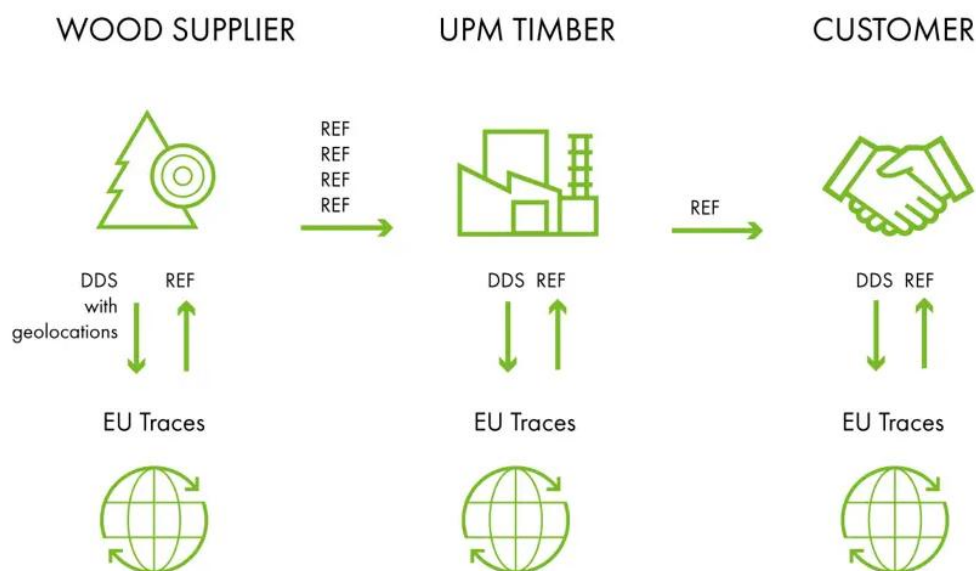


UPM TIMBER DUE DILIGENCE SYSTEM DESCRIPTION

Regulation (EU) 2023/1115 of the European Parliament and the of the Council on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) 995/2010 (hereafter EUDR or Regulation) requires that operators subject to the Regulation establish a due diligence system and to exercise due diligence before placing products falling under the scope of the Regulation on the EU market or exporting such products from the EU market. UPM Timber has incorporated the due diligence requirements of the EUDR in its general due diligence process. The purpose of this document is to describe the due diligence system of UPM Timber, encompassing both UPM-Kymmene Oyj Timber and UPM Pulp Sales Oy. Throughout this text, 'UPM Timber' refers to both companies.

UPM-Kymmene Oyj Timber has four sawmills in Finland: Alholma, Kaukas, Korkeakoski, and Seikku. These mills produce sawn timber which UPM-Kymmene Oyj places on the market. UPM Pulp Sales Oy makes the products available on the market or exports from the EU and trades sawn timber from partner sawmills. Products placed on the EU market, as well as export products, include both finished products and those made from other products, all of which have undergone due diligence and are covered by a due diligence statement. Therefore, UPM Timber is considered a downstream operator having the possibility to apply the simplification of Article 4(9). Therefore, UPM Timber's due diligence obligation consists of keeping record of the products that UPM Timber places on the EU market or exports from the EU market in accordance with Article (9.1 (a) to (b) and (e) to (f)) and ascertaining that due diligence was properly carried out upstream.

UPM Timber's EUDR solution functional representation



UPM-Kymmene Oyj Timber acts as downstream operator in following cases:

- When placing sawn timber on the market i.e. selling the products to UPM Pulp Sales Oy

UPM Pulp Sales Oy acts as downstream operator in the following cases:

- When placing UPM-Kymmene Oyj Timber products to export (non-EU) markets
- When placing partner sawmill products to export (non-EU) markets

UPM Pulp Sales Oy acts as a trader in following case:

- When placing UPM-Kymmene Oyj Timber products to the EU markets
- When placing partner sawmill products to the EU markets

Risk assessment

For all timber produced in Finland, the raw material is already accompanied by an EUDR Reference Number and therefore a full risk assessment has already been done (by UPM Forest or partner sawmills). For UPM Timber, this means that the risk assessment process can be simplified, requiring us to ascertain whether the previous upstream supplier has acted in accordance with the Regulation. In practice, this means checking the due diligence system and ensuring that it and the operation is compliant with the Regulation.

Risk mitigation

As already stated under Risk assessment, UPM Forest are the sole direct supplier to UPM Timber and are responsible for risk assessment and risk mitigation processes. UPM Timber trades sawn timber from partner sawmills and they are responsible for ensuring that their suppliers have carried out risk assessment and risk mitigation processes.

If supplier due diligence is not in accordance with the Regulation, then the risk is higher than negligible. It will then be assessed on a case by case if UPM Timber will make appropriate due diligence to mitigate the risk or refrain from purchasing such wood.

Review of our own due diligence

Our due diligence system is reviewed once a year by Raw Material Manager. The review is done the latest on the second quarter. Member of MG TIM Sales Support can act as deputy reviewer if needed.

The reviewer fills in the Excel sheet *UPM Timber Due Diligence Compliance* to confirm that the due diligence system and relevant documentation has been reviewed. If there are lacks in the documentation, then the documentation must be updated accordingly. When the documentation is confirmed to be ok, the due diligence system is validated for the current year. The documentation confirming DD compliance is archived for five years.

Documentation ascertaining our own due diligence system

Links to the following documents (list is not exhaustive):

- UPM Timber FSC™ Chain of Custody certificate
- UPM Timber PEFC Chain of Custody certificate
- UPM Timber Origin of Wood Statement (annually updated)
- UPM Group Code of Conduct
- UPM Group Supplier and Third-Party Code
- UPM and Human Rights Responsibility Statement
- UPM Group EU Timber Regulation Statement
- UPM Group Requirements for Suppliers of Wood document

Ascertaining due diligence of UPM Timber raw material supplier

UPM Forest's compliance is verified yearly by UPM EUDR Compliance Officer. UPM Timber will not accept log deliveries without applicable DDS reference. The documentation confirming DD compliance is archived for five years.

Documentation ascertaining UPM Timber raw material supplier's due diligence system

List of documents (list is not exhaustive):

- Risk assessments and risk mitigation actions
- Documents validating compliance with law (policies, rules)
- Process descriptions and mechanisms to maintain and control that processes are carried out in described way
- External audit results
- Third party certification schemes, including but not limited to:
 - Chain of Custody certificate
 - Forest Management certificate
 - Forest governance statement

Ascertaining due diligence of UPM Timber trading partners

The documentation ascertaining the due diligence of our suppliers is reviewed once a year by Raw Material Manager or Demand Planning Manager. The review is done the latest on the second quarter. Member of TIM Sales Support can act as deputy reviewer if needed.

The reviewer fills in the Excel sheet *UPM Timber Trading Partner Due Diligence Compliance* to confirm that the due diligence system and relevant documentation has been reviewed. If there are lacks in the documentation, then UPM Timber audits the partner in question. Based on the audit results suppliers must implement corrective measures. When the processes and documentation are confirmed to be ok, the trading partner's due diligence system is validated for the current year. If UPM Timber is not able to verify the quality of the due diligence of the partner sawmill, it must exercise due diligence itself or refrain from including such relevant products in the UPM value chain. The documentation confirming DD compliance is archived for five years.

Compliance of partner sawmills is ensured by contractual terms, requiring that products received from partners are EUDR compliant. Additionally, partners are required to deliver Due Diligence system description for UPM Timber's inspection. UPM Timber reserves the right to audit partner sawmills.

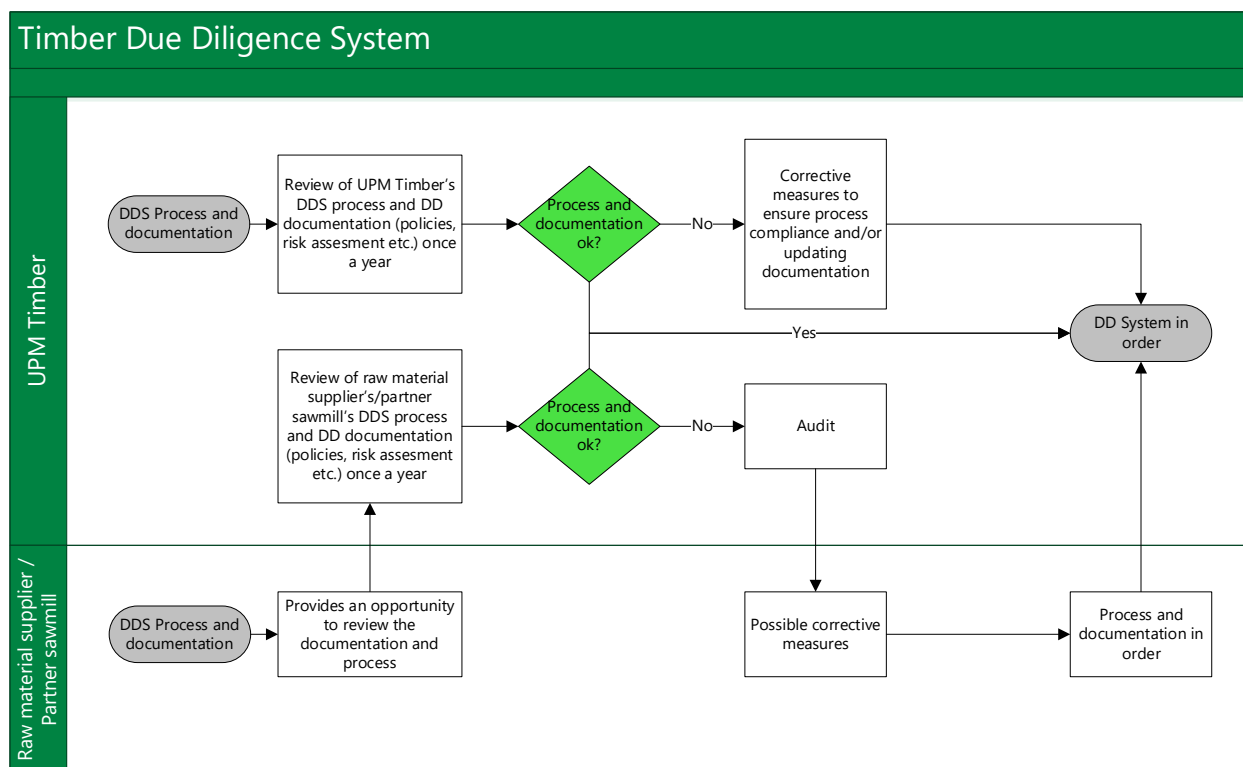
DDS references from partner sawmills are checked programmatically by UPM Timber ERP's EUDR-module. If there are errors found in the received DDS references, trading products from the partner in question is put on hold until compliance is restored.

Documentation ascertaining UPM Timber trading partner's due diligence system

List of documents (list is not exhaustive):

- Documents validating compliance with law (policies, rules)
- Process descriptions and mechanisms to maintain and control that processes are carried out in described way
- External audit results
- Third party certification schemes, including but not limited to:
 - Chain of Custody certificate

Summary of the due diligence system



Maintenance of Due Diligence system

If we become aware of new developments which could influence the due diligence system, we will update the due diligence system to consider those developments. These factors could be related to changes in how wood sourcing works, or, for example, the legal structure of the different companies involved. Updates of the due diligence system will be documented, and the documentation retained for at least five years.