

NO DEFORESTATION BY UPM

According to FAO's State of the World's Forests 2022, over 90% of global deforestation is caused by agricultural expansion. Deforestation means that the land use changes permanently, and forest cover is lost. Deforestation has negative impact on all aspects of sustainability: species and habitat loss, carbon storage and sink loss, disappearance of local forest dependent livelihoods etc.

Harvesting wood as part of sustainable forest management should not be confused with deforestation - since sustainable wood harvesting is always based on the regeneration of forests. It sees the forest itself as an invaluable asset to be managed and maintained in perpetuity.

UPM strictly condemns deforestation. Our own forest management and additional wood sourcing do not cause deforestation anywhere in the world. Our long-term view ensures that forests grow more than we harvest. We plant over 55 million new seedlings every year.

We have multiple ways of ensuring that no deforestation occurs due to our operations. We follow the principles of sustainable forest management, which means that we manage the forests in a way that they are preserved for future generations, and respect the environmental, social, and economic values of forests. National forest inventories allow us to access public information on forests including forest area, forest growth and harvests, which complement our environmental management and certification systems. Forest inventory data provides information on no net loss of forest cover, verifying that deforestation does not take place in areas where we source wood. To verify the sustainable origin of the wood raw material and to ensure no deforestation occurs in the UPM supply chain, the following systems are being used:

- ISO 14001 environmental management systems
- GIS (Geographic Information Systems)
- FSC™ forest management standard in Finland and Uruguay (UPM license numbers: Finland FSC-C105876, Uruguay FSC-C020173)
- PEFC forest management standard in Finland, Uruguay and the United States (SFI) (UPM license numbers: Finland PEFC/02-21-17, Uruguay PEFC/36-22-002 / USA SFI® (SFI-00011))
- FSC and PEFC Chain-of-Custody (CoC) standards covering all the UPM wood sourcing globally.

UPM's compliance to above mentioned standards and systems is annually verified by external third-party auditors.

Certified forest management and CoC systems provide mechanism of traceability, an information link between the wood harvested from the forest and the end-products. The CoC verifies that the wood doesn't come from controversial sources, which covers illegal logging and forest conversion (CoC controlled wood). UPM uses documentation and the digital GIS maps with integrated forest resources database to track the wood fibre flows from the forest to the mill and to keep forest data up-to-date. The system is audited by external auditors globally, every year. UPM also promotes certification in privately owned forests, for instance through group certification (Finland FSC-C109750, Uruguay FSC-C022008).

Finland and Uruguay are UPM's largest wood sourcing regions. At the end of 2022, we owned approximately 900,000 hectares of forest land in Finland, Uruguay and the USA. Most of this land is in Finland, totaling around 522,000 hectares. In Uruguay, we have about 305,000 hectares of eucalyptus plantations, grasslands and conservation areas, and in the USA 76,000 hectares of forest. We also lease about 160,000 hectares in Uruguay and manage about 1.3 million hectares of private forests in Finland. We apply the same strict sustainability standards everywhere we operate.

Our plantations in Uruguay are established on modified grasslands, which are old grazing lands that are not suitable for agriculture due to low productivity. We never convert natural forests into plantations. Natural forests in Uruguay are protected by law, and we maintain and restore their status in UPM's protected areas for example by removing invasive alien species.

In the United States, UPM has signed long term agreement in 2010 with the State of Minnesota to open all UPM owned forest areas (76,000 ha) for recreational use and to commit not to convert the forests in other use than forestry. Under the conservation easement, UPM retains ownership of the land and will continue to use it for forestry. The easement provides the public with access for recreational purposes such as hunting, fishing, hiking, and snowmobiling in perpetuity. The utility easement ensures that the land is protected from development (i.e. no deforestation).