility data

Based on the assurance work done and the evidence we have obtained, we have not come across any facts that would give a reason to assume that the presented corporate responsibility information is not reliable and high-quality in essential parts based on the reporting criteria, or does not give an adequate and correct picture of UPM's corporate responsibility in essential parts.

### Recommendations

Based on the assurance work we have done and the evidence we have obtained, we are not aware of any significant changes or additions that should be made to the Subject Matter in order for it to meet the requirements of the Criteria.

- Implementing a more structured process for local community and social engagement practices across all locations, irrespective of scale of operations
- More emphasis can be placed on measuring and monitoring of metrics on stakeholder engagements especially related to affected communities. Standardizing or categorizing the metrics would allow for continuous monitoring of the effectiveness of stakeholder engagement and its associated actions.

Helsinki, 13 February 2025

Ernst & Young Oy  
Authorized Public Accountant Firm

Heikki Ilkka  
Authorized Public Accountant



## Other financial information

### Alternative performance measures

UPM presents certain performance measures of historical performance, financial position and cash flows, which in accordance with the "Alternative Performance Measures" guidance issued by the European Securities and Markets Authority (ESMA) are not accounting measures defined or specified in IFRS Accounting Standards and are therefore considered as alternative performance measures. These alternative performance measures are described below:

ALTERNATIVE PERFORMANCE MEASURE	DEFINITION
Operating profit	Profit before income tax expense, finance expenses and finance income and net gains on sale of energy shareholdings as presented on the face of the IFRS income statement. Gains on sale of energy shareholdings are not recorded to the income statement from 2018 onwards.
Comparable EBIT	Operating profit adjusted for items affecting comparability.
Comparable EBITDA	Operating profit before depreciation, amortisation and impairments, change in fair value of forest assets and wood harvested, share of results of associates and joint ventures and items affecting comparability.
Comparable profit before tax	Profit before income tax expense excluding items affecting comparability.
Comparable profit for the period	Profit for the period excluding items affecting comparability and their tax impact.
Comparable EPS, EUR	Earnings per share calculated in accordance with IFRS excluding items affecting comparability and their tax impact.
Net debt	Total of current and non-current debt less cash and cash equivalents and interest-bearing current and non-current financial assets.
Items affecting comparability	Certain non-operational or non-cash valuation transactions with significant income statement impact are considered as items affecting comparability, if they arise from asset impairments, restructuring measures, asset sales, fair value changes of forest assets resulting from changes in valuation parameters or estimates or changes in legislation or legal proceedings. In addition, the changes in fair value of unrealised cash flow and commodity hedges and business acquisition costs are classified as items affecting comparability. Numerical threshold for items to be considered as significant is EUR 1 million pre-tax in all business areas.
Free cash flow	Cash generated from operations after cash used for investing activities.
Return on equity (ROE), %	Profit for the period as a percentage of average equity.
Comparable ROE, %	Return on equity (ROE) excluding items affecting comparability.
Return on capital employed (ROCE), %	Profit before taxes, interest expenses and other financial expenses as a percentage of average capital employed.
Comparable ROCE, %	Return on capital employed (ROCE) excluding items affecting comparability.
Capital employed	Group total equity and total debt.
Business area's comparable ROCE, %	Business area's operating profit adjusted for items affecting comparability as a percentage of business area's average capital employed.
Business area's capital employed	Business area's operating assets less its operating liabilities. Operating assets include goodwill, other intangible assets, property, plant and equipment, forest assets, energy shareholdings, investments in associates and joint-ventures, inventories and trade receivables. Operating liabilities include trade payables and advances received.
Capital expenditure	Capitalised investments in property, plant and equipment, intangible assets including goodwill arising from business combinations, energy shareholdings and other shares, associates and joint ventures.
Capital expenditure excluding acquisitions and shares	Capital expenditure excluding investments in shares and participations.
Operating cash flow per share, EUR	Operating cash flow divided by adjusted average number of shares during the period excluding treasury shares.
Gearing ratio, %	Net debt as a percentage of total equity
Net debt to EBITDA	Net debt divided by comparable EBITDA
Equity to assets ratio, %	Equity expressed as a percentage of total assets less advances received.

### Reconciliation of key figures to IFRS (Quarterly key figures are unaudited)

EURm, OR AS INDICATED	Q4/24	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q1-Q4/24	Q1-Q4/23
<b>Items affecting comparability</b>										
Impairment charges	-516	11	-44	0	-1	-113	-2	-1	-549	-117
Restructuring charges	-18	-3	-83	2	-15	-132	-15	-37	-103	-199
Change in fair value of unrealised cash flow and commodity hedges	8	12	-10	-3	-10	-5	8	5	7	-2
Capital gains and losses on sale of non-current assets	1	0	5	22	0	2	3	-6	29	0
Fair value changes of forest assets	0	0	0	0	-86	0	0	0	0	-86
Other non-operational items	3	-6	0	0	0	0	0	0	-4	0
<b>Total items affecting comparability in operating profit</b>	<b>-523</b>	<b>14</b>	<b>-132</b>	<b>21</b>	<b>-113</b>	<b>-249</b>	<b>-5</b>	<b>-38</b>	<b>-620</b>	<b>-405</b>
Items affecting comparability in financial items	0	0	-3	0	0	1	1	-67	-3	-65
Items affecting comparability in taxes	100	-3	37	0	26	71	4	8	133	109
<b>Items affecting comparability, total</b>	<b>-423</b>	<b>11</b>	<b>-98</b>	<b>21</b>	<b>-87</b>	<b>-177</b>	<b>0</b>	<b>-97</b>	<b>-490</b>	<b>-361</b>
<b>Comparable EBITDA</b>										
Operating profit (loss)	-105	305	50	354	211	-29	108	318	604	608
Depreciation, amortisation and impairment charges excluding items affecting comparability	147	144	151	147	152	152	125	114	590	543
Change in fair value of forest assets and wood harvested excluding items affecting comparability	-130	16	27	8	-10	5	16	5	-80	17
Share of result of associates and joint ventures	0	-1	-1	1	0	0	0	1	-1	1
Items affecting comparability in operating profit	523	-14	132	-21	113	249	5	38	620	405
<b>Comparable EBITDA</b>	<b>436</b>	<b>450</b>	<b>359</b>	<b>489</b>	<b>465</b>	<b>376</b>	<b>255</b>	<b>477</b>	<b>1,734</b>	<b>1,573</b>
% of sales	16.5	17.9	14.1	18.5	18.4	14.6	10.0	17.1	16.8	15.0
<b>Comparable EBIT</b>										
Operating profit (loss)	-105	305	50	354	211	-29	108	318	604	608
Items affecting comparability in operating profit	523	-14	132	-21	113	249	5	38	620	405
<b>Comparable EBIT</b>	<b>418</b>	<b>291</b>	<b>182</b>	<b>333</b>	<b>323</b>	<b>220</b>	<b>114</b>	<b>356</b>	<b>1,224</b>	<b>1,013</b>
% of sales	15.9	11.5	7.2	12.6	12.8	8.5	4.5	12.8	11.8	9.7
<b>Comparable profit before tax</b>										
Profit (loss) before tax	-131	271	28	332	180	-52	96	239	500	464
Items affecting comparability in operating profit	523	-14	132	-21	113	249	5	38	620	405
Items affecting comparability in financial items	0	0	3	-	-	-1	-1	67	3	65
<b>Comparable profit before tax</b>	<b>392</b>	<b>257</b>	<b>163</b>	<b>311</b>	<b>293</b>	<b>196</b>	<b>101</b>	<b>344</b>	<b>1,123</b>	<b>934</b>
<b>Comparable ROCE, %</b>										
Comparable profit before tax	392	257	163	311	293	196	101	344	1,123	934
Interest expenses and other financial expenses	31	37	29	28	40	33	22	17	126	112
Capital employed, average	423	294	192	339	333	229	123	361	1,249	1,046
<b>Comparable ROCE, %</b>	<b>11.1</b>	<b>7.9</b>	<b>5.2</b>	<b>9.1</b>	<b>8.9</b>	<b>6.0</b>	<b>3.1</b>	<b>8.4</b>	<b>8.2</b>	<b>6.4</b>
<b>Comparable profit for the period</b>										
Profit (loss) for the period	-95	246	33	279	161	-28	77	183	463	394
Items affecting comparability, total	423	-11	98	-21	87	177	-	97	490	361
<b>Comparable profit for the period</b>	<b>328</b>	<b>236</b>	<b>131</b>	<b>258</b>	<b>248</b>	<b>149</b>	<b>77</b>	<b>281</b>	<b>953</b>	<b>755</b>
<b>Comparable EPS, EUR</b>										
Comparable profit for the period	328	236	131	258	248	149	77	281	953	755
Profit attributable to non-controlling interest	-4	-10	-6	-7	-1	2	1	-7	-27	-6
Average number of shares basic (1,000)	324	226	125	251	246	151	78	273	926	749
<b>Comparable EPS, EUR</b>	<b>0.61</b>	<b>0.42</b>	<b>0.23</b>	<b>0.47</b>	<b>0.46</b>	<b>0.28</b>	<b>0.15</b>	<b>0.51</b>	<b>1.74</b>	<b>1.40</b>
<b>Comparable profit for the period</b>										
Total equity, average	328	236	131	258	248	149	77	281	953	755
<b>Comparable ROE, %</b>	<b>11.5</b>	<b>8.5</b>	<b>4.6</b>	<b>8.9</b>	<b>8.5</b>	<b>5.1</b>	<b>2.5</b>	<b>8.7</b>	<b>8.3</b>	<b>6.2</b>

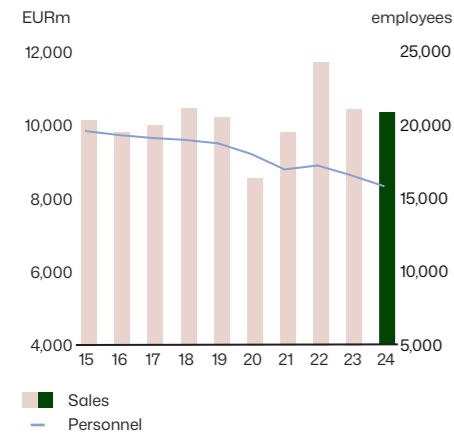


## Financial information 2015–2024

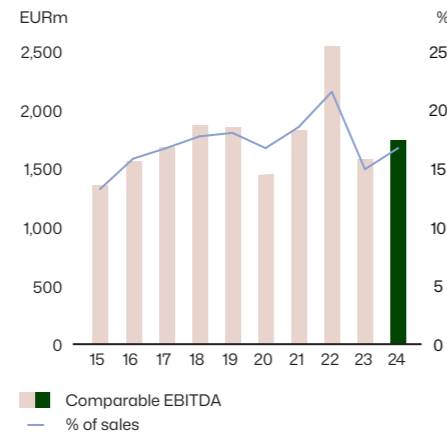
EURm, OR AS INDICATED	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Income statement</b>										
Sales	10,339	10,460	11,720	9,814	8,580	10,238	10,483	10,010	9,812	10,138
Comparable EBITDA	1,734	1,573	2,536	1,821	1,442	1,851	1,868	1,677	1,560	1,350
% of sales	16.8	15.0	21.6	18.6	16.8	18.1	17.8	16.8	15.9	13.3
Operating profit	604	608	1,974	1,562	761	1,344	1,895	1,259	1,135	1,142
% of sales	5.8	5.8	16.8	15.9	8.9	13.1	18.1	12.6	11.6	11.3
Comparable EBIT	1,224	1,013	2,096	1,471	948	1,404	1,513	1,292	1,143	916
% of sales	11.8	9.7	17.9	15.0	11.1	13.7	14.4	12.9	11.6	9.0
Profit before tax	500	464	1,944	1,548	737	1,307	1,839	1,186	1,080	1,075
% of sales	4.8	4.4	16.6	15.8	8.6	12.8	17.5	11.9	11.0	10.6
Comparable profit before tax	1,123	934	2,066	1,457	924	1,367	1,457	1,218	1,089	849
% of sales	10.9	8.9	17.6	14.8	10.8	13.4	13.9	12.2	11.1	8.4
Profit for the period	463	394	1,556	1,307	568	1,073	1,496	974	880	916
% of sales	4.5	3.8	13.3	13.3	6.6	10.5	14.3	9.7	9.0	9.0
Comparable profit for the period	953	755	1,679	1,204	737	1,119	1,194	1,004	879	734
% of sales	9.2	7.2	14.3	12.3	8.6	10.9	11.4	10.0	9.0	7.2
<b>Balance sheet</b>										
Non-current assets	14,062	13,913	14,977	12,420	10,149	10,140	9,501	9,144	9,715	10,259
Inventories	2,104	1,948	2,289	1,594	1,285	1,367	1,642	1,311	1,346	1,376
Other current assets	2,930	2,612	4,941	3,662	3,424	3,215	2,853	2,612	2,850	2,558
Total assets	19,096	18,473	22,207	17,676	14,858	14,722	13,996	13,067	13,911	14,193
Total equity	11,540	11,531	12,879	11,106	9,513	10,175	9,797	8,663	8,237	7,944
Non-current liabilities	5,162	4,501	5,807	4,102	3,606	2,730	2,194	2,254	3,364	4,328
Current liabilities	2,395	2,441	3,522	2,468	1,740	1,818	2,005	2,150	2,309	1,921
Total equity and liabilities	19,096	18,473	22,207	17,676	14,858	14,722	13,996	13,067	13,911	14,193
Capital employed at year end	15,452	14,916	17,913	13,759	11,555	11,474	10,575	9,777	10,657	11,010
Capital expenditure	550	1,122	1,555	1,483	903	378	303	329	325	520
% of sales	5.3	10.7	13.3	15.1	10.5	3.7	2.9	3.3	3.3	5.1
Capital expenditure excluding acquisitions and shares	527	1,094	1,399	1,477	902	378	303	303	325	486
% of sales	5.1	10.5	11.9	15.1	10.5	3.7	2.9	3.0	3.3	4.8
<b>Cash flow and net debt</b>										
Operating cash flow	1,352	2,269	508	1,250	1,005	1,847	1,330	1,460	1,686	1,185
Free cash flow	766	1,193	-1,077	-74	126	1,432	1,131	1,336	1,424	750
Net debt	2,869	2,432	2,374	647	56	-453	-311	174	1,131	2,100
<b>Key figures</b>										
Return on capital employed (ROCE), %	4.1	3.5	12.8	12.4	6.7	12.3	18.4	12.5	10.5	10.3
Comparable ROCE, %	8.2	6.4	13.6	11.7	8.3	12.8	14.6	12.8	10.6	8.3
Return on equity (ROE), %	4.0	3.2	13.0	12.7	5.8	10.7	16.2	11.5	10.9	11.9
Comparable ROE, %	8.3	6.2	14.0	11.7	7.5	11.2	12.9	11.9	10.9	9.5
Gearing ratio, %	25	21	18	6	1	-4	-3	2	14	26
Net debt to EBITDA	1.66	1.55	0.94	0.35	0.04	-0.24	-0.17	0.10	0.73	1.56
Equity to assets ratio, %	60.5	62.5	58.1	62.9	64.1	69.2	70.1	66.6	59.4	56.1
<b>Personnel</b>										
Personnel at year end	15,827	16,573	17,236	16,966	18,014	18,742	18,978	19,111	19,310	19,578
<b>Deliveries</b>										
Pulp (1,000 t)	4,945	4,139	2,761	3,724	3,664	3,715	3,468	3,595	3,419	3,224
Electricity (GWh)	11,328	12,059	9,442	9,300	9,168	8,619	8,608	8,127	8,782	8,966
Papers, total (1,000 t)	4,692	4,935	6,135	7,486	7,062	8,326	8,996	9,430	9,613	9,771
Plywood (1,000 m <sup>3</sup> )	482	429	616	738	683	739	791	811	764	740
Sawn timber (1,000 m <sup>3</sup> )	1,202	1,524	1,538	1,610	1,604	1,741	1,719	1,728	1,751	1,731

# Financial information 2015–2024

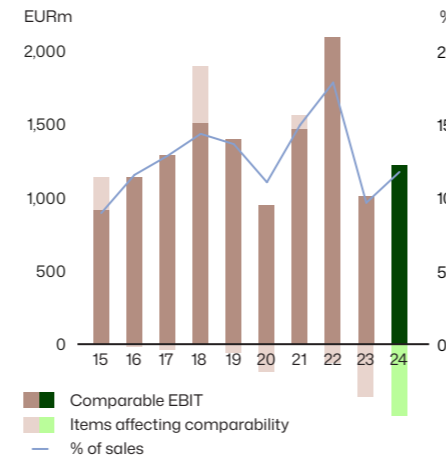
**Sales and personnel**



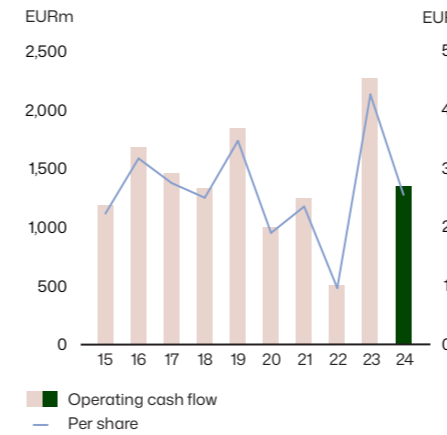
**Comparable EBITDA**



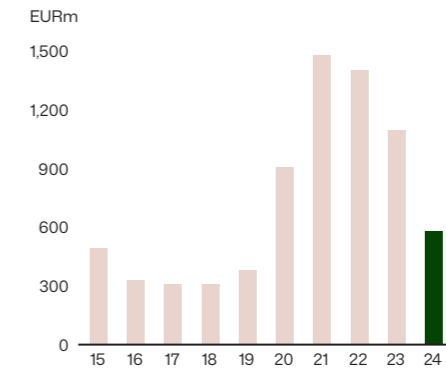
**Comparable EBIT**



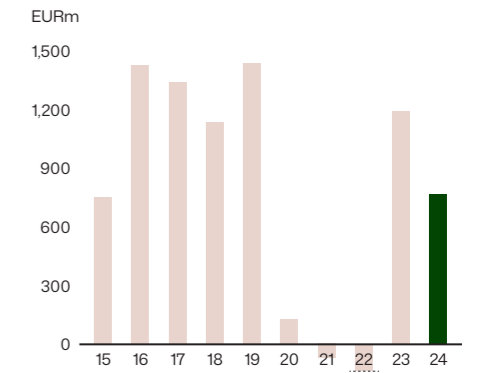
**Operating cash flow**



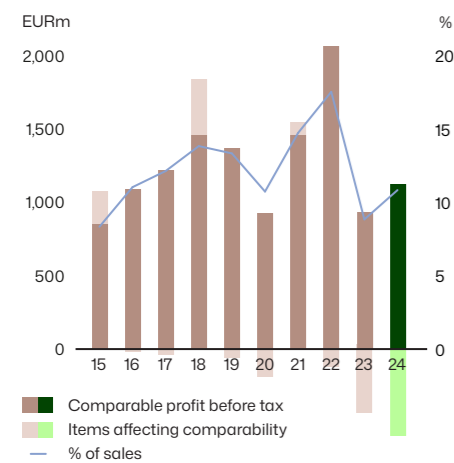
**Capital expenditure excluding acquisitions and shares**



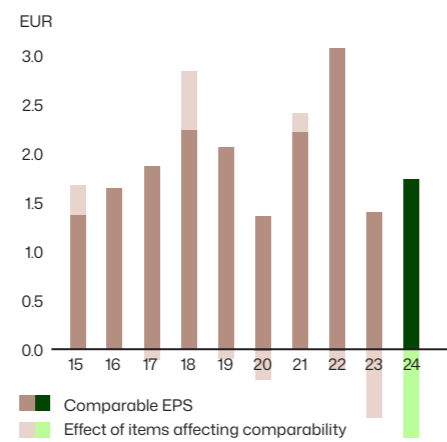
**Free cash flow**



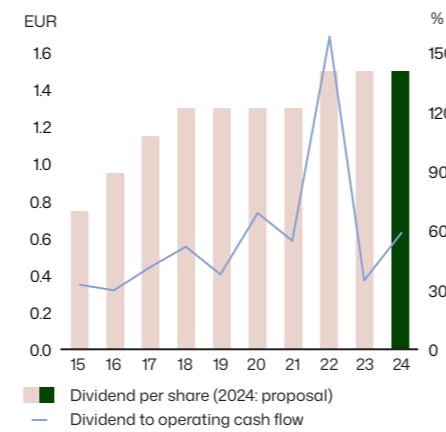
**Comparable profit before tax**



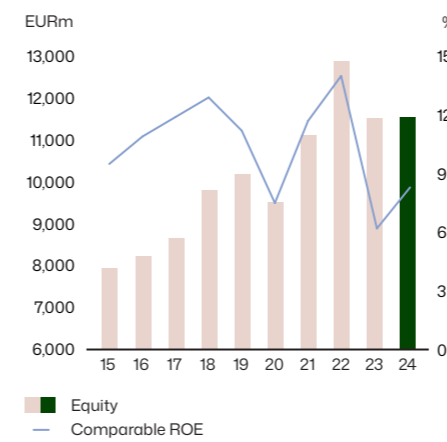
**Comparable earnings per share**



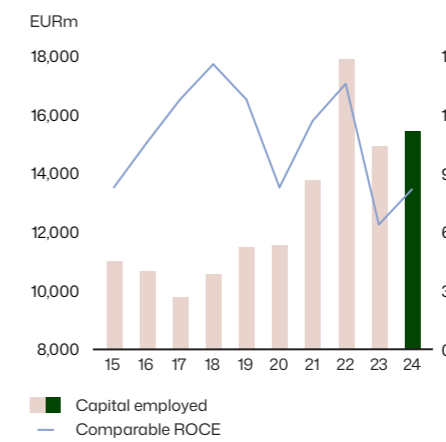
**Dividend per share**



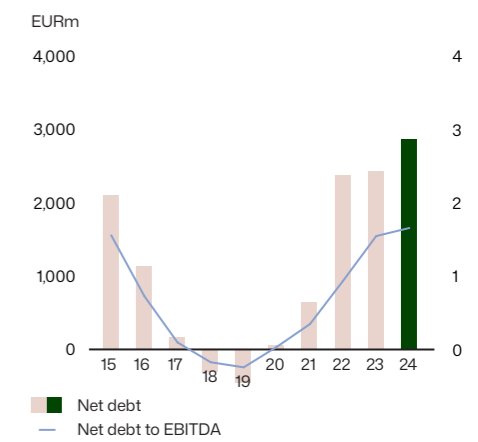
**Equity and comparable ROE**



**Capital employed and comparable ROCE**

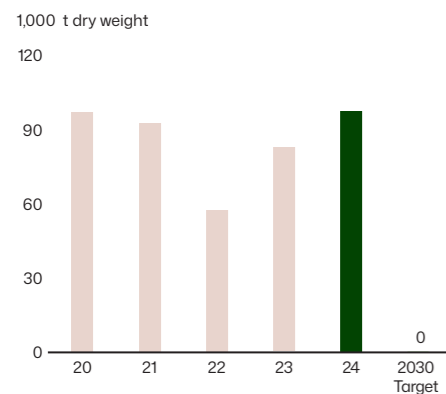


**Net debt and net debt to EBITDA**

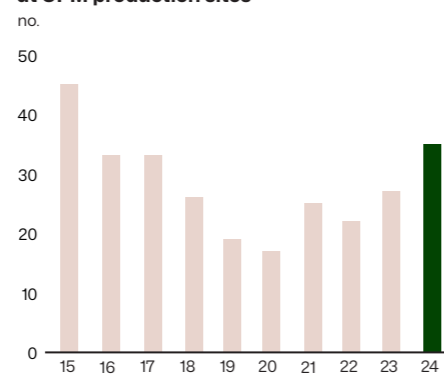


## More on sustainability

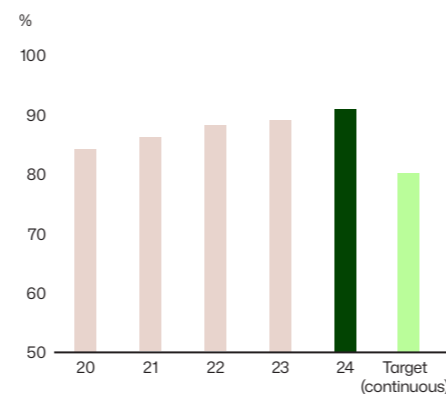
Process waste to landfills



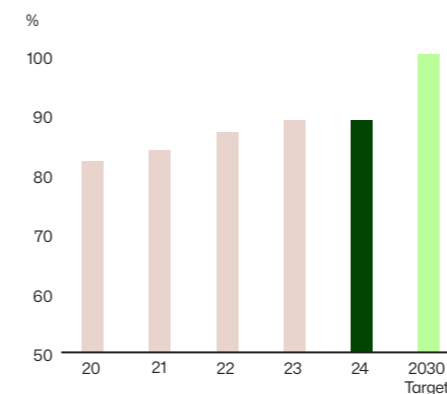
Environmental deviations at UPM production sites



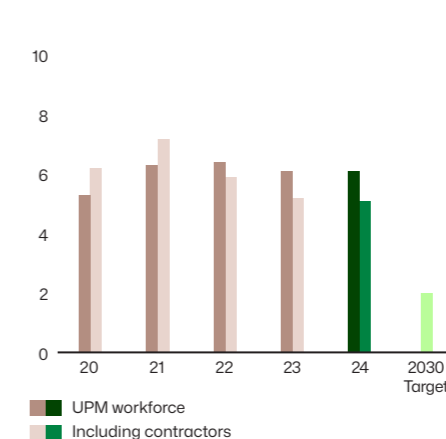
Spend covered by UPM Supplier Code



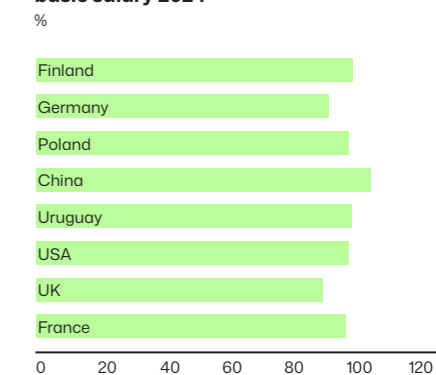
Products eligible for ecolabelling



Total recordable injury frequency (TRIF)

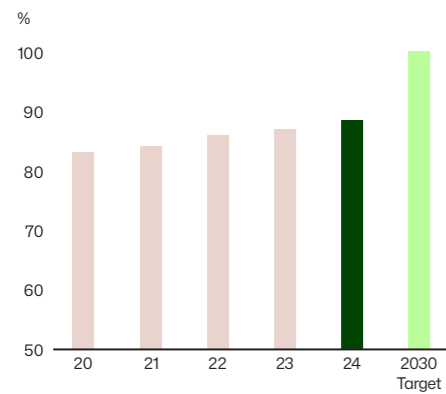


Ratio of female to male salaries weighted basic salary 2024

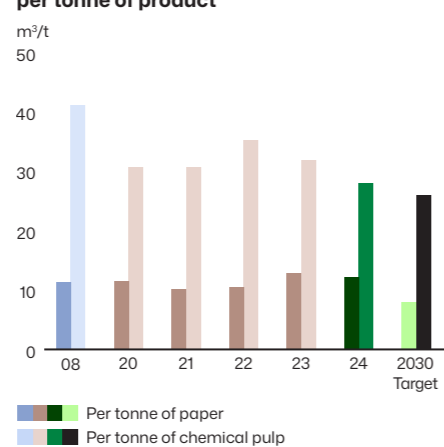


The ratio is calculated by comparing weighted average of basic salaries of women to men on the same job grade, for the eight biggest countries in terms of salaried employees. These countries cover 92% of UPM's total number of salaried employees.

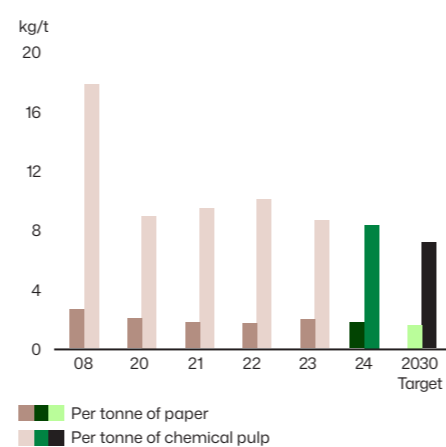
Certified fibre share



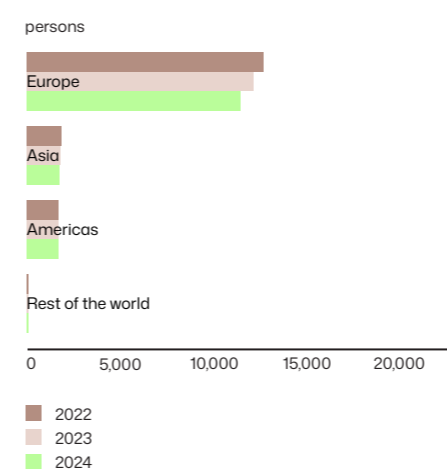
Process wastewater volumes per tonne of product



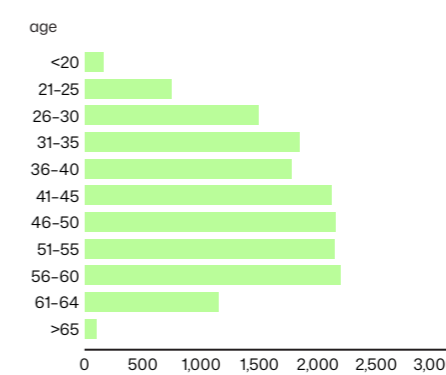
COD load per tonne of product



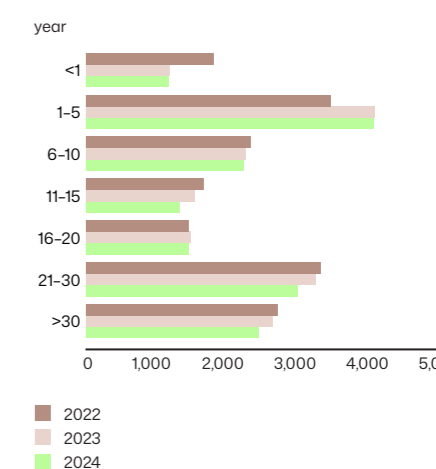
UPM employees by region



Age structure of UPM employees 2024



Employees' years of service with UPM



## Global sustainability reporting standards

### GRI - Global Reporting Initiative

GRI was established in 1997 and is an international independent organisation that helps businesses, governments, and other organisations understand and communicate their impacts on issues such as climate change, human rights, and corruption. The GRI provides a comprehensive framework for sustainability reporting, known as GRI standards.

UPM has reported in accordance with the Global Reporting Initiative (GRI) Standards for the period 1 January 2024 to 31 December 2024.

General and topic-specific disclosures for 2024 in English with a reference to external assurance in the GRI content index have been externally assured by an independent third party Ernest & Young. The Independent Assurance Report is available in UPM's GRI Content Index 2024 document.

The GRI index document shows where the disclosures of material topics and general disclosures are addressed in the Annual Report, on UPM's webpage or in the GRI content index itself. It also includes information on omissions and additional explanations. UPM's GRI Content Index 2024 document is available on upm.com.

### ISSB - International Sustainability Standards Board

ISSB was established in 2021 by the IFRS Foundation during the UN Climate Change Conference (COP26). The IFRS Foundation is a not-for-profit, public interest organisation established to develop high-quality, understandable, enforceable, and globally accepted accounting and sustainability disclosure standards. The ISSB's primary goal is to

create a global baseline of sustainability disclosures that meet the needs of capital markets.

In 2023, the ISSB published its first two sustainability disclosure standards: IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and S2 (Climate-related Disclosures).

The ISSB and the European Commission services, together with EFRAG, have worked together during the development of the European Sustainability Reporting Standards (ESRS) and the IFRS Sustainability Disclosure Standards (ISSB Standards) to achieve a high degree of alignment of the respective standards, with a specific focus on climate-related reporting. A joint interoperability guidance was published in 2024, and builds the basis for UPM's alignment index of IFRS S1 and S2 with UPM's ESRS disclosures.

See below for UPM's ISSB-ESRS Alignment Index.

IFRS S1 & S2 requirements	Topic	IFRS sustainability disclosure standard requirement	ESRS requirements	Page numbers	Additional notes
General requirements	Materiality	IFRS S1.17-19	ESRS 2 SBM-2, SBM-3	140-143	
	Location of disclosures	IFRS S1.60-63	ESRS 2, beginning of the report	126-128	
	Governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities	IFRS S1.27(a)-(b)	ESRS 2 GOV-1	131-134	
	Strategy for managing sustainability-related risks and opportunities	IFRS S1.29(a)-(e)	ESRS 2 SBM-1, SBM-2, SBM-3	136-143	
	Material information about the sustainability-related risks and opportunities including Metrics and Targets	IFRS S1.30(a)-(c); IFRS S1.32(a)-(b); IFRS S1 45-53	Sustainability Statement as such	130-245	
	Financial position, financial performance and cash flows	IFRS S1.34-40	ESRS IRO-1 Process in general, Climate-related risks	143-145	
	Risk Management	IFRS S1.44(a)-(c)	ESRS IRO-1	143-145	
<b>IFRS S2 - Governance</b>					
Governance and management roles	Description of management bodies and individuals foreseeing climate related risks and opportunities	IFRS S2.6 (a)	ESRS 2 GOV-1, GOV-2	131-134	
Governance processes, controls and procedures	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	IFRS S2.6 (b)	ESRS 2 GOV-1 Management's role in sustainability	131-134	
<b>IFRS S2 - Strategy</b>					
Climate-related risks and opportunities	Identified material climate-related physical and transition risks and opportunities affecting UPM	IFRS S2.10	ESRS 2 SBM-3, E1 SBM-3	141-143 151	
Business model and value chain	Current and anticipated effects of climate-related risks and opportunities	IFRS S2.13	ESRS 2 SBM-3, Board of Director's report Risk section	141-143	
Strategy and decision-making	Information about how UPM has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making	IFRS S2.14 (a)	ESRS 2 SBM-3; ESRS 2 IRO-1; ESRS E1-1; E1-2; E1-3	141-143 143-145 149-150 152-153	
	UPM's resourcing, and plans to resource, the activities disclosed	IFRS S2.14 (b)	ESRS E1-3	152-153	
	Progress of plans disclosed in previous reporting period	IFRS S2.14 (c)	ESRS E1-1	149-150	

IFRS S1 & S2 requirements	Topic	IFRS sustainability disclosure standard requirement	ESRS requirements	Page numbers	Additional notes
Financial position, financial performance and cash flows	The effects of climate-related risks and opportunities on UPM's financial performance	IFRS S2.15	ESRS 2 SBM-3	141-143	
	Information about effects on UPM's financial performance for the current and future reporting periods	IFRS S2.16, IFRS S2.17	ESRS 2 SBM-3	141-143	Information about financial effects omitted for fiscal year 2024 according to ESRS Transitional provisions for disclosure requirements including phase-in options
Climate resilience	Results and implications of the climate resiliency assessment	IFRS S2.22 (a)	ESRS 2 SBM-3; ESRS E1-1	141-143 149-150	
	Information about how and when the climate-related scenario analysis was carried out including description of inputs and assumptions utilised in the assessment	IFRS S2.22 (b), IFRS S1.23; IFRS S1.B42 (c), IFRS S2.23	ESRS E1.1	149-150	
<b>IFRS S2 - Risk management</b>					
Management of climate-related risks	Processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks and key assumptions	IFRS S2.25(a)	ESRS 2 SBM-3; ESRS 2 IRO-1 ESRS E1-1; E1-2	141-143 143-145 149-150 152	
Management of climate-related opportunities	Processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities and key assumptions	IFRS S2.25 (b)	ESRS 2 GOV-1-2;4; ESRS 2 IRO-1; ESRS 2 SMB-3	131-135 141-145	
Overall risk management	Description of integration of climate-related risk and opportunity processes with overall risk management process	IFRS S2.25 (c)	ESRS 2 IRO-1	143-145	
<b>IFRS S2 - Metrics</b>					
Climate and GHG emission-related metrics	UPM's Scope 1,2 and 3 related GHG emissions and description of the measurement approach	IFRS S2.29(a), IFRS S2.B56 (a), (b), IFRS S2.B34	ESRS E1-1; E1-4; E1-6	149-150 154-156 158-160	
	Climate-related transition risks – the amount and percentage of assets or business activities vulnerable to climate-related transition risks	IFRS S2.29 (b)	ESRS 2 SBM-3	141-143	Information about financial effects omitted for fiscal year 2024 according to ESRS Transitional provisions for disclosure requirements including phase-in options
	Climate-related physical risks – the amount and percentage of assets or business activities vulnerable to climate-related physical risks;	IFRS S2.29 (c)	ESRS 2 SBM-3	141-143	See above comment for Climate-related transition risks
	Climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities	IFRS S2.29 (d)	ESRS 2 SBM-3	141-143	See above comment for Climate-related transition risks
	Capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	IFRS S2.29 (e)	ESRS 2 SBM-3	141-143	See above comment for Climate-related transition risks
	Internal carbon pricing	IFRS S2.29 (f)	ESRS E1-8	161	
	Climate related considerations in executive remunerations	IFRS S2.29 (g)	ESRS 2 GOV-1	131-134	
	Information relevant to the cross-industry metric	IFRS S2.31; IFRS S2.B65 (e); IFRS S1.21 (b), IFRS S1.50 (c)	ESRS 2 SBM-3	141-143	Information about financial effects omitted for fiscal year 2024 according to ESRS Transitional provisions for disclosure requirements including phase-in options
<b>IFRS S2 - Targets</b>					
Climate-related targets	Description of quantitative and qualitative climate-related targets UPM has set to monitor progress towards achieving its strategic goals, law or regulation	IFRS S2.33, IFRS S2.B67	ESRS E1-4	154-156	
	Information about UPM's approach to setting and reviewing each target, and how UPM monitors progress against each target,	IFRS S2.34	ESRS E1-1; E1-4	149-150 154-156	
	Information about UPM performance against climate-related targets	IFRS S2.35	ESRS E1-1; E1-4	149-150 154-156	
	Information about scope of climate-related targets	IFRS S2.36 (a), (b), (d)	ESRS E1-1; E1-4	149-150 154-156	
	Information about use of carbon credits	IFRS S2.36 (e)	ESRS E1-7	160-161	

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# We renew the everyday



## Annual General Meeting

The Annual General Meeting of UPM-Kymmene Corporation will be held on Thursday, 27 March 2025, at 14:00 EET at Finlandia Hall, Mannerheimintie 13 e, Helsinki, Finland. Detailed instructions for shareholders are available on the corporate website at

[www.upm.com/AGM2025](https://www.upm.com/AGM2025)

### DIVIDEND

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.50 per share be paid for the financial year 2024. The Board of Directors proposes that the dividend be paid in two instalments. The first dividend instalment of EUR 0.75 per share is proposed to be paid to shareholders who are registered in the Company's shareholder register maintained by Euroclear Finland Oy on the record date for the first dividend instalment 31 March 2025. The Board proposes that the payment date for the first dividend instalment be 8 April 2025.

The second dividend instalment of EUR 0.75 per share is proposed to be paid to shareholders registered in the Company's shareholder register maintained by Euroclear Finland Oy on the record date for the second dividend instalment on 31 October 2025. The Board proposes that the payment date for the second dividend instalment be 7 November 2025.

### FINANCIAL REPORTS IN 2025

UPM will publish the following financial reports in 2025

- UPM Interim Report for January–March (Q1) on 24 April 2025
- UPM Half Year Financial Report for January–June (Q1–Q2) on 24 July 2025
- UPM Interim Report for January–September (Q1–Q3) on 29 October 2025

