

GRI content index



UPM follows the Global Reporting Initiative's (GRI) Sustainability Reporting Standards in its corporate responsibility reporting. The reporting has been prepared in accordance with the GRI Standards: Core option.

General and topic-specific disclosures for 2021 in English with a reference to external assurance in the GRI content index have been externally assured by an independent third party PricewaterhouseCoopers Oy. The Independent Assurance Report is available in UPM's Annual Report on page 116-117.

The index below shows where the GRI disclosures are addressed in the Annual Report (AR), on UPM's webpage ([web](http://www.upm.com/responsibility)) www.upm.com/responsibility and www.upm.com/investors/governance or in the GRI content index at hand.

This GRI content index includes additional information on the following:

- Information for defining report content and topic boundaries (GRI 102-46)
- Changes in reporting (GRI 102-49)
- Management approach (GRI 102-1, 2 and 3)
- Data measurement techniques and definitions
 - Environmental disclosures
 - Social disclosures

List of references for GRI disclosures:

- [Annual Report 2021](#)
- [Chart tool with responsibility data](#)
- www.upm.com/responsibility
- www.upm.com/investors/governance
- [Corporate Governance Statement 2021](#)
- [Remuneration Report 2021](#)
- [Carbon Inventory 2021](#)
- [Material balance 2021](#)

GRI INDEX

Standard / Disclosure		Location	Disclosure / Comment	Omissions	Assurance
GENERAL DISCLOSURES					
GRI 102: General Disclosures 2016					
Organizational Profile					
102-1	Name of the organization	AR 157			
102-2	Activities, brands, products, and services	AR 8-9	There are no banned products in 2021.		
102-3	Location of headquarters	AR 157			
102-4	Location of operations	AR 232-233			
102-5	Ownership and legal form	AR 157			
102-6	Markets served	AR 163, 232-233			
102-7	Scale of the organization	AR 232-233			
102-8	Information on employees and other workers	AR 70-72, web , web , web	In 2021, a significant portion of UPM's activities was performed by contractors. They work e. g. in maintenance at production sites or in forestry operations. In addition, contractor work has an important role in our investment projects.		
102-9	Supply Chain	AR 82-83			
102-10	Significant changes to the organization and its supply chain	AR 125-126			
102-11	Precautionary principle or approach	AR 18-19, 30-35			
102-12	External initiatives	AR 17			
102-13	Membership of associations	web			
Strategy					
102-14	Statement from senior decision maker	AR 6-7			
102-15	Key impacts, risks, and opportunities	AR 10-15, 30-31, 34-35			
Ethics and integrity					
102-16	Values, principles, standards, and norms of behavior	AR 30-31, 68-79			
102-17	Mechanisms for advice and concerns about ethics	AR 78			
Governance					
102-18	Governance structure	AR 104-109, web , web			
102-19	Delegating authority	AR 136			
102-20	Executive level responsibility for economic, environmental, and social topics	AR 136			
102-21	Consulting stakeholders on economic, environmental, and social topics	web , web	Annual General Meeting		

102-22	Composition of the highest governance body and its committees	AR 104-106, 112-113, web	
102-23	Chair of the highest governance body	AR 112	
102-24	Nominating and selecting the highest governance body	AR 104-105, web , web	
102-25	Conflicts of interest	AR 106, 207, web	
102-26	Role of highest governance body in setting purpose, values, and strategy	AR 106-108, web	
102-27	Collective knowledge of highest governance body	web	Report of Board of Directors including disclosure on non-financial information, EU taxonomy and TCFD approved by the Board.
102-28	Evaluating the highest governance body's performance	AR 106-107, web	
102-29	Identifying and managing economic, environmental, and social impacts	AR 106-109, 120-149	
102-30	Effectiveness of risk management processes	web , web	
102-31	Review of economic, environmental, and social topics	AR 107-108, web	
102-32	Highest governance body's role in sustainability reporting	See comment	Report of Board of Directors including disclosure on non-financial information, EU taxonomy and TCFD approved by the Board.
102-33	Communicating critical concerns	AR 78-79	
102-34	Nature and total number of critical concerns	AR 78	
102-35	Remuneration policies	AR 109-110, web , web	
102-36	Process for determining remuneration	AR 108, web , web	
102-37	Stakeholders' involvement in remuneration	web , web	
102-38	Annual total compensation ratio	web	
Stakeholder engagement			
102-40	List of stakeholder groups	AR 65	
102-41	Collective bargaining agreements	web	
102-42	Identifying and selecting stakeholders	web	
102-43	Approach to stakeholder engagement	AR 64-73, 86-87, web	
102-44	Key topics and concerns raised	AR 64-73, 86-87, web	
Reporting practice			
102-45	Entities included in the consolidated financial statements	AR 204-206	
102-46	Defining report content and topic boundaries	GRI index 10	
102-47	List of material topics	GRI index 10-11	
102-48	Restatements of information	See comment	Any changes to previous reports are included in the topic-specific disclosures.
102-49	Changes in reporting	GRI index 10	
102-50	Reporting period	See comment	1 January 2021 – 31 December 2021
102-51	Date of most recent report	See comment	2 March 2021
102-52	Reporting cycle	See comment	Annual

102-53	Contact point for questions regarding the report	AR 235	
102-54	Claims of reporting in accordance with the GRI Standards	See comment	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	See comment	Present document
102-56	External assurance	AR 116-117, GRI index 1	

GRI 103: Management Approach 2016

103-1	Explanation of the material topics and its boundaries	GRI index 10-11	
103-2	The management approach and its components	GRI index 10-11	
103-3	Evaluation of the management approach	GRI index 10-11	

MATERIAL TOPICS

GRI 200: ECONOMIC STANDARD SERIES

GRI 201: Economic Performance 2016

201-1	Direct economic value generated and distributed	AR 81	Corporate income taxes and property taxes reported separately for the main production countries.		✓
201-2	Financial implications and other risks and opportunities due to climate change	AR 10-13, 34, 93-94, 138	Qualitative description of risks, opportunities and responses.	UPM is not disclosing financial implications of any risks or opportunities due to commercially sensitive nature of the data.	✓
201-3	Defined benefit plan obligations and other retirement plans	AR 171-174	In 2021, the percent of salary contributed by employee is 7.15% and the percent of salary contributed by employer is 17.95%.		✓
201-4	Financial assistance received from government	AR 166-167	No government is directly present in UPM's shareholding structure.		✓

GRI 202: Market presence 2016

202-2	Proportion of senior management hired from the local community	See comment	99% of management positions are held by locals. In this indicator, local means nationality, UPM's pulp and paper mills are the significant locations of operation, senior management are the members of the sites' management team.		✓
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GRI 203: Indirect Economic Impacts 2016

203-1	Infrastructure investments and services supported	AR 42, web	Scope is UPM's pulp mill project in Uruguay.		✓
203-2	Significant indirect economic impacts	AR 99			✓

GRI 204: Procurement Practices 2016

204-1	Proportion of spending on local suppliers	See comment	Out of a total spend of EUR 2.3 billion for UPM primary raw materials – wood , pulp and recovered paper – 60% was purchased from local suppliers. Scope is fibre raw material which accounts for 32% of total spend. All units using fibre raw material are considered as significant locations. Local in this indicator means country, except in Austria & Germany also neighbouring country.	✓
GRI 205: Anti-Corruption 2016				
205-1	Operations assessed for risks related to corruption	AR 136	The 2021 compliance risk assessment process included a top down risk discussion with the management of each business area (including corruption). All UPM group entities were also assessed on the basis of country risk and complexity of operations.	✓
205-2	Communication and training about anti-corruption policies and procedures	See comment	Anti-corruption is one topic in UPM's Code of Conduct. In 2019, the Board of Directors discussed the revised Code of Conduct and related processes, before Board approved the document. All members of the Board were present at the meeting. Code of Conduct training with a focus on UPM's anti-corruption policies and procedures has been provided to all the current members of the Board in 2019-2021. The new Code was distributed to all employees. 98% of active UPM employees (as of the end 2021) have completed the respective training, which included anti-corruption. The Supplier and Third Party Code was revised in 2019. The Supplier and Third Party Code is communicated to suppliers as part of the business contract. In 2021, 86% of UPM supplier spend was covered by the Code. Suppliers represent the majority of the relevant business partners with regard to Supplier and Third Party Code. For further information, read more on page 82-83. Following training per employee category and region is not material to UPM. Following qualified suppliers by number and region is not material to UPM, but UPM follows the supplier spend covered by the Supplier and Third Party Code.	✓
205-3	Confirmed incidents of corruption and actions taken	AR 78		✓
GRI 206: Anti-Competitive Behavior 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	AR 207		✓
GRI 207: Tax				
207-1	Approach to tax	AR 80-81, web		✓
207-2	Tax governance, control, and risk management	AR 80-81, web		✓
207-3	Stakeholder engagement and management of concerns related to tax	AR 80-81, web		✓

207-4	Country-by-country reporting	AR 81, 163, 204-206, web	UPM is not disclosing in one format although certain information is available for relevant countries: names of the resident entities, number of employees, corporate income and property tax, country-specific information on tax practices, sales and assets. Other information is not disclosed for commercially sensitive nature of the data.	✓
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GRI 300: ENVIRONMENTAL TOPICS

GRI 301: Materials 2016

301-1	Materials used by weight or volume	AR 98, web		✓
301-2	Recycled input materials used	AR 83, web	Scope is fibre materials in paper production.	✓

GRI 302: Energy 2016

302-1	Energy consumption within the organization	AR 95, 98, 230, web		✓
302-3	Energy intensity	web	UPM is following kWh electricity/tonne of paper produced.	✓
302-4	Reduction of energy consumption	AR 93	In energy saving reporting, savings related to use of electricity and heat are included.	✓

GRI 303: Water 2018

303-1	Interactions with water as a shared resource	web , AR 96-97		✓
303-2	Management of water discharge-related impacts	web , AR 96-97		✓
303-3	Water withdrawal	AR 98, web , web	UPM does not monitor Total Dissolved Solids, but Total Suspended Solids.	✓
303-4	Water discharge	AR 99, web , web	UPM does not monitor Total Dissolved Solids, but Total Suspended Solids.	✓
303-5	Water consumption	web , web		✓

GRI 304: Biodiversity 2016

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	AR 84-85, web	Scope is UPM's own forests. UPM's approach is to donate and create protected areas adjacent to or even within their forest and plantation areas. This means that 100% of the forest operations are close to protected areas.	✓
304-2	Significant impacts of activities, products, and services on biodiversity	AR 84-85, web	Scope is UPM's own forests.	✓
304-3	Habitats protected or restored	AR 84-85, web	Scope is UPM's own forests.	✓
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	web	Scope is UPM's own forests.	✓

GRI 305: Emissions 2016

305-1	Direct (Scope 1) GHG emissions	AR 94, 99, web , web		✓
305-2	Energy indirect (Scope 2) GHG emissions	AR 94, 98, web , web		✓
305-3	Other indirect (Scope 3) GHG emissions	AR 94, 98-99, web		✓

305-4	GHG emissions intensity	web	UPM is following kg CO2/tonne of paper produced (Scope 1 and 2).	✓
305-5	Reduction of GHG emissions	AR 93	The emission reductions (Scope 1 and 2) are reported as CO2.	✓
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	AR 99, 232		✓
GRI 306: Waste 2020				
306-1	Waste generation and significant waste-related impacts	AR 88-91, web		✓
306-2	Management of significant waste-related impacts	AR 88-91, web		✓
306-3	Waste generated	web , GRI index 11		✓
306-4	Waste diverted from disposal	web , GRI index 11		✓
306-5	Waste directed to disposal	web , GRI index 11		✓
GRI 307: Environmental Compliance 2016				
307-1	Non-compliance with environmental laws and regulations	AR 138		✓
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	AR 82	Reporting scope is fibre raw material which accounts for 32% of total spend.	✓
308-2	Negative environmental impacts in the supply chain and actions taken	See comment	No significant negative impacts identified in 2021.	✓
GRI 400: SOCIAL TOPICS				
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	AR 71, web , web		✓
GRI 402: Labor/Management Relations				
402-1	Minimum notice periods regarding operational changes	web		✓
GRI 403: Occupational Health and Safety (OHS) 2018				
403-1	OHS management system	web		✓
403-2	Hazard identification, risk assessment, and incident investigation	web , web		✓
403-3	Occupational health services	web		✓
403-4	Worker participation, consultation, and communication on OHS	web		✓
403-5	Worker training on OHS	web		✓
403-6	Promotion of worker health	web		✓
403-7	Prevention and mitigation of OHS impacts directly linked by business relationships	web		✓
403-8	Workers covered by an occupational health and safety management system	web		✓
403-9	Work-related injuries	AR 74-75, web		✓
403-10	Work-related ill health	AR 74		✓

GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	AR 98	Following training per gender and employee category is not material to UPM.	✓
404-2	Programs for upgrading employee skills and transition assistance programs	AR 69-70, web		✓
404-3	Percentage of employees receiving regular performance and career development reviews	AR 33, 69	Follow-up per gender and employee category is not material to UPM.	✓
GRI 405: Diversity and Inclusion				
405-1	Diversity of governance bodies and employees	AR 72, 105, 231, web		✓
405-2	Ratio of basic salary and remuneration of women to men.	AR 231	Significant locations are the nine countries with largest number of salaried employees. These countries cover 91% of total salaried employees. See page 10 for details of the calculation.	✓
GRI 406: Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken	AR 136		
GRI 407: Freedom of Association and Collective Bargaining				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	See comment	No significant risk identified. For further information, read more on web (www.upm.com/responsibility/people-and-society/our-people/working-conditions/) for own operations, page 83 for suppliers.	✓
GRI 408: Child Labor				
408-1	Operations and suppliers at significant risk for incidents of child labor	See comment	No significant risks identified in own and suppliers' operations. For further information, read more in AR page 137, 142.	✓
GRI 409: Forced or Compulsory Labor				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	See comment	No significant risks identified in own and suppliers' operations. For further information, read more in AR page 137, 142.	✓
GRI 411: Rights of Indigenous People				
411-1	Incidents of violations involving rights of indigenous peoples	See comment	No incidents occurred in 2021. For further information, read more in AR page 85.	✓
GRI 412: Human Rights Assessment				
412-1	Operations that have been subject to human rights reviews or impact assessments	AR 137		✓
412-2	Employee training on human rights policies or procedures	See comment	Total training hours for employees on human rights were 570 hours in 2021.	✓
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human screening	See comment	UPM's responsible sourcing practices also cover all investments. For further information, read more in AR pages 82–83.	✓
GRI 413: Local Communities				

413-1	Operations with local community engagement, impact assessments, and development programs	See comment	UPM has implemented local community engagement programs in all significant locations where it operates. Pulp and paper mills considered as significant locations for this disclosure. For further information, read more in AR page 67.	UPM does not report the percentage of operations with implemented local community engagement.	✓
413-2	Operations with significant actual and potential negative impacts on local communities	See comment	No significant negative impacts identified in 2021. For further information, read more in AR pages 42-43,		✓
GRI 414: Supplier Social Assessment					
414-1	New suppliers that were screened using social criteria	AR 82	Reporting scope is fibre raw material which accounts for 32% of total spend.		✓
414-2	Negative social impacts in the supply chain and actions taken	See comment	No significant negative impacts identified in 2021.		✓
GRI 415: Public Policy					
415-1	Political contributions	AR 67	UPM does not financially support political parties or individual candidates.		✓
GRI 416: Customer Health and Safety					
416-1	Assessment of the health and safety impacts of product and service categories	AR 86-87, web			✓
GRI 417: Marketing and Labeling					
417-1	Requirements for product and service information and labeling	AR 87	UPM's ecodesign approach includes at least: – The sourcing of components of the product or service. – Content, particularly with regard to substances that might produce an environmental or social impact – Safe use of the product or service – Disposal of the product and environmental/social impacts – Other requirements set by ecolabels		✓
GRI 419: Socioeconomic Compliance					
419-1	Non-compliance with laws and regulations in the social and economic area	See comment	No significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in 2021.		✓
UPM INDICATORS					
UPM-1	Human Capital Return on Investment	See comment	UPM's 2021 Human Capital Return on Investment ratio is EUR 2.4 : EUR 1. This indicates the amount returned for every EUR spent on human capital.		✓
UPM-2	Relevant effluent loads: COD, BOD, AOX	AR 99			✓
UPM-3	Biodiversity in Finland	AR 84			✓
UPM-4	Environmental costs and investments	AR 138			✓

Information for defining report content and topic boundaries (GRI 102–46)

The process for defining the report content is based on a materiality analysis that UPM does on annual basis. The results highlight the sustainability topics UPM has a significant impact on, or which have a significant impact on the company. The analysis covers both positive and negative impacts on the economy, the environment and people. The current sustainability impacts are assessed based on a follow up of the interests and concerns of various stakeholder groups. The assessment is completed with an analysis of potential impacts that could occur, based on the signals from the stakeholders and potential future scenarios. All customer questions and stakeholder concerns received during the year are taken into consideration. We also conduct specific stakeholder surveys regularly. The result of the materiality analysis are published in the Annual Report on page 66. UPM's material topics are aligned with the material analysis and UPM's commitments. The reporting on sustainability is included to the Annual Report. This way we ensure to comply with the Reporting Principles: stakeholder inclusiveness, materiality, sustainability context, completeness.

Changes in reporting (GRI 102–49)

The consolidated performance data is in accordance with the Group's accounting principles, which are presented in the Annual Report, pages 147-148. Also the Group's adoption of new and revised accounting standards is presented there.

In 2021, UPM Kaipola paper mill was closed in January, UPM Shotton paper mill was sold end of September. The consolidated environmental data excludes UPM Kaipola for the whole year. For UPM Shotton, the consolidated environmental data is included until 30 September. For social data, HR and OHS indicators both mills are included for the whole year.

Management approach (GRI 103–1, 2 and 3)

General

Corporate responsibility is an integral part of all our operations and is seen as source of competitive advantage. UPM is strongly committed to continuous improvement in economic, social and environmental performance. UPM promotes responsible practices throughout the value chain and is active in finding sustainable solutions in co-operation with its customers, suppliers and partners.

The Group Executive Team, headed by the President and CEO, is in charge of managing corporate responsibility, determining the course of action and guiding development work. In practice, corporate responsibility efforts

take place in businesses and functions, and in the Group's Responsibility team, which coordinates the projects carried out by businesses and functions.

UPM's Biofore strategy and the UPM Code of Conduct lay the foundations for responsible business operations and continuous improvement.

Grievance mechanisms

Should stakeholders have concerns or suspect misconduct, they are encouraged to contact UPM or to use the UPM Report Misconduct channel. This channel is available on the corporate website for both the company's employees and external stakeholders. Operated by an independent external service provider, the service is accessible in over 40 languages, 24/7. UPM's Audit Committee oversees procedures for treatment of complaints and concerns received anonymously or otherwise by the company. As a part of the committee's compliance review, the committee is provided with a quarterly report by the company's Chief Compliance Officer and a report of submissions under the company's Report Misconduct channel by the Head of Internal Audit.

Economic

Material topics

- Economic performance
- Market presence
- Indirect economic impacts
- Procurement practices
- Anti-corruption
- Anti-competitive behaviour

Boundaries inside the organisation

- The consolidated performance data is in accordance with the Group's accounting principles. Information on joint operation companies, investments in associated companies and joint ventures, available-for-sale investments are not included.

Boundaries outside the organisation

- For the topic "Procurement practices" the reported scope of local spend is UPM's fibre based raw material.

Policies

- UPM Code of Conduct ([link](#))
- Corporate governance statement ([link](#))

- Disclosure policy ([link](#))
- Tax policy ([link](#))

Commitments

- Finnish Corporate Governance Code
- UN Global Compact's ten principles
- Sustainable development goals of the UN Agenda 2030

Targets

- Our economic targets focus on the key areas: profit, governance and responsible sourcing. In all these areas quantitative targets have been set, and are followed up regularly. See Annual Report pages 32-33.

Monitoring and evaluation

- The Board of Directors, assisted by the Audit Committee, is responsible for monitoring the company's internal control and risk management systems. Internal audit assists the Board of Directors with its monitoring responsibility by ensuring that the group's control measures have been planned and set up effectively.

Specific actions

- Examples of related actions 2021 are described in the Annual Report on pages 24-25, 28-29, 39, 49, 51, 53, 60-61, 76-81.

Environmental

Material topics

- Materials
- Energy
- Water
- Biodiversity
- Emissions
- Waste
- Environmental compliance
- Supplier environmental assessment

Boundaries inside the organisation

- Consolidated environmental data covers all production units, unless otherwise stated in connection with the respective disclosure.
- Information on joint operation companies, investments in associated companies

- and joint ventures, available-for-sale investments are not included.
- For biodiversity the scope of disclosure are UPM's own forest areas.

Boundaries outside the organisation

- The disclosures related to supply chain sustainability include all suppliers, unless otherwise stated in connection with the disclosure.
- Environmental disclosures from companies of which UPM owns less than 50% are not reported, excluding energy-related air emissions that correspond to UPM's energy share.
- Related to energy supply from jointly-owned connected power plants, relevant environmental parameters (air emissions, fuels and waste) are included depending on the energy supply to UPM's production sites. Environmental costs and investments of such entities are not included.
- The disclosures related to GHG emissions cover all relevant upstream and downstream processes.

Policies

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

Commitments

- UN Global Compact's ten principles
- UN CEO Water Mandate
- Sustainable development goals of the UN Agenda 2030

Targets

- Our environmental targets focus on the key areas: forests and biodiversity, climate, water, waste, product stewardship, responsible sourcing. In all these areas quantitative targets have been set and are followed up regularly. See Annual Report pages 32-33.

Monitoring and evaluation

- Internal and external audits are regularly conducted at production sites, e.g. for environmental management systems, Chain of Custody and so-called internal Clean Run reviews. Key performance indicators like deviations or water volumes are followed up on monthly basis, other indicators are at least evaluated on annual basis.

- Supplier audits and assessments are regularly performed, too, and for certain product groups performance figures are evaluated on annual basis.

Specific actions

- Examples of environment-related actions 2021 are described in the Annual Report on pages 10-13, 28-31, 43, 45, 47, 55, 57, 59, 60-61, 71, 85, 87-91, 94-95, 97.

Social

Material topics

- Employment
- Labor/Management relations
- Occupational health and safety
- Training and education
- Diversity and equal opportunity
- Non-discrimination
- Freedom of association and collective bargaining
- Child labor
- Forced or compulsory labor
- Rights of indigenous people
- Human rights assessments
- Local communities
- Supplier social assessment
- Public policy
- Customer health and safety
- Marketing and labeling
- Socioeconomic compliance

Boundaries inside the organisation

- Consolidated data covers whole UPM Corporation, unless otherwise stated in connection with the respective disclosure.
- Information on joint operation companies, investments in associated companies and joint ventures, available-for-sale investments are not included.

Boundaries outside the organisation

- Social disclosures from companies of which UPM owns less than 50% are not reported.
- The disclosures related to supply chain sustainability include all suppliers, unless otherwise stated in connection with the disclosure.

Policies

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

Commitments

- ILO Declaration on Fundamental Principles and Rights to Work
- OECD Guidelines for Multinational Enterprises
- UN Global Compact's ten principles
- Sustainable development goals of the UN Agenda 2030

Targets

- Our related targets focus on the key areas: continuous learning and development, responsible leadership, diversity and inclusion, fair rewarding, safe and healthy working environment, community involvement, responsible sourcing, product stewardship. In all these areas quantitative targets have been set, and are followed up regularly. See Annual Report pages 32-33.

Monitoring and evaluation

- Internal and external audits are regularly conducted at production sites, e.g. for OHS management systems and our internal safety audits. Key performance indicators like total recordable injury frequency or absenteeism rate are followed up on monthly basis.
- Supplier audits and assessments are regularly performed.
- Sharing of best practices is ensured through well-established operational stakeholder forums, for example.
- Compliance of our products with ecolabel criteria and legal requirements is regularly checked, internally and also by third-party verification.

Specific actions

- Examples of related actions 2021 are described in the Annual Report on pages 39, 41, 42, 65, 69, 71, 73, 75, 87.

Data measurement techniques

Environmental disclosures

Environmental data of all UPM's production sites is collected in a common database.

UPM's energy-related data (fuels, air emissions, waste) includes its own power plants and a respective share of co-owned or associated power plants, which correspond to UPM's energy supply. External power plants or boilers are considered under heat supply.

Data measurement techniques depend on local and national requirements and therefore can vary between production sites. If relevant, this is taken into account when summarising data for corporate reporting.

UPM uses rolling base year approach for reporting on applicable environmental disclosures.

Materials

Information about material usage is aggregated data from UPM's sourcing unit.

Energy

Information about energy usage is aggregated data based on information provided by the production units, power plants and UPM Energy. For energy saving reporting, the reduction of electricity and heat is included.

Air emissions

UPM reports on emission of fossil CO₂, NO_x, SO₂ and particulates as air emission related performance indicators. These indicators include emissions from UPM power plants and a respective share of co-owned or associated power plants that corresponds to UPM's energy supply. External power plants or boilers are considered under heat supply.

Direct fossil CO₂ (Scope 1) is calculated based on fuel usage. Calculation is done according to the European Emissions Trading System, other national requirements or based on official calculation factors. NO_x, SO₂ and particulates are usually measured online. Emissions of TRS are converted to SO₂ and included in the overall SO₂ figure.

Indirect CO₂ emissions from electricity usage (Scope 2) are calculated with both market and location-based approach. Main method is the market-based approach and the target follow-up is based on this method. In case the market-based data is not available, residual mix is used and in case if residual mix is not available, regional or national grid factors are used. In the cases where UPM sold greenhouse gas claims (such as guarantees of origin) for energy used by UPM, the respective amount has been calculated with the national residual mix.

Indirect CO₂ from value chain (Scope 3) is calculated based on data availability, either with secondary emission factors or previous year's primary emission factors. Detailed information

about Scope 2 and 3 calculation is published at UPM's webpage. In GRI disclosures 305-1 and 305-2 the emissions are reported as CO₂ only. In 305-3 the emissions are reported as CO₂ equivalents (including CH₄ and N₂O) using IPCC's GWP values.

In addition to energy-related disclosures UPM reports production-related VOC emissions from UPM Raflatac, UPM Biofuels and UPM Plywood which are calculated using emission factor and/or mass balance methods.

Water

If not measured, the amount of water withdrawal is reported based on reasonable estimates.

Effluent

UPM reports on effluent flow, COD, BOD and AOX as water-related performance indicators. These are calculated based on mill level data from sampling or continuous monitoring. If the wastewater is treated in municipal or external effluent treatment plants, the values included in the total sums are the loads before effluent treatment. In the calculation of average load per product unit, these mills are excluded. Conversion is done in the case of different measurement scopes, e.g. BOD7 and BOD5.

Waste and by-products

UPM reports the sum of non-hazardous process waste and by-products divided to recycling as material, energy recovery, composting, landfill, incineration, and temporary storage, and the sum of hazardous waste divided to recycling as material, energy recovery, incineration and other disposal. The disposal method is determined by both direct information from the sites or from information provided by waste contractors.

Waste and by-product data is reported in dry tonnes, except for hazardous waste. The data is based on weighing results or invoicing data. On site level, the data is collected continuously and reported to authorities as legally required. The consolidation on Group level is done annually in UPM's common database.

UPM reports separately the amount of waste and by-products which are treated onsite, i. e. treated at one of UPM's sites. In case of energy recovery, the amounts which are used as fuel at another UPM site are reported as onsite waste disposal, whereas the amounts which are used as fuel at the same site are reported as fuel.

Environmental costs and investments

In general, environmental expenditure means the costs of steps taken by an entity or on its behalf by others to prevent, reduce or repair environmental damage resulting from the unit's operating activities. The detailed reporting principles are defined in the UPM Principles for environmental cost reporting.

UPM biodiversity indicator

The biodiversity indicator for UPM's forests in Finland consists of 8 sub-indicators: tree species, forest age, forest structure, protected areas, valuable habitats, habitat restoration, species/habitat projects and indicator development. Each sub-indicator is followed by defined metrics. On annual basis the positive, neutral or negative development against previous year's result is assessed for each sub-indicator, and summed up to the overall result. The target is to improve or maintain the status, i. e. overall positive or neutral development.

Sub-indicator *Tree species*: Calculation of broadleaved tree species was refined for 2021. Total volume of broadleaved trees consist mainly of birch, but there are other minority species also. UPM has more accurate data available and the scope of minority broadleaved species was revised. Results for 2020 and 2019 are recalculated and restated using the revised scope.

Sub-indicator *Protected areas*: Calculation of protected areas was refined for 2021. Category "subject to special forestry" was excluded from the scope, due to high variety of areas under that category and uncertainty of their biological diversity representativeness. Results for 2020 and 2019 are recalculated and restated using the revised scope.

Sub-indicator *Valuable habitats*: Calculation of protected valuable habitats was refined for 2021. From 2021 onwards the calculation follows new principles, which makes 2020 and 2019 data incomparable. The change is due to systematic errors found in previous calculation method and due to current availability of more accurate data. The scope of valuable habitats was revised. Some previously included habitats, not presenting biological diversity, were excluded from the scope. In addition, the assessment was defined to be based on number of habitats only, instead of area, which is covered in the sub-indicator 5. With the improved calculation principles it is not possible to recalculate 2020 and 2019 figures.

Social responsibility disclosures

Personnel / employees

Personnel figures base on the UPM global total headcount definition including employees classified as active and inactive and are calculated as heads if not otherwise stated. The terms personnel and employees are used as synonyms and refer to UPM's own employees.

Workforce

Workforce includes UPM's own employees as well as supervised workers.

Personnel by country

Personnel by country is reported based on the UPM global total headcount definition including employees classified as active and inactive and are calculated as heads.

Contract types

All contract types are divided into two categories: permanent and fixed term. Permanent contracts include all contracts that are valid until further notice as well as employees not covered under employment contracts such as the US, where all employees are classified as "Employment at Will".

Collective bargaining agreements

The percentage of employees covered under collective bargaining agreements include all employees (both active and inactive) regardless of their contract type and working time status and includes all countries where UPM has operations.

Employee turnover

Turnover is calculated using the number of all types of employment endings regardless of whether they are voluntary or involuntary (Number of leavers 1. Jan.–31. Dec/Total headcount 31. Dec). Separate calculation is provided showing turnover specifically for voluntary employment endings. The calculation method has been changed in 2014 and employees with contract expires and who later have a contract extension have been excluded. Seasonal employees and those leaving due to a business being sold continue to be excluded from the calculation. In 2015 voluntary employment endings have been further clarified to include only reasons related to resignation.

Goal setting discussions

Disclosures for goal setting discussions is based on the percentage of completed goal setting discussions launched in UPM HR system according to UPM people processes annual clock. Figure consists of percentage of completed goal setting templates by mid May for salaried employees and percentage of completed Annual Discussion templates for shop floor employees by the end of December.

Development plans

Disclosures for development plans documented is based on number of active development plans in UPM HR system comparing to UPM end of year headcount. Figure consists of number of active development plans for eligible salaried employees by end of the reporting year and number of completed annual discussions by the end of reporting year. For those employees receiving the annual discussion the development plans are integrated into that discussion.

Ratio of basic salary of women to men

The ratio is calculated by comparing weighted average of basic salaries of women to men on the

same job grade, per country. Basic salary is the constant agreed salary excluding variable parts like shift allowances. The calculation includes all employees that have a job grade evaluated in the assessed countries and all job grades per country that have minimum three male and female employees. Thus the calculation covers salaried employees only. The reference date for the calculation of the ratio is 31 December of the year in question.

Training hours per employee

Number of training hours per employee are calculated based on the UPM total headcount definition as of the end of the year. Training includes internal and external training.

Human Capital Return on Investment (HC ROI)

Human Capital Return on Investment (HC ROI) indicator measures the return on capital invested in employee costs. It indicates the value of investing in human asset, i.e. amount returned for every EUR spent on human capital. The ratio of the company's profitability to its human capital expenses is calculated as total revenue less operating expenses excluding employee cost and less depreciation divided by employee costs [e.g. 2020 ratio EUR 1.7 : EUR 1].

Lost-time accident frequency

Lost-time accidents per million hours worked. Calculation is as follows: (The number of accidents at work resulting in absence or disability one or more days)/(Actual hours worked)*1,000,000. Lost time accident type excludes modified duties, medical treatments and first aid cases, but includes fatal accidents.

UPM reports separately for workforce (including UPM employees and supervised workers) and contractors. Disclosure is based on following annual data: incidents occurred from January to December and actual hours worked from December to November.

Total Recordable Injury Frequency

Recordable injuries per million hours worked. Calculation is as follows: ('LTA at work (number of LTAs which are one or more days)'+ '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 following annual data: incidents occurred from January to December and actual hours worked from December to November.

Contractors and contractor working hours

Contractor is a person or organization which provides services to UPM as agreed. Contractor personnel is 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 method for calculating contractor working hours if the exact number is not available. 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 travelling 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 hours on day when accident occurred).

Number of occupational diseases (=Work-related ill-health)

Number of new cases which have been officially diagnosed and reported as occupational diseases during the reporting year. 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.

Code of Conduct training

The Code of Conduct completion rate is calculated against the employees classified as active as per our definition and those who are shown as active as of 31 December of the year in question. Training is provided for all employees who are included in our global headcount of active employees definition.