

28 September 2018

UPM COMMUNICATION PAPERS ENVIRONMENTAL RULES

UPM and its context

UPM complies with applicable environmental laws and recognises its impacts on air, water, land and biodiversity. UPM aims to minimize adverse effects of its operations. Both the direct and indirect environmental loads and impacts of UPM operations shall be measured and assessed continuously.

Everyone is requested to be mindful of environmental issues as part of the day-to-day work. To accomplish this, everyone is expected to act responsibly, share best practices and promote the use of advanced technologies. All actions that may adversely affect humans and nature shall be cautiously considered.

Employees shall manage UPM's environmental loads systematically in accordance with the principle of continuous improvement as guided by internationally recognised environmental management systems.

UPM strives towards product stewardship that takes into account the entire product life cycle. It is everyone's responsibility to take product safety seriously.

Sustainable Sourcing

UPM is committed to responsible sourcing practices and expects its suppliers to comply with applicable laws and to share the principles outlined in this Code of Conduct. UPM sets requirements and expects its suppliers to promote them further in their supply chain. These requirements relate, for example, to the origin of raw materials, fair working conditions and prohibition of child and forced labour.

Everyone shall look after the best interests of UPM when selecting and operating with suppliers. Suppliers shall be assessed systematically and regularly from an economic, social and environmental perspective. In all purchasing practises the **UPM's Rules for Forestry and Wood Sourcing Activities, UPM Pulp Supplier Requirements and UPM Supplier Code** shall be complied with.

UPM is a frontrunner in implementation of methods for tracing the origin of wood and accepts only legally and sustainably sourced wood fibre. UPM does not source wood from protected areas where harvesting is prohibited by the authorities, or from any other area harvested contrary to the authorities' instructions. UPM expects suppliers to demonstrate a commitment to promoting biodiversity.

UPM promotes good forest practices through forest certification and recognises and utilises all credible forest certification schemes as described in **UPM Forest Certification Rules**.

UPM procures chemical pulp from its own mills, partially-owned mills and external pulp mills. Partially-owned and external mills shall meet the same principles concerning wood procurement and production processes as the company's own operations. Only elemental-chlorine-free and totally-chlorine free bleached chemical pulp are produced and used at UPM mills.

UPM promotes the use of recovered paper and shall take into account the quality, environmental and economic aspects of fibre use. Both primary fibre and recycled fibre are essential raw materials for UPM papers.

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Energy efficiency

UPM aims to reduce its impact on climate change in energy production, procurement and use. This shall be ensured by promoting and investing in energy efficiency to reduce our carbon footprint. Internal energy audits are conducted regularly in all UPM pulp and paper mills, to identify opportunities for improved energy efficiency, to benchmark performance, and to provide information for mill and company target-setting. The mills shall take corrective measures and implement targets based on the audit results.

Environmental protection

One of the key focus areas of all the mills is production efficiency improvements by reducing the waste and energy to produce high quality paper. Minimizing the environmental impacts of production shall be achieved by reducing emissions to air and water, reducing process water use and total amount of process waste generated, as well as reducing the amount of waste to landfill. A life-cycle approach is used to assess the environmental impacts of UPM paper products.

All pulp and paper mills report key environmental parameters on a regular basis. Deviations from environmental permit limit values are reported on a monthly basis. The environmental performance of the pulp and paper mills is benchmarked annually and compared to the performance levels defined in the **European BAT Reference Document**. The results of benchmarking as well as the regulatory conditions are the basis for annual target setting and also for environmental technology investment decisions. All the mills must have an environmental management system certified to ISO 14001.

Environmental quality of products

All UPM paper grades are recyclable and non-toxic to the environment and human health. UPM strives to continually reduce the environmental impacts of its paper products and of the overall value chain over the life cycle.

Controlling the impacts of logistics

The environmental impacts of logistics shall be controlled by encouraging the use of eco-efficient modes of transport and by careful planning of routes and optimizing capacity utilization. Only reliable logistics partners are chosen. **UPM Supplier Code** shall be obeyed by all UPM units and functions involved.

Environmental communication

UPM has positioned itself as the Biofore Company which leads the integration of bio and forest industries into a new, sustainable and innovation-driven future. Biofore stands for sustainable solutions and excellent environmental performance. UPM's Code of Conduct and corporate values (trust and be trusted, achieve together, and renew with courage) are applied in all our operations including external and internal communications. Stakeholders and the public must promptly receive accurate information on UPM's environmental performance.

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Organization for environmental matters

Environment shall be an integral part of everyday operations in the mills, functions and sales companies. Environmental performance and continuous improvement are recognized as competitive factors and are key elements in the divisions' strategy, target-setting and action plans.

The management personnel of UPM Communication Papers take an active stand on environmental performance and support the mills towards advanced environmental management. The mills shall implement the UPM Environmental Strategy by means of environmental management systems. Environmental target-setting is done both at the Group and the mill levels.

UPM Environmental team gives input to target-setting and decision-making at the corporate and mill level, and gives operational network support to mills, functions and sales companies.

Managers at UPM must ensure that all relevant employees are trained in environmental matters and are able to assess the environmental load of various work tasks and develop a sense of responsibility for the environment.

Referenced documents:

- Code of Conduct
- UPM's Rules for Forestry and Wood Sourcing Activities
- UPM Pulp Supplier Requirements
- UPM Supplier Code
- UPM Forest Certification Rules
- EU BAT reference document



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