

# We renew the everyday

Annual Report 2025



## About this report

This Annual Report provides a comprehensive overview of our performance in 2025. All material information has been integrated into this document, including the accounts, the Corporate Governance Statement, and the Remuneration Report.

### Corporate Sustainability Reporting Directive (CSRD)

The EU Corporate Sustainability Reporting Directive (CSRD) has introduced a standardized mandatory reporting framework requiring 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 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 ESRS relevant to our business and the material topics identified through the double materiality assessment in the Sustainability Statement (on pages 133–249).

### UPM reports on its corporate responsibility in accordance with GRI standards

UPM has reported in accordance with the Global Reporting Initiative (GRI) standards for the period from January 1, 2025, to December 31, 2025. 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 and additional explanations and disclosures on the management approach. The document is available on UPM's website [upm.com/sustainability](https://upm.com/sustainability).

### The online reports

All online reports can be found at [upm.com/annualreport](https://upm.com/annualreport)

UPM Annual Report 2025 PDF version

UPM Corporate Governance Statement 2025

UPM Remuneration Report 2025

Accounts for 2025 in XBRL format

UPM GRI Content Index 2025

UPM Material Balance 2025

Interactive Analyst tool for financial and sustainability data

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

## Changes in the composition and names of reportable segments in 2026

### UPM Fibres

Given the significance of the UPM Fibres business and the distinct characteristics of its Fibres South and Fibres North parts, we will provide additional financial information for these two parts of the UPM Fibres reporting segment starting in Q1 2026.

In addition, we have moved the UPM Forest business into the UPM Fibres business area as of January 1, 2026. Most of the wood used by UPM in Finland is consumed within the UPM Fibres business, and the Finnish forests are therefore considered an integral operational and strategic part of the UPM Fibres North operations. The change improves consistency in reporting, as the forest assets in Uruguay have already been reported as part of the UPM Fibres South operations. Until the end of 2025, UPM Forest was included in Other operations.

### UPM Biorefining

UPM Biorefining, consisting of UPM Biochemicals and UPM Biofuels and reported as part of Other operations, was renamed UPM Next Generation Renewables as of January 1, 2026. Following these changes, Other Operations includes UPM Next Generation Renewables, UPM Innovation (former Technology), Group services, wood sourcing and forest assets in the U.S.

### UPM Specialty Papers

UPM Specialty Papers was renamed UPM Specialty Materials as of January 1, 2026.

In this Annual Report, we have used the names that were in use in 2025, except for UPM's business operations presented on pages 8–9.

# Contents

## We are UPM

### UPM in brief

|                             |    |
|-----------------------------|----|
| From the President and CEO  | 4  |
| This is UPM                 | 6  |
| Our businesses              | 8  |
| Our performance in 2025     | 10 |
| Events in 2025              | 12 |
| Our solutions for every day | 14 |

### Our strategy

|                                                                       |    |
|-----------------------------------------------------------------------|----|
| We increase our growth focus through a streamlined business portfolio | 18 |
| We act on three fronts                                                | 19 |
| Strategy in action                                                    | 20 |
| Financial performance and targets                                     | 24 |
| Driving long-term value creation                                      | 25 |
| Strategic milestones in 2025                                          | 26 |
| Innovating for impact                                                 | 28 |
| Accelerating innovation through AI                                    | 29 |
| Generating shareholder value                                          | 30 |
| Risks and opportunities                                               | 31 |

### Our businesses

|                          |    |
|--------------------------|----|
| UPM Biorefining          | 36 |
| UPM Energy               | 37 |
| UPM Adhesive Materials   | 38 |
| UPM Specialty Papers     | 39 |
| UPM Fibres               | 40 |
| UPM Plywood              | 42 |
| UPM Communication Papers | 43 |

### Sustainability

|                                         |    |
|-----------------------------------------|----|
| Value from sustainability               | 46 |
| Our 2030 sustainability targets         | 47 |
| Actions for the environment             |    |
| Sustainable forestry                    | 50 |
| Enhancing biodiversity                  | 52 |
| Committed to climate action             | 54 |
| Toward CO <sub>2</sub> -free energy     | 56 |
| Responsible water management            | 59 |
| Advancing the circular bioeconomy       | 60 |
| Creating value for people and society   |    |
| Active dialogue with stakeholders       | 62 |
| People and culture                      | 66 |
| A diverse and inclusive working culture | 70 |
| Safety and well-being                   | 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 |
| Remuneration Report            | 108 |

## Accounts and performance

|                                           |     |
|-------------------------------------------|-----|
| Report of the Board of Directors          | 116 |
| Sustainability Statement                  | 133 |
| ESRS 2 General information                | 137 |
| ESRS E1 Climate change                    | 155 |
| ESRS E2 Pollution                         | 176 |
| ESRS E3 Water and marine resources        | 183 |
| ESRS E4 Biodiversity and ecosystems       | 188 |
| ESRS E5 Resource use and circular economy | 199 |
| ESRS S1 Own workforce                     | 208 |
| ESRS S2 Workers in the value chain        | 222 |
| ESRS S3 Affected communities              | 229 |
| ESRS G1 Business conduct                  | 236 |
| Financial Statements                      | 258 |
| Auditor's report                          | 343 |
| Sustainability Assurance Reports          | 350 |
| Other financial information               | 355 |
| More on sustainability                    | 360 |
| Contact us                                | 362 |

From the President and CEO

# Determinedly toward the future

UPM demonstrated resilience and decisiveness in 2025. In an exceptionally turbulent environment, we maintained our focus on competitiveness and strategic choices.

In 2025, we continued our strategic renewal despite the turbulent business environment caused by the escalating geopolitical and trade tensions. Toward the end of the year, the market environment started to stabilize, and our actions to strengthen our competitiveness yielded visible performance improvements in most of our businesses. We finished the challenging year on a positive note, with strong cash flow and improved performance.

In challenging markets, our comparable EBIT decreased by 25% from the previous year to €921 million, representing 9.5% of sales. Our operating cash flow and financial position remained solid.

### Transformative portfolio choices

We continued our strategic transformation with major portfolio decisions. During the first half of the year, we strengthened our position in adhesive materials with the acquisition of Metamark, sharpened our growth strategy in biofuels and discontinued developing the biorefinery in Rotterdam.

In September, we started a strategic review of our plywood business, which has demonstrated robust performance and resilience over economic cycles. Through this review, we aim to determine the most beneficial future alternatives for the business and UPM shareholders.

In December, we announced our plans for the graphic paper business: a Joint Venture that would encompass the UPM Communication Papers business and Sappi's graphic paper operations in Europe.

UPM has a strong heritage in graphic papers, and we are extremely proud of it. Over the years, we have transformed into a global leader with multiple businesses. The planned Joint Venture would start a new era in our

transformation while continuing to provide the best possible future for the graphic paper business and its customers.

These portfolio initiatives would change the company's profile, increase our growth focus, and improve margins and leverage. In the future, UPM would have an attractive portfolio of businesses in growing markets, with a record of consistently exceeding GDP growth.

### Growth potential in decarbonization solutions

UPM Energy's CO<sub>2</sub>-free power generation assets supply reliable base load with nuclear power and value-adding balancing power with hydropower. As the second-largest electricity producer in Finland, the business is well-positioned to meet the growing need for reliable, CO<sub>2</sub>-free electricity.

Our next generation renewables pave the way for future growth:

UPM Biofuels has a solid market position in the European advanced renewable fuels market. This makes the business well positioned to seek targeted growth through potential debottlenecking and possible entry into the sustainable aviation fuels market. In 2025, the business improved its performance, returning to EBIT profitability thanks to excellent production efficiency and improved market conditions.

In UPM Biochemicals, we have made significant progress in this exciting new business. We successfully ramped up the first core processes at the Leuna biorefinery, and we are now operating commercially. Customer interest and the qualification pipeline continue to exceed the annual capacity. The business is expected to reach full production and positive EBIT during 2027.

### Focused growth with advanced materials

Our advanced materials businesses offer technically demanding materials for growing end uses. These businesses require less capital than other UPM businesses and can pursue focused growth in the coming years.

UPM Adhesive Materials grew faster than the market, and ongoing efficiency measures are improving performance and capturing growth. The business has strengthened its presence in the U.S. and Southeast Asia and gained a solid position in the attractive graphic solutions sector.

UPM Specialty Materials has a strong global position in flexible packaging, labeling and industrial release liners, as well as fine papers in the Asia-Pacific region. With a strong customer focus and technical capabilities, the business is seeking growth in specialized applications and adjacent opportunities.

### Maximizing value creation with renewable fibres

Thanks to our major investments in the highly competitive Fibres South platform, we now have world-class pulp assets, sustainable and productive plantations, and efficient logistics infrastructure. In 2025, Fibres South performed strongly despite unfavorable market conditions.

Fibres North complements our pulp offering with high-quality softwood pulp, with well-managed assets and flexible operating mode that enables competitiveness. Our strategic partnership with Versowood, the largest private sawn timber producer in Finland, strengthens our position in tight wood markets.



**Maintaining our focus on sustainability**  
We believe sustainability is not only essential, but also good business. Therefore, sustainability permeates our strategy and operations. Our business portfolio meets the growing demand for renewable materials and enables attractive returns and new growth avenues.

We use natural resources responsibly, reduce our environmental footprint, and enhance our positive societal impact. We believe in science-based actions and continuous development.

Our longstanding commitment to sustainability is widely recognized. In 2025, these recognitions included the Platinum rating from EcoVadis, placing UPM among the top 1% of companies worldwide in sustainability.

### Creating shareholder value

We have entered 2026 with cautious optimism, with the business environment showing signs of stability. Our focus will remain on performance, cash generation, strengthening the balance sheet and successfully completing strategic portfolio initiatives.

With a major investment cycle behind us, we will maintain our disciplined capital allocation, focused growth investments and balance sheet strength while offering attractive distribution to shareholders. In 2025, we launched a share buy-back program and repurchased six million shares for a total of €160 million, corresponding to approximately 1.1% of the total number of shares.

Demonstrating continued confidence in UPM's strategy and ability to create value, the Board of Directors proposed an unchanged dividend of €1.50 per share for 2025. The dividend represents 113% of UPM's comparable earnings per share for 2025.

We have witnessed extraordinary circumstances, but also the power of resilience and the value of trust. I want to credit the entire UPM team for their commitment, and thank our customers, shareholders and other stakeholders for their continued trust in us. We look forward to our shared journey ahead!

**Massimo Reynaudo**  
President and CEO

# This is UPM

Your partner in renewing materials and value chains

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

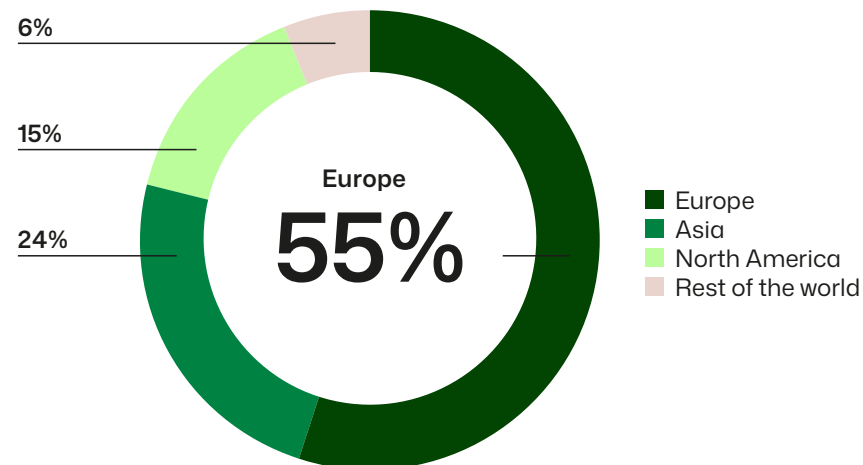
🔗 [upm.com](https://upm.com)

Take a closer look at our businesses on the next page

“

In 2025, we launched significant strategic initiatives that continue to transform the company.

Sales by market



48

production plants  
in 10 countries

15,100

employees  
in 42 countries

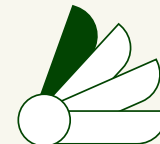
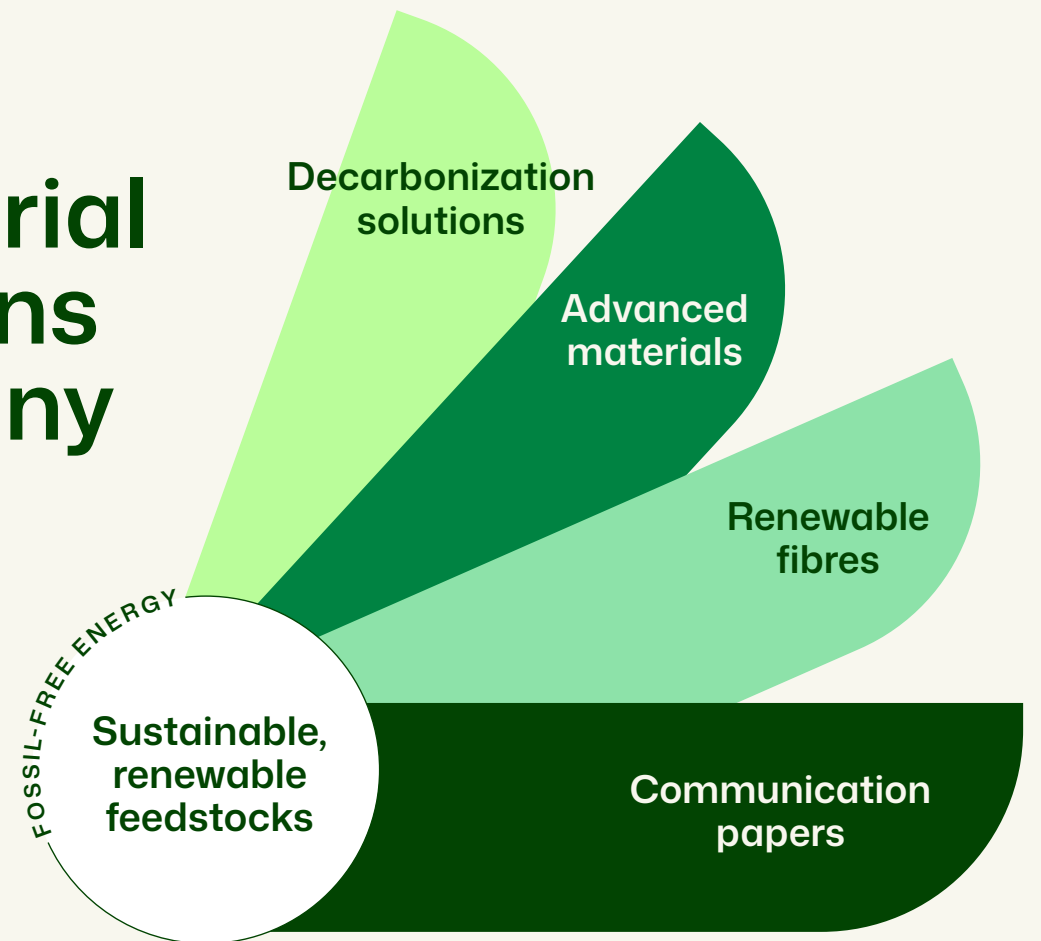
10,000

b2b customers

More than  
300

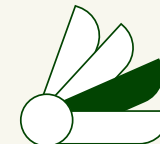
million end-users worldwide

# We are a material solutions company



## Decarbonization solutions

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



## Renewable fibres

UPM's renewable fibres cover a wide range of applications, providing pulp products 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.



## Advanced materials

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



## Communication papers

UPM offers the industry's widest portfolio of graphic papers, including magazine papers, newsprint and fine papers. These products are ideal for advertising, publishing, and everyday use in homes and offices.

# Worldwide presence

Our strong and balanced business portfolio of renewable fibres, advanced materials, and decarbonization solutions provides a number of attractive growth opportunities. We serve global markets and our head office is in Finland.

## Decarbonization solutions

### UPM Next Generation Renewables

UPM Biochemicals offers wood-based renewable biochemicals to replace fossil-based raw materials in various applications such as packaging, PET bottles, cosmetics, pharmaceuticals, textiles, 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 (full production expected in 2027)
- UPM Lappeenranta Biorefinery: Annual production capacity of 130,000 tonnes of wood-based renewable diesel and naphtha

#### Biorefineries

Germany: UPM Leuna Biorefinery  
Finland: UPM Lappeenranta Biorefinery

### 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 1,943 MW, including UPM's own hydropower plants and shareholdings in other energy companies
- Approx. 33% share in OL1 and OL2, and 31% share in the OL3 nuclear power plant units through the shareholding in Pohjolan Voima Oyj (PVO)
- Largest shareholdings:
  - 54.3% of Pohjolan Voima Oyj (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 Aetsä

## Advanced materials

### UPM Adhesive Materials

UPM Adhesive Materials provides high-performance, innovative self-adhesive products, including label materials, graphics solutions, and specialty tapes, as well as reliable services close to customers.

- 12 factories and 21 slitting and distribution terminals around the world

#### Factories

Belgium: Houthalen  
China: Changshu  
Finland: Tampere  
Germany: Hagenow  
Malaysia: Johor Bahru  
Poland: Biskupice Podgórne ( Wrocław) and Nowa Wieś (Wrocław)  
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  
France: Nancy  
India: Mumbai  
Indonesia: Jakarta  
Italy: Osnago  
Mexico: Mexico City, Guadalajara and Rosarito  
New Zealand: Auckland  
South Africa: Johannesburg  
Spain: Barcelona  
Thailand: Bangkok  
Turkey: Istanbul  
Ukraine: Kiev  
USA: Vancouver, WA  
Vietnam: Ho Chi Minh City and Hung Yen (to be opened in 2026)

### UPM Specialty Materials

UPM Specialty Materials offers specialty packaging materials for flexible packaging, labeling 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)

### UPM Plywood

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

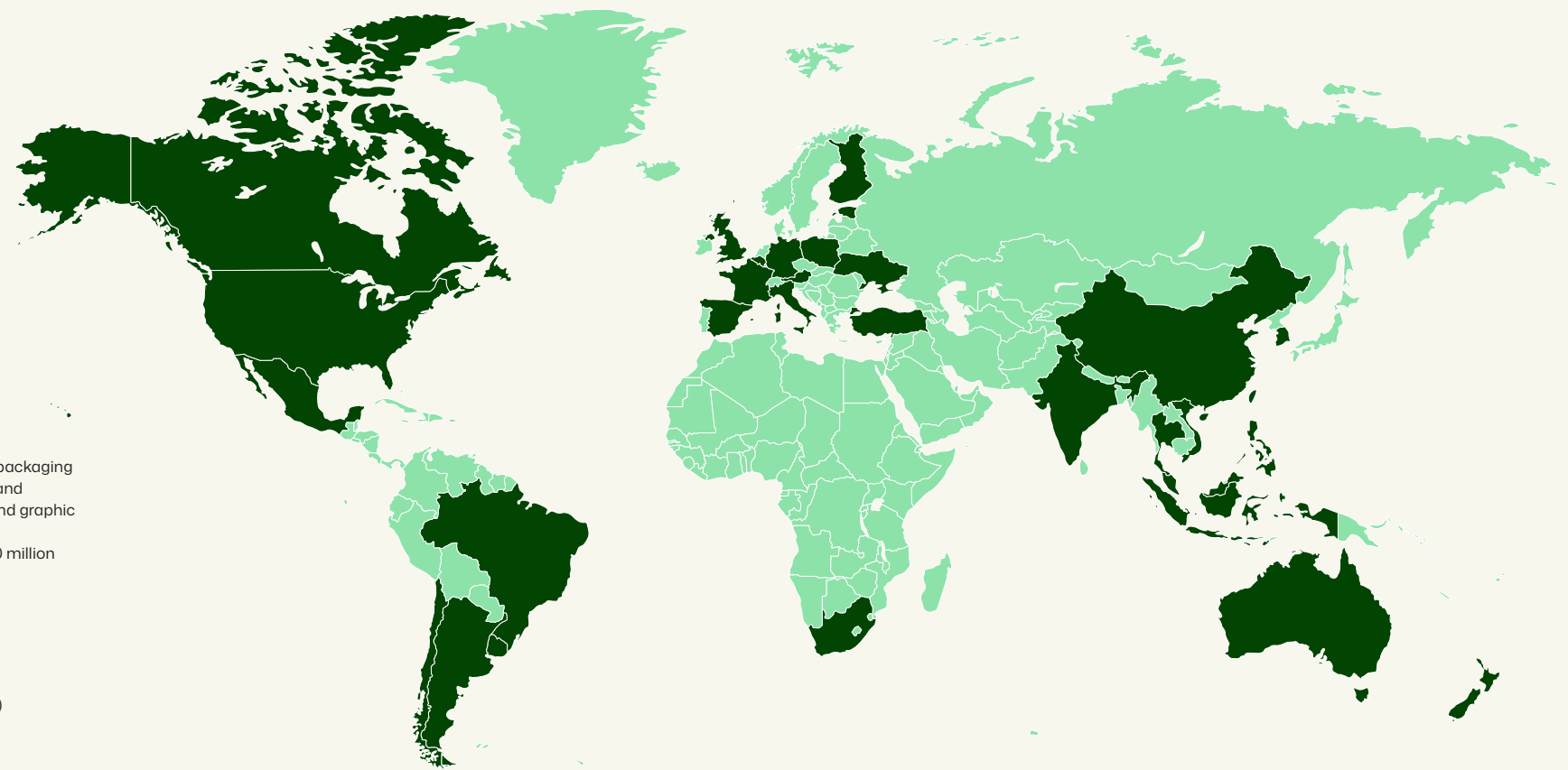
- Annual production capacity of 785,000 cubic meters

#### Plywood mills

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

#### Veneer mill

Finland: UPM Kalso (Kouvola)



## Renewable fibres

### UPM Fibres

UPM Fibres consists of pulp, timber and forest businesses. UPM Pulp offers a versatile range of pulp products 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.

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.

- 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
- 495,000 hectares of owned and leased plantations in Uruguay

- Certified sawn timber with an annual capacity of 1.0 million cubic meters, produced in three sawmills in Finland
- Wood and biomass sourcing in 12 countries, 522,000 hectares of own forest land in Finland, offering forestry services to private forest owners 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), UPM Pietarsaari and UPM RaumaCell  
Uruguay: UPM Fray Bentos, UPM Paso de los Toros and certified eucalyptus plantations

#### Sawmills

Finland: UPM Alholma (Pietarsaari), UPM Kaukas (Lappeenranta) and UPM Seikka (Pori)

## Communication papers

### UPM Communication Papers

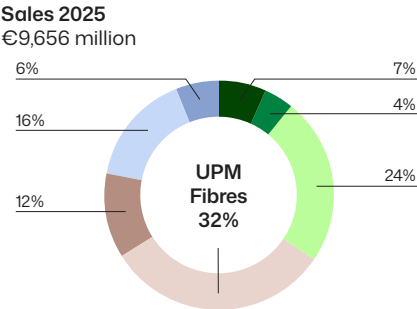
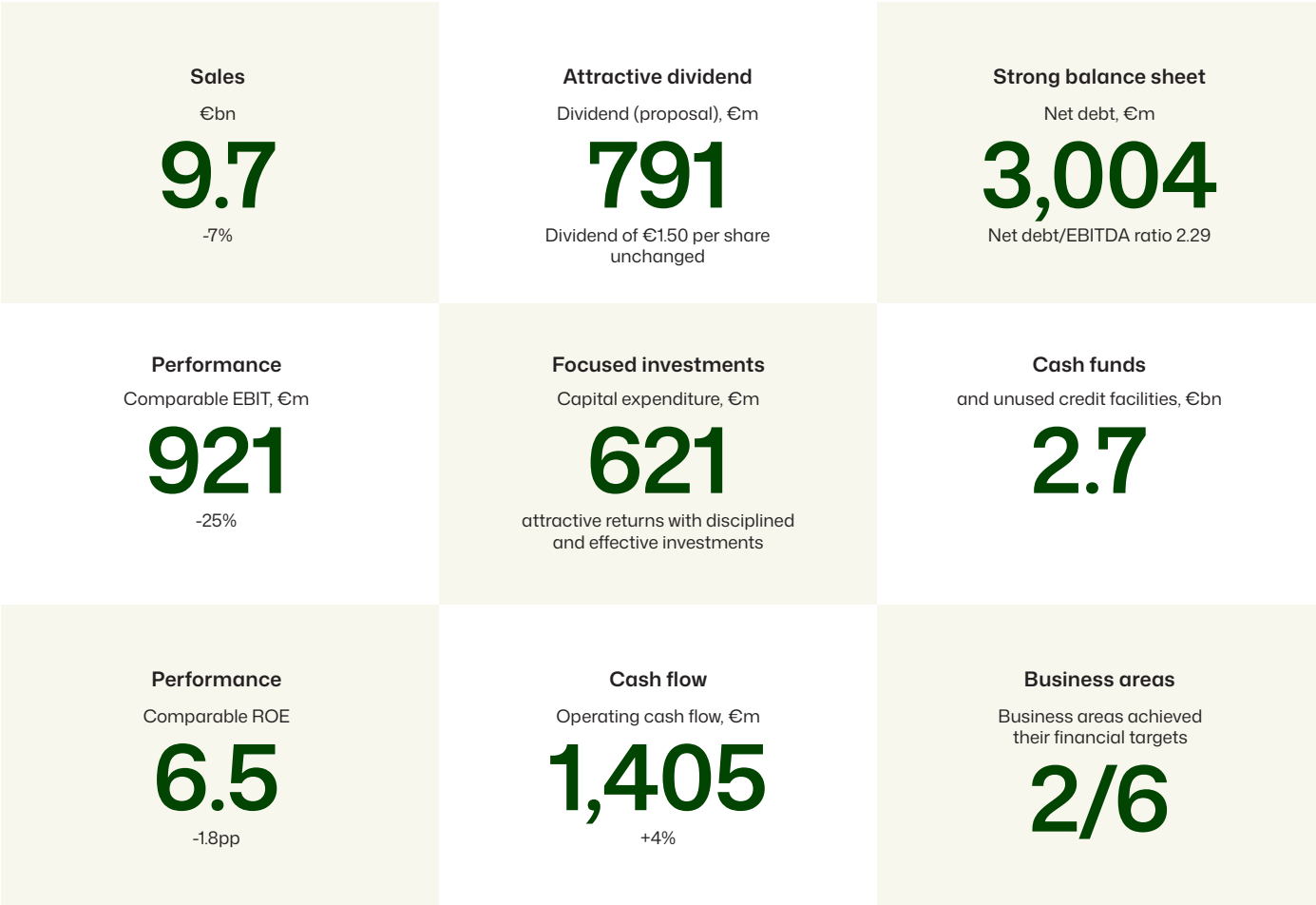
UPM Communication Papers offers the industry's widest portfolio for newspaper, magazine, marketing and book printing, as well as for home and office applications. The business has extensive low-cost operations in Europe and the USA, a global sales network and an efficient logistics system. Its main customers are publishers, cataloguers, retailers, printers and merchants.

- Annual paper production capacity of 3.7 million tonnes, produced in 8 paper mills
- Capacities: Annual production capacity of 1.4 million tonnes of coated publication papers, 0.8 million tonnes of uncoated publication papers 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

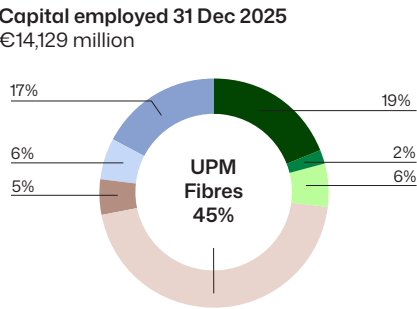
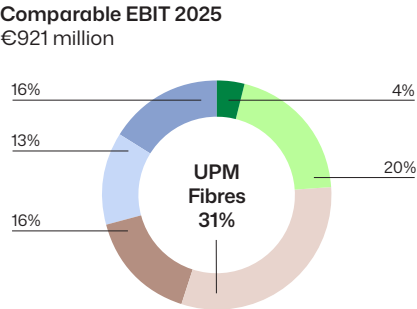
#### Paper mills

Finland: UPM Jämsänkoski (Jämsä), UPM Kymi (Kouvola) and UPM Rauma  
Germany: UPM Augsburg, UPM Nordland Papier (Dörpen) and UPM Schongau  
United Kingdom: UPM Caledonian Paper (Irvine)  
USA: UPM Blandin (Grand Rapids, MN)

# Our performance in 2025



Business area information unconsolidated



Other operations UPM Plywood UPM Communication Papers UPM Fibres UPM Specialty Papers UPM Adhesive Materials UPM Energy

## Aiming for continuous improvement in sustainability



\* Percentage of active employees completed the new UPM Code of Conduct training since September 2025, excl. the company UPM Adhesive Materials acquired in 2025.

## Recognitions

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

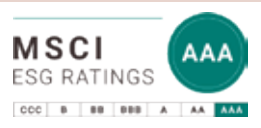
**MSCI ESG ratings:** An AAA rating in the assessment. MSCI ESG Research provides ESG ratings on global public companies based on their exposure to industry-specific ESG risks and their ability to manage those risks relative to peers.

**CDP Program:** A score for our leadership in corporate transparency and action on climate change, and a leadership-level score of A- for forests and water stewardship. An A score in CDP's 2024 Supplier Engagement Assessment

(SEA), which evaluates how companies engage their supply chains on climate-related issues.

**S&P Global's Sustainability Yearbook:** Top 10% S&P Global CSA Score in the Sustainability Yearbook 2025 as one of the top-scoring companies in our industry.

**EcoVadis:** The highest possible Platinum level for our sustainability performance, which only 1% of the over 100,000 companies assessed globally attain. The assessment evaluates performance across four categories: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. UPM's overall score increased by 5 points, reaching an impressive 90 out of 100.



We are a participant in the UN Global Compact.

# Events in 2025

## January

- 2 UPM announces that it has been listed as the only forest and paper industry company in the Dow Jones World and European Sustainability Indices 2024–2025.

## February



- 5 UPM Adhesive Materials acquires Metamark, a UK-based company, to further accelerate growth in the Graphics business.
- 5 UPM updates its Disclosure Policy and changes its method for issuing profit guidance and outlook.
- 5 UPM commences a share buy-back program for a maximum of 6 million shares, or a maximum of €160 million.
- 5 UPM's Board of Directors establishes a new employee share savings arrangement targeted at employees in countries where it is legally and administratively feasible. The first plan, MyShare, for 2025–2028, is announced.
- 11 UPM is recognized among the top sustainability performers by CDP and S&P Global.

## March

- 11 UPM Communication Papers announces plans to permanently close its paper mill in Ettringen, Germany and to streamline its structure to ensure performance. Production ends in December.
- 27 UPM holds its Annual General Meeting.

## April

- 8 UPM completes the share buy-back program commenced in February.
- 10 UPM Adhesive Materials becomes the first labeling business to include product footprint data in customer quotes.
- 16 UPM Specialty Papers invests over €10 million in modernizing the UPM Tervasaari mill in Valkeakoski, Finland.
- 17 Tuija Suur-Hamari is appointed Executive Vice President of UPM Plywood and a member of the Group Executive Team as of September 1, 2025.



- 28 UPM Biofuels celebrates ten years of operations at its Lappeenranta Biorefinery in Finland, the world's first commercial-scale facility to produce wood-based advanced biofuels.

## May

- 5 UPM cancels the 6 million shares repurchased under its buy-back program.
- 27 UPM announces plans to discontinue the development of its potential second biomass-to-fuels refinery in Rotterdam, the Netherlands.

## June

- 10 UPM expands its over 15-year collaboration with the Baltic Sea Action Group (BSAG) to include forestry water protection.
- 12 The UPM Raflatac business area is renamed UPM Adhesive Materials.



- 17 UPM's new biorefinery in Leuna, Germany, achieves ISCC PLUS, PEFC, and FSC™ chain-of-custody certifications.
- 25 UPM's stream water program, launched in 2016, expands to include UPM-owned land areas in the catchment area.

## July

- 24 UPM announces plans to end paper production at UPM Kaukas, Finland by the end of 2025. Production ends in November.
- 24 UPM Adhesive Materials announces an investment in its factory in Mills River, North Carolina, to increase production capacity in the growing advanced labels market.
- 28 Sami Pauni is appointed Executive Vice President, General Counsel, and a member of the Group Executive Team as of January 26, 2026.
- 30 UPM receives a Platinum rating from EcoVadis, placing the company in the top 1% globally for its sustainability performance.

## August

- 7 UPM Adhesive Materials announces an investment in a new, state-of-the-art coating line at its factory in Johor Bahru, Malaysia.

## September

- 4 UPM Adhesive Materials announces plans to discontinue label materials production at its factory in Nancy, France.
- 23 UPM initiates a strategic review of the UPM Plywood business area to assess options for maximizing its long-term potential in an evolving market environment.
- 29 UPM and Versowood agree on a long-term partnership concerning cost-effective wood sourcing in Finland. As part of the agreement, UPM sells its Korkeakoski sawmill in Juupajoki, Finland, to Versowood and receives a minority shareholding in the company.

## October

- 9 UPM Adhesive Materials announces plans to open a new slitting and distribution terminal near Hanoi, northern Vietnam in 2026.

## November

- 4 UPM Energy commissions a grid-balancing ultracapacitor at the Kuusankoski hydropower plant in Finland.
- 19 UPM Plywood launches new WISA®-LNG Spruce plywood for the insulation elements of LNG cargo tanks.

## December



- 4 UPM and Sappi sign a non-binding letter of intent to form a graphic paper Joint Venture.
- 11 UPM launches UPM Circular Renewable Black™ – the first bio-based, NIR-detectable pigment for sustainable premium packaging.
- 16 UPM signs €1,250 million revolving credit facility agreement.
- 19 The production and sales of industrial sugars, the first commercial products from the UPM Leuna Biorefinery begin.
- 31 Strategic partnership between UPM and Versowoods is finalized.

# Our solutions for every day

At UPM, we provide sustainable material solutions for everyday products that benefit both customers and consumers.

## Enabling sustainable choices

We create value for our customers by enabling sustainable choices throughout the value chain. Our renewable solutions offer alternatives to fossil-based products and contribute to climate-mitigation efforts.

## Our priorities for customers

### Customer success

We focus on long-term relationships and customer success. Our commitment to innovation ensures that customers find tailored solutions for their specific needs, both now and in the future.

### Deep customer understanding and collaboration

Our approach is based on a deep understanding of each market, how our products are used, and our customers' needs. We maintain an ongoing dialogue with our customers and work with them on various product development projects.

### Sustainable product design

Sustainability is embedded in our product development from the beginning. We consider environmental and social impacts throughout the product life cycle, from material selection through production, use, and recycling.

### Transparency

We provide environmental data and product declarations for our products, many of which carry internationally recognized ecolabels. We also offer product safety profiles, compliance declarations, and non-use warranties for chemical substances.

🔗 [Explore our solutions on our website](#)

### Apparel and textiles



### Automotive and transportation



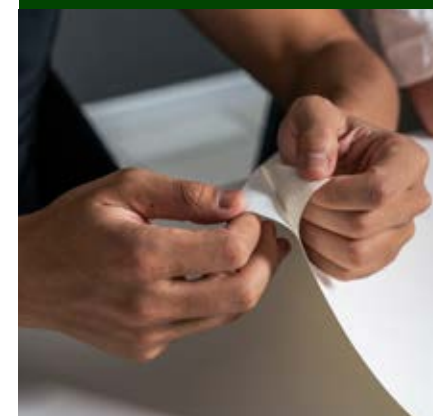
### Electrification



### Graphic solutions



### Labeling



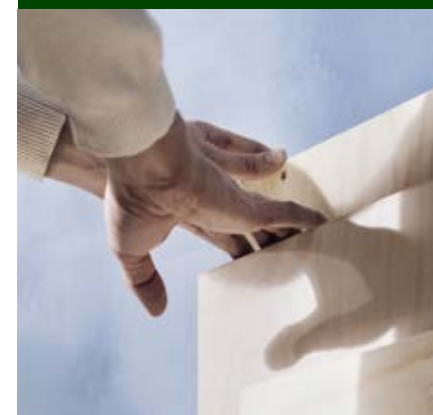
### Packaging



### Tissue and hygiene end uses



### Construction



### Printing and publishing



# Our strategy

We increase our growth focus through a streamlined business portfolio .....18

We act on three fronts .....19

Strategy in action .....20

Financial performance and targets .....24

Driving long-term value creation .....25

Strategic milestones in 2025 .....26

Innovating for impact .....28

Accelerating innovation through AI .....29

Generating shareholder value .....30

Risks and opportunities .....31



# We increase our growth focus through a streamlined business portfolio

In late 2025, UPM announced two strategic portfolio projects: the intended graphic paper Joint Venture between UPM and Sappi; and the strategic review of UPM Plywood (see page 27).

Assuming the Joint Venture is formed, UPM would have a stronger growth profile, improved margins and lower leverage. There would be no direct sales exposure to the declining European and North American graphic paper markets. This would mark the beginning of a new era in our transformation.

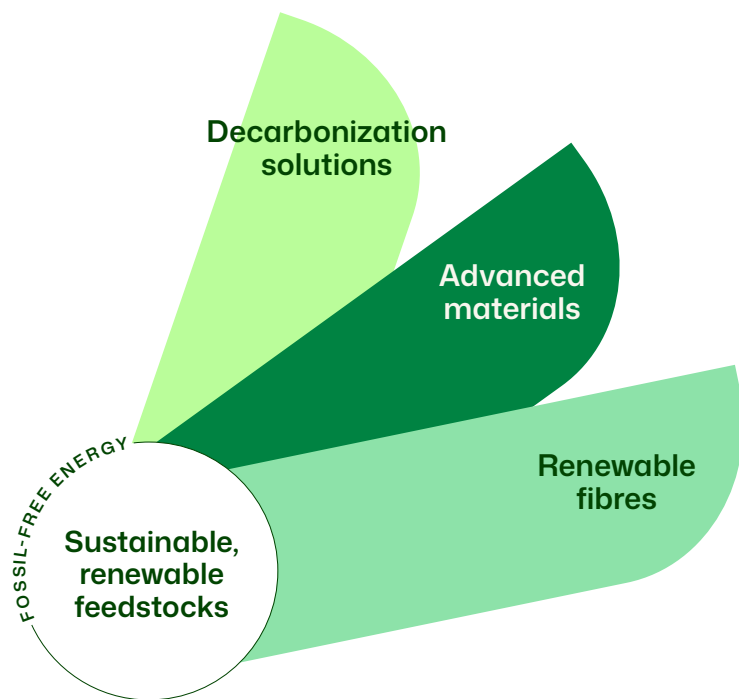
## A focused material solutions company with a strong track record of growth

Assuming the Joint Venture is formed, the future UPM would have an attractive business portfolio focusing on renewable fibres, advanced materials and decarbonization solutions, all of which operate in growing markets. Across these businesses, UPM has a solid history of achieving growth rates consistently exceeding GDP growth over the past decade.

## Strategic portfolio projects expected to be concluded in 2026

Through the graphic paper Joint Venture, UPM aims to position the UPM Communication Papers business to create continued value for its customers in a way that benefits UPM shareholders. The intended Joint Venture is expected to close by the end of 2026, subject to regulatory approvals and other closing conditions.

UPM Plywood is currently undergoing a strategic review to assess options for maximizing the long-term potential and value creation of the business. The review is expected to be concluded by the end of 2026.



| UPM businesses                                                                              | Market growth |
|---------------------------------------------------------------------------------------------|---------------|
| <b>Decarbonization solutions:</b><br>Large long-term growth potential with unique solutions | +++           |
| <b>Advanced materials:</b><br>Focused capital-efficient growth                              | ++            |
| <b>Renewable fibres:</b><br>Maximizing value creation from the existing assets              | +             |
| <b>Communication papers:</b><br>Focus on cash flow<br>Form a graphic paper Joint Venture    | -             |

# We act on three fronts

In addition to the strategic portfolio projects, we will further improve competitiveness, increase capital efficiency and strengthen the balance sheet. We will capture focused growth opportunities. Following recent investments, UPM has a strong asset base to capture market potential in a capital-efficient way. We aim to develop a portfolio of world-class businesses.

1

Improve competitiveness

- Improve performance through cost efficiency, streamlining and commercial excellence
- Increase capital efficiency and cash flow following recent investments
- Strengthen the balance sheet

2

Focused growth

- Strong asset base enables growth with low investment needs
- Growth markets and faster-growing geographies
- Competitive production platforms

3

World-class businesses

- Portfolio of leading businesses in growing markets
- World-class performance in each business
- Planned graphic paper Joint Venture
- Strategic review of UPM Plywood

## Key enablers

### People

We focus on performance, engagement, safety and integrity. Diversity and inclusion, learning, responsible leadership, and respect are at the core of our work. We aim for sustained excellence and continuous professional growth.

### Productivity

We use advanced technologies, sustainable practices and strategic initiatives to improve efficiency and productivity. This ensures the competitiveness of our businesses and supports our growth ambitions.

### Commercial excellence

We optimize commercial interfaces and processes to ensure security of supply and enhance the customer experience. This supports our ongoing efforts to sustain and grow earnings.

### Sustainability

The UPM Code of Conduct underlines our commitment to integrity and responsible operations. We create value from renewable and recyclable materials, reduce our environmental footprint, and enhance our positive societal impact.

### Innovation

Sustainability, the circular economy, and our customers are at the heart of our innovation. We innovate new materials and solutions to help our customers' businesses become more sustainable. We innovate to make our operations and processes more efficient. We innovate to increase our employees' productivity.

# Strategy in action

UPM is a material solutions company with world-class businesses in growth markets. These businesses are leading in their fields and aim for world-class performance. We have global market presence, which enables our businesses to capture opportunities in faster-growing markets, serving them from competitive production platforms.

## Decarbonization solutions

Decarbonization solutions businesses address the growing need to reduce climate emissions, offering solutions ranging from the electrification of society to low-emission traffic and bio-based chemicals.

Market growth: +++

|                                                                                                                        | Improve competitiveness                                                                                                                                                          | Focused growth                                                                                                                                                                                                            | World-class businesses                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div>Biochemicals</div> <div></div> | <ul style="list-style-type: none"><li>• First customer deliveries of industrial sugars in 2025</li><li>• Further products will be introduced in the first half of 2026</li></ul> | <ul style="list-style-type: none"><li>• Entry to new business</li><li>• Commercial interest confirmed</li><li>• Gather learnings for next steps</li></ul>                                                                 | <ul style="list-style-type: none"><li>• 220,000 tonnes of pioneering renewable chemicals</li><li>• Full production and positive EBIT expected during 2027</li></ul> |
| <div>Biofuels</div> <div></div>    | <ul style="list-style-type: none"><li>• Decreased variable costs</li><li>• Improved efficiency</li><li>• Discontinued the Rotterdam biorefinery development</li></ul>            | <ul style="list-style-type: none"><li>• CapEx-efficient debottlenecking</li><li>• Qualification process for SAF</li><li>• Proprietary feedstock technologies development</li></ul>                                        | <ul style="list-style-type: none"><li>• 130,000 tonnes of advanced renewable fuels</li><li>• Profitability improvement and recovering markets</li></ul>             |
| <div>Energy</div> <div></div>     | <ul style="list-style-type: none"><li>• Maximize value in the volatile electricity markets</li></ul>                                                                             | <ul style="list-style-type: none"><li>• Capability to supply CO<sub>2</sub>-free electricity and ready sites for industrial use, to meet growing demand from electrification, data centers and green transition</li></ul> | <ul style="list-style-type: none"><li>• 12 TWh of CO<sub>2</sub>-free electricity, baseload and flexibility</li><li>• Strong value creation track record</li></ul>  |

## Advanced materials

The advanced materials businesses offer technically demanding materials for growing end uses. The businesses require less capital than other UPM businesses and are well positioned to pursue focused growth in the coming years.

| Market growth: ++                                                                   |                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                     | Improve competitiveness                                                                                                                                                                                                | Focused growth                                                                                                                                                                                                                                                             | World-class businesses                                                                                                                                                                                                  |
| Adhesive Materials                                                                  |                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                         |
|    | <ul style="list-style-type: none"><li>• Actions to sharpen competitiveness and restructure production footprint</li><li>• Closed production in two factories in Nancy, France, and in Kaltenkirchen, Germany</li></ul> | <ul style="list-style-type: none"><li>• Growth faster than the markets in 2025</li><li>• Investments to grow in advanced labels in the U.S. and to strengthen asset base in Southeast Asia</li><li>• Acquired Metamark, continuing to build position in graphics</li></ul> | <ul style="list-style-type: none"><li>• Strong position globally on the growing label materials markets</li><li>• Establishing a solid position in attractive graphics markets</li></ul>                                |
| Specialty Papers                                                                    |                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                         |
|   | <ul style="list-style-type: none"><li>• Decreased variable costs, efficiency measures</li></ul>                                                                                                                        | <ul style="list-style-type: none"><li>• Flexible paper-based packaging development</li><li>• Capacity to grow with low investments</li></ul>                                                                                                                               | <ul style="list-style-type: none"><li>• Strong position globally on growing label and release base materials markets</li><li>• Solid position on the promising renewable flexible packaging materials markets</li></ul> |
| Plywood                                                                             |                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                         |
|  | <ul style="list-style-type: none"><li>• Strong production efficiency in the second half of the year</li></ul>                                                                                                          | <ul style="list-style-type: none"><li>• Strategic review initiated</li><li>• Launched a new solution to supply the strong demand in LNG shipping</li></ul>                                                                                                                 | <ul style="list-style-type: none"><li>• Strong position in Europe and globally in LNG</li></ul>                                                                                                                         |

## Renewable fibres

UPM Fibres offers sustainable, high-quality hardwood and softwood pulp, and sawn timber products worldwide. Its strong asset base and capabilities provide opportunities to increase capital efficiency and generate strong cash flow.

| Market growth: +                                                                     |                                                                                                                                                                                                      |                                                                                                                        |                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                      | Improve competitiveness                                                                                                                                                                              | Focused growth                                                                                                         | World-class businesses                                                                                                                                                          |
| Fibres South                                                                         |                                                                                                                                                                                                      |                                                                                                                        |                                                                                                                                                                                 |
|   | <ul style="list-style-type: none"><li>• Optimization of wood sourcing and inbound logistics, as the plantations increasingly reach maturity by 2027</li></ul>                                        | <ul style="list-style-type: none"><li>• Planning capex-efficient debottlenecking to unlock further potential</li></ul> | <ul style="list-style-type: none"><li>• 3.4m tonnes eucalyptus pulp</li><li>• World-class low-cost platform, including highly productive plantations</li></ul>                  |
| Fibres North                                                                         |                                                                                                                                                                                                      |                                                                                                                        |                                                                                                                                                                                 |
|  | <ul style="list-style-type: none"><li>• Strategic partnership with Versowood to strengthen pulp wood supply in Finland</li><li>• Flexible operating mode at all mills, efficiency measures</li></ul> |                                                                                                                        | <ul style="list-style-type: none"><li>• 2.4m tonnes, mainly softwood pulp</li><li>• UPM Forest in Finland has been included in Fibres North from January 2026 onwards</li></ul> |

## Communication papers

Focus on performance and cash flow.

| Market growth: -                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                       | Improve competitiveness                                                                                                                                                                                                                                                                                                                                                                        | World-class businesses                                                                                                                                                                  |
| Communication Papers                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                         |
|  | <ul style="list-style-type: none"><li>• Planned graphic paper Joint Venture with Sappi</li><li>• Closed paper production at UPM Kaukas (300,000t) in Finland and UPM Ettringen paper mill (270,000t) in Germany during Q4 2025</li><li>• Combined reduction: 13% of capacity, €70 million of annual fixed costs</li><li>• Sold the earlier closed Plattling paper mill site, Germany</li></ul> | <ul style="list-style-type: none"><li>• Reliable supplier of sustainable communication papers, cost-efficient operations</li><li>• Strong 2025 free cash flow at €362 million</li></ul> |

# Financial performance and targets

We aim for earnings growth and attractive returns on capital. In 2025, our comparable EBIT decreased by 25% from the previous year in a challenging market.

The market environment was challenging across our businesses in 2025, impacted by changes and high uncertainty in global trade relations. During the year, we took decisive actions to further strengthen our competitiveness.

A major investment cycle at UPM has come to an end. Despite low pulp prices, our highly competitive business platform in Uruguay performed well. The Leuna biorefinery

began delivering industrial sugars to customers in December and expects to enter the market with further commercial products in the first half of 2026.

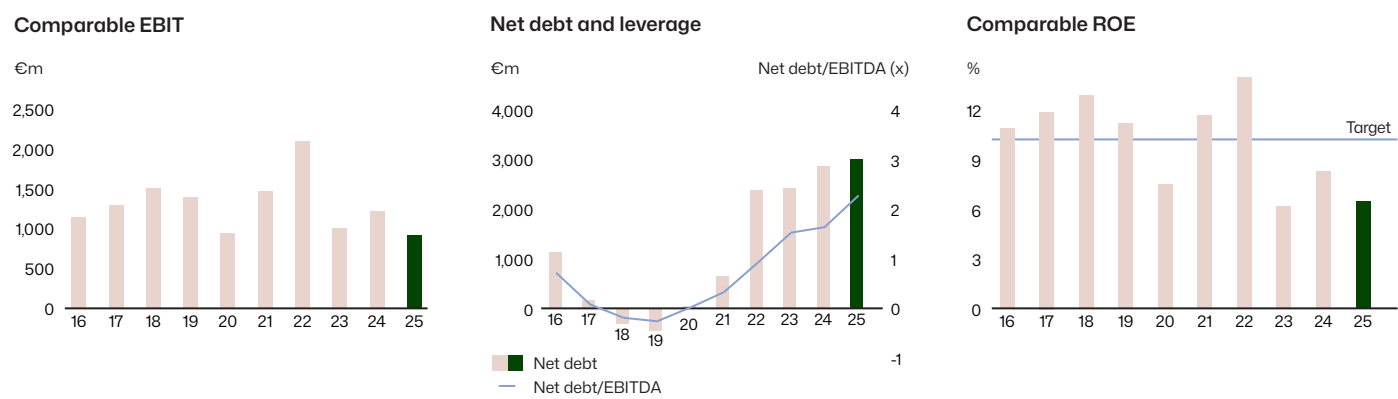
Our focus is on improving performance and cash flow, as well as strengthening our balance sheet. Our strong asset base enables us to capture growth opportunities with low capital expenditures.

**Financial targets**

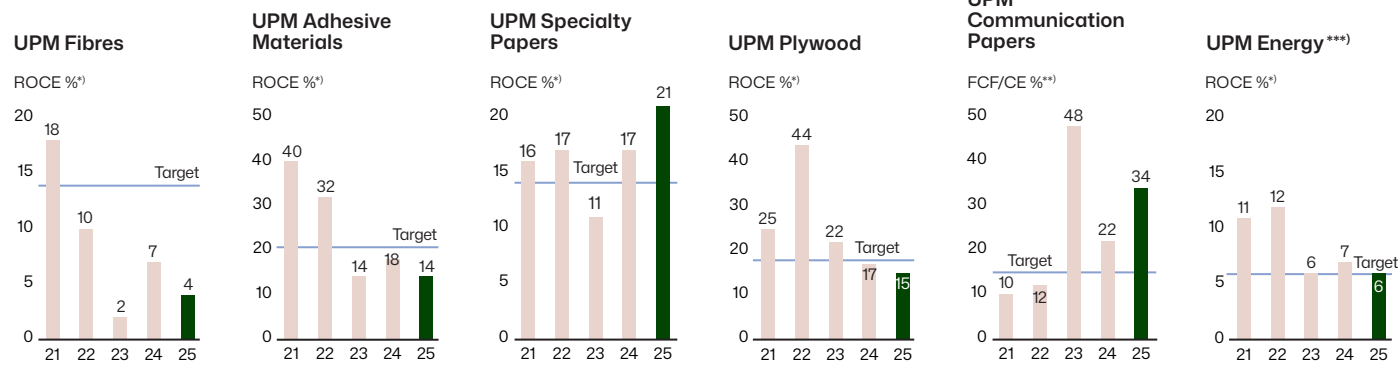
At a business level, we aim for world-class performance and attractive returns (ROCE %).

At the Group level, we are targeting growth in comparable EBIT and a return on equity (ROE) exceeding 10%. We also aim to maintain a strong balance sheet with a net debt/EBITDA ratio of 2x or lower.

## Group financial performance and targets



## Business area long-term return targets



<sup>\*)</sup>ROCE % = Return of capital employed excluding items affecting comparability

<sup>\*\*)</sup>Free cash flow after investing activities and restructuring costs

<sup>\*\*\*)</sup>Shareholdings in UPM Energy valued at fair value

# Driving long-term value creation

We deliver sustainable growth and attractive returns over time by combining agile business operations, disciplined capital allocation and corporate synergies.

**Portfolio of attractive businesses**

- Leading businesses in growing markets
- World-class performance.

**Agile operating model:** Our businesses operate as separate, market-driven entities

- High efficiency and agility
- Differentiated commercial strategies
- Optimal sourcing
- Broad product development opportunities.

distribution and maintaining a strong balance sheet. Capital allocation is essential for achieving attractive long-term returns and developing a portfolio of world-class businesses. At UPM, capital allocation decisions are made at the corporate level:

- Focused investments to grow the company and its earnings
- Attractive dividends, targeting at least half of comparable earnings per share over time

- Maintain a strong balance sheet. According to UPM's leverage policy, the net debt to EBITDA ratio should be less than two. An investment-grade rating is an important element of the financing strategy
- Share buybacks are a complementary tool that can be used relative to investment opportunities and company valuation.

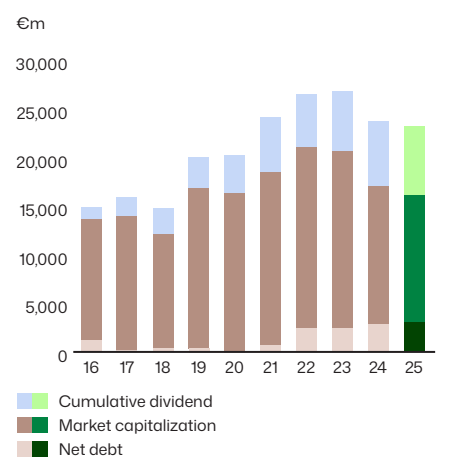
[Financial Statements on page 258](#)

- Corporate synergies** for our businesses
- Competitive and sustainable wood sourcing, forestry and plantation operations
  - Efficient global functions
  - Technology development and intellectual property rights
  - Global business platform
  - Disciplined and effective capital allocation
  - Compliance, the UPM Code of Conduct, and a strong UPM brand.

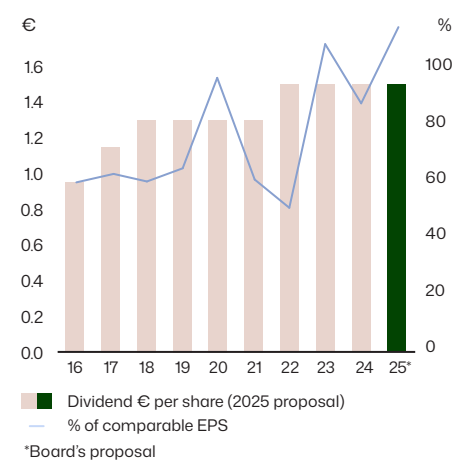
**Effective capital allocation**

We aim to allocate capital in a balanced way by developing the company through focused investments, offering attractive shareholder

## Enterprise value and cumulative dividends



## Dividend per share



-6.7%

Share price 2025

Dividend proposal, €

1.50

per share

160 M€

Share buy-back program for 6 million shares, shares cancelled in May

| 5-year share performance and valuation multiples |                    |        |        |        |        |
|--------------------------------------------------|--------------------|--------|--------|--------|--------|
|                                                  | 2025               | 2024   | 2023   | 2022   | 2021   |
| Share price at Dec. 31, €                        | 24.79              | 26.56  | 34.06  | 34.93  | 33.46  |
| Comparable EPS, €                                | 1.33               | 1.74   | 1.40   | 3.09   | 2.22   |
| Dividend per share, €                            | 1.50 <sup>1)</sup> | 1.50   | 1.50   | 1.50   | 1.30   |
| Dividend to comparable EPS, %                    | 113                | 86     | 107    | 49     | 59     |
| Effective dividend yield, %                      | 6.1                | 5.6    | 4.4    | 4.3    | 3.9    |
| P/E ratio                                        | 27.3               | 32.5   | 46.8   | 12.2   | 13.9   |
| P/BV ratio <sup>1)</sup>                         | 1.31               | 1.27   | 1.63   | 1.49   | 1.65   |
| EV/EBITDA ratio <sup>2)</sup>                    | 12.3               | 9.8    | 13.1   | 8.3    | 10.2   |
| Market capitalization, € million                 | 13,072             | 14,165 | 18,165 | 18,629 | 17,845 |

<sup>1)</sup> 2025: Board's proposal

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

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

# Strategic milestones in 2025

## The startup of our groundbreaking biochemicals refinery is progressing

Our products are uniquely positioned to help our customers and major global brands decarbonize their supply of raw materials.

The biorefinery will produce a range of 100% wood-based biochemicals, enabling a switch from fossil raw materials to sustainable alternatives in various applications.

The valuation of these products is driven by their superior technical performance and sustainability, which enables consumer brands to differentiate themselves in the market. The investment opens new markets for UPM with large future growth potential.

The industrial-scale 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, composite materials, pharmaceuticals, cosmetics, and detergents. Lignin-based RFFs



### In brief

- Annual production capacity of 220,000 tonnes of 100% wood-based biochemicals
- Investment estimated at €1,335 million
- Biorefinery expected to reach full production and positive EBIT during 2027
- High safety and sustainability standards throughout the value chain
- Certified under the ISCC PLUS, PEFC, and FSC™ chains of custody programs.
- Extensive partner network in multiple value chains.

are a sustainable alternative to carbon black and precipitated silica in many rubber and plastic applications.

### Production and sales have started

The wood-to-lignin-and-sugar process was successfully ramped up and the first commercial deliveries of industrial sugars took place in Q4 2025. With the achieved progress in the critical first part of the process and the advanced status of corrective works in the final core processes, production and sales of further products, lignin, renewable functional fillers and finally glycols is expected to start in 2026.

Commercial interest in the main products and sidestreams has continued to be strong,

with confirmed customer contracts and a sales and customer qualification pipeline exceeding the annual capacity by multiple times. Sales allocation of 2026 volumes has started.

The combination of a sustainable wood supply, a unique technology concept, integration into existing infrastructure at Leuna, and proximity to customers will ensure competitive operations.

The value chain's safety and sustainability will meet UPM's high standards, and the strong focus on regional sourcing, especially of feedstock, will support the market valuation.

🕒 UPM Leuna Biorefinery

## UPM and Sappi sign non-binding letter of intent on Joint Venture for graphic papers

The proposed Joint Venture represents a decisive response to the structural changes in the European graphic paper industry.

The Joint Venture would include the entire UPM Communication Papers business, including eight paper mills, as well as Sappi's European graphic paper business, which includes four paper mills. The proposed Joint Venture would be owned 50/50 by UPM and Sappi, and operate as an independent company.

### Benefits of the transaction

The planned Joint Venture would provide the best future for the UPM Communication Papers business. The transaction would create a structurally competitive cost base, supplying security to European and global customers.

Through strategic reallocation of production volumes to the most efficient paper machines, the Joint Venture would achieve more sustainable capacity utilization and stronger operational performance, while continuing to serve customers with a broad portfolio of graphic paper products.

The Joint Venture is expected to create annual synergies estimated at about €100 million through asset and logistics optimization, product portfolio rationalization and sourcing efficiency improvements.

The Joint Venture would rationalize supply in an industry burdened by declining demand, structural overcapacity and high energy costs. It would contribute to a more balanced and resilient European market, positioning the industry better to withstand market challenges and increasing imports to Europe.

The transaction is expected to have a positive impact on UPM's profitability margins, balance sheet and leverage. UPM would achieve a more focused business portfolio operating in growth markets and would no longer have direct sales exposure to the declining European and North American graphic paper markets.

### Negotiations ongoing

Negotiations regarding the details of the

Joint Venture are ongoing, and the parties expect the definitive agreements to be signed during the first half of 2026. The definitive agreements require the completion of external financing agreements, Sappi shareholder approval and other conditions.

The proposed transaction is subject to review by the European Commission and the relevant merger control, and approval by the authorities in other jurisdictions such as the US, the UK and China. The parties are committed to working with the regulatory authorities throughout the review process.

It is currently expected that the closing would take place by the end of 2026, subject to regulatory approvals and other closing conditions. The Joint Venture would become operational upon closing.

🕒 UPM Communication Papers on page 43

🕒 Financial details of the proposed Joint Venture page 120

## UPM evaluates strategic alternatives for its plywood business

UPM has initiated a strategic review of its plywood business area to assess options for maximizing its long-term potential in an evolving market environment.

The review includes a range of possibilities, including separation from UPM through divestment, a partial demerger, or an initial public offering.

The aim is to determine the best path forward for the plywood business while creating value for UPM's shareholders.

The review is expected to be concluded by the end of 2026. During the process, UPM will

remain fully committed to the plywood business and its customers.

### Strong, customer-focused business

UPM Plywood is a leader in the European market, particularly in the mid-to-high-end segment, and is globally recognized as a leader in LNG-related plywood applications.

Its well-invested asset base consists of three spruce plywood mills, one spruce veneer mill and three birch plywood mills, with a combined annual production capacity of 785,000 cubic meters. The warehouse and sales network en-

ures efficient distribution and customer service.

UPM Plywood offers a unique portfolio of premium materials under the trusted WISA® brand. This comprehensive offering is backed by strong customer partnerships and a commitment to high-quality service.

The business has demonstrated financial resilience across market cycles, consistently delivering solid performance and generating cash. Its success is driven by commercial and operational excellence, as well as a proven management team and experienced operational personnel.



# Innovating for impact

Innovation plays a key role in ensuring UPM’s ability to grow in the long term and deliver consistently strong margins across all businesses.

We focus on ensuring high performance in established businesses and creating opportunities in adjacent and new businesses.

We adopt a structured approach to innovation to strengthen alignment with business priorities and future growth. We have introduced a strategic innovation management model to improve prioritization, accelerate execution and ensure a measurable impact across the innovation portfolio through strategic alignment.

In 2025, we spent €404 million (€488 million) on research and development, accounting for 28.8% (36.1%) of operating cash flow. In addition to direct R&D expenditure of €60 million (€70 million), the figure includes negative operating cash flow, as well as capital expenditure for developing businesses, transformative business prospects and digitalization projects.

## Priorities

### High performance

- Process optimization and cost of production
- Strong global R&D infrastructure

### Sustainability as competitive advantage

- Reduction of emissions, material use and raw material footprint
- Sustainable Product Design concept applied across all product development projects

### Strategic renewal

- Platform and process development and renewal
- Extensive partner network and new capabilities

### Market relevance

- Product development, co-creation with customers
- Portfolio growth, including fibre-based packaging, replacing plastic and aluminum in food packaging and advanced biofuels development

### Future growth

- Innovations to build and enter new markets
- Decarbonization solutions such as renewable chemicals and materials

🔗 [Read more on R&D in the Report of the Board of Directors on page 250](#)



# Accelerating innovation through AI

AI is expected to transform the global economy by increasing productivity and accelerating the discovery of new ideas. Accordingly, UPM has a comprehensive AI strategy and a company-wide AI program to implement selected transformations.

The strategy sets the direction and roadmap for driving the adoption and benefits of AI in areas with high-impact potential and value, such as increased sales, optimized supply chains and improved operational efficiency.

Launched to accelerate adoption across the company, UPM’s AI program delivered significant progress in 2025. Guided by four core values – growth, efficiency, experience, and data quality – the program drives twelve high-impact transformations aligned with strategic priorities. These transformations enable improved customer support, optimized operations and enhanced decision-making.

Key achievements include establishing the UPM AI Center of Excellence to scale and

sustain AI capabilities. In June, new UPM AI guidelines were introduced to ensure the safe, secure and ethical use of AI. These guidelines are supported by five principles: human-centricity; transparency; accountability; data governance; and continuous development.

Operational highlights include the launch of “Griffy,” an AI-powered corporate chatbot that improves access to information and pilots in areas such as automated order intake, invoice handling, supplier query processes, and maintenance optimization. These initiatives enhance productivity, reinvent processes and unlock new value for customers and employees.

To build AI literacy, UPM launched a company-wide e-learning course on the basics of AI and included aspects of it in mandatory compliance training. People leaders received guidance on encouraging AI discussions in their teams. This guidance is complemented by a dedicated portal and practical learning sessions.

The AI program demonstrates UPM’s dedication to innovation and renewal. By combining technology with human expertise, UPM is developing the systemic capabilities necessary for sustainable growth and competitiveness in the evolving digital landscape.

# Generating shareholder value

Our goal is to increase our earnings and valuation while offering our shareholders an attractive dividend. Making more sustainable choices increases demand for our products.



**Strategic portfolio projects**

The announced graphic paper Joint Venture aims to position UPM Communication Papers for continued value creation for its customers in a way that benefits UPM's shareholders. UPM Plywood is currently undergoing a strategic review to assess options for maximizing the long-term potential and value creation of the business.



**An attractive business portfolio to drive growth, profitability and valuation**

In the future, UPM's portfolio would consist of higher-margin businesses in growing markets with a strong track record of realized sales growth. We aim for healthy growth and improved long-term profitability, which would also increase the value of our shares.



**Strong balance sheet**

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



**Attractive shareholder distribution**

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



**Low-CapEx growth**

Our businesses serve growing markets, and our global market presence enables us to capture market opportunities in faster growing geographies. Our strong asset base enables us to grow with focused, low-capital steps. These efforts support attractive returns on invested capital.



**Sustainability at the core**

We see sustainability as a key driver of growth and competitiveness. We seize the opportunities presented by the growing consumer demand for sustainable choices. Stricter regulations to mitigate climate change and address the plastics challenge present opportunities to us. Responsible operations and value chains mitigate risks.



**Innovating for the everyday**

We drive innovation to create high-value business opportunities in areas such as biochemicals, biofuels and specialty packaging materials. Our strengths include successful commercialization and scaling innovation up to significant volumes. We protect our intellectual property.

# Risks and opportunities

UPM is exposed to several risks and opportunities in its operating environment. Many of these risks and opportunities arise from the general political and economic environment, as well as global megatrends.

- 🕒 Sensitivity to pulp and electricity prices on page 123
- 🕒 Risks in the Report of the Board of Directors on page 128
- 🕒 UPM's cost structure is presented on page 276
- 🕒 Main currency exposures are presented on page 314

**Geopolitical and economic uncertainty**



Currently, high uncertainty relates to intertwining geopolitical and trade tensions between major economies, particularly to the impacts of the policies and actions of the current U.S. administration and potential countermeasures by other countries. Russia's ongoing war in Ukraine, the conflicts in the Middle East, and the recent tension over Greenland, continue to cause high uncertainty in the operating environment, which may impact economic growth, inflation and trade. These factors challenge the competitiveness and predictability of companies with international value chains and operations in several countries. Testing relationships between businesses, governments, and society, as well as the growing international focus on defense and protectionist trade policies, may stress the economic and political environment, causing local challenges to our operations or influencing demand, sales prices, or input costs for our products.

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

**Opportunity:** Diverse business portfolio, geographical presence and responsible business practices may present supply chain optimization or strategic opportunities (incl. M&A) during testing economic times.

**Cyclical and competitive business environment**



UPM's product offering competes in markets where customers have competing alternatives, and shifts in supply and demand continuously influence prices. Changes in production capacity, shifts in the supply chain, new product or raw material development, and changes in competitor and consumer behavior may impact price levels for our products and main inputs, and cause temporary or permanent changes in demand. The rapid acceleration of digitalization 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:** The growing need and consumer preference for renewable and recyclable solutions create business opportunities and drives demand growth.

**Climate change**



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

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

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

| We are UPM   |  | Governance   |                | Accounts and performance |                |
|--------------|--|--------------|----------------|--------------------------|----------------|
| UPM in brief |  | Our strategy | Our businesses |                          | Sustainability |

Changes in policies, legislation and stakeholder expectations



The strain on natural ecosystems has intensified expectations for companies to provide economic, social and environmental benefits, and complement the actions of governments. Changes in regulation, taxation or subsidies may affect our performance, competitiveness, and the cost and availability of raw materials. Unpredictable and rapid changes in policies, such as those in the U.S. or EU, or local legislation may occur. Environmental regulations may continue to become stricter. As policies, legislation or stakeholder expectations change, or as they are applied, additional costs may be imposed on us for complying with stricter requirements or for noncompliance.

**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 through our renewable and responsible material and energy 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. These 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 utilizes new technology and opens new markets for us. The recent high inflation and interest rate environment, construction material price uncertainty, availability of skilled labor, and bottlenecks in global logistics and supply chains have introduced new challenges to large investment projects.

**Management:** Strict and continuous operational planning, steering, supervision, quality control, input procurement, scheduling, and 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, changing the company's positioning.

Input price fluctuations on the main raw materials and services



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

**Management:** Continuously improving resource efficiency, supply chain optimization and diversification. New technologies. Long-term supply contracts and reliance on alternative suppliers. Own selected forest land and enter into long-term forest management contracts.

**Opportunity:** The circular economy, continuous improvement in resource efficiency and supply resilience offer a competitive advantage in the face of price fluctuations.

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 may disrupt the continuity of operations. Information systems may be exposed to cyber intrusions that may result in the leakage of sensitive information, violation of data privacy regulations, theft of intellectual property, and the dissemination of AI-generated misinformation or disinformation. Such intrusions may also lead to production outages or damage to our reputation.

**Management:** Systematically maintaining and further developing our cybersecurity protection measures.

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

Operational hazards, health and safety issues and business interruption



Our operations are exposed to environmental risks, fires, natural disasters, machinery breakdowns, site security issues, and occupational health and safety hazards. A major incident at a UPM site or a critical part of the supply chain may result in a shutdown or curtail production. Failure to maintain high safety management levels may result in physical injury, illness or liability to employees, contractors or third parties, causing a business interruption.

**Management:** Systematically maintaining and further developing our management, safety, security and loss prevention programs, as well as our insurance protection and business continuity. Development of process safety.

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

Financial risks



Financial risks include foreign exchange and interest rate fluctuations, refinancing challenges, counterparty or credit risks and changes in taxes. Changes to the monetary policies of major central banks may significantly impact interest rates. Escalation of global trade tensions could influence currency exchange rates. Changes consequently could impact UPM's cash flow, earnings or balance sheet, and may also affect the competitiveness between different currency regions. Our foreign exchange rate risk is primarily related to the U.S. dollar, British pound and Japanese yen.

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

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

Emerging risks

Geostrategic shifts refers to evolving sources and concentration of geopolitical power. Global rules-based order is increasingly being tested. Confrontations may cause rapid unplanned changes in the viability of our long-standing sourcing or sales destinations. Many of our businesses are operating in global marketplaces, and major shocks to fundamental business realities could result in lost customers or suppliers in a country or region.

**Management and opportunity:** Strong balance sheet. Diverse business portfolio and geographical presence, resilient production footprint.

Biodiversity refers to the variety of species and ecosystems on our planet. Despite ongoing efforts, the UN reports that biodiversity is deteriorating worldwide. Our operations are closely linked to biodiversity, and the most significant impacts arise from wood sourcing activities. The deterioration of biodiversity may lead to slower forest growth, which may impact the availability of wood and increase its cost for UPM in the long term. Biodiversity loss arising from wood sourcing may result in legal action against UPM or restrictions on wood use.

**Management and opportunity:** The global 2030 Forest Action Program combines measures on climate, biodiversity, soil, water and social contribution. Biodiversity is essential to maintaining healthy forest growth.

# Our businesses

|                                |    |
|--------------------------------|----|
| UPM Biorefining .....          | 36 |
| UPM Energy .....               | 37 |
| UPM Adhesive Materials.....    | 38 |
| UPM Specialty Papers .....     | 39 |
| UPM Fibres .....               | 40 |
| UPM Plywood .....              | 42 |
| UPM Communication Papers ..... | 43 |



# UPM Biorefining

UPM Biorefining is driving the use of renewable, high-value materials in fuels and chemicals. Our biorefineries produce advanced biofuels and bio-based chemicals with strong sustainability performance and superior properties.

## Key figures 2025

Personnel  
on Dec. 31

504

UPM Leuna Biorefinery

Full capacity expected in 2027

220,000

Annual capacity in tonnes

UPM Lappeenranta Biorefinery

In operation since 2015

130,000

Annual capacity in tonnes

The Lappeenranta refinery in Finland uses crude tall oil (CTO), a wood-based biomass that does not compete with food production or cause changes in land use, to produce renewable UPM BioVerno™ diesel and naphtha.

In 2025, we discontinued the planning of a second biomass-to-fuels refinery in Rotterdam. We are pursuing growth in biofuels by developing proprietary technologies that enable the use of other advantageous bio-based feedstocks. Additionally, we aim to enter other high-value fuel market segments.

In Leuna, Germany, we have built the world’s first industrial biorefinery, which will produce wood-based glycols, industrial sugars and renewable functional fillers (RFF) from sustainably sourced hardwood and sawmilling residues (page 26).

The start-up of the Leuna biorefinery progressed in 2025. The first commercial deliveries of industrial sugars took place in the fourth quarter. Production and sales of further products, lignin, renewable functional fillers and finally glycols is expected to start in 2026. This biorefinery is expected to reach full production and positive EBIT during 2027.

Our bio-based monoethylene glycols are a 100% renewable, drop-in alternative to fossil glycols. They are used in PET packaging, polyester textiles and foams for footwear, among other applications. We enter the market directly and through downstream part-

nerships, enabling value-chain integration all the way to fully bio-based PET and increased value generation for UPM.

UPM’s RFF replaces fossil carbon black in tires, rubber goods and black plastics. In addition to significantly reducing CO<sub>2</sub>, emissions they offer technical advantages such as reduced weight and enhanced conductivity. These advantages improve the performance and consumer appeal of rubber-based products.

The demand for our renewable portfolio is evident in the commercial pipeline, which far exceeds the capacity of the Leuna refinery, as well as in strategic partnerships spanning the packaging, textiles, automotive, and consumer goods industries. With our pioneering technologies and secure, sustainable raw materials, UPM Biorefining is well positioned to lead the shift from fossil to renewable carbon and capture growth in rapidly developing global markets. We are leading the transition to an industrial bioeconomy as a new growth pillar of the chemical industry.

🕒 [More information on pages 121–122](#)  
🌐 [upmbiochemicals.com](#)  
🌐 [upmbiofuels.com](#)



## Ten years of pioneering renewable fuel production

UPM Biofuels celebrated ten years of successful operations at its Lappeenranta Biorefinery, the world’s first commercial-scale facility to produce advanced biofuels from wood-based residues. Since 2015, the refinery has contributed to decarbonization of the transport and petrochemical industries. All products are backed by globally recognized sustainability certifications.

In addition to developing our technologies, we are making progress in the technical qualification of tall oil-based fuels for aviation use. We are conducting testing with the ASTM standardization organization as a necessary step for producing sustainable aviation fuels. The registration process and discussions with technical partners in the aviation industry are ongoing.

# UPM Energy

UPM Energy is paving the way for a sustainable future with fossil-free nuclear energy and hydropower. Our portfolio is well suited to the evolving electricity market, providing opportunities for value creation in physical markets.

## Key figures 2025

Sales

€m

615

-2%

Personnel  
on Dec. 31

86

Comparable EBIT

€m

151

-17%

Comparable ROCE

%

5.8

-1.7pp

UPM Energy is the second largest electricity producer in Finland and a major player in the Nordic electricity markets. Our production portfolio consists of our own and co-owned hydropower plants as well as nuclear power shareholdings and is 99% fossil-free. We have generated significant added value

by optimizing our hydro assets in volatile markets, which benefits society as a market balancer. The nuclear power plants provide the power system with a reliable baseload.

UPM is also a major electricity consumer with significant demand-side flexibility, particularly at its paper mills. We channel the value of this flexibility to the markets through the UPM Energy control room.

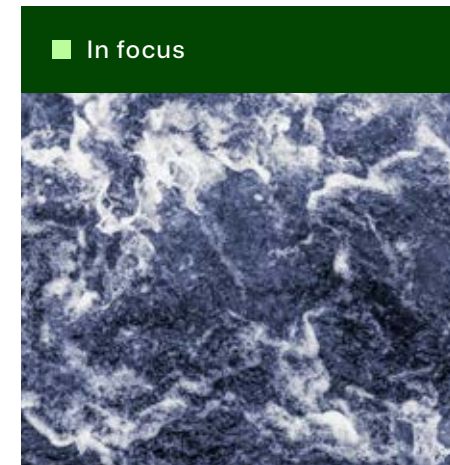
Due to decarbonization and digitalization efforts, demand for fossil-free electricity is expected to increase significantly in the coming years. The electrification of district and industrial heating has resulted in increased investment in electric boilers. Demand for data centers will grow, driven by the adoption of cloud services and generative AI. The prospects for power demand growth are attractive as the need for reliable and flexible energy increases.

In 2025, UPM Energy’s hydropower production was close to normal levels. June marked TVO’s final takeover of the OL3 nuclear power unit, which operated smoothly in its second full year of continuous commercial production.

We installed our second ultracapacitor at the Kuusankoski hydropower plant, as our experience with the first such investment at Ontojoki has been excellent. An ultracapacitor strengthens the ability of hydropower to balance the grid, allowing us to provide the market with very fast reserves through short-term energy storage. The need for fast and flexible balancing power has increased rapidly with the growing use of weather-dependent energy sources. The Kuusankoski ultracapacitor leverages modern digital solutions and automation to optimize the performance of the ultracapacitor and hydropower system.

The most significant development regarding our energy assets is the potential extension of the operating licenses and lifetimes of the OL1 and OL2 nuclear power units beyond 2038. UPM Energy is also developing wind and solar power projects on UPM-owned land.

🕒 [More key figures on page 124](#)  
🌐 [upmenergy.com](#)



## Balancing the everyday

As the share of weather-dependent electricity generation grows, the future electricity system will require more flexibility. Fluctuations in supply will drive additional demand for balancing measures across the grid.

This is managed through multiple marketplaces, where market participants can bid on balancing actions by changing either their electricity consumption or supply. Functioning electricity markets, combined with clear price signals, incentivize balancing actions.

UPM Energy, the second largest energy producer in Finland, has developed its capabilities to actively participate in balancing markets through hydropower and storage solutions. In this model, hydropower plants and river flow are optimized in combination with ultracapacitors, i.e., new electricity storage technology.

# UPM Adhesive Materials

UPM Adhesive Materials drives profitable growth with a value-adding offering, reliable service and optimized operations. Focused actions to improve productivity and cost efficiency fuel the business area’s transformation.

## Key figures 2025

| Sales      | Comparable EBIT |
|------------|-----------------|
| €m         | €m              |
| 1,655      | 124             |
| +6%        | -7%             |
| Personnel  | Comparable ROCE |
| on Dec. 31 | %               |
| 3,287      | 14.4            |
|            | -4.0pp          |



As one of UPM’s global growth engines and value creation platforms, UPM Adhesive Materials (formerly UPM Raflatac), seeks profitable growth by providing value-adding sustainable solutions and reliable services for enhanced customer experience. In addition, we are taking focused actions to improve productivity and cost efficiency and to optimize our operating platform to boost

performance and fuel growth in emerging markets and high-value product segments. In June 2025, we renamed our business area to UPM Adhesive Materials, supporting our strategic direction to expand into graphics solutions and specialty tapes. UPM Raflatac remains a leading global brand for label materials. One example of accelerating growth beyond label materials was the

acquisition of Metamark, which brought us closer to becoming a significant global player in the high-value graphics solutions segment. We consolidated and renewed our operating platform in Europe to increase scale and improve profitability. We closed the Kaltenkirchen factory in Germany and transferred production to our other European sites. We decided to convert the Nancy factory in France into a slitting and distribution terminal and discontinue label material coating. Additionally, we increased our competitiveness by reducing fixed and variable costs and improving material efficiency.

To grow profitably in high-growth regions and product segments, we invested in:

- a new coating line at the Mills River factory in North Carolina, U.S., to increase the production capacity of special label materials;
- a state-of-the-art new coating line, as well as other facility and material handling upgrades, at the Johor Bahru factory in Malaysia;
- a new slitting and distribution terminal near Hanoi, Vietnam.

We are also exploring expansion opportunities in India. Sustainability is key to creating customer value. We provide high-performance sustainability solutions for recycling and reducing CO<sub>2</sub> emissions. In 2025, we announced the industry-first integration of label product footprint data into quotes, helping converters make informed choices and reduce Scope 3 emissions at source. Despite the high level of competition and economic slowdown, we are optimistic about the future. We have made significant progress on our transformation journey, and we expect to see the results going forward.

[More key figures on page 125](#)  
[upmadhesivematerials.com](#)

# UPM Specialty Papers

UPM Specialty Papers is a global leader in label papers and a growing supplier of flexible packaging papers. Our business is driven by global megatrends. We are well positioned for growth.

## Key figures 2025

| Sales      | Comparable EBIT |
|------------|-----------------|
| €m         | €m              |
| 1,315      | 147             |
| -10%       | +9%             |
| Personnel  | Comparable ROCE |
| on Dec. 31 | %               |
| 1,820      | 20.9            |
|            | +3.8pp          |

UPM Specialty Papers has a long history of serving customers in the label and APAC fine paper markets. Thanks to our global reach, we can meet the needs of global customers while providing local services and expertise. Our customers recognize us for our reliability, consistent quality and responsive, professional team. We actively collect feedback to strengthen customer relationships. In 2025,

we achieved an all-time high score in our customer satisfaction survey. We have a strong foothold in Europe and the growing Asia-Pacific markets, and we continue to strengthen our presence in the Americas. We are a global leader in the label paper market and aim to continue growing. In the APAC fine paper market, we focus on the most profitable market segments where sustainability adds value. We have significant growth opportunities in flexible packaging, where our expertise in producing demanding packaging papers, as well as our strong R&D capabilities, have established us as a viable partner for creating recyclable, fibre-based packaging solutions. This is a market with high entry barriers and long entry times. There are significant growth opportunities and promising ongoing projects with our customers. In 2025, we introduced several innovative co-created solutions with partners and brands. Although long-term megatrends such as e-commerce, sustainability and urbanization continue to drive demand for labels

and packaging, the markets were challenging in 2025 due to uncertainty surrounding U.S. tariffs and weak consumer confidence. This resulted in muted demand. Many of the markets served by UPM Specialty Papers experienced overcapacity, putting pressure on operating rates and sales prices. However, through diligent margin management and cost savings, we were able to maintain profitability and capitalize on opportunities in unbalanced markets. In 2025, we announced an investment in the UPM Tervasaari PM5 project, which will improve production efficiency, safety and our ability to serve customers in demanding specialty grades. As the shift to renewable and recyclable packaging continues, we can help our customers comply with the Packaging and Packaging Waste Regulation and the European Union Deforestation Regulation.

[More key figures on page 125](#)  
[upmspecialtymaterials.com](#)

## In focus

### Driving segment and market growth

We are constantly renewing our operating platform to drive growth in the high-growth regions and product segments. In 2025, we expanded our special label production and capabilities in North America by investing in a new coating line at our Mills River factory. Our special label materials are designed for demanding applications beyond standard consumer labeling, such as pharmaceutical uses. Investments in Malaysia and Vietnam will accelerate our growth in the rapidly growing Southeast Asian market, which is currently one of the fastest-developing markets for pressure-sensitive labels. We are also exploring growth opportunities in India, where consumer demand for packaged goods is increasing.

## In focus



### Recyclable wrapper for everyday treats

Thanks to a collaboration with UPM Specialty Papers and EvoPak, Walkers Chocolates has replaced plastic wrappers with recyclable paper packaging. The new packaging helps Walkers Chocolates’ achieve its sustainable packaging ambition while reducing plastic usage across their site. The new wrapper combines UPM’s barrier base paper with EvoPak’s special coating, making it suitable for chocolate and other demanding end uses. It keeps the chocolate fresh and meets the demanding standards for quality. The packaging is designed for recycling in existing fibre recycling systems and supports a circular economy. Products from Walkers Chocolates that are packaged using this solution are already available at multiple UK retailers and in international markets.

# UPM Fibres

UPM Fibres is a leading global multifibre pulp producer, providing high-quality hardwood and softwood pulp. Our strong competitive edge comes from sustainable forestry operations, efficient sawmills, state-of-the-art pulp mills, logistics and customer-centricity.

## Key figures 2025

|            |                 |
|------------|-----------------|
| Sales      | Comparable EBIT |
| €m         | €m              |
| 3,407      | 283             |
| -9%        | -47%            |
| Personnel  | Comparable ROCE |
| on Dec. 31 | %               |
| 2,653      | 4.2             |
|            | -3.3pp          |

Our strategy is based on two sustainable pulp production platforms. The southern platform uses plantation-grown eucalyptus

to produce hardwood pulp. The northern platform uses conifers to produce softwood pulp and birch to produce hardwood pulp. The northern platform also has sawn timber operations, which are an integral part of our value chain.

**Fibres South** consists of two large cutting-edge pulp mills, eucalyptus plantations, seedling nurseries and efficient logistics in Uruguay. In 2025, the UPM Paso de los Toros mill, our historic milestone investment, had its first full year of production at nominal capacity. Another major step forward occurred when the railway from Paso de los Toros to the port of Montevideo became fully operational, reducing costs and emissions.

Production and cost optimization at the UPM Paso de los Toros mill have progressed according to plan. We will achieve further improvements in competitiveness by elim-

inating bottlenecks and optimizing wood sourcing as the latest plantations reach harvesting age.

**Fibres North** comprises three pulp mills, three sawmills, and wood sourcing and forestry operations in Finland. In 2025, we focused on ensuring profitability in challenging pulp markets with high wood prices. Thanks to carefully targeted investments, our northern mills are well maintained and efficient. Our flexible operating model and cost-efficiency measures helped us successfully manage margins.

A strategic highlight was the establishment of a long-term partnership with Versowood, Finland's largest private producer and processor of sawn timber (on the left). This partnership strengthens the cost-effectiveness of wood supply to our pulp mills in tight Nordic markets. Following the agreement, UPM remains one of Finland's largest sawn timber producers.

UPM Fibres has direct pulp and timber sales in all key markets, supported by dedicated customer service teams, regional R&D centers and technical support. In 2025, we sharpened our commercial strategy and took further measures to increase customer-centricity in our pulp business.

According to a detailed third-party customer survey conducted in November with customers representing 64% of UPM Pulp sales, UPM Pulp maintains exceptional levels of customer trust, relationship quality and regulatory credibility. Customers recognize UPM as a sustainably minded, quality-driven premium supplier with strengths firmly anchored in people, expertise, and operational reliability. 98% of these customers have a positive or very positive impression of UPM Pulp.

In an increasingly competitive market, UPM Pulp continues to strengthen its position as a leading global pulp supplier by enhancing how we engage with customers, notably through implementing a key account



management process, creating an impactful and targeted marketing strategy and designing a market-leading digital customer journey.

An important milestone during the year was UPM Pulp becoming the second largest eucalyptus pulp supplier in North America, a highly competitive market with significant growth potential.

Medium- to long-term growth in pulp demand is notably driven by the megatrends of urbanization and a growing middle class, which are expected to increase global tissue paper consumption. Another growth driver is replacing plastics with fibre-based solutions for packaging.

As global demand for wood-based products increases, we can create additional value by selling surplus bio-based energy and side streams from the pulping process, such as lignin and crude tall oil, which the

emerging wood-based industries use as raw materials.

Being a leader in sustainability gives UPM Fibres a competitive advantage and helps our customers reach their ambitious sustainability targets. We continue to be a frontrunner in preparing for the EU Deforestation Regulation, enhancing traceability capabilities to ensure our customers will be ready to comply with the legislation when it takes effect.

Also, in 2025, we calculated the carbon footprints of each of our five pulp mills and seven products, providing our customers with transparent and relevant information about carbon emissions.

## Forests and plantations drive sustainable growth

At the end of 2025, we owned 917,000 hectares of forest land in Finland, Uruguay and the U.S. Most of this land is in Finland, totaling around 522,000 hectares. In Uruguay, we own about 319,000 hectares of eucalyptus plantations, grasslands and conservation areas. In the U.S., we have 76,000 hectares of forest. We also lease about 177,000 hectares in Uruguay and manage nearly 17 million hectares of private forests in Finland.

Three of our four modern tree nurseries are in Uruguay, and one is in Finland.

Our commercial forests and tree plantations are a strategic choice for us. In 2025, the value of our forests and plantations, including land, exceeded €3.5 billion.

We source wood as a raw material for our sustainable and recyclable products from 12 countries. Approximately 30% of our annual global wood demand comes from wood harvested from our own and leased forests and plantations. This amounts to 7.8 million cubic meters of our total consumption of 27.7 million cubic meters. We buy wood from approximately 13,000 private forest owners in Finland.

We source wood in Central Europe for paper mills and the new Leuna Biorefinery. 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 adhere to the same strict sustainability standards wherever we operate. Good forest management allows us to increase the use of forests while strengthening carbon stocks and biodiversity.

📍 Sustainable forestry on page 50

📊 More key figures on page 124

🌐 [upmpulp.com](https://upmpulp.com)

🌐 [upmtimber.com](https://upmtimber.com)

# UPM Plywood

UPM Plywood is committed to providing high-quality products and exceptional customer service. We focus on optimizing our operational capabilities and exploring new growth opportunities.

## Key figures 2025

| Sales      | Comparable EBIT |
|------------|-----------------|
| €m         | €m              |
| 409        | 35              |
| -5%        | -15%            |
| Personnel  | Comparable ROCE |
| on Dec. 31 | %               |
| 1,542      | 15.4            |
|            | -1.8pp          |

Our loyal long-term customers include market-leading distributors and industrial users who value high-quality products, reliable plywood and veneer supplies, and professional customer service.

UPM Plywood is the largest plywood producer in Europe. Although market conditions improved slightly compared to the previous year, we were unable to take full advantage

of it due to strikes at our Finnish mills in the spring. However, our operating rates surpassed those of 2024 in the second half of the year.

All key end uses will continue to grow in the medium term. To expand our portfolio, we are exploring new regions, product categories and wood species to complement spruce and birch. With our WISA®-Birch plywood, we are a leading supplier of LNG cargo containment systems, accounting for more than half of the current fleet. We further strengthened our position by launching a new product this year, WISA®-LNG Spruce plywood. We developed and tested this innovation extensively in collaboration with Gaztransport & Technigaz, a global leader in the transport and storage of liquified gases.

In September, UPM initiated a strategic review of the plywood business to identify ways to maximize its long-term potential (page 27). The review includes a range of possibilities, including a separation from UPM through divestment, partial demerger or an initial public offering. Our solid profitability provides a strong foundation

for operating as a standalone business if it is determined that this is the best path forward and in the shareholders' best interests.

In 2025, we continued to develop our mill operations by using data and AI to optimize and improve production. We are also assessing the broader use of new digital tools across our processes, from production to the customer interface. Digital tools will further improve quality and productivity.

With one of the industry's largest R&D organizations, we have a key competitive advantage in meeting customers' growing sustainability expectations. Our patented WISA BioBond gluing technology replaces half the phenol derived from fossil materials with lignin derived from wood. WISA plywood products store more than five times the amount of biogenic CO<sub>2</sub> during their life cycle than fossil CO<sub>2</sub> is generated during the production and supply chain.

🕒 More key figures on page 126  
🌐 wisaplywood.com

## Expanding solutions with spruce LNG plywood

We introduced spruce plywood to meet the growing global demand for materials used in LNG carriers. The new product complements our existing WISA®-LNG birch plywood portfolio and enables the use of lighter spruce without compromising the stringent requirements for insulation in LNG cargo tanks.

WISA®-LNG-Spruce plywood, developed and tested in collaboration with GTT, a global leader in LNG transport and storage technology, offers excellent insulation properties, durability, dimensional stability, and lightweight construction, all of which are critical for maintaining ultra-cold temperatures during transport.

The product incorporates WISA® BioBond technology, replacing at least 50% of the adhesives fossil-based phenol with lignin, reducing the product's carbon footprint.

# UPM Communication Papers

UPM Communication Papers is known for its diverse product portfolio, high quality, global reach and commitment to sustainability. We provide customer-focused solutions and proactively adapt to evolving markets.

## Key figures 2025

| Sales      | Comparable EBIT |
|------------|-----------------|
| €m         | €m              |
| 2,493      | 181             |
| -16%       | -34%            |
| Personnel  | Comparable ROCE |
| on Dec. 31 | %               |
| 4,728      | 17.8            |
|            | -5.9pp          |

UPM Communication Papers is one of the world's leading producers of graphic papers. Our global presence, diverse product offerings and ability to deliver large volumes foster long-term customer relationships. Our competitive edge stems from this strong foundation.

Proactive asset management and the flexible use of our global network of mills ensure our competitiveness in a dynamic market. In 2025, we ceased production in Ettringen, Germany, and in Kaukas, Finland, to align capacity with profitable demand. Other productivity measures were implemented throughout the organization.

We saw unprecedented uncertainty in 2025, with tariff disputes disrupting global trade. European markets declined significantly. Our higher expectations for North American markets were not met due to tariffs and unfavorable currency rates.

Our focused strategy drives value creation across paper categories and key markets, prioritizing areas with attractive margins and growth potential. Our commitment to paper and our wide range of products are key strengths. Our reputation as the most reliable partner is solidified by



In 2025, we launched a new rail logistics concept that combines reliability, efficiency and sustainability. In partnership with Rail Cargo Group, the concept optimizes flows to and from our mills in southern Germany by using block trains instead of single wagons. The result is faster transit, improved predictability and greater resilience in our supply chain. In North America, we renewed our contract with the primary carrier and established new port contracts, strengthening our long-term presence on the continent.

These actions demonstrate our commitment to helping customers reduce their emissions and meet consumers' growing demand for sustainable products. The sale of surplus CO<sub>2</sub> certificates has been an important source of revenue. Thanks to our dedicated sustainability efforts, focus on high-value segments and strong market presence, we are well positioned to create value in challenging paper markets for years to come.

🕒 More key figures on page 126  
🌐 upmpaper.com

our consistently high customer satisfaction rates.

In December, UPM and Sappi signed a non-binding letter of intent on a Joint Venture for graphic papers (page 27).

Our new Climate Action Roadmap underscores the importance of sustainability. This roadmap sets out actions to reduce emissions further (below).

## In focus

### New climate target on the decarbonization journey

A key element of the climate action roadmap is the clearly defined climate target. By 2030, the average fossil CO<sub>2</sub> emissions from operations and externally sourced energy at European sites will be reduced to ≤100 kg per tonne of paper, more than a 70% reduction compared to the 2023 baseline year.

We accelerate our shift to renewable energy with long-term wind power purchase agreements and power-to-heat solutions. Each mill has a tailored activity plan contributing to the overall target. We are also producing electricity using steam generators and biogenic wood or bark residues.

# Sustainability

Value from sustainability .....46

Our 2030 sustainability targets .....47

Actions for the environment

Sustainable forestry .....50

Enhancing biodiversity .....52

Committed to climate action .....54

Toward CO<sub>2</sub>-free energy .....56

Responsible water management .....59

Advancing the circular bioeconomy .....60

Creating value for people and society

Active dialogue with stakeholders .....62

People and culture .....66

A diverse and inclusive working culture .....70

Safety and well-being .....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



# Value from sustainability

Our strategy is based on the versatile use of renewable wood biomass and is driven by a commitment to sustainability.

At UPM, we address some of the world’s biggest challenges, including resource scarcity, climate change, biodiversity loss, and increasing inequality. Setting ambitious long- and short-term targets, taking tangible actions and ensuring transparent reporting are key to managing sustainability.

## Our commitments

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

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

## Our priorities

### Enhancing biodiversity and climate actions

Biodiversity efforts are embedded across all areas of our operations. Forests and plantations, stream waters, and production sites are the key focus areas of our biodiversity initiatives.

Our approach to climate change mitigation is reflected in our strategy, business-specific road-maps, investment planning, daily operations, financing, and management remuneration. The most impactful action is minimizing the use of fossil fuels and raw materials.

### Enhancing our social responsibility and human rights work

Addressing human rights is the basis of our operations. Continuous dialogue with our stakeholders is an important part of this work. Building and maintaining good relations with and supporting the vitality of local communities close to our operations are essential to our success. Our business relies on thriving communities.

### Creating value for customers

We create value for our customers by using sustainable and renewable raw materials. Most of our products help mitigate climate change by replacing fossil-based products and materials with renewable alternatives.

### Transparent governance

The UPM Code of Conduct and the UPM Sustainability Policy Statement, along with our values, form a solid foundation for our

decision-making, management, and operations. The Policy Statement defines our approach to the governance of sustainability-related topics, and how our environmental and societal performance is assessed, managed, and continuously improved.

The UPM Supplier and Third-Party Code defines the minimum level of performance required of UPM suppliers and third-party intermediaries, including agents, consultants, advisers, joint venture partners, and local partners or distributors acting on our behalf.

## Management

The Group Executive Team is responsible for managing sustainability, setting the course of action and guiding development. The Board of Directors oversees UPM’s key sustainability focus areas and targets. Businesses and functions implement and carry out the everyday tangible actions.

- Our 2030 sustainability targets and progress in 2025 on the following pages
- Committed to compliance on page 76
- Sustainability Statement on pages 133–249
- Our transition plan on page 156

# Our 2030 sustainability targets

To steer our sustainability actions and implement our strategy, we have established several sustainability focus areas with targets and key performance indicators for 2030.

These areas are reviewed annually based on the strategy and results of the double materiality assessment (DMA), which identifies how the company’s activities affect people and the environment, as well as their impact on the company’s financial performance. The DMA also identifies sustainability-related risks and opportunities for the company.

The Group Executive Team approves the focus areas, and the Board of Directors’ Audit Committee reviews them. All businesses,

functions, production sites, and forest units set their own targets in line with Group-level targets where appropriate, and develop and implement actions to achieve them.

Our sustainability targets positively contribute to achieving the UN Sustainable Development Goals. We have selected the six goals and 12 targets that are most relevant to us based on where we can have the greatest impact, either by minimizing our negative impacts or increasing our positive impacts on people, societies, and the environment. Others are also relevant, but to a lesser extent.

### 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 combustion processes (Scope 1), purchased electricity and heat (Scope 2), and sourced materials and logistics (Scope 3). Our Scope 1 target is supported by targets to increase energy efficiency, use biomass-based fuels, and phase out coal and peat use. 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 8:**  
Decent work and economic growth  
(Targets: 8.2, 8.5 and 8.8)



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



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



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



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

## Economic

| Focus area                                                                  | Key performance indicator                                                                                                         | 2030 target                                                                              | Contribution to the SDGs                                                                                                                                                                                                                                                                                                                                | 2025 result                                                        |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Profit<br>Creating value to shareholders                                    | Comparable EBIT                                                                                                                   | Comparable EBIT growth through focused top-line growth and margin expansion (continuous) |                                                                                                                                                                                                                                                                    | 25% decrease to €921 million (1,224 million)                       |
|                                                                             | Comparable ROE                                                                                                                    | 10% (continuous)                                                                         |                                                                                                                                                                                                                                                                    | 6.5% (8.3%)                                                        |
|                                                                             | Net debt/EBITDA                                                                                                                   | 2 times or less (continuous)                                                             |                                                                                                                                                                                                                                                                    | 2.29 times (1.66)                                                  |
| Governance<br>Ensuring accountability and compliance                        | Participation in UPM Code of Conduct training                                                                                     | 100% (continuous)                                                                        |     | 94% (99%) of active employees completed the training <sup>1)</sup> |
| Responsible sourcing<br>Adding value through responsible business practices | UPM spend covered by UPM Supplier and Third-Party Code                                                                            | 80% (continuous)                                                                         |     | 86% (91%)                                                          |
|                                                                             | Strategic, critical and high sustainability risk supplier spend covered by EcoVadis assessment indicating low sustainability risk | 100%                                                                                     |     | 89% (86%)                                                          |
|                                                                             | CO <sub>2</sub> emissions from materials and logistics (Scope 3), compared to 2018                                                | -30%                                                                                     |                                                                                                                                                                                                                                                                    | -22% (-22%) compared to 2018                                       |

<sup>1)</sup> Percentage of active employees completed the new UPM Code of Conduct training since September 2025, excl. the company UPM Adhesive Materials acquired in 2025.

Environmental

| Focus area                                                                                                        | Key performance indicator                                                                                             | 2030 target                          | Contribution to the SDGs                                                                                                                                                    | 2025 result                                                                                    |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| <b>Forestry</b><br>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. -1.9 Mt of CO <sub>2</sub> equivalents        |
|                                                                                                                   | Share of certified fibre <sup>1)</sup>                                                                                | 100%                                 |                                                                                          | 90% (88.5%)                                                                                    |
| <b>Biodiversity</b><br>Enhancing biodiversity                                                                     | Net-positive impact on forest biodiversity and developing a monitoring system <sup>2)</sup>                           | Positive development (continuous)    |       | Overall positive development measured                                                          |
|                                                                                                                   | Obstacle-free streams <sup>3)</sup>                                                                                   | 500 km                               |                                                                                          | 323 km (287 km) reached                                                                        |
| <b>Climate</b><br>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%                                 |                                                                                          | -58% (-50%) compared to 2015 and -15% compared to 2024                                         |
|                                                                                                                   | Coal and peat usage in on-site energy generation                                                                      | 0                                    |                                                                                          | -5% compared to 2024                                                                           |
|                                                                                                                   | Annual energy efficiency improvement                                                                                  | 1% (continuous)                      |                                                                                          | Not achieved                                                                                   |
|                                                                                                                   | Share of renewable fuels                                                                                              | 70% (continuous)                     |                                                                                          | 81% (80%)                                                                                      |
|                                                                                                                   | Acidifying flue gases (NO <sub>x</sub> /SO <sub>2</sub> ) for a UPM average product, compared to 2015                 | -20%                                 |                                                                                          | -20% (-19%)                                                                                    |
| <b>Water</b><br>Using water responsibly                                                                           | Chemical oxygen demand (COD) for a UPM average product, compared to 2008 <sup>4)</sup>                                | -40%                                 |                                                                                        | -43% (-44%)                                                                                    |
|                                                                                                                   | Wastewater volume for a UPM average product, compared to 2008 <sup>4)</sup>                                           | -30%                                 |                                                                                        | -17% (-16%)                                                                                    |
|                                                                                                                   | Nutrients used at effluent treatment from recycled sources <sup>4)</sup>                                              | 100%                                 |                                                                                        | 41% (33%)                                                                                      |
| <b>Waste</b><br>Promoting material efficiency and circular bioeconomy – reduce, renew, reuse, recycle and recover | Process waste sent to landfills or to incineration without energy recovery                                            | 0                                    |                                                                                        | 4% increase compared to 2024, 82% (83%) of UPM's process waste recovered or recycled           |
| <b>Product stewardship</b><br>Taking care of the entire lifecycle                                                 | Climate-positive product portfolio                                                                                    | Continuous                           |                                                                                        | Decarbonization solutions: 7% of sales                                                         |
|                                                                                                                   | Development of new products and services with contribution to SDGs                                                    | Continuous                           |   | Developing UPM Circular Renewable Black™ and collaboration for paper-based packaging solutions |
|                                                                                                                   | Share of applicable products eligible for ecolabeling 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  
<sup>4)</sup> Relevant for pulp and paper production

Social

| Focus area                                                                                                                                                      | Key performance indicator                                                                                                                                             | 2030 target                              | Contribution to the SDGs                                                              | 2025 result                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Continuous learning and development</b><br>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                     |    | 86% (85%) of employees completed individual goal setting or annual discussion, 81% (78%) 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 (65). Below global average benchmark by 8 points.                                                                                                                                                                   |
| <b>Responsible leadership</b><br>Emphasizing value-based and inspiring leadership and integrity                                                                 | Employee engagement                                                                                                                                                   | Clearly above benchmark                  |    | In the Employee Engagement Survey average score of 67 (70). Below global average benchmark by 8 points.                                                                                                                                                                   |
| <b>Diversity and inclusion</b><br>Developing an organizational culture and workplace to ensure a diverse and inclusive working environment for business success | Employees' sense of belonging                                                                                                                                         | Among the top 10% of benchmark companies |    | In the Employee Engagement Survey average score of 67 (68). Below top 10% benchmark companies by 13 points.                                                                                                                                                               |
|                                                                                                                                                                 | Continuous improvement in female representation in professional and managerial roles. Developing leadership and decision-making capabilities with increased diversity | 40% female representation                |    | 35.4% (34.5%)                                                                                                                                                                                                                                                             |
|                                                                                                                                                                 | Diversity and inclusion initiative                                                                                                                                    | Continuous                               |    | Dialogue continued on developing inclusive behaviors. Implemented Safe Contact concept. Gender pay gap closed.                                                                                                                                                            |
| <b>Fair rewarding</b><br>Ensuring fair, equitable and competitive rewarding for all employees                                                                   | 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.                                                                                        |
|                                                                                                                                                                 | 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><br>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)                           |    | 0 (0) fatal accidents, 2 (3) serious accidents                                                                                                                                                                                                                            |
|                                                                                                                                                                 | Total recordable injury frequency (TRIF), including contractors                                                                                                       | <2                                       |  | TRIF 6.4 (61) for UPM workforce and 5.0 (51) including contractors                                                                                                                                                                                                        |
|                                                                                                                                                                 | Process safety integrated in safety management                                                                                                                        | All sites and businesses                 |  | Process safety action plan implementation and competence development continued in all business areas                                                                                                                                                                      |
|                                                                                                                                                                 | Employees' sense of worklife balance                                                                                                                                  | Among the top 10% of benchmark companies |  | In the Employee Engagement Survey average score of 73 (72). Below top 10% benchmark companies by 7 points.                                                                                                                                                                |
|                                                                                                                                                                 | Absenteeism rate                                                                                                                                                      | <2%                                      |  | 4.2% (4.2%)                                                                                                                                                                                                                                                               |
| <b>Community involvement</b><br>Ensuring local commitment and positive impact on communities                                                                    | Assessment of quality of community relationships and define measures at relevant sites                                                                                | Continuous                               |                                                                                       | A new company-wide standard for community engagement established introducing unit specific assessment of community relationships. Implementation and communication will continue in 2026.                                                                                 |
|                                                                                                                                                                 | Long-term initiative(s) that impact their mill communities defined in line with the UPM Share and Care Program                                                        | All businesses (continuous)              |                                                                                       | Supported local initiatives focusing on youth, education and climate and biodiversity primarily in UPM's main operating countries. Support for global humanitarian and child welfare organizations continued, especially for children and families impacted by conflicts. |

Actions for the 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 mitigating climate change and preserving biodiversity. Well-managed forests and plantations provide a sustainable and efficient way to meet the growing global demand for fibre. Forestry also generates wealth and prosperity for local communities.

- 🕒 [Sustainability Statement, ESRS E4 Biodiversity and ecosystems on page 188](#)
- 🕒 [Ensuring a sustainable supply chain on page 80](#)

## Facts and figures

Globally, about 141,000 hectares (15%) of UPM's own forest 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.

All UPM-owned forests and plantations are certified or in the process of being certified if the site is new. In 2025, 91% of our forests were double-certified by the FSC™ and PEFC, and 8% were certified by the PEFC (SFI).

Our FSC™ group certification schemes in Finland and Uruguay provide small forest owners with access to certification. In 2025, UPM's FSC™ group certification covered approximately 582,000 hectares in Finland and 9,000 hectares in Uruguay.

| UPM forests and plantations                                  |       |       |
|--------------------------------------------------------------|-------|-------|
|                                                              | 2008  | 2025  |
| Forest and plantation land, own and leased (1,000 ha)        | 1,012 | 1,094 |
| Forest growth (million m³)                                   | 4.3   | 9.9   |
| Wood harvested from UPM forests and plantations (million m³) | 2.2   | 8.5   |
| Value of forests and plantations, including land (€m)        | 1,270 | 3,552 |

## Actions in 2025

- We launched a new Baltic Sea Commitment in Finland for 2025–2030, focusing on water protection, supporting research, and enhancing science-based sustainable forestry practices. (on the right)
- The first SBTN pilot was finalized and work on standards continued. Participation in another SBTN pilot with a view to setting potential targets for forest management in Finland.
- Work on the habitat restoration program started in UPM-owned forests in Finland.
- UPM Uruguay received Ecosystem Service Certification (FSC) for maintenance of a network of conservation areas.

## Our commitments

**Sustainable forest management**

Our third-party certified wood origin monitoring systems ensure full traceability. We do not engage in deforestation, nor do we source wood from tropical rainforests. We do not establish plantations by converting natural forests or in areas where water is scarce. We do not use genetically modified trees. We require our suppliers and contractors to implement responsible practices in accordance with the UPM Supplier and Third-Party Code, company policies and rules, and the respective forest certification chain-of-custody standards.

**Climate-positive forestry**

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

seedlings are important for producing wood raw material and for carbon sequestration, and increasing resilience to climate change.

**Enhancing biodiversity**

Forest biodiversity is critical to mitigating the effects of climate change and preserving species and habitats. We are committed to enhancing biodiversity in Finland, Uruguay, and the U.S., where we own forests and plantations. We ensure that our forests remain resilient and diverse in changing climate conditions so that they continue to thrive for future generations.

**Respect for human rights and indigenous peoples**

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

## Our priorities

**Forest Action Program**

Our global forest responsibility program, Forest Action, outlines an ambitious agenda to maximize the positive impact of our forestry operations. The program includes targets and actions related to climate, biodiversity, soil, water, and social contribution.

**Climate**

The annual carbon sink of UPM-owned forests in Finland and the U.S., as well as the plantations on our own and leased land in Uruguay, has averaged -1.9 million tonnes of CO<sub>2</sub> equivalent over the past five years. The Natural Resources Institute Finland calculates the carbon sink annually, and the calculation methods are updated with the latest scientific developments.

**Biodiversity**

In Finland and the U.S., we monitor and enhance biodiversity in the protected areas and commercial forests we own. In Uruguay, we monitor and enhance biodiversity 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 harvesting practice is to leave buffer zones untouched along watercourses. In Finland, we update our forest inventory systems annually to include the locations of valuable habitats and waterbodies in relation to wood harvesting activities. In Uruguay, we monitor water quality near our plantations. Apart from tree nurseries, the plantations are not irrigated. We minimize our impact on soil and water in boreal and temperate forests by increasing the use of continuous cover forestry in peatlands and monitoring soil damage.

**Social contribution and stakeholder engagement**

We provide jobs related to forests and forestry in rural areas, on-the-job training as well as learning opportunities for children and young people. We have a long-standing collaboration with academic institutions and NGOs in sustainable forestry.

We work with stakeholders and NGOs in Uruguay, and with local indigenous communities in the U.S. We also work with FSC™ and PEFC to develop certification schemes and promote the use of certified wood globally.

## ■ In focus

### Collaboration for the Baltic Sea

➤ **Challenge**

A lack of clear, research-backed information in certain areas of forestry waters is still holding back the development of effective practices.

➤ **Action**

Our new commitment with the Baltic Sea Action Group (BSAG) focuses on research on water management in forests and developing new practices in peatlands, for example. We provide research plots for studies on water quality, carbon balance, and groundwater regulation. These plots are integrated into a network coordinated by the University of Helsinki and are open to all researchers.

New operating models and practical forestry guidelines are also being developed for water protection in forestry for both UPM's own forests and privately owned forests.

➤ **Impact**

Studies show that forestry significantly impacts water quality and the carbon balance. Through research partnerships, we address key questions such as the regulation of the groundwater and carbon cycles, and their impact on water bodies. This helps us to identify effective ways to reduce environmental impacts on water.

Small changes in practices can enable the prevention of harm, improve the condition of water bodies, and also restore them to their natural state. We are also committed to sharing these guidelines with forest owners.

Actions for the environment

# Enhancing biodiversity

Our main impact on biodiversity results from forest and land management, wood sourcing, migration barriers in stream waters, and the environmental load on production sites.

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

UPM's operations on its production sites also impact the local environment and waterbodies. We therefore consider our commitments and priorities for enhancing biodiversity holistically in all our operations.

### Actions in 2025

- Implementation and follow-up of new and revised biodiversity indicators for UPM's forests and plantations in Finland, the U.S. and Uruguay. The first-ever deadwood survey in Minnesota. (on the right)
- Participation in the global project led by FSC™ to better understand the positive impact of forest certification on biodiversity
- Three obstacle removal projects on stream waters carried out
- Studies related to eDNA continued in Finland and Uruguay.



■ In focus

### Biodiversity indicators across UPM-owned forests

We aim for a net-positive impact on biodiversity in all UPM-owned forests and measure progress through key indicators. These indicators were introduced in Finland in 2018, in Uruguay in 2022, and in the U.S. in 2025. Developing science-based methods to monitor biodiversity remains an ongoing priority.

In Minnesota, where UPM owns 76,000 hectares of semi-natural mixed forest, we are enhancing natural characteristics through six biodiversity indicators grouped into three categories: forest management, conservation, and projects and collaboration. These indicators guide actions such as promoting mixed-species, multi-aged silviculture to increase variety of tree species and improve forest structure.

We also conserve the most valuable habitats, including old-growth forests, wetlands, and riparian areas, and conducted the first-ever deadwood inventory on our U.S. land with an external partner. The aim was to establish a baseline for deadwood volumes and understand how they are distributed among different species, diameters, and states of decay.

Through collaboration with research organizations, we continue to develop our practices and integrate best practices into everyday forest management.

🕒 [Biodiversity indicators on our website](#)

## Our commitments

### Biodiversity programs

We launched our first forest biodiversity program in 1998. Currently, we have two programs related to biodiversity: the Forest Action Program, with biodiversity as one focus area (since 2022), and the Stream Water Program (since 2016).

## Our priorities

### Healthy and resilient forests

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

### Habitat restoration and monitoring

We restore habitats, develop sustainable forestry and hydropower generation practices, and improve the monitoring and measurement of biodiversity impacts in our forests and in hydropower generation. We collaborate with various scientific and professional organizations such as Natural Resources Institute Finland. We are active in dismantling migration barriers in streams and testing new ways to restore fish stocks across Finland.

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

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

### Mitigating negative impacts in production

We use best available techniques to reduce environmental load on production sites, improve water and soil quality, and enhance local biodiversity.

### Biodiversity as part of management remuneration

We have 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 188](#)
- 🕒 [Sustainable forestry on page 50](#)

Actions for the environment

# Committed to climate action

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

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

## Our commitment

### Limiting global temperature rise

We are committed to climate actions to mitigate the direct and indirect impact of our operations on the climate, to contribute to science-based emissions reduction targets in line with a 1.5 °C pathway as outlined in the Paris Agreement.

## 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 and remain resilient and diverse in changing climate conditions, so they can 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 U.S., and the plantations on our own and leased land in Uruguay, has averaged -1.9 million tonnes of CO<sub>2</sub> equivalent over the past five years. Natural Resources Institute Finland calculates the carbon sink annually, and the calculation methods are updated with the latest scientific developments.

### We act through emissions reduction

The most important way to mitigate climate change is to minimize the use of fossil fuels and raw materials. We favor renewable and

other carbon-neutral energy sources, and we produce CO<sub>2</sub>-free hydro and nuclear power in Finland. We are also committed to reducing the emissions in our supply chain.

We are focused on achieving our 2030 targets, including a 65% reduction in fossil CO<sub>2</sub> emissions (Scope 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. The Science Based Targets initiative (SBTi) has validated our fossil CO<sub>2</sub> emissions reduction targets as consistent with the 1.5 °C pathway outlined in the Paris Agreement.

We have evaluated our position and resilience in different climate scenarios for our businesses and functions from both physical and transitional perspectives using scientific expertise.

### We act through products

Innovating new products that are not based on fossil raw materials is at the core of our strat-

egy. We develop safe, sustainable products that serve as alternatives to fossil materials. Many of our products have been proven to be climate-positive.

A key action is investing in the world's first industrial-scale biorefinery for wood-based biochemicals in Leuna, Germany. In addition, we introduced several innovative, co-created flexible packaging solutions with partners and brands, such as EvoPak, Walkers Chocolates, Orkla Suomi and Walki Westpak. These co-creation projects have resulted in packaging solutions that offer a recyclable alternative to traditional plastic packaging.

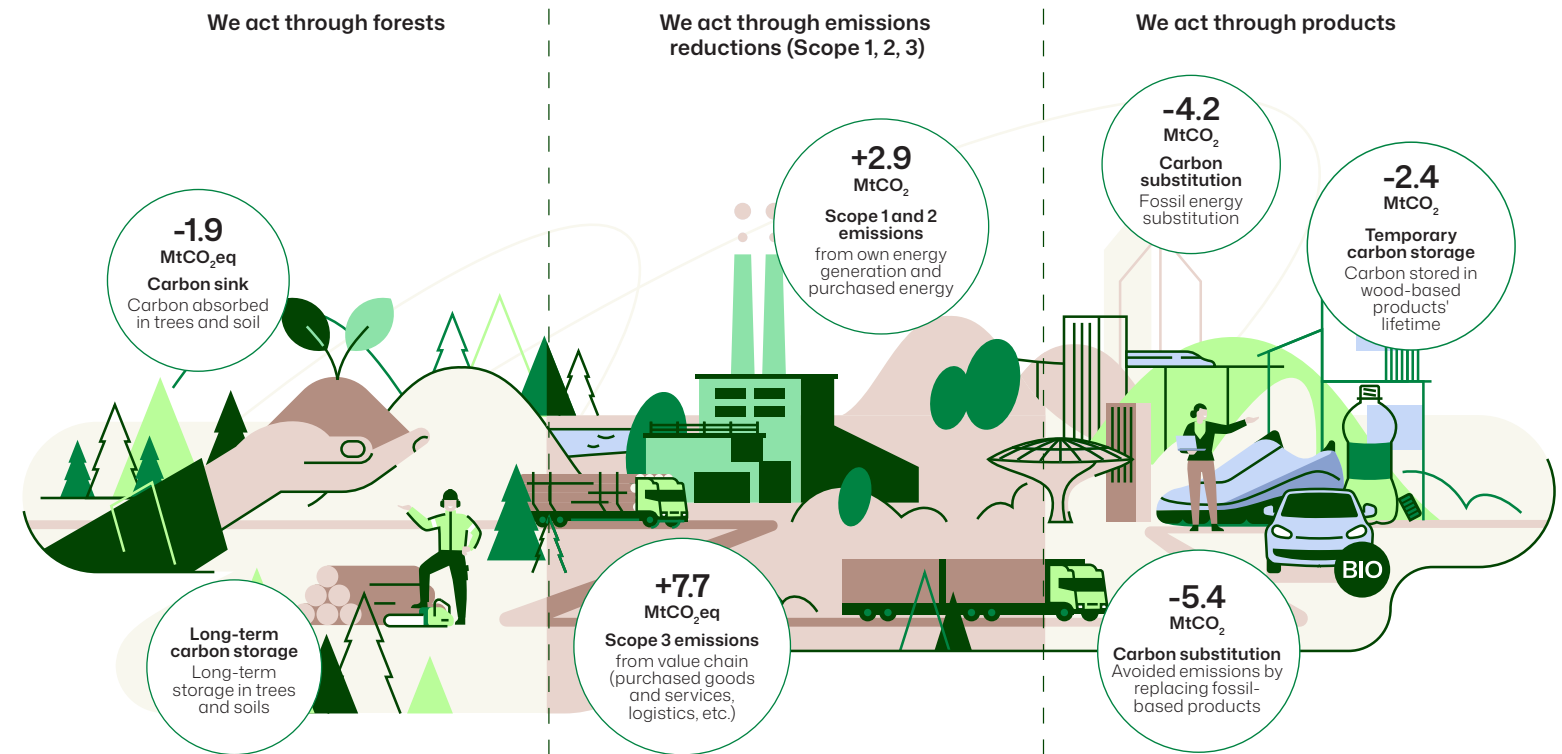
- 🕒 [Sustainability Statement, ESRS E1 Climate change on page 155](#)
- 🕒 [Our 2030 sustainability targets and progress on page 47](#)



### Actions in 2025

- UPM Communication Papers launched a climate action roadmap to significantly reduce product emissions by 2030 (page 43).
- Work with the Natural Resources Institute Finland to improve soil carbon models for Uruguay since 2022. Field measurements in eucalyptus plantations continued.
- UPM and its shipping partner Bore Ltd. joined the FuelEU Maritime compliance pooling service with three modern dual-fuel vessels, which now use bio-LNG.
- A harmonized process for verifying carbon footprint data from suppliers implemented and tested. Category-specific roadmaps to achieve a 30% CO<sub>2</sub> reduction implemented in all business areas.

## Toward net-zero emissions (2025)



We act through forests: Trees and soil absorb carbon and act as long-term carbon storage. This means they bind CO<sub>2</sub> from the atmosphere, marking a negative in our carbon calculation.

We act through emissions 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: Replacing fossil-based products and energy reduces 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 2025, the annual carbon stock of our sold products increased from the previous year, marking a negative in the carbon calculation.

We will align our net-zero approach with recognized international carbon accounting and assurance standards once they are finalized.

In focus

### UPM's biochemicals help mitigate climate change

Products made with UPM's wood-based biochemicals have a significantly lower carbon footprint than those made with fossil-based alternatives. We have conducted a comprehensive Life Cycle Assessment (LCA) to evaluate the environmental impact of our biochemicals from raw material extraction to manufacturing.

Renewable functional fillers provide light-weight materials ideal for various rubber and plastic applications, such as tires and other automotive goods.

UPM's renewable glycols behave like their oil-based counterparts and can be integrated

into existing manufacturing and recycling processes. They are well-suited for use in bottles, packaging, textiles, deicing fluids, composites, and detergents.

Replacing fossil-based raw materials with lignin helps industries reduce their environmental impact. We offer lignin solutions for the production of phenolic resins, adhesives, plastics, and polyurethanes.

The Leuna biorefinery in Germany started the production of industrial sugars in December. Further commercial products are expected to enter the market in the first half of 2026.

Actions for the environment

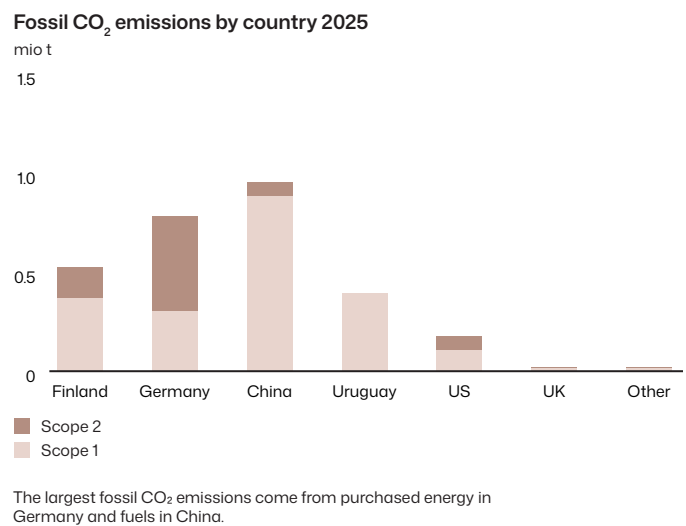
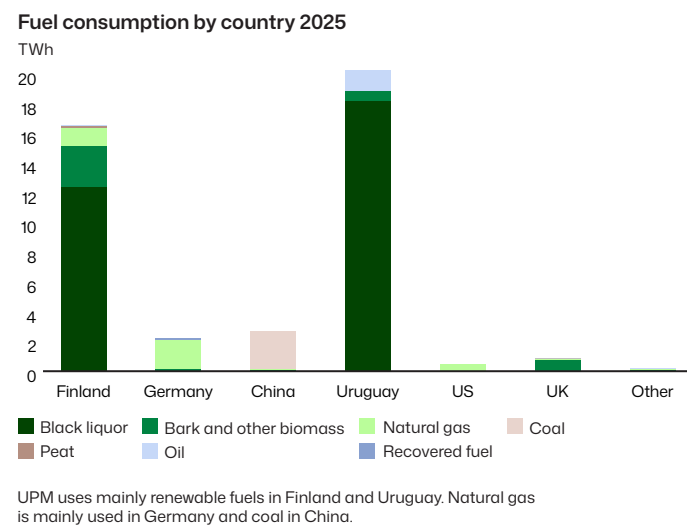
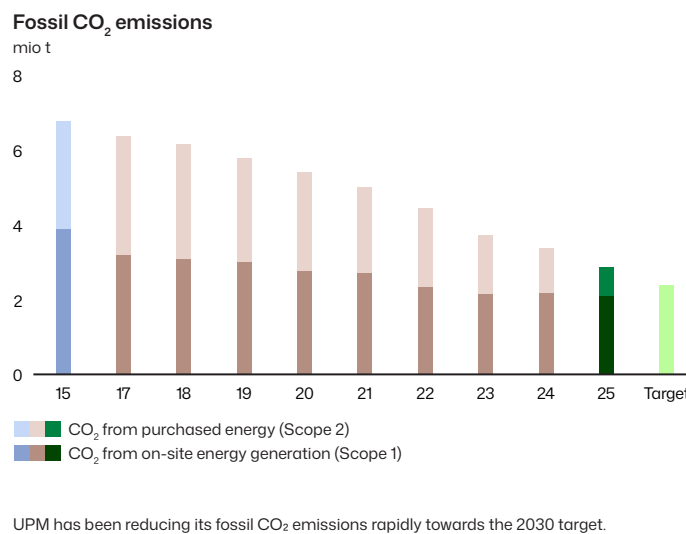
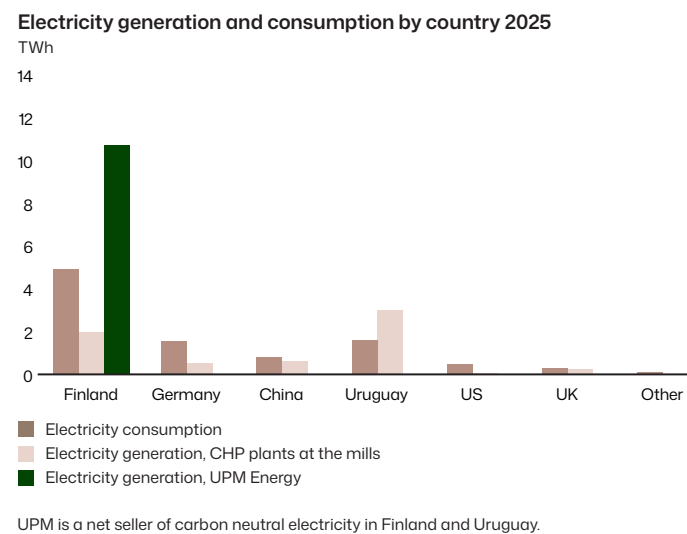
# Toward CO<sub>2</sub>-free energy

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

**We are working to meet our emissions reduction targets**  
In 2025, we reduced our fossil CO<sub>2</sub> emissions from energy generation (Scope 1) and purchased energy (Scope 2) by 15% compared to the previous year, in line with our target of reducing emissions by 65% by 2030.  
The use of coal and peat decreased by 5% compared to 2024. Our target is to stop using

coal and peat for on-site energy generation by 2030. Coal is still the main fuel at the UPM Changshu paper mill in China, where alternatives have been unavailable in the past. Peat is used in Finland.  
We are on track to meet our 2030 target for acidifying flue gases (NO<sub>x</sub> and SO<sub>2</sub>). We did not meet our target of improving energy efficiency by 1% annually.

**We take action on our production sites**  
Most of our energy consumption is related to the production processes at our pulp and paper mills. These processes require electricity and heat for mechanical pulping, pumping, and drying. We generate steam and electricity through combined heat and power (CHP) plants.  
Biomass-based fuels account for 81%



## Our role as an electricity producer and consumer

UPM is the second largest electricity producer in Finland and the largest electricity consumer. Our dual role has given us valuable expertise as price and supply volatility has become the new normal in the electricity markets.  
We help maintain the balance of the electricity system by reducing consumption at our paper mills or increasing production at our hydropower plants when there is a risk of electricity shortages.  
UPM Energy is a major electricity supplier in Finland, with assets and shareholdings in Finnish hydropower, 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 reliable baseload electricity generation based on Finland's unique safe solution for the final disposal of spent fuel. 99% of UPM Energy's electricity is CO<sub>2</sub>-free. The start of operations at the OL3 nuclear power plant unit in Finland has increased UPM Energy's CO<sub>2</sub>-free electricity generation by nearly 50%.  
We continuously develop our energy portfolio by 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. This net sales position increased to over 7 TWh with OL3 and the UPM Paso de los Toros pulp mill in Uruguay.

(80%) of our fuel consumption on 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 energy efficiency across our operations through audits, innovations, and investments. These improvements usually lead to reductions in CO<sub>2</sub> and other air emissions.

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

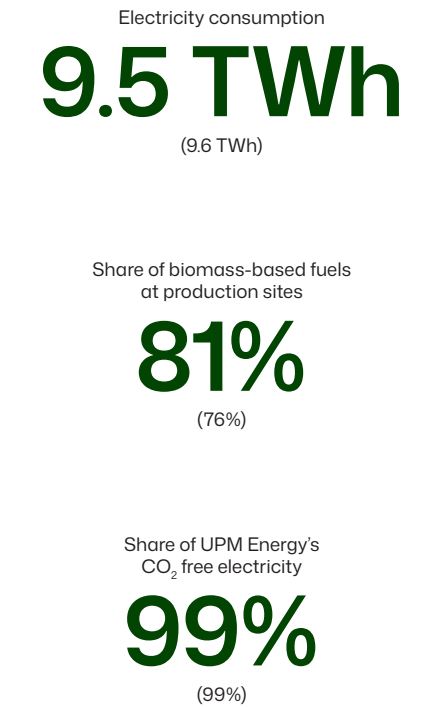
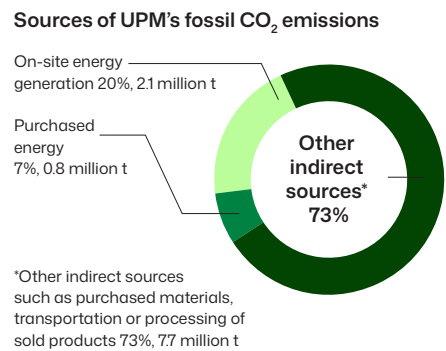
We also evaluate emissions from other indirect sources (Scope 3), including purchased materials, transportation, and processing of sold products. Our target is to reduce fossil CO<sub>2</sub> emissions from materials and logistics by 30% by 2030, compared

to 2018 levels. These emissions account for a significant share of our total Scope 3 emissions.

To achieve this, we launched the -30 by 30 Program. New and existing suppliers provide data on the carbon footprint of goods and services sold to UPM. This includes all relevant emissions from their own upstream supply chain and operations.

In 2025, we achieved a 22% reduction compared to 2018 for the target scope. Our total Scope 3 emissions were 7.7 million tonnes, a 6% decrease compared to the previous year. Currently, approximately 80% of our supply of pigments, pulp, and chemicals is covered by primary CO<sub>2</sub> emissions data from suppliers, and 67% of our deliveries are calculated based on supplier data.

| Capacity to generate power through own power plants and shareholdings |              |
|-----------------------------------------------------------------------|--------------|
|                                                                       | Nominal MW   |
| Hydropower                                                            | 729          |
| Nuclear power                                                         | 1,081        |
| Thermal power                                                         | 133          |
| <b>UPM Energy in total</b>                                            | <b>1,943</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>3,510</b> |



In focus

**Renewable diesel powers WISA® Plywood transport in Finland**

➤ **Challenge**

To meet the needs of the construction and transportation industries, WISA plywood must be transported by both road and rail. However, it is clear that we must reduce emissions related to transportation across all our operations.

➤ **Action**

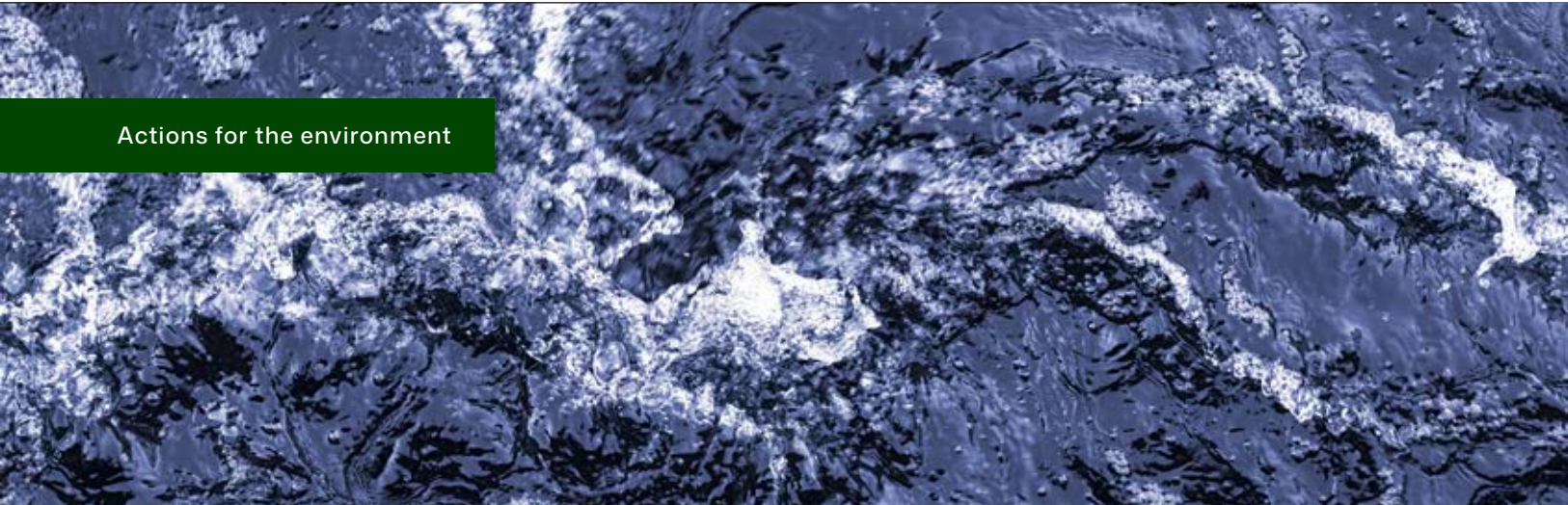
UPM Plywood now uses renewable diesel for all domestic road transport of its WISA® plywood in Finland. This change will reduce UPM Plywood's CO<sub>2</sub> emissions from road transport in Finland by up to 90% compared to 2023 levels. The fuel used is HVO (Hydrotreated vegetable oil), a renewable diesel made from sustainable raw materials.

At the beginning of 2024, rail transport from the UPM Pello mill switched to renewable diesel, and now fossil diesel has been fully replaced in all of UPM Plywood's domestic transport operations.

These emission reductions are based on the mass balance approach, where the transport partner agrees to purchase and use an equivalent amount of renewable diesel to that consumed by UPM's transport operations. This development is part of UPM's long-term climate efforts to reduce Scope 3 emissions by 30% by 2030, compared to 2018 levels.

➤ **Impact**

Switching to low-emission domestic road transport supports UPM Plywood's emission reduction targets. These targets aim to minimize the climate impact of its products, operations, and supply chains.



Actions for the environment

# Responsible water management

Water plays a crucial role in our business, from sustainable forestry to logistics and production. Flowing water is also a key source of renewable energy.

Pulp and paper production is our most water-intensive activity, so it is the focus of most of our water management efforts. On average, every liter 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.

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

The CDP has recognized UPM with an A– score for our actions to improve water stewardship.

- Actions in 2025

- Collaboration expanded with the BSAG to include forestry water protection (page 51)
  - Our Stream Water Program was expanded to include UPM-owned land areas in the catchment area
  - The San Francisco nursery in Uruguay improved its water recycling system in the hardening area
  - UPM used WWF Water risk tool in assessing and documenting the local water risks and related controls
  - Pulp and paper mills continued their systematic water saving efforts.

## Our commitments

**Minimizing 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 habitats of the species that live in them.

**Water stewardship**

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

## Our priorities

**Efficient water use**

We use recycling techniques efficiently and manage 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 optimize wastewater treatment, for example.

**Mitigating water risks**

Our water-intensive operations are in areas with sufficient water availability.

**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 183

Actions for the environment

# Advancing the circular bioeconomy

We use our raw materials efficiently. We already consider the circularity of our products in the design phase and strive to utilize all our process side streams.

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

## Actions in 2025

- The UPM Product Stewardship Standard was implemented in all relevant businesses
- Several innovative co-created solutions for recyclable, paper-based packaging were introduced with partners and brands
- Launch of UPM Circular Renewable Black™, the first bio-based, NIR-detectable pigment that supports plastic recycling processes
- Further mills tested new sources of recycled nutrients and expanded or started using recycled nutrients
- Further work conducted at pulp mills in Finland and Uruguay to identify utilization options for green liquor dregs.

© Sustainability Statement, ESRS E5 Resource use and circular economy on page 199

## Our commitments

### Sustainable raw materials

Our main raw material is renewable wood from sustainably managed forests. We also use secondary materials and residues in some of our products.

### Product stewardship

We ensure that our products are safe for their intended use, compliant, and sustainable throughout their life cycle. Our sustainable product design concept promotes circularity throughout the product life cycle. We aim to achieve ecolabeling for all applicable products,

## Our priorities

### Circular input

In addition to using renewable raw materials from sustainably managed forests, we use secondary raw materials such as recovered paper to produce graphic papers. We also use residues such as crude tall oil to produce renewable diesel and naphtha. We have developed innovative solutions and products from lignin, a side stream from pulp production.

### Sustainable product design

We consider the environmental and social impacts of our products throughout their life cycle, from material selection to production, use, and recycling. Our sustainable product design concept steers our product development, ensuring that every new product and service has a proven sustainability value proposition. Most of UPM's products are recyclable, depending on how they are processed.

### Making use of residues, side streams and waste

We develop recycling and utilization solutions for our production side streams and share best practices, research results, and ideas across the company.

increase our portfolio of climate-positive products, and develop new products and services that contribute to the UN SDGs.

### Efficient use of resources

We use raw materials, water, and energy efficiently, while minimizing waste. We consistently work to find utilization options for all our production side streams to ensure that no process waste is sent to landfills or incinerated without energy recovery by 2030. We also aim to use only recycled nutrients in our own effluent treatment plants by 2030.

We use organic production residues to generate energy and as soil amendment materials or raw material for the brick industry and board manufacturing. Ash has multiple uses, including earth construction, use in the cement industry and as a fertilizer, serving as a raw material for paper fillers, and replacing caustic soda in internal processes. Lime is used as a liming agent in agriculture or for pH adjustment. We are working hard to find sustainable uses for green liquor dregs, one of our most challenging types of process waste to utilize.

We are actively searching for and testing nutrients from recycled sources to replace all the nitrogen and phosphorus used at our effluent treatment plants with recycled alternatives by 2030.

### Collaborating for circularity

We work with industry associations and partners to share knowledge and accelerate circularity across the value chain. We welcome partners to co-create circular innovations.



## Sustainability by design

The concept consists of two phases. The first involves investigating the customer's or consumer's problem and defining our value proposition to solve it. Addressing challenges across a product's six life cycle stages (design, materials, production, distribution, use, and circularity) requires sustainability to be considered from the beginning. The second phase focuses on developing and delivering the solution.

To support decision-making and substantiate environmental claims, we use several tools within our sustainable product design framework. These include a tool we have developed that maps the impact of products on the UN SDGs, as well as Life Cycle Assessment (LCA) and carbon footprint analysis to evaluate the potential environmental impacts of new materials and products. We also conduct laboratory and pilot testing, including assessments of biodegradability and recyclability. These tools help ensure that sustainability is a measurable and verifiable attribute of our products.

## In focus

### Accelerating nutrient recycling

#### Challenge

Nitrogen and phosphorus are essential for plant growth and food production. However, industrial nitrogen production is energy-intensive, and phosphorus is a depleting natural resource.

#### Action

UPM has set targets for 2030 to use only recycled nutrients at our effluent treatment plants and to utilize all our process side streams. In 2025, several mills tested new sources of recycled nutrients in their effluent treatment and expanded or started using them. For example, UPM Changshu started using recycled phosphorus, and UPM Nordland switched to recycled nitrogen.

We expanded the use of our process side streams in agriculture, and some of our Rauma and Kaukas effluent treatment sludges started being used as soil improvers after treatment by a collaboration partner. In Uruguay, the Paso de los Toros pulp mill commercialized a liming agent "Microcal", made from electrostatic precipitator dust from a lime kiln, and its use in agriculture began.

#### Impact

We can reduce the need for nutrients derived from virgin materials by enhancing nutrient recycling at our effluent treatment plants and through our process side streams. Liming regulates soil pH, improving nutrient solubility and availability for plants. Sludge increases soil's carbon content and improves its nutrient and water retention, reducing the leaching of nutrients to water courses.



Creating value for people and society

# Active dialogue with stakeholders

Understanding the views and expectations of stakeholders is crucial to our success 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. Through collaboration, we maintain transparent, responsive, and proactive relationships with our stakeholders, fostering mutual understanding.

**A clear picture of our future**  
We provide stakeholders with a clear picture of our future direction and how we create long-term value. We disclose relevant and

## Our most important stakeholders

Our strategy forms the foundation of our stakeholder dialogue. Our key focus areas and activities vary according to local needs and stakeholder preferences. We define key stakeholders 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.

## Actions in 2025

- Based on customer satisfaction survey results, the overall satisfaction with UPM as a supplier is 87% (85%)
- Joined Cefic to strengthen the role of renewable chemistry in Europe
- A new standard for local community engagement and the Share and Care Program
- The focus areas of the UPM Share and Care Program reviewed and updated
- 70+ communities positively impacted by the UPM Foundation projects in Uruguay
- Support for globally recognized humanitarian organizations, such as UNICEF Finland
- The renovated UNESCO World Heritage Site Verla opened to the public

accurate information in accordance with market regulations.

As many of our stakeholders primarily view UPM 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 systematically collecting feedback play an important role in our stakeholder relations work. We analyze this feedback to understand stakeholders' expectations, taking them into account in development and decision-making. In 2025, we received 460 inquiries or concerns from the general public.

## Sustainability initiatives

We continue to participate in UN Global Compact and have joined the UN Global Compact Forward Faster initiative, which aims to accelerate progress toward achieving the UN's Sustainable Development Goals. UPM's Faster Forward commitment focuses on gender equality, living wages, and the net-zero emissions target.

We voluntarily collaborate with various stakeholders in sustainability issues, addressing topics such as ecolabels, fish migration, living wages, children's rights, and nature conservation. Through the Forest Action Program, we collaborate with the

Baltic Sea Action Group, the Finnish Osprey Foundation, and Vida Silvestre in Uruguay.

We are active international stakeholder members of the PEFC (Program for the Endorsement of Forest Certification, PEFC/02-44-41) and the FSC™ (Forest Stewardship Council, FSC-N003385). We engage in the development of forest certification systems to promote sustainable forest management globally.

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

## Green transition and bioeconomy are high on the policy agenda

Through public affairs work, we promote the prerequisites for our operations, especially in our main operating countries: Finland, Uruguay, Germany, and China. Active influencing at the EU level is also important.

Our public affairs activities are based on our strategy. Topic-specific steering groups guide our public affairs activities, and the Group Executive Team regularly reviews these topics.

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

As we enter new industries, we need to find new ways and forums for cooperation. For example, UPM is a member of the European Chemical Industry Council (Cefic).

We are represented in the decision-making bodies of these trade associations so we can influence and monitor their positions and ensure they align with our strategy. The basic requirement for membership in any trade association is alignment with UPM's strategic positions.

As an active participant in the energy market, both as an energy-intensive consumer and producer, UPM regularly reminds 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 engage in dialogue with environmental organizations, certification bodies, authorities, and decision-makers. The impact of forests on climate is linked to policies on land use, land use change, and forestry (LULUCF). We emphasize

## In focus

### Community relationships are a strategic asset

A strong social license to operate is essential for long-term business success. Our new community engagement standard outlines how we interact with local communities, strengthening stakeholder trust, and focus on long-term impacts.

This single UPM standard applies to pre-defined high-impact sites and forest operations with significant potential social or environmental impacts. The standard also governs local initiatives, charitable donations, and employee volunteering under the Share and Care Program.

The Standard requires these high-impact sites and forest operations to conduct stakeholder mapping, develop engagement plans, and identify and prioritize social impacts while paying particular attention to potential vulnerable groups. It emphasizes dialogue, transparency, and grievance mechanisms that are widely accessible. Engagement plans are based on operations and can include various forms of engagement, such as mill visits, forums, and educational events. Sites should monitor the effectiveness of engagement through KPIs. and transparently report results.

We support local initiatives, provide charitable donations, and promote employee volunteering to create long-term positive societal impact and support the vitality of our local communities. Communications and training regarding the implementation of the new standard will begin in 2026.

that sustainable forest management and replacing fossils with wood-based products are effective ways to mitigate climate change.

We actively promote the consistent and cost-competitive implementation of forest and climate-related policies. UPM calls for predictable regulations that enable investment 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.

### Community engagement

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

We aim to contribute to the economic, environmental, and social development of surrounding communities and minimize the negative impacts of our operations.

Our mills in Europe, the U.S., and Uruguay have the potential to create significant local societal impacts through employment and tax generation.

We promote positive impacts in local communities by developing infrastructure, for example. Other activities include apprenticeship programs in Finland and Germany, and cooperation with educational institutions to promote science and research.



In Uruguay, the UPM Foundation promotes education and entrepreneurship by collaborating with local organizations.

We take measures to identify and mitigate our environmental and social impacts on surrounding communities. These measures include impact assessments, collaboration forums, cooperation with local schools and education networks, and dialogue with local forest owners, neighbors of harvesting sites, and others impacted by forest management.

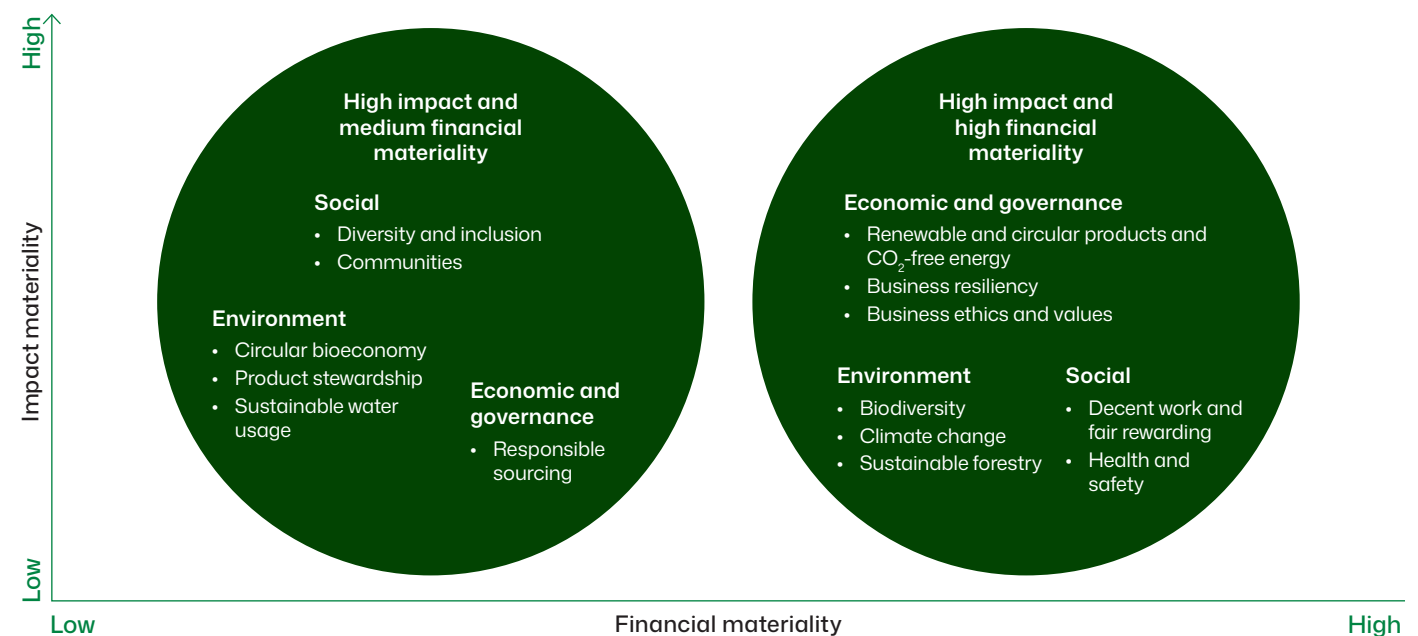
Our EMAS statement discloses the societal and environmental impacts of our pulp and paper mills, as well as our collaboration with local stakeholders. The reports are published annually on our website [upm.com/sustainability](https://upm.com/sustainability).

- 🕒 [Sustainability Statement, ESRS 2](#)  
[General information on page 137](#)
- 🕒 [Sustainability Statement, ESRS S3](#)  
[Affected communities on page 229](#)

### UPM's materiality analysis 2025

Every year, we conduct a materiality analysis to identify topics on which UPM has a significant impact or topics that 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) considers the interests, views, and rights of various stakeholders, including UPM's workforce, value chain workers, and affected communities.

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



### How we engage with our stakeholders

#### ➤ Active dialogue and feedback

We organize regular events and discussions with stakeholders on key topics such as financial success, governance, and environmental issues. We systematically collect and analyze feedback to understand and address stakeholder expectations.

#### ➤ Sustainability initiatives

We participate in UN Global Compact initiatives and other sustainability programs. We also collaborate with various environmental organizations and certification bodies. We engage with local and international stakeholders in 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 products, 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 regularly evaluate and improve our community engagement practices.

#### ➤ Supporting local communities and volunteering

We coordinate local support, donations, and employee volunteering through the UPM Share and Care Program. The program focuses on causes and projects that support innovation and sustainability or promote local vitality and well-being.

### The UPM Share and Care Program

The UPM Share and Care Program focuses on making a positive impact on communities through various initiatives. Through charitable donations, local support, and employee volunteering, the program demonstrates our commitment to responsibility and local community involvement.

We support projects that focus on youth, education, and enhancing science-based actions to promote biodiversity and mitigate climate change. UPM does not support political parties or individual candidates.

Support for local initiatives amounted to approximately €0.6 million in 2025. This figure includes support for the Uruguayan UPM Foundation, which received a contribution of \$400,000. The foundation promotes and supports education, entrepreneurship, employment, healthy living, and entertainment in rural Uruguayan communities.

In 2025, we donated a total of €1.1 million to charities and other nonprofit organizations. Beneficiaries included the University of Helsinki, UNICEF

Finland, Children and Youth Foundation, Stiftung Lesen and Redoblando Esfuerzos Asociación Civil. Donations were allocated according to our focus areas. Approximately 44% went to youth-related initiatives, 30% to education initiatives, and 26% to climate and biodiversity projects. These projects were primarily aimed at our main operating countries, Finland, Germany, Uruguay, China, Poland, and the U.S.

Employee volunteering underlines local commitment and impact. UPM's employees can volunteer for up to eight hours a year during working hours. In 2025, approximately 300 UPMers participated in voluntary initiatives in many of our operating countries, including Finland, Poland, Germany, China, Malaysia, and the U.S. Activities included stream restoration, tree planting, and helping children and young people. Several UPM sites participated in environmental cleanup activities.

Creating value for people and society

# People and culture

Our Aiming Higher culture 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 provide a safe and healthy work environment, interesting and meaningful work, good leadership, and ample opportunities for growth.

We are committed to being a responsible and attractive employer now and in the future. In recruiting new employees, especially younger professionals, being the employer of choice has become critical. As a result of our systematic efforts to develop our work environment, external

parties have recognized our position among students and professionals in Finland and China.

**We develop employee experience**

In an increasingly complex business environment, it is important to enhance the skills and well-being of employees 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 these plans at least once a year and as required.

Managers ensure that the plans align with business needs. Our goal is to support employees in maintaining their passion and expertise for current and future roles through continuous development.

We invest in the growth of our people and expect them to be eager to learn and develop. Our approach to learning emphasizes on-the-job learning and growth, as well as sharing knowledge with and learning from each other.

One way to learn on the job is to participate in gigs. These short-term, value-adding projects allow employees to use

## Actions in 2025

- New programs on business acumen and impactful communication in UPM's global leadership development portfolio
- AI upskilling and "Let's talk AI" team discussions
- Implemented microlearning creation tools
- The company-wide safety project was completed
- Continued to develop process safety-related competencies
- Continued to implement the UPM Health and Well-being concept.
- Diversity and inclusion discussions continued
- Implemented the Safe Contacts concept

10–20% of their working time. Gigs support employee development and enable the dynamic resourcing of smaller, business-relevant projects.

**We encourage professional development**

Expert communities facilitate sharing and learning across the company. We encourage UPMers to join existing expert communities



and create new ones. These communities allow us to build and retain corporate knowledge on topics such as sustainability, AI and project management.

We have run several successful graduate programs in recent years. Our apprenticeship programs ensure that future employees have the necessary expertise. These programs typically focus on production or

maintenance work and are carried out with vocational training partners.

Our digital learning content and online programs encourage individuals to strengthen their self-leadership and help leaders to enable their teams to perform and grow. In addition to new programs that develop AI skills and business acumen, we offer digital learning in areas such as

## In focus



## MyShare - UPM's employee share savings plan

We believe that our success is built on the dedication and commitment of our people. That's why we introduced MyShare, a 3-year employee share savings plan that offers employees the opportunity to save a part of their salary and invest it in UPM shares. Participation is voluntary.

MyShare aims to engage employees, increase their interest in company performance and long-term value creation, and align employee and shareholder interests. The first plan, which runs from 2025 to 2028, closed for enrollment in June. Approximately 20% of employees in 29 countries enrolled.

MyShare consists of a 12-month savings

period followed by a 24-month holding period. During enrollment, employees confirmed the amount of salary to be saved. During the savings period, savings are deducted from salary and invested in UPM shares quarterly.

As an incentive for employees to invest, UPM gives participating employees a matching reward after the holding period ends. Additionally, each employee who participated in the first plan and saved throughout the savings period will receive 10 free gross shares after the 12-month savings period.

The initial idea for the share savings plan came from UPM employees who expressed interest in saving shares in their employer.



commerce, sourcing, finance, compliance, safety, leadership, communication and design thinking.

We set forward-looking goals

We aim to strengthen employees’ sense of belonging and meaningful work. This drives productivity, engagement and well-being.

We set 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.

We strengthen our leadership culture

We aim to strengthen a leadership culture based on our 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, their teams and the business.

Our leadership development programs are designed to achieve these long-term goals. Key themes include building high-performing teams, enabling leaders to perform in any situation and strengthening human-centric leadership.

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 78% (76%) demonstrates UPM employees' interest in improving their workplace. The overall engagement score is 67 (70).

In 2025, 81% (78%) of employees had documented development plans. In the EES, the score for the question about good opportunities to learn and grow at UPM was 65 (65).

The annual incentives paid in 2025 for the 2024 Short-Term Incentive (STI) scheme amounted to €48.8 million. The estimated amount of annual incentives for the 2025 scheme is €35.9 million.

Around 300 people participated in the apprenticeship programs in 2025.

We reward and recognize high performance

Our rewards aim to attract, retain, and motivate employees. Our reward concepts are designed to provide all our employees with fair, equitable and competitive rewards. These concepts are based on business needs and our values, and they are differentiated by performance and impact.

We use a total rewards approach, combining monetary and non-monetary elements. Monetary elements consist of base salary, benefits and incentives, which are determined by UPM’s global rules, local legislation, general agreements, local market practices, position level 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, designed to encourage high performance, increase motivation and engagement, and recognize and reward employees for achieving targets. The scheme covers Group and business-level targets, as well as personal and team targets, to differentiate and reward high performance.

We recognize significant individual or team success with a separate Achievement

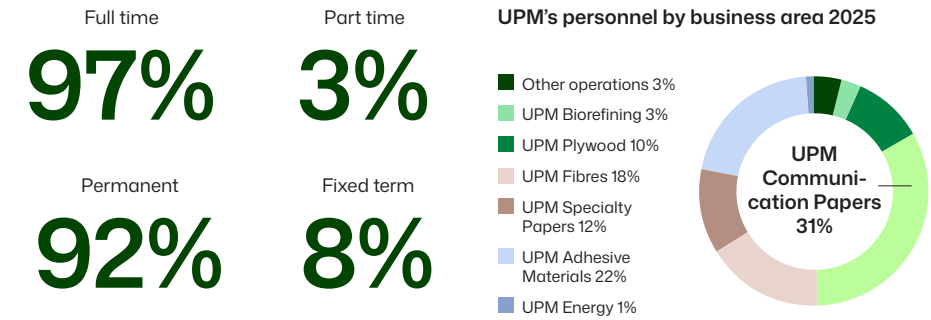
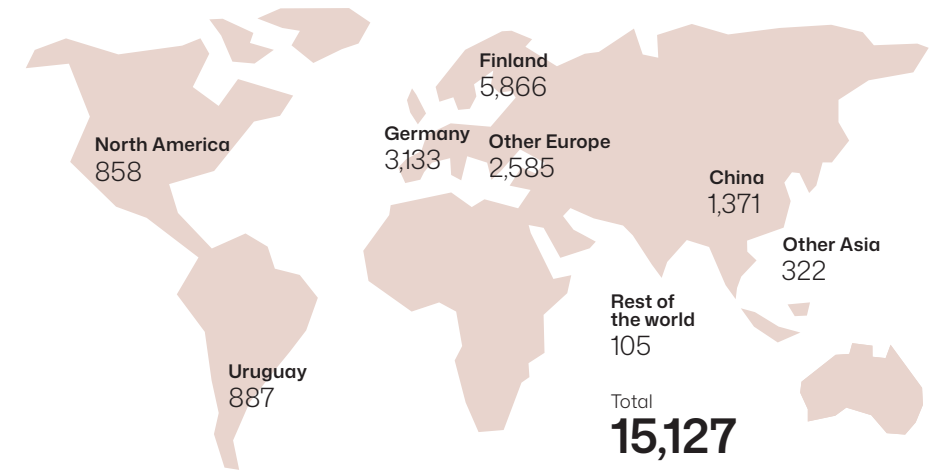
Award. It is designed to support UPM’s high-performance culture and recognize individuals and teams for their outstanding contributions, significant achievements and exceptional performance.

We also 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.

- 🕒 Sustainability Statement, ESRS S1  
Own workforce on page 208
- 🌍 A diverse and inclusive working culture on page 70
- 👤 Safety and well-being on page 72

Our employees by region



| UPM personnel in figures | 2025   | 2024   | 2023   |
|--------------------------|--------|--------|--------|
| Employees                | 15,127 | 15,827 | 16,573 |
| Turnover, %              | 13.1   | 13.6   | 11.1   |
| Turnover, % (voluntary)  | 4.6    | 4.8    | 5.1    |
| Average age              | 44.7   | 44.4   | 44.3   |

In focus

Extending safety thinking into digital interactions

Challenge

In today’s world, cyber threats and information leaks are real and present dangers. These threats pose some of the most severe risks to businesses. In the worst case, they can fundamentally damage a company and its operations. We want our employees to stay safe, on and off work.

Action

We take digital safety seriously, and cybersecurity is integrated into our daily operations. The digital security rules adopted in 2025 include guidelines on topics such as the protection of personal data and the use of artificial intelligence. Digital safety is also included in the updated 2025 UPM Code of Conduct. All the rules, guidelines, and best practices are available on the UPM intranet and in local management systems.

UPM employees play a critical role in protecting information and systems, because even the best technical measures might not be sufficient. Everyone can contribute to creating a digitally safe work environment. We train and encourage our personnel to understand potential risks, stay alert, and become cyber-smart. This protects our customers, operations, and employees.

Impact

Digital services, business information, including personal data, and production automation systems are major assets that UPM has both an interest in and a responsibility to protect. Protecting these assets is essential for UPM to conduct business successfully and without interruption, as well as to comply with legal requirements.

Creating value for people and society

# A diverse and inclusive working culture

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

Promoting diversity and inclusion in the workplace is the right thing to do and a pre-requisite for business success and a healthy working environment. Different perspectives improve decision-making and business performance. At UPM, all employees are treated as individuals, regardless of gender, age, disability, sexual orientation, ethnic origin or nationality. We welcome people with different competencies and backgrounds to join our global team.

We respect our employees’ privacy and promote equal opportunity and objectivity in employment and career development. Diversity and inclusion are part of our Aiming Higher mindset and our cultural development.

### 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 a diverse and inclusive workplace. In 2016, we signed the EU Diversity Charter. Our commitment and expectations regarding diversity and inclusion, as well as transparent recruitment, are outlined in the UPM Code of Conduct and other company policies.

In recent years, we have worked systematically to increase diversity and inclusion at UPM. Our diversity and inclusion-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 reaching 40% female representation by 2030.

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

Since 2021, we have conducted an annual gender pay equity review to address the gender pay gap unexplained by factors typically determining salaries and their development. We will continue to monitor this annually and make adjustments where necessary.

In 2023, we joined the UN Forward Faster Initiative on gender equality.

### Creating and leading an inclusive culture

To further develop inclusive leadership and a culture of inclusion, we continued our dialogue with management teams in businesses and functions in 2025. Since 2019, about 3,500 people have participated in the dialogue. In recent years, we have expanded our understanding of how to lead diverse teams and developed awareness of LGBTIQ+ diversity and inclusion in the workplace. UPM is a member of Workplace Pride and offers training in this topic for all UPMers. More than 1,000 people have completed the training.

In 2024, we participated in Workplace Pride’s annual assessment of the LGBTIQ+ practices in companies. Network members and the core team plan activities to support the community and raise awareness at UPM. In 2025, the BeU Employee Resource Group for LGBTIQ+ issues continued to be active and contributed to the implementation of the Safe Contacts concept.

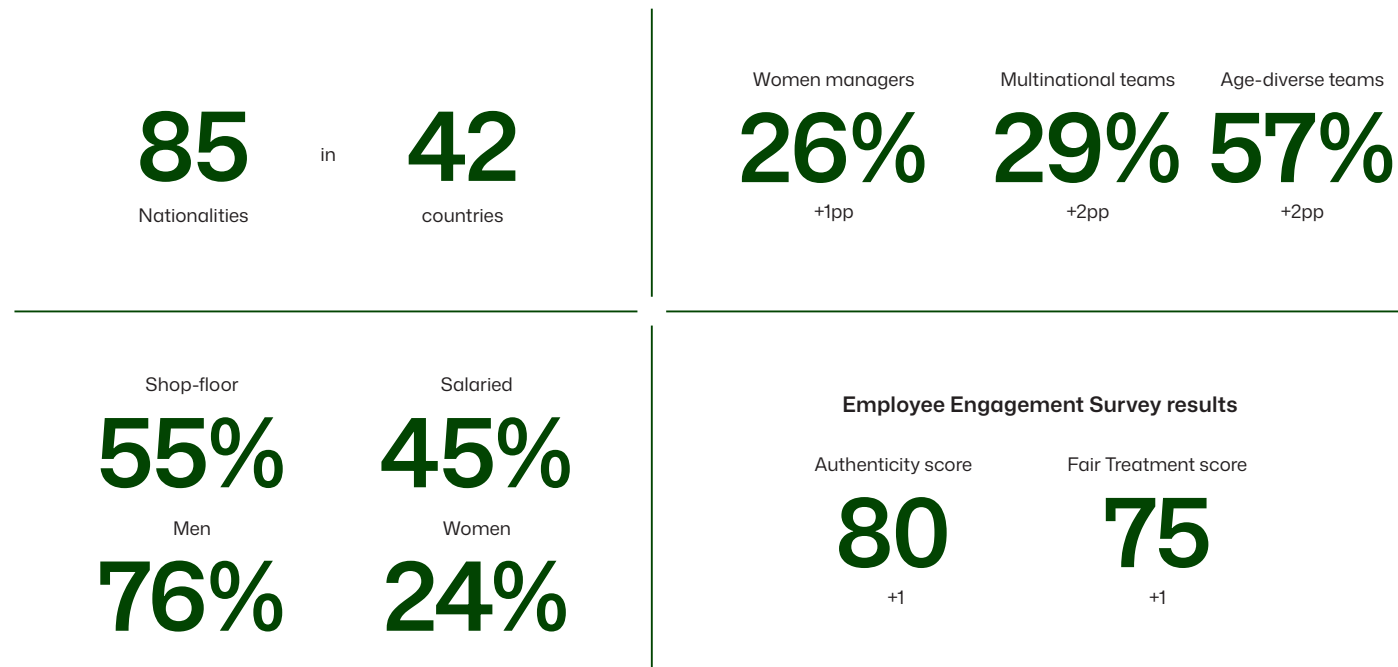
We integrate inclusive behavior into our leadership development programs and UPM Code of Conduct training. Since 2022, we have measured inclusive leadership, i.e., how UPM’s leaders value different perspectives. The results of the 2025 Employee Engagement Survey (EES) remain unchanged from 2024. Inclusive 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, or feeling comfortable being oneself, and fair treatment. These are important strengths 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.

We also consistently follow up processes such as rewarding and recruitment, and we also report progress regularly to several external indices.



Creating value for people and society

# Safety and well-being

Our safety work is based on long-term planning, effective communication, and leadership. Safety is integrated into all our daily operations,

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

| UPM workforce including contractors                    | 2025 | 2024 | 2023 |
|--------------------------------------------------------|------|------|------|
| Total injuries per one million hours worked, TRIF      | 5.0  | 5.1  | 5.2  |
| Lost-time accidents per one million hours worked, LTAF | 3.2  | 3.2  | 3.4  |
| Serious accidents                                      | 2    | 3    | 5    |
| Fatalities                                             | 0    | 0    | 0    |

## Embracing well-being 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 quality of life and performance.

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

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

**Soul:** Having a meaningful purpose inspires and makes one feel proud of working at UPM. Engaged employees naturally become UPM advocates.



## Our safety commitments and priorities

### Employee well-being

We focus on our employees' overall health and well-being. Our approach is holistic and divided into four themes: body, mind, heart, and soul. Our commitment to a safe work environment is based on our safety vision and rules, including safety principles. We aim to have an accident-free workplace.

### Building the safety culture

We develop a caring safety culture through employee participation and positive open communication. Safety is a value that guides us in making the right decisions and choices. Our behavioral safety leadership training helps our managers integrate safety into daily operations and ways of working. This includes activities such as regular safety observations, improvement suggestions, participation in risk assessments and 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. We systematically develop process-safety-related competences. Global e-learning training

on process safety has increased awareness throughout the organization. Process safety risk assessments are integrated into investment project preparation.

### Management systems and safety audits

All our production units have a Health and Safety (H&S) management system in place, and 93% of them have ISO 45001 certification. This certification covers 74% of our employees. Annual safety audits are an integral part of the H&S management system, focusing on risk management and operating permits.

### Continuous improvement and recognition

Safety is embedded in all our daily operations, practices, and new and ongoing projects. Thorough investigation of incidents and effective risk management play an important role in making UPM's operations safer. We share safety observations and best practices across our businesses to improve safety.

We recognize exemplary safety performance with company-wide awards to highlight units that have made significant efforts to improve their employees' health, safety, and well-being.



## Facts and figures

We continued to implement the UPM Health and Well-being concept in 2025. Despite our continuous efforts to prevent accidents, two serious accidents occurred in 2025: one involving a contractor; and one happened to an UPM employee.

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

In 2025, we reported 42,000 safety-related near misses and safety observations, and we conducted 35,000 safety walks and discussions.

The 2025 health and well-being pulse survey was conducted in May. In general, scores were the same or slightly better than in the 2024 survey.

The biofuels refinery in Lappeenranta, Finland, received the 2025 UPM Safety Award for Best Improver. Over the past 10 years, the unit has systematically enhanced safety with a strong emphasis on safety leadership, continuous improvement, and safety training. The Scarborough factory of UPM Adhesive Materials received the Safety Award for the Best Steady Performer for its excellent safety culture.

Creating value for people and society

# Collaborating on human rights

Respect for human rights forms the basis of our social responsibility agenda and 2030 targets.

In a time of ongoing instability, with socio-economic pressures and an urgent need to address the climate change and biodiversity loss, collaboration is essential to drive progress. We are committed to respecting human rights throughout our operations, including our employees, suppliers, contractors, and surrounding communities.

- ③ [Sustainability Statement, ESRS S1](#)  
[Own workforce on page 208](#)
- ③ [Sustainability Statement, ESRS S2](#)  
[Workers in the value chain on page 222](#)
- ③ [Sustainability Statement, ESRS S3](#)  
[Affected communities on page 229](#)

## Actions in 2025

- About 600 UPM employees took the training in the renewed UPM Supplier and Third-Party Code.
- A new UPM standard for local community engagement and the Share and Care Program, which provides guidelines for local dialogue, issue management, and community development contributions.
- Limitations on the use of subcontractors introduced.
- Over 100 subcontractor worker interviews held in connection to maintenance shutdowns in Finland.
- Organized internal training to help personnel identify and address social responsibility risks in subcontracting chains.

## Our commitments

**Alignment with international principles**  
Our approach is based on the UN Guiding Principles on Business and Human Rights (UN-GPs) and guided by our Code of Conduct and related policies, rules, and guidelines. We expect a similar commitment from our suppliers, third parties, and joint venture partners, as set out in our Supplier and Third-Party Code.

**Safe work environment**  
We ensure the health, safety, and security of our employees, those working on our sites and premises, visitors, and others impacted by our operations.

**Decent work**  
We promote decent work in our value chains and

## Our priorities

**Focus on salient issues**  
We use our corporate salient human rights assessment, along with input from relevant stakeholders, to identify our material human rights issues. UPM's corporate salient human rights issues are health and safety, land rights and community engagement, terms and conditions of work, forced labor, and children's rights. We continue to prioritize our efforts accordingly, recognizing that our impact on people evolves as our business changes, and our due diligence approach develops.

**Human rights due diligence is a continuous process**  
Human rights risks are regularly assessed at the business area, function, and corporate levels. This process includes identifying actual and potential risks and impacts, evaluating their severity and likelihood, and prioritizing the most significant issues for action.

**Promoting social responsibility in our supply chain**  
Contractors carry out a significant proportion of our operations, particularly in maintenance at our production units, construction, and forestry. We ensure responsible subcontracting through clear requirements. Our approach includes setting limitations on subcontracting, requiring commitment to social responsibility and labor rights, engaging with contractor workers, and applying approval and due diligence processes.

play our part in building a more equitable society. We actively promote fair pay. Our commitment to gender pay equity and living wages aligns with the UN Sustainable Development Goals.

**Identifying and prioritizing salient human rights issues**  
We prioritize the most serious human rights risks and impacts and take action to address them.

**Zero tolerance for human rights violations**  
We prohibit all forms of forced labor, modern slavery, and child labor. Discrimination is not tolerated. We do not accept any form of inhumane treatment within our operations or across our value chain.

We also equip our personnel to identify and address social responsibility risks in subcontracting chains through internal training.

**Training and awareness**  
All UPM employees are required to complete mandatory Code of Conduct training, which covers essential topics such as human rights and ethical business practices. We provide specialized training on supplier requirements such as the UPM Supplier and Third-Party Code, and anti-corruption to ensure responsible sourcing. Contractors working on UPM sites receive comprehensive safety induction and training tailored to the specific risks of their work environment.

**Collaboration and stakeholder engagement**  
Promoting human rights requires both internal capacity building and active collaboration across our value chain. We maintain continuous dialogue with our stakeholders, including suppliers, contractors, and forest owners, to ensure shared understanding and progress. Internally, we organize human rights workshops to build awareness and support effective local implementation. Externally, we participate in collaborative forums such as Together for Sustainability (TfS) and the UN Global Compact (UNGC) Labour and Decent Work Program. Through these forums, we share insights and best practices, and contribute to development and capacity building across industries.



## In focus

### Strengthening contractor collaboration

Each year, more than 50,000 contractor employees work on production sites and in forestry operations. Many of these roles are performed by subcontracted workers, who are often from other countries. Long subcontracting chains can make ensuring fair conditions and preventing exploitation challenging.

In 2025, we piloted an enhanced contractor management model at two Finnish pulp mills during shutdowns. The model limits subcontracting chains to one main contractor and a maximum of two subcontractors. It also adds more detailed social responsibility requirements and improves UPM's subcontractor approval and background checks. Additionally, it includes face-to-face interviews with subcontractors' employees.

We conducted over 100 contractor interviews during the shutdowns. The interviews revealed concerns related to overtime, compensation and safety equipment. Corrective actions have been initiated, and development work continues. This work supports our zero-tolerance approach to exploitation and strengthens our commitment to safe and fair working environments.



Creating value for people and society

# Committed to compliance

Regardless of location, circumstances, or people involved, we are committed to complying with applicable laws, 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 behavior at UPM was 75 (74), while the external benchmark was 79 (79).

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

## Actions in 2025

- 94% (99%) of active employees completed the new Code of Conduct training started in September, excl. the UPM Adhesive Materials company acquired in 2025
- The UPM Code of Conduct was updated
- The Code of Conduct training for all personnel was renewed.
- Compliance reviews in nine local units or operations in the Americas, the Asia-Pacific region and Europe.

## 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 planet, and ethical business practices.

### Building a culture of integrity

We never compromise on 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 from the Board of Directors and senior management to all employees.

### Voicing concerns

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

## Our priorities

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

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. These actions are updated throughout the year to reflect changes in the risk environment.

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

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

### 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. Completing these mandatory e-learning courses is a prerequisite for receiving short-term incentive payments. Training is also extended to employees of our business partners who work for UPM. Tailored

training and active communication support compliance e-learning modules.

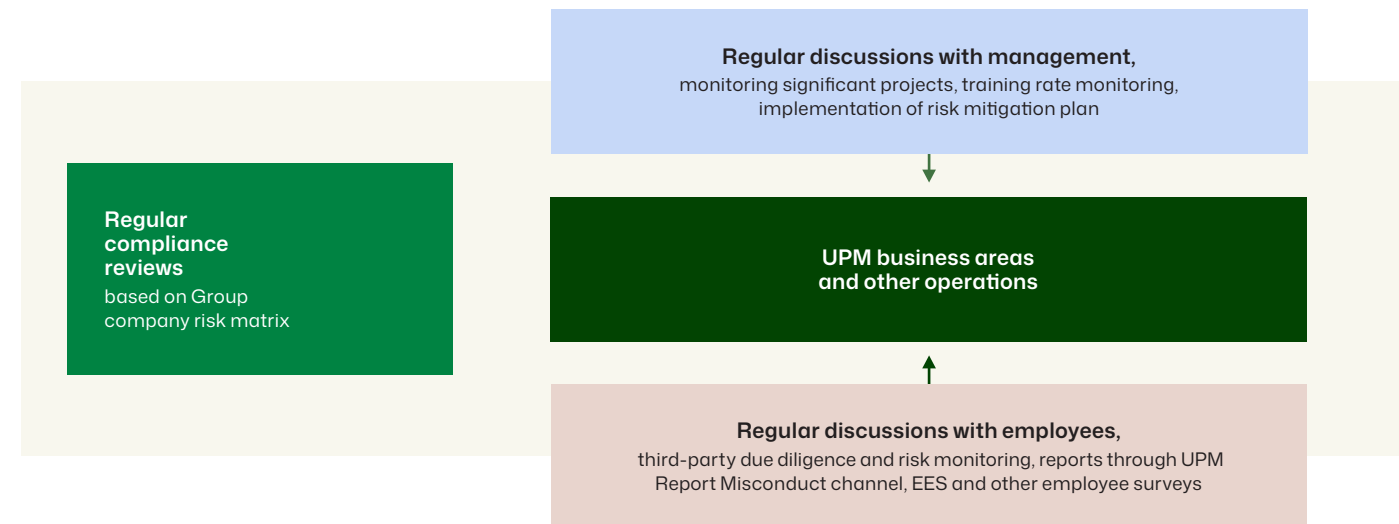
### Comprehensive monitoring enables us to take action

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 and anti-corruption, as well as ongoing counterparty screening activities. Key findings and recommendations from compliance reviews are reported to the Audit Committee of the Board of Directors and the businesses, which take any necessary follow-up action.

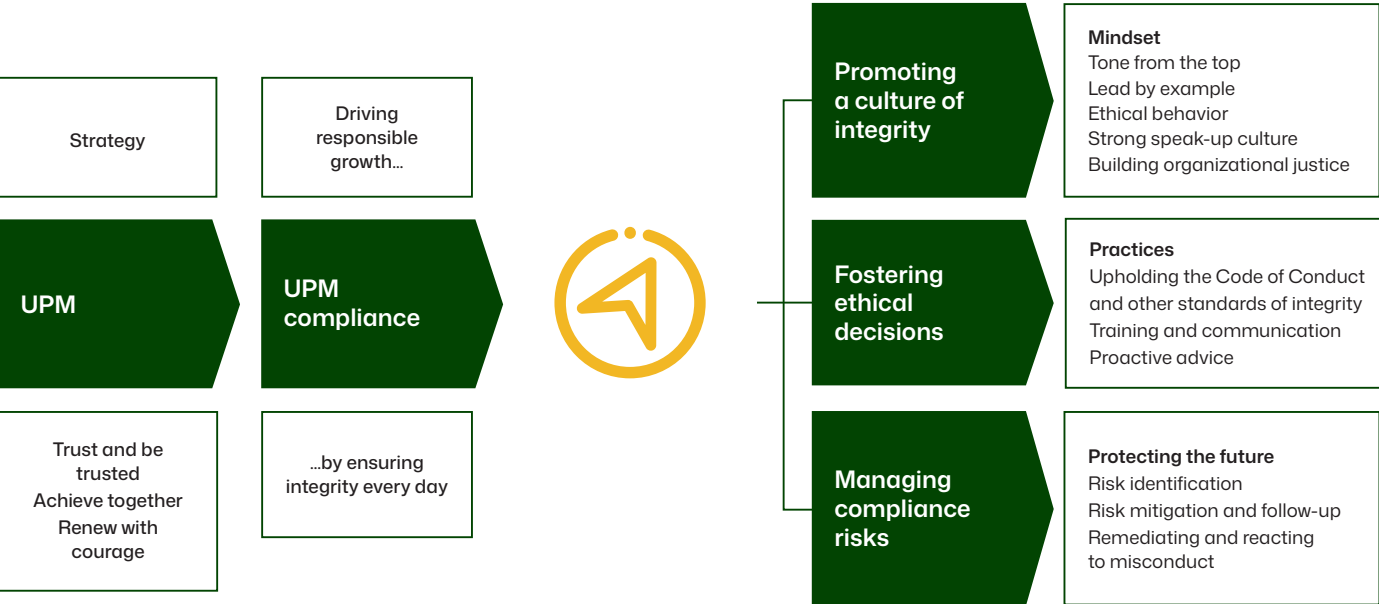
### Response and remediation contribute to organisational justice

We encourage employees to report any misconduct or unethical behavior, without fear of retaliation. We have procedures in place to promptly, independently, and objectively investigate incidents of alleged misconduct. The UPM Report Misconduct channel is open both to our employees and external stakeholders, including contractors, suppliers, and affected communities.

## Compliance monitoring



How we build a culture of integrity



The Code of Conduct reflects our respect for people, the planet, and ethical business practices and we demonstrate this through our actions.

Employee submitted a falsified invoice to conceal a gift that violated UPM's policies. Warning.

Employee approved a payment to an entity with which they had a personal affiliation, resulting in a conflict of interest in breach of UPM's policies. Warning.

Employee misappropriated UPM's assets by seeking reimbursement for personal expenses from the company, in violation of UPM's policies. Termination of employment.

| Alleged misconduct cases                                           |      |      |
|--------------------------------------------------------------------|------|------|
| UPM Code of Conduct section                                        | 2025 | 2024 |
| Our commitment to integrity                                        |      |      |
| 01. Our commitment to integrity                                    | 1    | 10   |
| Our people and operations                                          |      |      |
| 02. Respect people and human rights                                | 47   | 57   |
| 03. Addressing environmental impact and sustainability of products | 4    | 3    |
| Business integrity                                                 |      |      |
| 04. Zero-tolerance for corruption and bribery                      | 6    | 2    |
| 05. Avoid conflicts of interest                                    | 10   | 8    |
| 06. Compliance with competition laws                               | 0    | 1    |
| 07. Protect assets and information                                 | 18   | 13   |
| Our Stakeholders                                                   |      |      |
| 08. Know with whom you trade                                       | 11   | 5    |
| 09. Engaging with our stakeholders and society                     | 0    | 0    |
| Voice your concerns                                                |      |      |
| 10. Compliance involves everyone                                   | 0    | 0    |
| Other                                                              | 6    | 0    |
| Total                                                              | 103  | 99   |



In focus



Building integrity together every day

We provide compliance e-learning also for the employees of our business partners who work on UPM premises or have access to our IT systems and tools. This is to ensure they share the same high standards of integrity with the UPM teams they collaborate closely with.

The mandatory e-learning course on the new UPM Code of Conduct, our culture of integrity, and our expectations for employees is now available to the employees of our business partners on the platform. Cybersecurity is another example of shared responsibility. Thus, the employees of business partners must also complete our cybersecurity e-learning course annually.

We recently expanded to include training on the Supplier and Third-Party Code for these partners, further reinforcing our commitment to responsible business practices across the value chain.



# 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 our supply chain's efficiency, transparency, and sustainability.

We buy products, materials and services from around 17,000 B2B suppliers worldwide, including startups and international corporations. We also purchase wood from around 13,000 private forest owners.

Our 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 digitalization support product development and the commercialization of new products.

Our sustainable supply chain program outlines our responsible sourcing practices and priorities. It addresses environmental,

social, and governance topics that contribute to a responsible and resilient supply chain.

The program includes instructions on relevant procurement and supply chain management practices and their impact on UPM, as well as supplier requirements. We manage and track implementation through our 2030 sustainability targets and performance indicators.

### Compliance with regulations and UPM requirements

We are committed to sustainability and ethical practices throughout our supply chain in accordance with our Code of Conduct. The UPM Supplier and Third-Party Code defines the minimum level of performance we require from our suppliers and third-party intermediaries such as agents, joint venture partners, local partners, and distributors.

We expect our suppliers to promote the same requirements in their own supply chains.

We also implement additional, category-specific requirements such as those related to the sourcing of wood, chemicals, pulp, packaging materials, and logistics. These requirements cover environmental performance, social responsibility, and reporting. Contractors working on our production sites must comply with UPM's safety requirements.

### Risk mitigation

We identify the suppliers and supply chains most relevant to our business that have a high risk of potential negative environmental and social impacts.

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

## Sustainable supply chain program

| We renew the everyday - Together  |                                                                                                                                                                                    |                                             |                                              |                                 |                                                 |                                                               |                                                              |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------|---------------------------------|-------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------|
| ESG topics<br><br>Strategic focus | Environment                                                                                                                                                                        |                                             |                                              | Social                          |                                                 | Governance                                                    |                                                              |
|                                   | Climate action                                                                                                                                                                     | Biodiversity                                | Resources and circularity                    | Labor 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 behavior 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<br>Transparent sharing of reliable and credible sustainability information between chain members |                                             |                                              |                                 |                                                 |                                                               |                                                              |
| Compliance                        | Compliance with applicable regulations and UPM requirements in the supply chain                                                                                                    |                                             |                                              |                                 |                                                 |                                                               |                                                              |

We share reliable and credible sustainability information through collaborative organizations such as Together for Sustainability (TfS).

We also use EcoVadis and other assessments, supplier audits, reviews, and joint development plans to conduct more detailed evaluations 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 measures and provide support to improve suppliers' operations where necessary. Some contracts may be terminated due to insufficient corrective measures or the severity of UPM's findings.

- 🕒 [Group-wide -30 by 30 Program to reduce CO<sub>2</sub> emissions in the supply chain on page 58](#)
- 🕒 [Sustainability Statement, ESRS G1 Business conduct on page 236](#)
- 🕒 [More information on our website: For suppliers](#)

### Actions in 2025

- 86% (91%) of total spend with suppliers committed to the UPM Supplier and Third-Party Code
- Our internal and external auditors conducted 80 (97) audits worldwide based on identified risks related to social and environmental topics, including human rights. 347 sustainability-related findings

were identified and none of them were considered critical with regard to actual or potential significant environmental or social impacts.

- About 2,000 (3,200) contractor reviews carried out in Uruguay, focusing on working conditions

### Strict requirements for wood sourcing

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

We continuously assess our suppliers of wood, pulp, and recovered paper 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 the PEFC due diligence requirements. We source all wood assortments to ensure optimal use of this valuable raw material. In 2025, we purchased 277 (28.0) million cubic meters 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 the surrounding communities by generating tax revenue.

The OECD, the G20 Forum, and the EU have addressed the tax challenges posed by global economic changes. These solutions aim to ensure that companies are taxed at a minimum rate of 15% in their operating countries (Pillar Two) and introduce standardized public tax reporting. We have been transparent and responsible in our tax strategy for years. We welcome initiatives that promote standardized global tax reporting and fair and responsible tax payments. We monitor global tax developments, assessing their impact on UPM and adjusting our tax reporting accordingly.

In 2025, UPM's effective tax rate was 28.9% (7.4%), and the cash tax rate was 14.1% (29.0%). The corporate income tax reported in 2025 was €200 million (€37 million), and the corporate income tax paid was €97 million (€145 million).

## Energy taxation at various levels of the value chain

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.

Regardless of the sources used, the electricity we produce is subject to electricity taxation. 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, energy tax rates for transportation 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 for road transportation.

Within the EU, energy taxation laws allow member states to compensate for the taxes paid or apply lower tax rates for industrial production, and the 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 adhere to the principles and guidelines outlined 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 economic and business considerations. We do not transfer value created or 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 responsible tax reporting. We pay corporate income taxes in countries where added value is created, and profit is generated.

## Our priorities

### Good governance

The Board of Directors' Audit Committee supervises 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 in collaboration with the tax function. A more thorough review of customers' and suppliers'

tax practices is part of our counterparty risk management processes.

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

### Contributing to society

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

### Cooperation with the authorities

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

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. Taxes in Uruguay therefore consist mainly of property and equity taxes, as well as annual tax-like charges paid to the Uruguayan government for the zone's development.

In China, as a fine paper producer, UPM has qualified 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 principal subsidiaries and joint operations, and their country of incorporation can be found on page 323.

Third-party-verified EMAS reports on the environmental and societal responsibility of the pulp and paper mills can be found at [upm.com/sustainability](https://upm.com/sustainability).

| Corporate income taxes paid and property taxes <sup>1</sup> by country |      |      |
|------------------------------------------------------------------------|------|------|
| €m                                                                     | 2025 | 2024 |
| Finland                                                                | 74   | 96   |
| Uruguay                                                                | 27   | 25   |
| China                                                                  | 16   | 20   |
| Poland                                                                 | 6    | 4    |
| United Kingdom                                                         | 3    | 1    |
| United States                                                          | 2    | 21   |
| Estonia                                                                | 2    | 2    |
| Germany                                                                | 2    | 1    |
| France                                                                 | 0    | 2    |
| Other                                                                  | 5    | 3    |
| Group total                                                            | 136  | 176  |

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

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.

| Indirect upstream                                                |              | Direct upstream                   |               | Direct downstream                                   |            |
|------------------------------------------------------------------|--------------|-----------------------------------|---------------|-----------------------------------------------------|------------|
|                                                                  |              | Raw materials                     |               | Products                                            |            |
| Number of b2b suppliers                                          | 17,000       | Wood                              | 28m m³        | Paper                                               | 4.3m t     |
| Private forest owners supplying wood to UPM                      | 13,000       | Market pulp                       | 1.3m t        | Chemical pulp                                       | 5.2m t     |
| Seedlings planted                                                | 55 million   | Recovered paper                   | 0.5m t        | Converting materials                                | 0.5m t     |
| Supplier spend covered by UPM Supplier Code                      | 86%          | Minerals                          | 1.7m t        | Plywood and veneer                                  | 0.5m m³    |
| Certified wood                                                   | 90%          | Chemicals                         | 0.9m t        | Sawn timber                                         | 1.1m m³    |
| Percentage of wood origin known                                  | 100%         | Purchased paper for converting    | 0.3m t        | Electricity and heat                                | 14,100 GWh |
| Fossil CO₂ emissions (Scope 2)                                   | 0.8m t       | Plastic, adhesives, resins, films | 0.2m t        | Sales                                               | €9,656m    |
| Fossil CO₂ emissions (Scope 3 upstream)                          | 4.0m t       | Costs, raw materials              | € 4.1 billion | Comparable EBIT                                     | €921m      |
| Water intensive production sites located in water abundant areas | 100%         | Water uptake                      |               | Patent and trademark portfolio                      | 5,044      |
| New hires                                                        | 1,700        | Surface water                     | 395m m³       | People and society                                  |            |
| Own and leased forests and plantations                           | 1,094,000 ha | Ground water                      | 10m m³        | Employees                                           | 15,100     |
|                                                                  |              | Communal water                    | 4m m³         | Shareholders                                        | 154,424    |
|                                                                  |              | Energy                            |               | Training hours per employee                         | 9          |
|                                                                  |              | Renewable fuels                   | 35,100 GWh    | Total recordable injury frequency incl. contractors | 5.0        |
|                                                                  |              | Fossil fuels                      | 8,100 GWh     | Dividend distribution                               | €792m      |
|                                                                  |              | Purchased electricity and heat¹)  | 14,400 GWh    | Employee wages and benefits                         | €1,155m    |
|                                                                  |              |                                   |               | Corporate income taxes paid and property taxes      | €136m      |

| Direct downstream                          |                     | Indirect downstream                                                         |                                       | Impacts                                                                         |  |
|--------------------------------------------|---------------------|-----------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------|--|
| Emissions to air                           |                     |                                                                             |                                       | Increasing knowledge and quality of life through our products                   |  |
| Nitrogen oxides                            | 8,800 t             | Number of customers                                                         | 10,000 in 110 countries               | Vitality and prosperity for area of influence                                   |  |
| Sulphur dioxide                            | 760 t               |                                                                             |                                       | Increased social capital and skills of employees                                |  |
| Particulates                               | 780 t               | People using UPM products                                                   | more than 300m                        | Well-being and safety of employees and contractors                              |  |
| VOC                                        | 1,000 t             |                                                                             |                                       | Biodiversity enhanced by various initiatives <sup>3)</sup>                      |  |
| Fossil CO <sub>2</sub> emissions (Scope 1) | 2.1m t              | Local support and charitable donations under the UPM Share and Care Program | €1.7m distributed to about 210 groups | Ecosystem services secured through sustainable forest management                |  |
| Biogenic CO <sub>2</sub> emissions         | 12.1 m t            |                                                                             |                                       | Climate change mitigation through UPM's carbon actions <sup>4)</sup>            |  |
| Emissions to water                         |                     |                                                                             |                                       | Value added €2.2 billion                                                        |  |
| Process wastewater                         | 190m m <sup>3</sup> | Virgin materials replaced                                                   | 1.0m t                                | Societal value of carbon sink of UPM own and leased forests €190m <sup>5)</sup> |  |
| Cooling water                              | 190m m <sup>3</sup> |                                                                             |                                       | Societal cost of GHG emissions (Scope 1-3) €-1,060m <sup>6)</sup>               |  |
| Biological oxygen demand (7 days)          | 5,300 t             | Value of products eligible for ecolabeling                                  | €7.9 billion                          | Societal cost of other air emissions €-149m <sup>7)</sup>                       |  |
| Chemical oxygen demand                     | 57,600 t            |                                                                             |                                       | Recreational value of UPM forests €80m <sup>8)</sup>                            |  |
| Adsorbable organic halogens                | 300 t               | UPM forests available for recreational use                                  | 599,000 ha                            | Societal value of paid taxes €165m <sup>9)</sup>                                |  |
| Process waste and by-products              |                     |                                                                             |                                       |                                                                                 |  |
| Material recycling                         | 323,000 dry t       | Fossil CO <sub>2</sub> emissions (Scope 3 downstream)                       | 3.7m t                                |                                                                                 |  |
| Energy recovery                            | 215,000 dry t       | Temporary carbon storage in UPM products' lifetime                          | -2.4m t                               |                                                                                 |  |
| Composting                                 | 7,800 dry t         |                                                                             |                                       |                                                                                 |  |
| Landfilling                                | 97,000 dry t        |                                                                             |                                       |                                                                                 |  |
| Temporary storage                          | 17,000 dry t        |                                                                             |                                       |                                                                                 |  |
| Incineration without energy recovery       | 4,600 dry t         |                                                                             |                                       |                                                                                 |  |
| Hazardous waste for special treatment      | 7,000 t             | Carbon sink in UPM own and leased forests <sup>2)</sup>                     | -1.9m t CO <sub>2</sub> eq            |                                                                                 |  |

<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> Calculated using corporate income and property taxes, and adjusted for higher social value of money in lower-income countries. Source: Value Balancing Alliance

# Governance

Corporate Governance Statement .....88

Board of Directors .....90

Group Executive Team .....101

Remuneration Report .....108





# Corporate Governance Statement 2025

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 including the requirement that at least 40% of the members of the Board must be from an underrepresented gender. The CG Code is publicly available on the Securities Market Association’s website at [cgfinland.fi/en](https://cgfinland.fi/en).

UPM’s Corporate Governance Statement (CG Statement) for the financial year 2025 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 ([upm.com/governance](https://upm.com/governance)).

The Report of the Board of Directors is presented on pages 116–257 of UPM’s Annual Report 2025, 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 15,100 employees in 42 countries. UPM Group’s business operations are divided into six business areas and other operations, including the UPM Biorefining business unit and global functions. UPM shares are listed on Nasdaq Helsinki Ltd.

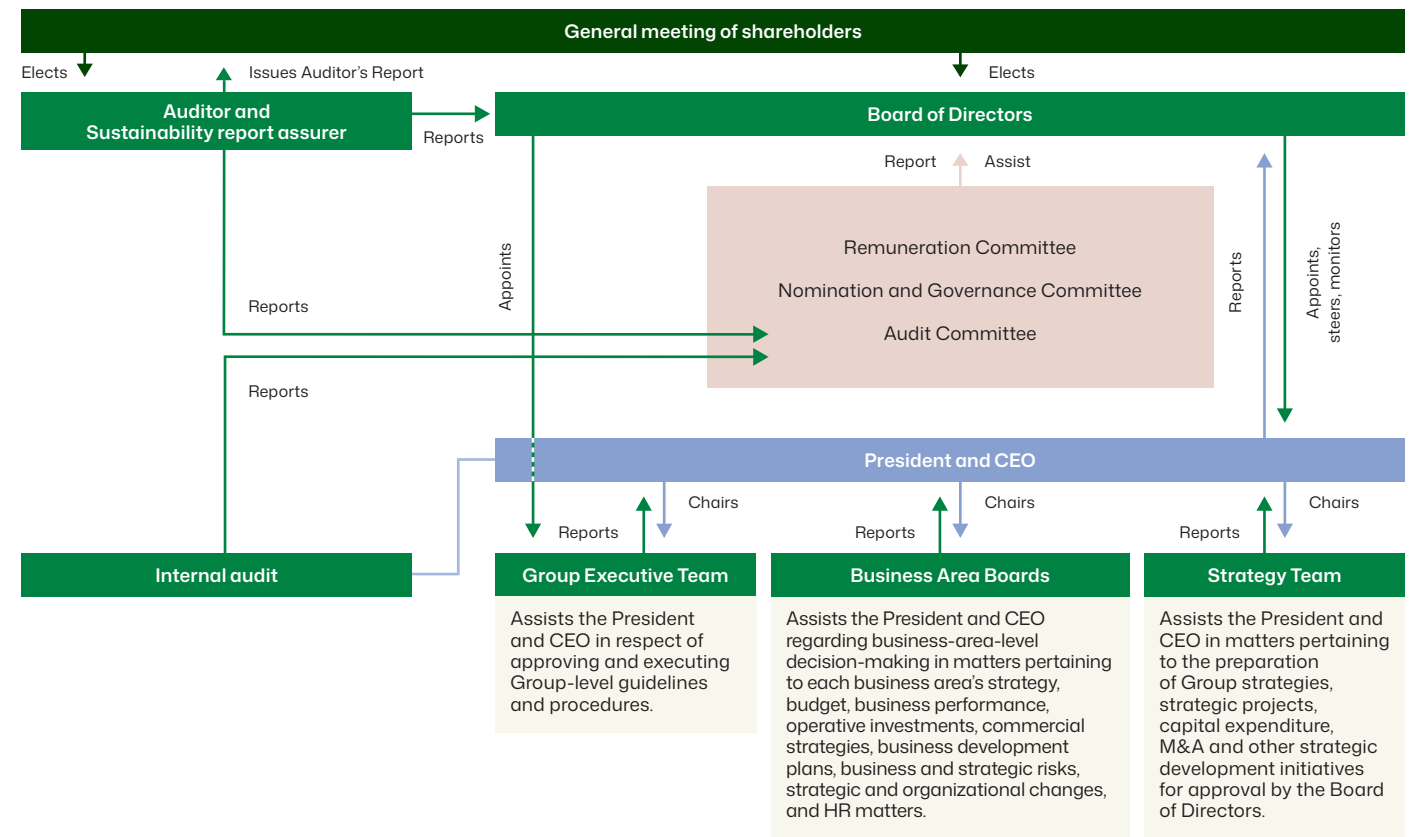
UPM uses a one-tier governance model, which, in addition to the general meeting of shareholders, comprises the Board of

Directors and the President and CEO, as presented in the illustration on the right. 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 behavior for UPM employees, including directors and executives.

### Governance structure of UPM-Kymmene Corporation



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 2025

The Company’s Annual General Meeting (AGM) for 2025 was held in Helsinki on March 27, 2025. Notice of the AGM, including proposals by the Board of Directors and the Nomination and Governance Committee, was published in February. A total of

3,031 (3,167) shareholders were represented at the meeting. Shareholders attending the meeting represented 55% (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 2025 were made in accordance with the proposals.

### Board of Directors

The AGM 2025 resolved to elect nine members to UPM’s Board of Directors for a one-year term and re-elected Pia Aaltonen-Forsell, Henrik Ehrnrooth, Jari Gustafsson, Piia-Noora Kauppi, Melanie Maas-Brunner, Topi Manner, Marjan Oudeman, Martin à Porta and Kim Wahl to the Board. All directors are non-executive, and their term of office will end with the closure of AGM 2026.

55%

of shares and votes represented in the AGM 2025

3,031

shareholders represented in the AGM 2025

Composition of the Board of Directors, December 31, 2025

|                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <div>Henrik Ehrnrooth</div>      | <div>Chair of the Board and Chair of the Nomination and Governance Committee</div> <div>Director since 2015</div> <div>Independence Independent of the Company and significant shareholders</div> <div>Education M.Sc (Econ.)</div> <div>Nationality Finnish</div> <div>Born 1969</div> <div>Gender male</div> <div>Main occupation Senior Industrial Partner at CVC</div> <div>UPM shares<sup>1)</sup> 34,474</div> |  <div>Melanie Maas-Brunner</div> | <div>Director since 2024</div> <div>Independence Independent of the Company and significant shareholders</div> <div>Education PhD (Chemistry)</div> <div>Nationality German</div> <div>Born 1968</div> <div>Gender female</div> <div>Main occupation Non-executive director</div> <div>UPM shares<sup>1)</sup> 3,547</div>                                          |
|  <div>Kim Wahl</div>              | <div>Deputy Chair of the Board</div> <div>Director since 2012<sup>2)</sup></div> <div>Independence Independent of the Company and significant shareholders</div> <div>Education MBA (Harvard), BA (Business Econ.)</div> <div>Nationality Norwegian</div> <div>Born 1960</div> <div>Gender male</div> <div>Main occupation Chair of the Board of Strømstangen AS</div> <div>UPM shares<sup>1)</sup> 32,335</div>     |  <div>Topi Manner</div>          | <div>Director since 2022</div> <div>Independence Independent of the Company and significant shareholders</div> <div>Education M.Sc (Econ.)</div> <div>Nationality Finnish</div> <div>Born 1974</div> <div>Gender male</div> <div>Main occupation CEO of Elisa Corporation</div> <div>UPM shares<sup>1)</sup> 10,014</div>                                           |
|  <div>Pia Aaltonen-Forsell</div> | <div>Chair of the Audit Committee</div> <div>Director since 2023</div> <div>Independence Independent of the Company and significant shareholders</div> <div>Education M.Soc.Sc. (Econ.), MBA</div> <div>Nationality Finnish</div> <div>Born 1974</div> <div>Gender female</div> <div>Main occupation CFO of Finnair Plc</div> <div>UPM shares<sup>1)</sup> 5,213</div>                                               |  <div>Marjan Oudeman</div>      | <div>Director since 2018</div> <div>Independence Independent of the Company and significant shareholders</div> <div>Education LL.M, MBA</div> <div>Nationality Dutch</div> <div>Born 1958</div> <div>Gender female</div> <div>Main occupation Non-executive director</div> <div>UPM shares<sup>1)</sup> 14,807</div>                                                |
|  <div>Jari Gustafsson</div>     | <div>Director since 2021</div> <div>Independence Independent of the Company and significant shareholders</div> <div>Education M.Sc (Political Science)</div> <div>Nationality Finnish</div> <div>Born 1958</div> <div>Gender male</div> <div>Main occupation Partner at AlterInvest Oy</div> <div>UPM shares<sup>1)</sup> 8,049</div>                                                                                |  <div>Martin à Porta</div>     | <div>Chair of the Remuneration Committee</div> <div>Director since 2020</div> <div>Independence Independent of the Company and significant shareholders</div> <div>Education M.Sc (Eng.)</div> <div>Nationality Swiss</div> <div>Born 1970</div> <div>Gender male</div> <div>Main occupation Non-executive director</div> <div>UPM shares<sup>1)</sup> 30,057</div> |
|  <div>Piia-Noora Kauppi</div>   | <div>Director since 2013<sup>2)</sup></div> <div>Independence Independent of the Company and significant shareholders</div> <div>Education LL.M</div> <div>Nationality Finnish</div> <div>Born 1975</div> <div>Gender female</div> <div>Main occupation Partner at Odgers Finland Oy</div> <div>UPM shares<sup>1)</sup> 29,248</div>                                                                                 |                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                     |

<sup>1)</sup> on December 31, 2025, and including shares held by the director's controlled entities if any.  
<sup>2)</sup> not available for re-election at the AGM 2026.



## 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 [upm.com/governance](https://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 shares already issued, 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.

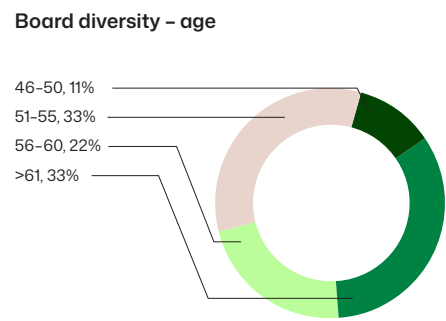
**UPM director independence**  
According to the evaluation carried out by the Board with the assistance of the Nomination and Governance Committee, all Board members are independent of the Company's significant shareholders, as the Company has no controlling shareholder, and none of the Company's shareholders has announced a holding of 10% or more of the Company's shares or votes attached thereto.  
All the directors are non-executive, and the Board has also concluded that they are all independent of the Company, including Henrik Ehrnrooth, Piia-Noora Kauppi and Kim Wahl, although they have been non-executive directors of the Company for ten consecutive years or more. 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 on 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 [upm.com/governance](https://upm.com/governance).

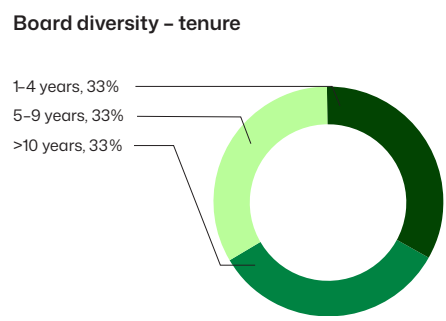
**Diversity aspects and objectives**  
The overarching goal of diversity is for the Board as a whole to have a broad range of skills, experience and perspectives, as well as knowledge of UPM and relevant industries,



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 judgment 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 judgment and diverse perspectives, the Board has set an objective for certain key qualifications to 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 appreciation of issues pertinent to publicly listed companies of a size and scope corresponding to that of UPM, including:

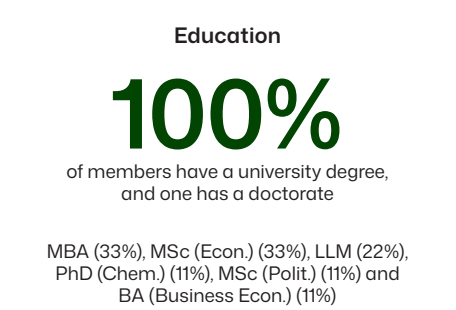
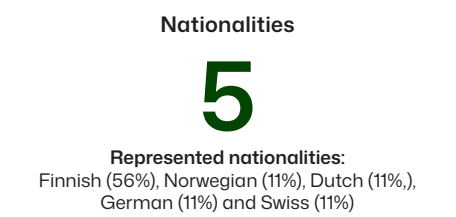
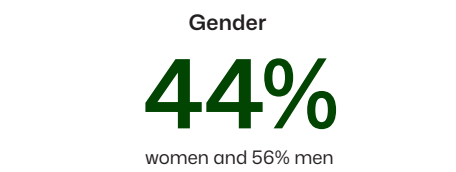
- Relevant industrial, market and sectoral experience
- Financial and risk management experience
- Sustainability and governance experience
- Cybersecurity experience
- Experience in the planning and implementation of company strategies
- International experience.

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 in the Limited Liability Companies Act to have at least 40% (including the relevant rounding rules) of



the underrepresented gender on 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 competencies and other relevant qualities as needs arise.

**Implementation and results**  
There are nine directors on 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 in finance, economics or business administration. All the 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 six different languages as their mother tongue. Regarding age, the directors on the Board evenly represent different ages between 50 and 67. Likewise, their length of service is evenly spread: One third of directors have served on the UPM Board for ten years or more; one third for five to nine years; and one third for less than five years. Regarding the representation of both genders on the Board, female directors account for 44% (4/9) of 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 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 [upm.com/governance](https://upm.com/governance).

| 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 committees' 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 submitted by shareholders for matters to be addressed at 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 2025, the Board held 14 meetings. The average rate of attendance at the meetings was 100% (100%).

Attendance at meetings 2025

| Director                | Board of Directors   | Audit Committee     | Nomination and Governance Committee | Remuneration Committee | Total attendance rate |
|-------------------------|----------------------|---------------------|-------------------------------------|------------------------|-----------------------|
| Meetings held in 2025   | 14                   | 6                   | 5                                   | 5                      |                       |
| Henrik Ehrnrooth, Chair | 14 (as chair) (100%) |                     | 5 (as chair) (100%)                 |                        | 100%                  |
| Kim Wahl, Deputy Chair  | 14 (100%)            |                     | 5 (100%)                            |                        | 100%                  |
| Pia Aaltonen-Forsell    | 14 (100%)            | 6 (as chair) (100%) |                                     |                        | 100%                  |
| Jari Gustafsson         | 14 (100%)            | 6 (100%)            |                                     |                        | 100%                  |
| Piia-Noora Kauppi       | 14 (100%)            |                     | 5 (100%)                            |                        | 100%                  |
| Melanie Maas-Brunner    | 14 (100%)            |                     |                                     | 5 (100%)               | 100%                  |
| Topi Manner             | 14 (100%)            |                     |                                     | 5 (100%)               | 100%                  |
| Marjan Oudeman          | 14 (100%)            | 6 (100%)            |                                     |                        | 100%                  |
| Martin à Porta          | 14 (100%)            |                     |                                     | 5 (as chair) (100%)    | 100%                  |

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 2025, the evaluation was conducted as a self-evaluation, and the most recent performance evaluation conducted by an external facilitator was conducted in 2023. Its results were thoroughly discussed and analyzed in connection with the Board meeting. 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 2025 self-evaluation were highly favorable, indicating 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 considers the results 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 fulfill 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 upm.com/governance.

Committee-related work

The committees hold their meetings prior to Board meetings to prepare matters to be dis-



cussed and resolved 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.

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 committee report on the results of these evaluations to the Chair of the Nomination and Governance Committee. In 2025, the self-evaluation was conducted in November, and the results were discussed and analyzed 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                                                                                                         | Nomination and Governance Committee                                                                                     | Remuneration Committee                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Pia Aaltonen-Forsell, chair                                                                                             | Henrik Ehrnrooth, chair                                                                                                 | Martin à Porta, chair                                                                                                   |
| Jari Gustafsson                                                                                                         | Piia-Noora Kauppi                                                                                                       | Melanie Maas-Brunner                                                                                                    |
| Marjan Oudeman                                                                                                          | Kim Wahl                                                                                                                | Topi Manner                                                                                                             |
| <ul style="list-style-type: none"><li>All members are independent of the Company and significant shareholders</li></ul> | <ul style="list-style-type: none"><li>All members are independent of the Company and significant shareholders</li></ul> | <ul style="list-style-type: none"><li>All members are independent of the Company and significant shareholders</li></ul> |
| <ul style="list-style-type: none"><li>Held 6 meetings in 2025</li></ul>                                                 | <ul style="list-style-type: none"><li>Held 5 meetings in 2025</li></ul>                                                 | <ul style="list-style-type: none"><li>Held 5 meetings in 2025</li></ul>                                                 |
| <ul style="list-style-type: none"><li>Average attendance rate of committee members was 100%</li></ul>                   | <ul style="list-style-type: none"><li>Average attendance rate of committee members was 100%</li></ul>                   | <ul style="list-style-type: none"><li>Average attendance rate of committee members was 100%</li></ul>                   |

**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>Generally discuss 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 organization, 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 organization, 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 report, 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 and sustainability reporting assurance 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 and statutory sustainability reporting assurance plan</li><li>Evaluate the appropriateness of the auditor’s provision of audit-related and non-audit services and 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’s 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 organization, 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 discussed and reviewed reports on ESG and cybersecurity.

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 President and CEO's terms of service agreement, 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 for the diversity of the Board and for 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>Prepare 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 reorganization</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 2025, in addition to undertaking the assigned matters and regular reports listed above, the Nomination and Governance Committee discussed the skills and experience required in the Board in respect of the Company's strategy, focusing on Board composition and the Board's succession plan.

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 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 how remuneration is linked to material sustainability topics</li><li>Review 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 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 focused on the performance measures of the incentive plans in 2025. The Committee made recommendations to the Board concerning the remuneration of the President and CEO and other senior executives, and concerning the Terms of Service agreements of the new Executive Vice Presidents: EVP, UPM Plywood and EVP, General Counsel appointed in 2025.

## President and CEO

Massimo Reynaudo has been the President and Chief Executive Officer of UPM-Kymmene Corporation since January 1, 2024. He was born in 1969 and holds a master’s degree in engineering from Politecnico di Torino with a specialization in management and business administration. 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 perfor-

mance 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 the Group Executive Team (GET), December 31, 2025

|                                                                                                                 |                                                                                                                                                                                             |                                                                                                                    |                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <div>Massimo Reynaudo</div> | <b>President and CEO</b><br>GET member since 2021<br>Education M.Sc (Eng.)<br>Nationality Italian<br>Born 1969<br>Gender male<br>UPM shares <sup>1)</sup> 23,321                            |  <div>Tapio Korpeinen</div>     | <b>CFO, EVP, UPM Energy</b><br>GET member since 2008<br>Education M.Sc (Tech.), MBA<br>Nationality Finnish<br>Born 1963<br>Gender male<br>UPM shares <sup>1)</sup> 242,540                                                                                                       |
|  <div>Harald Dialer</div>    | <b>EVP, Technology and UPM Biorefining*</b><br>GET member since 2025<br>Education PhD (Chem.)<br>Nationality German and Austrian<br>Born 1970<br>Gender male<br>UPM shares <sup>1)</sup> 0  |  <div>Gunnar Eberhardt</div>    | <b>EVP, UPM Communication Papers</b><br>GET member since 2024<br>Education M.Sc (Eng.) and Executive Master’s degree (Innovation and Technology Management)<br><br>Nationality German<br>Born 1977<br>Gender male<br>UPM shares <sup>1)</sup> 2,681                              |
|  <div>Mika Kekki</div>     | <b>EVP, UPM Specialty Papers*</b><br>GET member since 2021<br>Education B.Sc (Eng.)<br>Nationality Finnish<br>Born 1969<br>Gender male<br>UPM shares <sup>1)</sup> 15,458                   |  <div>Tim Kirchen</div>       | <b>EVP, UPM Adhesive Materials</b><br>GET member since 2024<br>Education Diploma in Business Administration (FH), MBA and General Management Program (Harvard Business School)<br><br>Nationality U.S. and German<br>Born 1980<br>Gender male<br>UPM shares <sup>1)</sup> 20,433 |
|  <div>Juha Mäkelä</div>    | <b>General Counsel</b><br>(until December 31, 2025)<br>GET member since 2008–2025<br>Education LL.M.<br>Nationality Finnish<br>Born 1962<br>Gender male<br>UPM shares <sup>1)</sup> 110,851 |  <div>Riitta Savonlahti</div> | <b>EVP, Human Resources</b><br>GET member since 2004<br>Education M.Sc (Econ.)<br>Nationality Finnish<br>Born 1964<br>Gender female<br>UPM shares <sup>1)</sup> 30,691                                                                                                           |

<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.



**EVP, UPM Plywood**

GET member since September 2025

Education M.Sc (Eng.)

Nationality Finnish

Born 1969

Gender female

UPM shares<sup>1)</sup> 0



**EVP, Strategy**

GET member since 2013

Education M.Sc (Eng.)

Nationality Finnish

Born 1971

Gender male

UPM shares<sup>1)</sup> 84,970



**EVP, Marketing, Sustainability and Communications**

GET member since 2024

Education M.Sc (Soc.)

Nationality Finnish

Born 1974

Gender female

UPM shares<sup>1)</sup> 1,000



**EVP, UPM Fibres**

GET member since 2023

Education M.Sc, EMBA

Nationality Finnish

Born 1977

Gender male

UPM shares<sup>1)</sup> 8,602

<sup>1)</sup> on December 31, 2025, and including shares held by the director's controlled entities if any.

New member of the Group Executive Team as of January 26, 2026



**EVP, General Counsel**

GET member since January 26, 2026

Education LLM, EMBA

Nationality Finnish

Born 1974

Gender male

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 analyze 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.

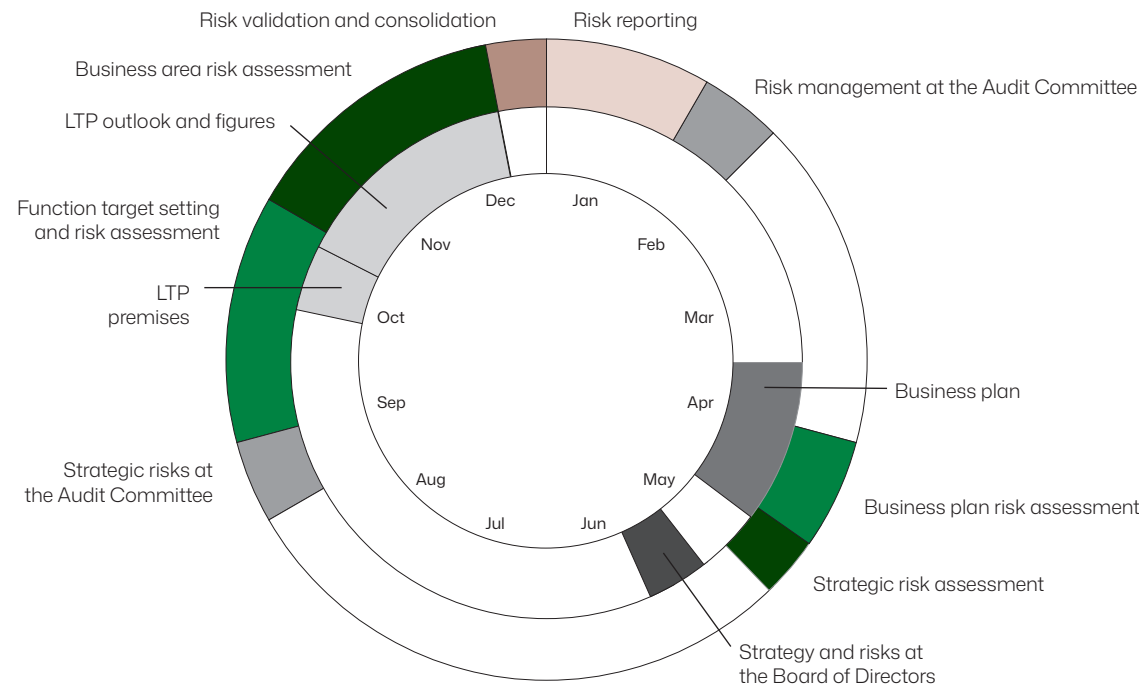
Risk management is an integral part of UPM’s management system, as risk-taking is a normal part of business operations. While executing strategies, UPM and its business areas, functions and production units are exposed to several uncertainties. Each business area, function and unit is responsible for 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.

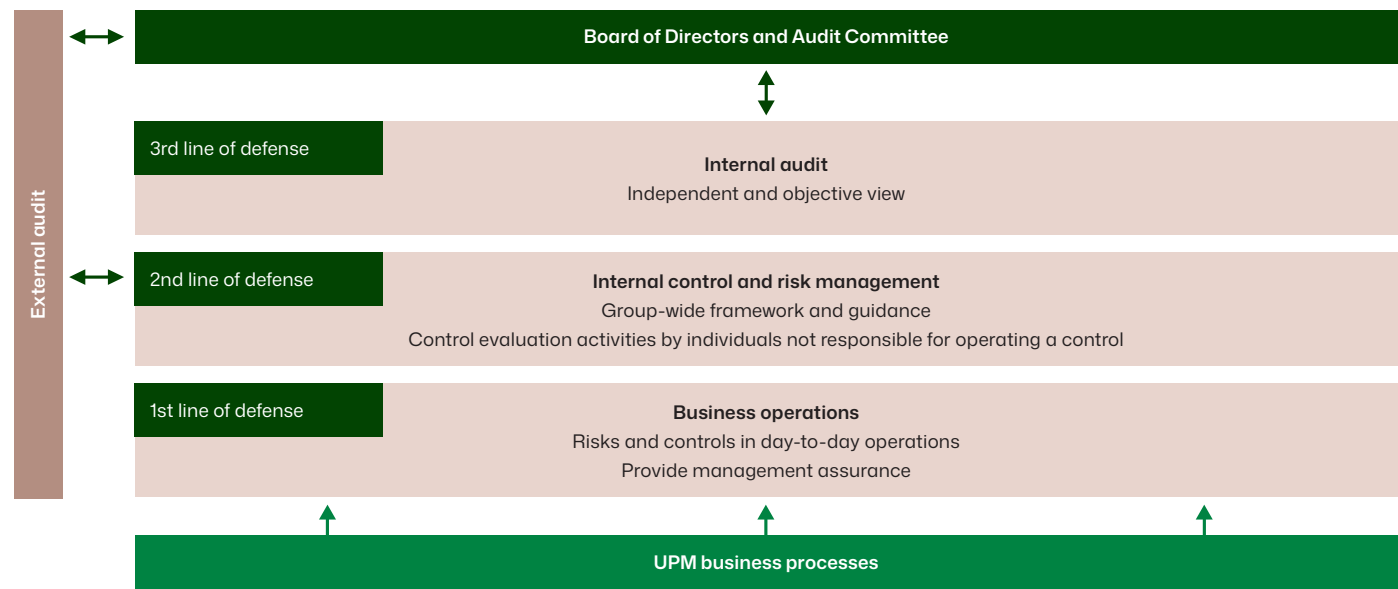
**Annual risk management cycle**  
The Company’s annual risk management process is linked to the Company’s long-term planning process (LTP), presented in the illustration below.

Annual risk management cycle



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Internal control</b></p> <p>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</p> | <p>of such control. The Audit Committee assists the Board in monitoring the internal control system’s effectiveness.</p> <p><b>Internal control system</b></p> <p>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 Organizations of the Treadway Commission (COSO).</p> | <p>The five components of UPM’s internal control system are:</p> <ol style="list-style-type: none"><li>1. Control environment</li><li>2. Risk assessment</li><li>3. Control activities</li><li>4. Information and communication</li><li>5. Monitoring activities</li></ol> <p>UPM’s system of internal control can be described by the lines of defense model, which is reflected in UPM’s risk management and control processes.</p> | <p>environment is the control of UPM’s IT applications and IT infrastructure. A dedicated set of internal controls aims to ensure the reliability of UPM’s IT systems and the segregation of duties in the IT environment.</p> <p><b>Risk assessment</b></p> <p>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 define control objectives 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. Based on the assessment, the risk assessment is updated annually with the planned control actions and control targets.</p> | <p>and they include the reconciliations and analytical reviews required to ensure the accuracy of reported data.</p> <p>The results of the control risk assessment and testing of the process-level controls are analyzed and reported to the Audit Committee.</p> <p><b>Information and communication</b></p> <p>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 any changes in internal controls due to process or organizational changes. Regular communication from internal control process owners ensures that controls are clearly defined, and that the minimum requirements for the relevant internal controls are communicated effectively.</p> | <p>internal controls as part of their audit work, and their recommendations and observations are considered when maintaining and developing the internal control system.</p> <p><b>Internal audit</b></p> <p>UPM’s internal audit assists the Company in achieving its objectives by providing a systematic and disciplined approach to evaluating and improving the risk management, internal control and governance processes.</p> <p>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 the internal audit’s plan and budget, which form the framework for internal audit operations.</p> <p>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 and 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.</p> <p>In addition, the internal audit manages the Report Misconduct channel and the related investigation process for alleged misconduct, and reports to the Audit Committee on submissions under this channel on a quarterly basis. To strengthen the speak-up culture and harmonize 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.</p> <p>The 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, the management of the audited operations, and the auditor. The Head of Internal Audit attends all Audit Committee meetings and has quarterly sessions with the Committee</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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 an integral part of UPM’s overall internal control framework. The effectiveness of internal control is also ensured for outsourced services, as they follow UPM’s internal control framework. 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

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, the 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.

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 to 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.

**Organization of insider administration**  
The Company’s Chief Compliance Officer is in charge of the overall organization 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 abovementioned 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 related 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 2025, Ernst & Young Oy, a firm of authorized public accountants, acted as the Company’s auditor (elected at AGM 2024) and was re-elected as the Company’s auditor for the financial period 2026 (elected at AGM 2025), with Authorized Public Accountant (KHT) Heikki Ilkka as the lead audit partner for the financial period 2025.

Ernst & Young Oy, a firm of authorized sustainability audit, was also elected as the Company’s sustainability reporting assurer for the financial period 2025, with Authorized Sustainability Auditor (KRT) Heikki Ilkka as the principally responsible sustainability reporting assurer for the financial period 2025.

Fees paid for the statutory sustainability reporting assurance are shown in the table on right.

|                                                                                                                                                                                                                                                                       |      |      |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|--|
| <b>Auditor’s fees</b>                                                                                                                                                                                                                                                 |      |      |  |
| According to the resolution of the AGM, the auditors’ fees for the financial period are 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 below. |      |      |  |
| <b>Auditor’s and sustainability reporting assurer’s fees</b>                                                                                                                                                                                                          |      |      |  |
| € million                                                                                                                                                                                                                                                             | 2025 | 2024 |  |
| Audit fee                                                                                                                                                                                                                                                             | 4.7  | 4.5  |  |
| Audit-related services                                                                                                                                                                                                                                                |      |      |  |
| Sustainability statement assurance                                                                                                                                                                                                                                    | 0.4  | 0.3  |  |
| Other audit related services                                                                                                                                                                                                                                          | 0.1  | 0.3  |  |
| Tax services                                                                                                                                                                                                                                                          | 0.6  | 0.6  |  |
| Other services                                                                                                                                                                                                                                                        | 0.4  | 0.1  |  |
| Total                                                                                                                                                                                                                                                                 | 6.2  | 5.8  |  |

In 2025, auditor’s fees include €0.5 million (0.6) related to audit-related services, €0.6 million (0.4) related to tax services and €0.4 million (0.0) related to other services paid to Ernst & Young Oy.

[Governance on our website](#)

# Remuneration Report 2025

## 1. Foreword from UPM’s Remuneration Committee Chair

Dear Shareholders,

I’m pleased to present to you UPM’s Remuneration Report 2025. In this report we present the remuneration for UPM’s Board of Directors and the President and CEO for 2025 and how the remuneration is aligned with our Remuneration Policy and UPM strategy.

We highly value the perspectives of our shareholders and remain committed to constructive dialogue. Feedback is actively considered, and where appropriate and consistent with our governance principles, regulatory requirements and strategic priorities, it is reflected in our remuneration practices. Furthermore, we conduct regular market benchmarking to ensure that our remuneration framework remains competitive across international markets, equitable, and aligned with the company’s strategic objectives, thereby supporting company’s long-term financial success and the sustainable creation of shareholder value.

### UPM’s performance in 2025

The year 2025 started in a positive sentiment of market recovery across most UPM businesses. However, uncertainty in global trade soon ramped up significantly with the introduction of increased and changing tariffs between the U.S. and nearly all other regions in the world. The unusual uncertainty impacted decision-making by the customers and muted consumer sentiment as the year progressed. Demand for UPM’s products remained slow and most market prices decreased. The uncertainty impacted UPM Fibres and UPM Communication Papers the most, while the other businesses were more resilient, even improving their performances in the second half of the year from the previous year.

UPM continued to implement competitiveness and efficiency measures to protect profitability, prepare for market recovery,

and capture growth in the future. In Fibres North, production was curtailed at the Finnish pulp mills due to high wood cost and low pulp prices. UPM Communication Papers implemented further capacity closures. UPM Adhesive Materials relocated production to lower-cost units, while at the same time, making growth investments in the U.S. and Southeast Asia.

The Fibres South platform showed its competitiveness, achieving strong profitability even during the low pulp prices. Our milestone investment, the UPM Paso de los Toros pulp mill, performed well. The mill had its first full year of nominal capacity available, and the efficient railway to Montevideo fully operational.

Our biorefinery in Leuna, Germany, began customer deliveries of industrial sugars during the fourth quarter, and is expected to bring further products to the market in the first half of 2026. The biorefinery is expected to reach full production and positive EBIT during 2027.

In 2025, UPM started two significant portfolio projects. In September, we began a strategic review of the plywood business to identify ways to maximize its long-term potential and shareholder value. This review is expected to be completed by the end of 2026. In December, we signed a letter of intent to form a graphic paper Joint Venture, which would include all the UPM Communication Papers business. The aim is to position the communication paper business for continued value creation for its customers in a way that benefits UPM shareholders.

### Application of the Remuneration Policy in 2025

The remuneration of the Directors and the President and CEO for the 2025 financial year was carried out in accordance with the Remuneration Policy. No temporary deviations from the Policy were made, and no CEO



or Director remuneration was reclaimed or restated during 2025.

In 2025, the remuneration paid to and confirmed for the CEO was in line with the company’s Remuneration Policy, pay-for-performance approach, based on the company’s performance, achievements, and progression toward ambitious strategic targets and priorities.

### Looking ahead to 2026

In addition to the strategic portfolio projects mentioned, UPM will focus on further improving competitiveness, increasing capital efficiency, and strengthening its balance sheet. Following the recent investments, the company has a strong asset base to capture focused market growth opportunities in a capital-efficient way.

The Board is dedicated to ensuring that the remuneration framework drives and rewards the achievement of strategic priorities, promoting UPM’s long-term financial success, competitiveness, and favorable development of shareholder value. The alignment of the interests of our shareholders and the remuneration is of high importance, therefore we aim to review the shareholder recommendation to ensure it remains aligned with the prevailing market practice.

Finally, I wish to express our appreciation to all shareholders for their ongoing trust and support.

**Martin à Porta**  
Remuneration Committee Chair

## 2. Introduction

This Remuneration Report 2025 (the Report) presents the remuneration of the members of the Board of Directors (the Directors) and the President and CEO (the CEO) of UPM-Kymmene Corporation (the company or UPM) for the 2025 financial year.

The Report was prepared in accordance with the requirements set forth in the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act, Decree of the Ministry of Finance on the remuneration policy and remuneration report of a share issuer, and the Finnish Corporate Governance Code 2025.

The Report was prepared by the Board

of Directors’ Remuneration Committee and Nomination and Governance Committee and approved by the Board of Directors (the Board) for presentation and adoption at the 2026 Annual General Meeting (the AGM). The resolution of the general meeting on the Report is advisory.

The 2025 AGM adopted the Remuneration Report for the 2024 financial year without a full vote count, as this is not carried out at physical general meetings unless specifically requested at the meeting.

The company’s statutory auditor has verified that the information required by the above-mentioned Decree of the Ministry of

Finance has been provided in the Report.

According to the Finnish Limited Liability Companies Act, the remuneration policy shall be presented to the general meeting every four years, unless a revised remuneration policy is presented to the general meeting before then. UPM’s Remuneration Policy (the Policy) was presented to the AGM in 2020 and 2024. The AGM adopted the Policy on both occasions without a full vote count. The resolution of the AGM is advisory.

The Board’s Remuneration Committee and the Nomination and Governance Committee review the appropriateness of the Policy annually.

### Remuneration and company performance over the last five financial years

| Position/ Company measure                                                               | 2021 <sup>1)</sup> | 2022 <sup>1)</sup> | 2023 <sup>1)</sup> | 2024 <sup>1)</sup> | 2025 <sup>1)</sup> |
|-----------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Chair of the Board (€)</b>                                                           | 195,000            | 200,000            | 218,000            | 231,000            | 240,000            |
| <b>Deputy Chair of the Board (€)</b>                                                    | 140,000            | 140,000            | 145,000            | 145,000            | 150,000            |
| <b>Other member of the Board (€)</b>                                                    | 115,000            | 115,000            | 120,000            | 120,000            | 120,000            |
| Chair of the Audit Committee <sup>2)</sup> (€)                                          | 35,000             | 35,000             | 35,000             | 45,000             | 50,000             |
| Member of the Audit Committee <sup>2)</sup> (€)                                         | 15,000             | 15,000             | 15,000             | 25,000             | 30,000             |
| Chair of the Nomination and Governance Committee <sup>2)</sup> (€)                      | 20,000             | 20,000             | 20,000             | 20,000             | 20,000             |
| Chair of the Remuneration Committee <sup>2)</sup> (€)                                   | 20,000             | 27,500             | 27,500             | 27,500             | 27,500             |
| Member of the Remuneration or the Nomination and Governance Committee <sup>2)</sup> (€) | 10,000             | 10,000             | 10,000             | 10,000             | 10,000             |
| <b>CEO, Jussi Pesonen</b> (until Dec 31, 2023) (€1,000)                                 | 3,734              | 5,486              | 5,561              |                    |                    |
| <b>CEO, Massimo Reynaudo</b> (from Jan 1, 2024 onwards) (€1,000)                        |                    |                    |                    | 1,418              | 1,387              |
| <b>UPM Average Employee</b> <sup>3)</sup> (€)                                           | 52,235             | 52,940             | 63,266             | 60,128             | 62,119             |
| <b>Total Shareholder Return</b> (%) <sup>4)</sup>                                       | +75                | +29                | +28                | -9                 | -17                |
| <b>Comparable ROE, %</b>                                                                | 11.7               | 14.0               | 6.2                | 8.3                | 6.5                |
| <b>Comparable EBIT</b> (€m)                                                             | 1,471              | 2,096              | 1,013              | 1,224              | 921                |

<sup>1)</sup> For Board and Committee members, the reporting period is from the AGM to the following year’s AGM, but for the CEO, UPM Average Employee, and company performance it is a financial year.

<sup>2)</sup> The annual Committee fee is paid in addition to the annual base fee of the Chair, Deputy Chair, or other member of the Board of Directors.

<sup>3)</sup> UPM Average Employee remuneration is calculated by dividing the disclosed financial statement value of employee costs by the number of personnel at the end of the financial year in question (excluding the CEO and the remuneration paid to the CEO during the financial year). UPM Average Employee remuneration includes the following elements of employee costs: salaries, fees, and share-based payments.

<sup>4)</sup> Three-calendar-year absolute total shareholder cumulative return with dividends reinvested.

### 3. Remuneration of the Board of Directors

The Board remuneration as resolved by the AGM in 2025:

| Annual base fee (€)       | 2025    | Payment mechanism                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chair of the Board        | 240,000 | <ul style="list-style-type: none"><li>Approximately 40% in company shares and the rest in cash to cover taxes. The company paid the costs and transfer tax related to the purchase of the company shares</li><li>Shares may not be transferred within two years of the purchase date or until the Director's term on the Board ends, whichever comes first.</li></ul> |
| Deputy Chair of the Board | 150,000 |                                                                                                                                                                                                                                                                                                                                                                       |
| Board member              | 120,000 |                                                                                                                                                                                                                                                                                                                                                                       |

| Annual committee fee (€)            | Chair  | Member | Payment mechanism |
|-------------------------------------|--------|--------|-------------------|
| Audit Committee                     | 50,000 | 30,000 | Cash              |
| Remuneration Committee              | 27,500 | 10,000 |                   |
| Nomination and Governance Committee | 20,000 | 10,000 |                   |

| Director             | Annual base fee (EUR) of which |                 | Annual committee fee (€) | Total remuneration (€) | Number of shares purchased as part of annual base fee <sup>1)</sup> |
|----------------------|--------------------------------|-----------------|--------------------------|------------------------|---------------------------------------------------------------------|
|                      | 40% in shares (€)              | 60% in cash (€) |                          |                        |                                                                     |
| Henrik Ehrnrooth     | 240,000                        |                 | 20,000                   | 260,000                | 4,170                                                               |
|                      | 96,000                         | 144,000         |                          |                        |                                                                     |
| Kim Wahl             | 150,000                        |                 | 10,000                   | 160,000                | 2,606                                                               |
|                      | 60,000                         | 90,000          |                          |                        |                                                                     |
| Pia Aaltonen-Forsell | 120,000                        |                 | 50,000                   | 170,000                | 2,085                                                               |
|                      | 48,000                         | 72,000          |                          |                        |                                                                     |
| Jari Gustafsson      | 120,000                        |                 | 30,000                   | 150,000                | 2,085                                                               |
|                      | 48,000                         | 72,000          |                          |                        |                                                                     |
| Piia-Noora Kauppi    | 120,000                        |                 | 10,000                   | 130,000                | 2,085                                                               |
|                      | 48,000                         | 72,000          |                          |                        |                                                                     |
| Melanie Maas-Brunner | 120,000                        |                 | 10,000                   | 130,000                | 2,085                                                               |
|                      | 48,000                         | 72,000          |                          |                        |                                                                     |
| Topi Manner          | 120,000                        |                 | 10,000                   | 130,000                | 2,085                                                               |
|                      | 48,000                         | 72,000          |                          |                        |                                                                     |
| Marjan Oudeman       | 120,000                        |                 | 30,000                   | 150,000                | 2,085                                                               |
|                      | 48,000                         | 72,000          |                          |                        |                                                                     |
| Martin à Porta       | 120,000                        |                 | 27,500                   | 147,500                | 2,085                                                               |
|                      | 48,000                         | 72,000          |                          |                        |                                                                     |
| Total                | 1,230,000                      |                 | 197,500                  | 1,427,500              | 21,371                                                              |
|                      | 492,000                        | 738,000         |                          |                        |                                                                     |

<sup>1)</sup> Transaction date April 25, 2025.

The 2025 AGM resolved the remuneration paid to the members of the Board. Shares purchased as part of the Board remuneration for Directors in 2025 may not be transferred for two years from the purchase date (April 25, 2025) or until the Director's

term ends, whichever comes first. Directors are encouraged to hold company shares long term, and most have substantial holdings, indicating close alignment of the Directors' interests with those of shareholders.

Actual travel and accommodation ex-

penses related to Board and Committee work were compensated against invoice. Directors did not receive meeting fees or other financial benefits for their board or committee membership other than those stated in this Report.

### 4. Remuneration of the CEO

The aim of the CEO's remuneration is to drive and reward the achievement of the company's strategic priorities and thereby promote the company's long-term financial success, competitiveness and favorable development of shareholder value.

The remuneration of the CEO consists of fixed components, such as base salary and

fringe benefits, as well as variable components, such as short- and long-term incentives, pension, and other financial benefits. The variable components of the CEO's remuneration form a significant portion of the theoretical maximum total remuneration opportunity. The payout depends on the achievement of the predetermined perfor-

mance measures that support the execution of the company's strategic priorities and promote the company's long-term value creation and financial growth.

The share ownership recommendation further strengthens the alignment of the company, the CEO, and the company's shareholders' interests.

CEO's total remuneration:

| CEO (€ 1,000)                                                       | Remuneration paid during the 2025 financial year | Remuneration confirmed from STI 2025 and PSP 2023-2025 (paid during the 2026 financial year) |
|---------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------|
| Base salary                                                         | 927                                              |                                                                                              |
| Short-term incentive                                                | 261 (STI 2024 <sup>1)</sup> )                    | 21 (STI 2025 <sup>2)</sup> )                                                                 |
| Long-term incentive                                                 | 169 (PSP 2022-2024 <sup>3)</sup> )               | 157 (PSP 2023-2025 <sup>4)</sup> )                                                           |
| Other financial benefits <sup>5)</sup>                              | 30                                               |                                                                                              |
| Total                                                               | 1,387                                            |                                                                                              |
| Proportional share of fixed and variable remuneration <sup>6)</sup> | 69% / 31%                                        |                                                                                              |
| Pension benefit <sup>7)</sup>                                       | 190                                              |                                                                                              |

<sup>1)</sup> The payout from the STI 2024 Plan is based on performance against predetermined measures in the 2024 financial year. The STI 2024 payout was paid in February 2025.

<sup>2)</sup> The payout from the STI 2025 plan is based on the performance against predetermined measures in the 2025 financial year. Approved by the Board of Directors on February 4, 2026. The STI 2025 payout was paid in February 2026.

<sup>3)</sup> Calculated using the volume weighted average share price of €28.11 on the share delivery date of February 28, 2025. The PSP 2022-2024 allocation was related to the CEO's previous position within the company as Executive Vice President, UPM Communication Papers.

<sup>4)</sup> Calculated using the volume weighted average share price of €27.02 on the share delivery date of February 27, 2026. The PSP 2023-2025 allocation was related to the CEO's previous position within the company as Executive Vice President, UPM Communication Papers. Approved by the Board of Directors on February 17, 2026.

<sup>5)</sup> Other financial benefits include fringe benefits and the taxable values of a company car, bicycle, phone, accommodation benefit, tax compliance services, and health insurance. In addition to these fringe benefits, the CEO had the following additional insurances in place during the 2025 financial year: life, disability, travel, and accident. The company committed also to paying the CEO a full base salary for one year in case of severe illness and related absence from work. This commitment was arranged through insurance. The CEO was also eligible to participate in other employee benefit arrangements offered to company employees during the financial year.

<sup>6)</sup> The variable remuneration paid in 2025 relates partly to the CEO's previous position within the company before the appointment as the CEO.

<sup>7)</sup> The CEO has a voluntary pension benefit to supplement the Finnish statutory pension scheme (TyEL). This voluntary pension benefit is arranged through a defined contribution plan. The contribution is 20% of the base salary. The retirement age for the CEO is 65.

#### The CEO's short-term incentive in 2025

The performance measures, related targets, and weights for the CEO's short-term incentive are set annually by the Board for a one-year performance period. These measures can vary from year to year to align with the company's strategic priorities and usually include a balance of financial, strategic, operational, sustainability, safety, individual or other types of measures, provided that in

any given year the majority of the measures will be based on financial criteria.

For the Short-term Incentive Plan 2024 (STI 2024) the Board set two financial measures for the CEO, i.e. EBITDA and operative cash flow. The weight of EBITDA measure accounted for 60% of the total, and the weight of operative cash flow measure accounted for 20%. In addition, the Board set one strategic measure for the CEO, the Leuna biochemicals refinery project, which accounted for 20% of the total. The set measures and target

setting remained constant and unchanged throughout the 2024 financial year. The Board evaluated performance against the set measures and targets for the short-term incentive plan and did not exercise its right for discretion regarding the payout. The short-term incentive payout was according to the formulaic outcome.

The total achievement for the whole short-term incentive was 18.3% of the defined maximum annual short-term incentive payout opportunity and overall cap of 150%

of the annual base salary. The STI 2024 pay-out, based on 2024 performance, was paid in February 2025.

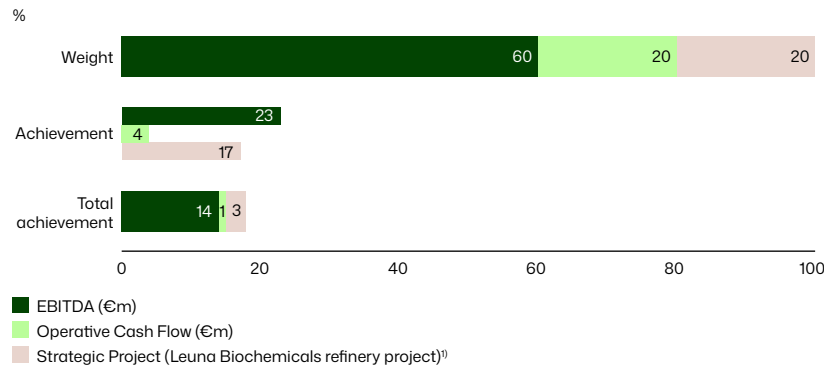
For the Short-term Incentive Plan 2025 (STI 2025) the Board set two financial measures for the CEO, i.e. EBITDA and operative cash flow. The weight of EBITDA measure accounted for 70% of the total, and the weight of operative cash flow measure accounted for 30%. The set measures and target setting remained constant and unchanged throughout the 2025 financial year. The Board evaluated performance against the set measures and targets for the short-term incentive plan and did not exercise its right for discretion regarding the payout. The short-term incentive payout was according to the formulaic outcome.

The total achievement for the whole short-term incentive was 1.5% of the defined maximum annual short-term incentive payout opportunity and overall cap of 150% of the annual base salary. The STI 2025 payout, based on 2025 performance, was paid in February 2026.

## The CEO’s long-term incentive in 2025

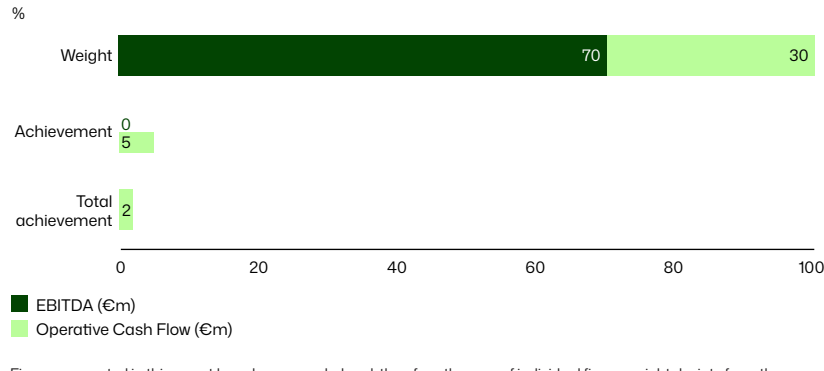
The CEO’s long-term incentive is based on the company’s Performance Share Plan (PSP), consisting of individual plans that commence annually and are approved by the Board.

### STI 2024 Achievement



Figures presented in this report have been rounded and, therefore, the sum of individual figures might deviate from the presented total figure.  
<sup>1)</sup> Strategic Project includes measures for safety, budget, timeline and sales

### STI 2025 Achievement



Figures presented in this report have been rounded and, therefore, the sum of individual figures might deviate from the presented total figure.

| Performance share plan                  | PSP 2022–2024                                       | PSP 2023–2025                                      | PSP 2024–2026                                      | PSP 2025–2027                                      |
|-----------------------------------------|-----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Max. no. of shares allocated to the CEO | 30,000 <sup>1)</sup>                                | 29,000 <sup>1)</sup>                               | 72,952                                             | 75,530                                             |
| Performance measure (weight)            | TSR <sup>2)</sup> (100%)<br>ESG <sup>3)</sup> (20%) | TSR <sup>2)</sup> (80%)<br>ESG <sup>4)</sup> (20%) | TSR <sup>2)</sup> (80%)<br>ESG <sup>4)</sup> (20%) | TSR <sup>2)</sup> (80%)<br>ESG <sup>4)</sup> (20%) |
| Actual achievement (0–100)              | 20.00%                                              | 20.00%                                             | N/A                                                | N/A                                                |
| No. of shares earned                    | 6,000                                               | 5,800                                              | N/A                                                | N/A                                                |
| Share delivery (year)                   | 2025                                                | 2026                                               | 2027                                               | 2028                                               |

<sup>1)</sup> The maximum number of shares allocated in relation to the CEO’s previous position within the company as Executive Vice President, UPM Communication Papers.

<sup>2)</sup> Total shareholder return.

<sup>3)</sup> For the PSP 2022–2024 Plan, the Board set absolute total shareholder return (TSR) as a performance measure, and the weight of this measure accounted for 80% of all measures. The TSR performance measure takes into account share price appreciation and paid dividends during the three-year performance period. The Board also set three sustainability-related performance measures and the total weight of these measures accounted for 20% of all measures. Two of the sustainability performance measures are environmental in essence: Reduction of fossil CO<sub>2</sub> emissions from UPM’s own combustion and purchased electricity by 65% by 2030 from the 2015 level (10% weight) and the achievement of a net positive impact on biodiversity in the company’s own forests in Finland (5% weight). The third sustainability performance measure is a social measure: Achievement of gender pay equity (5% weight). The sustainability performance measures in the PSP 2022–2024 Plan are based on the company’s sustainability targets for 2030.

<sup>4)</sup> For the PSP 2023–2025, PSP 2024–2026 and PSP 2025–2027 Plans, the Board set absolute total shareholder return (TSR) as a performance measure and the weight of this measure accounted for 80% of all measures. The TSR performance measure takes into account share price appreciation and paid dividends during the three-year performance period. The Board also set three sustainability-related performance measures and the total weight of these measures accounted for 20% of all measures. Two of the sustainability performance measures are environmental in essence: Reduction of fossil CO<sub>2</sub> emissions from UPM’s on-site combustion and purchased energy by 65% by 2030 from the 2015 level (10% weight) and the achievement of a net positive impact on biodiversity in the company’s own forests in Finland (5% weight). The third sustainability performance measure is a social measure: Achievement of gender pay equity (5% weight). The sustainability performance measures in PSP 2023–2025, PSP 2024–2026 and PSP 2025–2027 Plans are based on the company’s sustainability targets for 2030.

These plans have a minimum performance period of three years. The Board sets performance measures, related targets, and weights for each commencing plan annually. These measures, targets, and weights can vary from plan to plan to promote the company’s long-term value creation and financial growth without encouraging excessive risk taking. These measures may include, but are not limited to, financial, share price-related, and sustainability (ESG) measures.

The maximum and actual values of the share rewards indicated in the table on the previous page represent the gross number of shares from which the applicable taxes will be deducted before the shares are delivered to the CEO.

### Performance measures for the long-term incentive plan 2022–2024

For the PSP 2022–2024, the Board set absolute total shareholder return (TSR) and selected sustainability measures as the plan’s performance measures. The weight of TSR measure accounted for 80% of the total, while the weight of sustainability measures accounted for the remaining 20%.

Total shareholder return takes into account share price appreciation and paid dividends.

The sustainability measures included the reduction of fossil CO<sub>2</sub> emissions from UPM’s own combustion and purchased electricity (10% weight), the achievement of a net positive impact on biodiversity in the company’s own forests in Finland (5% weight), and the achievement of gender pay equity (5% weight).

The set measures and target setting remained constant and unchanged throughout the three-year earning period.

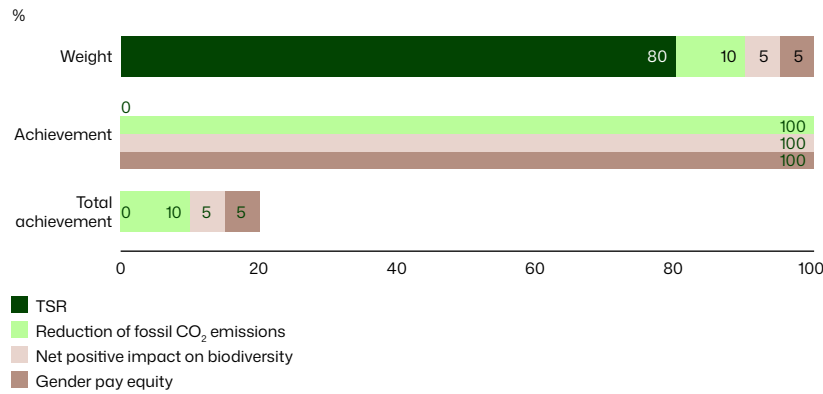
The Board evaluated performance against the set measures and targets for the long-term incentive plan and did not exercise its right for discretion regarding the payout. The long-term incentive payout was according to the formulaic outcome.

The total achievement was 20.00% of the predefined maximum target setting. Shares earned from the PSP 2022–2024 were delivered to the CEO in February 2025.

### Performance measures for the long-term incentive plan 2023–2025

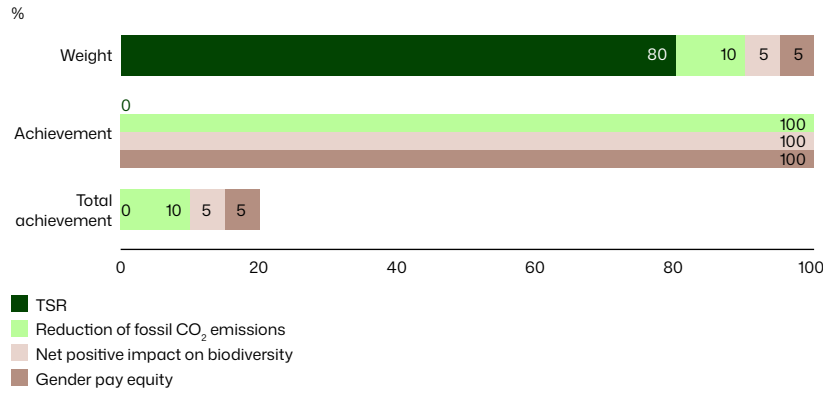
For the PSP 2023–2025, the Board set absolute

### PSP 2022–2024 Achievement



Figures presented in this report have been rounded and, therefore, the sum of individual figures might deviate from the presented total figure.

### PSP 2023–2025 Achievement



Figures presented in this report have been rounded and, therefore, the sum of individual figures might deviate from the presented total figure.

total shareholder return (TSR) and selected sustainability measures as the plan’s performance measures. The weight of TSR measure accounted for 80% of the total, while the weight of sustainability measures accounted for the remaining 20%.

Total shareholder return takes into account share price appreciation and paid dividends.

The sustainability measures included the reduction of fossil CO<sub>2</sub> emissions from UPM’s on-site combustion and purchased energy (10% weight), the achievement of a net positive impact on biodiversity in the company’s own forests in Finland (5% weight), and

the achievement of gender pay equity (5% weight).

The set measures and target setting remained constant and unchanged throughout the three-year earning period.

The Board evaluated performance against the set measures and targets for the long-term incentive and did not exercise its right for discretion regarding the payout. The long-term incentive payout was according to the formulaic outcome.

The total achievement was 20.00% of the predefined maximum target setting. Shares earned from the PSP 2023–2025 were delivered to the CEO in February 2026.

# Accounts and performance

|                                        |     |
|----------------------------------------|-----|
| Report of the Board of Directors ..... | 116 |
| Sustainability Statement .....         | 133 |
| Financial Statements .....             | 258 |
| Auditor's Report .....                 | 343 |
| Sustainability Assurance Reports ..... | 350 |
| Other financial information .....      | 355 |
| More on sustainability .....           | 360 |
| Contact us .....                       | 362 |



# Report of the Board of Directors

|                               |     |
|-------------------------------|-----|
| Market environment in 2025    | 118 |
| Results                       | 119 |
| Outlook for 2026              | 123 |
| Operations                    | 124 |
| Sustainability Statement 2025 | 133 |
| Research and development      | 250 |
| Information on shares         | 254 |

## UPM introduction and business model

We are a material solutions company and provide renewable alternatives to fossil-based materials used in everyday life. Our strong business portfolio in renewable fibres, advanced materials and decarbonization solutions provides several attractive growth opportunities.

We will further improve competitiveness, increase capital efficiency, and strengthen our balance sheet. We will capture focused growth opportunities. Following recent investments, UPM has a strong asset base to capture market growth opportunities in a capital-efficient way. We aim to develop a portfolio of world-class businesses.

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 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                  | Businesses                                 | Outcomes                       |
|------------------------|--------------------------------------------|--------------------------------|
| Portfolio strategy     | Business area strategies                   | World-class businesses         |
| Capital allocation     | Commercial excellence                      | Competitive advantage          |
| Business targets       | Operational excellence                     | Growth                         |
| Code of Conduct        | Cost competitiveness                       | Value creation                 |
| Sustainability targets | Preparation and implementation of projects | Stakeholder and societal value |
|                        | Innovation                                 | License to operate             |

Our businesses in various parts of the bio and forest industry value chain operate as separate market-driven 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 cooperation with our customers, suppliers and partners.

## Market environment in 2025

The global economy is estimated to have grown by a little over 3% in 2025. World trade in goods increased by 2.5% according to WTO. Global inflation continued its downward trajectory from the post-pandemic highs, settling at just over 4%.

The U.S. announced a new tariff regime in April 2025, imposing broad, double-digit tariffs on imports, with escalations toward China, the EU, and India. Sharp increases caused a supply shock in the U.S. and demand shocks elsewhere, slowing trade growth and disrupting supply chains. Uncertainty curbed investment, dampened consumption, and delayed business decisions.

Russia-Ukraine war continued into its fourth year with no durable resolution, sustaining energy and food price pressures and European energy security concerns. Conflicts in the Middle East caused regional instability, oil price volatility and concerns over shipping routes. Amid these headwinds, AI-related capital expenditure surged, contributing significantly to growth and preventing the worst predictions from coming true.

The EU economy showed resilience, achieving real GDP growth of 1.4% thanks to good early-year performance, front-loaded exports and investment. Spain and Poland outpaced the average growth, offsetting slower growth in Germany and Italy. Inflation eased to 2.5%, with unemployment stable at 6%.

The U.S. economy weathered severe trade and domestic policy tensions growing by over 2%, fuelled by solid consumer spending, robust investment, exports and government outlays. Inflation held steady at a moderate 2.7% year-end.

The Asia-Pacific (APAC) showed notable resilience as the world's fastest-growing area, contributing around 60% of global growth despite headwinds uncertainty over tariffs and subdued demand in subregions. Growth in broader APAC held steady at around 4.5%.

The COP30 conference held in November 2025 in Belém, Brazil, marked the tenth anniversary of the Paris Agreement. Amid geopolitical tensions, U.S. tariffs and surging energy demand, the focus shifted from ambition toward implementation, bridging the gap between pledges and action, as well as balancing energy security, affordability, and sustainability. The Belém Package focused on adaptation, finance delivery, multilateral cooperation, and human-centered outcomes across 29 consensus decisions.

The outlook for electricity growth is strong, driven by AI data centers, electrification, cooling, and industrialization. In 2025, clean energy investment outpaced fossils, with solar and wind leading growth. The IEA's World Energy Outlook stressed this as a defining shift, with renewables expanding fast enough to meet new demand in some periods, but overall emissions still increasing.

The year started in a positive sentiment of market recovery in most of UPM businesses. As uncertainty in the global trade ramped up with the introduction of tariffs, the demand for our products slowed and most market prices decreased, most notably pulp and paper prices. Our pulp, label material and biofuel deliveries increased year-on-year, but deliveries of paper, plywood, timber and electricity fell. The direct impact of tariffs was relatively minor in 2025 and impacted mainly UPM Communication Papers.

The U.S. dollar weakened rapidly during Q2 2025 and stayed broadly stable on a lower level vs. the euro during H2 2025. This had a negative impact on UPM's businesses, especially UPM Fibres and UPM Communication Papers.

Global market shipments of BHKP pulp were up 6% year-over-year and NBSK down slightly in the first 11 months compared with the previous year. In the full year 2025, the average European pulp market price in euros was 2.5% lower for NBSK and 14% lower for BHKP compared to 2024. In China, the average pulp market price in US dollars was 7% lower for NBSK and 15% lower for BHKP year-over-year.

European demand for graphic papers decreased by 8% in 2025 compared with 2024. Market prices decreased for all grades. In October, paper production at the UPM Kaukas mill in Finland ended permanently, and in December, it ended at the UPM Ettringen mill in Germany. These changes reduced UPM's graphic paper production capacity by 13%.

The global markets for self-adhesive label materials were resilient in Europe, market shipments growing by 2% year-over-year, but growth slowed down in North America to 1% and were challenging in the Asia-Pacific region. UPM's deliveries outpaced the market growth. Label, release liner and packaging paper markets were affected by tariff uncertainties, resulting in lower prices and reduced deliveries. Fine paper markets were slow but improved towards the end of the year.

Demand for spruce plywood in Europe was stable but at a relatively low level as the construction markets remained slow. Demand for birch plywood in panel trading and industrial end uses was good and demand for LNG end-use birch plywood very good.

In 2025, European electricity markets saw prices slightly up from 2024, with record solar generation. In the Nordics, high hydrological reserves pushed prices historically low in the first half of the year, but prices recovered in the latter part. The average Finnish area spot price was €40.5/MWh, 11% lower than in 2024.

Markets for advanced renewable biofuels improved. The price development of feedstock (CTO) and end products relative to each other was favorable. Interest in UPM's bio-based renewable functional fillers and glycols remained strong at the same time as the targeted markets continued their steady growth.

### Key figures

|                                                  | 2025   | 2024   | 2023   |
|--------------------------------------------------|--------|--------|--------|
| Sales, € million                                 | 9,656  | 10,339 | 10,460 |
| Comparable EBITDA, € million                     | 1,311  | 1,734  | 1,573  |
| % of sales                                       | 13.6   | 16.8   | 15.0   |
| Operating profit, € million                      | 749    | 604    | 608    |
| Comparable EBIT, € million                       | 921    | 1,224  | 1,013  |
| % of sales                                       | 9.5    | 11.8   | 9.7    |
| Profit before tax, € million                     | 690    | 500    | 464    |
| Comparable profit before tax, € million          | 863    | 1,123  | 934    |
| Profit for the period, € million                 | 491    | 463    | 394    |
| Comparable profit for the period, € million      | 714    | 953    | 755    |
| Earnings per share (EPS), €                      | 0.91   | 0.82   | 0.73   |
| Comparable EPS, €                                | 1.33   | 1.74   | 1.40   |
| Return on equity (ROE), %                        | 4.5    | 4.0    | 3.2    |
| Comparable ROE, %                                | 6.5    | 8.3    | 6.2    |
| Return on capital employed (ROCE), %             | 5.5    | 4.1    | 3.5    |
| Comparable ROCE, %                               | 6.7    | 8.2    | 6.4    |
| Operating cash flow, € million                   | 1,405  | 1,352  | 2,269  |
| Operating cash flow per share, €                 | 2.66   | 2.54   | 4.25   |
| Equity per share at the end of period, €         | 18.97  | 20.89  | 20.93  |
| Capital employed at the end of period, € million | 14,129 | 15,452 | 14,916 |
| Net debt, € million                              | 3,004  | 2,869  | 2,432  |
| Net debt to EBITDA                               | 2.29   | 1.66   | 1.55   |
| Personnel at the end of period                   | 15,127 | 15,827 | 16,573 |

Refer to [» Other financial information, Alternative performance measures](#) for definitions of key figures.

## Results

### 2025 compared with 2024

In 2025, sales were €9,656 million, 7% lower than the €10,339 million in 2024. Sales decreased due to lower sales prices and adverse changes in currencies, only partially offset by increased delivery volumes. Sales decreased in UPM Communication Papers, UPM Fibres, UPM Specialty Papers, UPM Plywood and UPM Energy business areas. Sales increased in UPM Adhesive Materials and in the Other operations reporting segment.

Comparable EBIT decreased by 25% to €921 million, 9.5 % of sales (1,224 million, 11.8%). Comparable EBIT decreased due to lower sales prices and adverse changes in currencies.

Sales prices decreased in all business areas, most notably in UPM Fibres, UPM Communication Papers and UPM Specialty Papers. Variable costs decreased, as increases in wood costs were more than offset by decreases in most other input cost categories. Fixed costs also remained unchanged on the Group level.

Delivery volumes increased in UPM Fibres, UPM Adhesive Materials and Other operations. Deliveries fell the most in UPM Communication Papers. On the Group level, the net impact of changes in delivery volumes was neutral to earnings.

Depreciation, amortization and impairment charges excluding items affecting comparability, totaled €535 million (590 million) including depreciation of leased assets totaling €90 million (85 million). The

change in the fair value of forest assets net of wood harvested was €144 million (80 million).

Operating profit totaled €749 million (604 million). Items affecting comparability in operating profit totaled €-171 million in the period (-620 million). In 2025, items affecting comparability include €42 million restructuring charges and €10 million impairment charges related to the closure of Ettringen paper mill in Germany, €36 million restructuring charges and €36 million impairment charges of fixed assets related to the closure of Kaukas paper machine 1 in Finland, €14 million reversal of restructuring charges related to the closure of Plattling paper mill in 2023, €9 million restructuring charges in UPM Communication Papers to improve mills' operations' efficiency, €4 million restructuring charges and €4 million impairment charges resulting from the exercise of a put option concerning the Kraftwerk Plattling power plant company in UPM Communication Papers, €28 million restructuring charges related to the discontinuation of label materials' production at Nancy factory in France, €30 million restructuring charges to improve operations' competitiveness and efficiency in UPM Adhesive Materials, €6 million addition to impairment charges and €2 million reversal of restructuring charges related to the closure of Kaltenkirchen factory, €2 million restructuring charges related to discontinuation of Rotterdam refinery project, €3 million restructuring charges and €1 million impairment charges related to the closure of the UPM Biomedicals business in Other operations, €10 million charges related to strategic review of UPM Plywood Business Area

and to the announced non-binding joint venture transaction between Sappi and UPM in the graphic paper business, €46 million capital gain on sale of Plattling paper mill site, and €7 million capital gain on sale of non-current assets. Additionally, items affecting comparability include other restructuring charges related to UPM Communication Papers, UPM Specialty Papers, UPM Adhesive Materials, UPM Plywood, UPM Fibres and Other operations.

In 2024, items affecting comparability included €373 million impairment of assets in biochemicals refinery in Leuna resulting from cost overruns and construction delays during the first-of-its-kind project. Additionally, items affecting comparability include €5 million impairment of UPM Biochemicals goodwill, and €113 million impairment of Pulp operations Finland goodwill resulting from high wood costs. Other items affecting comparability include €10 million restructuring charges and €26 million impairment charges of fixed assets related to closure of UPM Adhesive Materials' Kaltenkirchen factory in Germany, €40 million of restructuring and impairment charges related to the closure of Hürth newsprint mill in Germany, €54 million restructuring and impairment charges related to the closure of Nordland fine paper machine 3 in Germany, €4 million write down of inventory at the UPM Adhesive Materials' mill, located in Western North Carolina, USA, which was impacted by Hurricane Helene, €12 million restructuring and impairment charges related to the closure of the UPM Biocomposites business, a €21 million capital gain on the sale of UPM-Kymmene Austria GmbH to HEINZEL GROUP, €9 million capital gain on the sale of other non-current assets, €12 million other restructuring costs and €8 million related to prior capacity closures.

Net interest and other finance costs were €-102 million (-97 million). The exchange rate and fair value gains and losses were €43 million (-7 million). Items affecting comparability in finance costs totaled €-1 million (-3 million). Income taxes totaled €-200 million (-37 million). Items affecting comparability in taxes totaled €-51 million (133 million). Profit for 2025 was €491 million (463 million), and comparable profit was €714 million (953 million).

## Financing and cash flow

In 2025, the cash flow from operating activities before capital expenditure and financing totaled €1,405 million (1,352 million in 2024). Working capital decreased by €391 million (increased by 80 million).

Net debt was €3,004 million at the end of Q4 2025 (2,869 million at the end of Q4 2024). The gearing ratio as of December 31, 2025 was 29% (25%). The net debt to EBITDA ratio, based on the last 12 months' EBITDA, was 2.29 at the end of the period (1.66).

On December 31, 2025, UPM's cash funds and unused committed credit facilities totaled €2.7 billion. The total amount of committed credit facilities was €2 billion of which €259 million will mature in 2027, €1.8 billion will mature in 2029 or beyond.

Between February 10 and April 8, 2025, the Group repurchased a total of 6,000,000 own shares, with approximately €160 million in cash outflow.

For the 2024 financial year, the dividend of €1.50 per share was paid in two equal instalments. The first instalment of €0.75 per share (totaling €397 million) was paid on April 8, 2025, and the second instalment of €0.75 per share was paid on November 7, 2025 (totaling €396 million)..

## Capital expenditure

In 2025, capital expenditure excluding investments in shares totalled €409 million (527 million), and including investment in shares €621 million, which was 6.4% of sales (550 million, 5.3% of sales in 2024). Capital expenditure does not include additions to leased assets.

In 2026, UPM's total capital expenditure, excluding investments in shares, is expected to be about €300 million.

In January 2020, UPM announced that it would invest in a 220,000 tonne next-generation biochemicals biorefinery in Leuna, Germany. The total investment estimate is €1,335 million.

## Personnel

In 2025, UPM had an average of 15,802 employees (16,282). At the beginning of the year the number of employees was 15,827 and at the end of 2025 it was 15,127.

Further information about personnel is available in [» Sustainability Statement 2025](#).

## Planned graphic paper Joint Venture

On December 4, 2025, UPM announced it had signed a non-binding letter of intent with Sappi Limited to form a graphic paper Joint Venture. The Joint Venture would include the entire UPM Communication Papers business and Sappi's graphic paper business in Europe. The Joint Venture would be owned 50/50 by UPM and Sappi. It would operate as an independent company, managing its own operations, resources, and decisions within agreed shareholder boundaries.

### Securing long-term resilience and sustainability

The transaction would create a more efficient, adaptable and sustainable graphic paper business. It would create a structurally competitive cost base and supply security for the European and global customers.

By strategic reallocation of production volumes to the most efficient paper machines, the Joint Venture would achieve more sustainable capacity utilization and stronger operational performance, while continuing to serve customers with a broad portfolio of graphic paper products.

Overall, the Joint Venture would rationalize supply in an industry burdened by declining demand, structural overcapacity and high energy costs. It would contribute to a more balanced and resilient European market, and make the industry better positioned to withstand market challenges and increasing imports to Europe.

UPM Communication Papers has already today an ambitious climate action roadmap to reduce product emissions by up to 70% by 2030, supporting customers in achieving their climate targets. The Joint Venture would further enhance these opportunities. By optimizing capacity utilization, enhancing operational efficiencies and continuing to invest in decarbonization, the Joint Venture could reduce its overall climate impact, helping to advance the EU's Clean Industrial Deal objectives.

### Transaction overview and terms

The planned perimeter of the Joint Venture would include:

- The entire UPM Communication Papers business, including eight UPM Communication Papers' paper mills at Kymi, Rauma (including UPM RaumaCell) and Jämsänkoski (paper line 6) in Finland; Nordland (paper lines 1 and 4), Augsburg, Schongau in Germany; UPM Caledonian paper mill in the UK and UPM Blandin paper mill in the USA; and
- Sappi's European graphic paper business, including the following four graphic paper mills: Kirkniemi in Finland, Ehingen in Germany, Gratkorn in Austria and Maastricht in the Netherlands.

The Joint Venture is expected to create annual synergies estimated at about €100 million through asset optimization, product portfolio rationalization, logistics optimizations, sourcing efficiency improvements and operational efficiencies.

### Based on the letter of intent

- UPM and Sappi would contribute their respective businesses and assets to the Joint Venture with a combined enterprise value of €1,420 million, excluding the value of expected synergy benefits.
- UPM Communication Papers business is valued at €1,100 million (enterprise value). UPM would receive cash proceeds of €613 million and 50% shareholding in the Joint Venture.
- Sappi's European business is valued at €320 million (enterprise value). Sappi would receive cash proceeds of €139 million and 50% shareholding in the Joint Venture.

At the closing of the transaction, the Joint Venture would raise debt to fund the purchase prices payable to Sappi and UPM respectively. The Joint Venture would be independently financed and to the extent it would require additional funding in the future, it shall be without any recourse to the shareholders.

The Joint Venture would distribute dividends to its two shareholders according to its financial performance and standing.

The establishment of the Joint Venture would create a sustainable standalone business that ultimately will provide divestment flexibility for both shareholders. Three years after closing, with the Joint Venture expected to have completed the integration and realized the synergies, either shareholder may initiate a divestment of their shareholding.

### Impact of the transaction on UPM financials

The financial benefit for UPM at closing would include the €613 million cash payment to UPM by the Joint Venture, €406 million transfer of pension liabilities to the Joint Venture and UPM's share (50%) of the Joint Venture. The valuations and financial impact of the transaction are estimates at the time of the letter of intent, and subject to customary adjustments.

The valuation of UPM Communication Papers business at €1.1 billion is equal to a multiple of 4.6x EBITDA of last reported 12 months (Q4/2024-Q3/2025).

The UPM Communication Papers assets to be transferred to the Joint Venture represent less than 10% of UPM's total assets.

The ownership in the Joint Venture would be accounted for using the equity method.

The transaction is expected to have a positive impact on UPM's profitability margins (EBIT % of sales), balance sheet and leverage. UPM

would also achieve a more focused business portfolio operating on growth markets and would no longer have direct sales exposure to the declining European and North American graphic paper markets.

### Transaction subject to merger control and other conditions

Negotiations regarding the details of the Joint Venture are ongoing, and the parties expect the definitive agreements to be signed during the first half of 2026. The definitive agreements require the completion of external financing agreements, Sappi shareholder approval and other conditions.

The proposed transaction is subject to review by the European Commission and the relevant merger control and approval by the authorities in other jurisdictions such as the US, UK and China. The parties are committed to working with the regulatory authorities throughout the review process.

It is currently expected that the closing would take place by the end of 2026, subject to regulatory approvals and other closing conditions. The Joint Venture would become operational upon closing.

UPM Communication Papers and Sappi's European graphic paper business will continue to operate as separate and independent companies and manage their respective businesses until the closing of the intended Joint Venture according to the satisfaction of all legal and regulatory requirements.

## Strategic review of UPM Plywood

On September 23, 2025, UPM's Board of Directors decided to initiate a strategic review of UPM Plywood business area to assess options for maximizing the long-term potential of the Plywood business in an evolving market environment. The strategic review includes a range of possibilities, including a potential separation from UPM through for example a divestment, partial demerger or initial public offering. The aim is to determine the best path forward for the Plywood business, while also benefiting the value creation for UPM's shareholders. The review is expected to be concluded by the end of 2026.

During the strategic review process, UPM remains fully committed to the Plywood business and its customers.

## Biochemicals refinery investment

In January 2020, UPM announced that it would invest in a 220,000 tonne next-generation biochemicals refinery in Leuna, Germany. The investment estimate is €1,335 million.

The start-up of the Leuna biorefinery progressed in 2025. The wood-to-lignin-and-sugar process was successfully ramped up and the first commercial deliveries of industrial sugars took place in Q4 2025. With the achieved progress in the critical first part of the process and the advanced status of corrective works in the final core processes, production and sales of further products, lignin, renewable functional fillers and finally glycols is expected to start in 2026.

Commercial interest in the main products and side-streams has continued strong, with confirmed customer contracts and a sales and customer qualification pipeline that exceeds multiple times the annual capacity. The biorefinery is expected to reach full production and positive EBIT during 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 end-uses. The valuation of the products is driven by their sustainability performance which enables consumer brands to achieve market differentiation and by their superior technical performance. The investment opens 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 meet UPM's high standards and the strong focus on regional sourcing, especially of feedstock supports the market valuation.

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.

## Biofuels business development

On May 27, 2025, UPM announced plans to discontinue the development of its potential second biomass-to-fuels refinery at the Port of Rotterdam following extended technical, commercial and strategic evaluations. Consequently, UPM intends to halt all engineering activities related to the investment in Rotterdam and withdraw from all associated commitments.

Renewable fuels and renewable chemicals are the central elements of UPM's long-term growth in decarbonization solutions. UPM is focusing on three targeted growth areas in its biofuels business:

- Evaluating the potential to debottleneck the Lappeenranta biorefinery in order to capture low CAPEX expansion opportunities and further leverage the strong market performance of CTO-derived biofuels.
- Enabling the qualification of CTO-derived UPM biofuels as sustainable aviation fuel (SAF). This strategic direction is supported by successful SAF trials conducted with the Austrian aircraft manufacturer Diamond Aircraft using Austro Engine propulsion and by continued progress in the technical acceptance process at the American Society for Testing and Materials (ASTM). Results from these trials and stakeholder reviews have been consistently positive.
- Continuing feedstock technology development to qualify and enable the use of additional competitive and sustainable biomass. This will support the cost-efficient production of high-quality biofuels for both road and aviation applications.

## Change in the composition of reportable segments

The Group will change its reportable segments composition by moving UPM Forest business into UPM Fibres business area as of January 1, 2026. The vast majority of wood used by UPM in Finland is consumed within the

UPM Fibres business, and the Finnish forests are therefore considered an integral operational and strategic part of UPM Fibres North operations. In addition, the change improves consistency with UPM Fibres operations in Uruguay, where forest assets have already been reported as part of the UPM Fibres South operations. Until the end of 2025, UPM Forest was included in Other operations.

UPM Biorefining, consisting of UPM Biochemicals and UPM Biofuels and reported as part of Other operations, will be renamed UPM Next Generation Renewables as of January 1, 2026.

Following these changes, Other Operations includes UPM Next Generation Renewables, Wood sourcing, Group services and Technology and forest assets in the US.

The change will impact KPIs of UPM Fibres reportable segment and Other Operations. The comparative periods will be restated according to the new reporting principles. The reporting change has no impact on Group financial result or balance sheet. Further information » *Note 10.1 Forthcoming accounting policy changes* in the Financial statements.

UPM Specialty Papers will be renamed UPM Specialty Materials as of January 1, 2026.

## Events during the reporting period

On January 2, UPM announced that it has been listed as the only forest and paper industry company in the Dow Jones World and European Sustainability Indices 2024-2025.

On February 5, UPM updated its Disclosure Policy and changed its method of issuing profit guidance and outlook.

On February 5, 2025, UPM announced the acquisition of Metamark, a UK-based company to further accelerate UPM Adhesive Materials' growth.

On February 5, UPM announced the commencement of a share buy-back program for a maximum of 6,000,000 shares or a maximum of €160 million.

On February 11, UPM was recognized among the top sustainability performers by CDP and S&P Global.

On March 11, UPM announced plans to permanently close its paper mill in Ettringen, Germany.

On March 27, UPM held its Annual General Meeting.

On April 8, UPM announced the completion of the share buy-back program.

On May 5, UPM announced that the 6 million shares repurchased under its buy-back program have been cancelled.

On May 27, UPM announced plans to discontinue the development of its potential second biomass-to-fuels refinery at the Port of Rotterdam.

On June 12, UPM announced that the UPM Raflatac business area and reporting segment will be renamed UPM Adhesive Materials and the new reporting segment name will be in use from the Half year financial report 2025 onwards.

On July 24, UPM announced plans to end paper production at UPM Kaukas, Finland by the end of 2025.

On July 24, UPM announced an investment in UPM Adhesive Materials' factory in Mills River, North Carolina, to increase production capacity in the growing advanced labels market.

On July 30, UPM received a Platinum rating from EcoVadis, placing the company in the top 1% globally for its sustainability performance.

On August 7, UPM announced an investment in a state-of-the-art coating line at UPM Adhesive Materials' factory in Johor Bahru, Malaysia.

On September 4, UPM announced plans to discontinue production at UPM Adhesive Materials' factory in Nancy, France.

On September 23, UPM initiated a strategic review of the UPM Plywood business area, possibly resulting in a separation through a divestment, partial demerger or initial public offering.

On September 29, UPM entered into a strategic partnership with Versowood, consisting of the sale of the UPM Korkeakoski sawmill to Versowood, and Versowood supplying UPM with pulpwood and sawmill by-products.

On October 7, UPM agreed to sell the former Plattling paper mill site to Bayernhafen GmbH & Co. KG, a logistics hub and infrastructure company.

On October 9, UPM announced that Adhesive Materials expands its footprint in Southeast Asia with a new slitting and distribution terminal near Hanoi, Northern Vietnam to support growth in Southeast Asia.

On December 4, UPM announced that it has signed a non-binding letter of intent with Sappi to form a graphic paper joint venture.

On December 16, UPM signed a €1 250 million revolving credit facility agreement.

## Events after the balance sheet date

On January 2, UPM announced that the strategic partnership agreement between UPM and Versowood has received the necessary regulatory approvals and has entered into force on December 31, 2025.

On January 12, UPM announced that it received leadership scores in CDP 2025 assessment for environmental efficiency and transparent reporting on climate, forest, and water-related actions.

## Profit guidance

UPM's comparable EBIT in H1 2026 is expected to be approximately in the range of €325-525 million (€413 million in H1 2025, and €508 million in H2 2025).

## Outlook for 2026

The business environment at the beginning of the year is showing signs of stability, even if there continue to be significant uncertainties in geopolitics and trade.

In H1 2026, compared with H2 2025, UPM's performance is expected to benefit from moderately higher sales prices and delivery volumes and moderately lower fixed costs. Performance is expected to be held back by continued weak communication paper markets and increased costs during the early phase of the production ramp-up at UPM Leuna. Currencies started the year at similar levels, compared with H2 2025. Comparable EBIT in H2 2025 benefited from the timing of energy refunds and increased fair value of forest assets, items that are not expected to take place during H1 2026 in similar quantities.

In H1 2026, compared with H1 2025, UPM's performance is expected to benefit from lower variable costs and moderately higher delivery volumes. Maintenance activity is expected to be lower than in the comparison

period. Performance is expected to be held back by continued weak communication paper markets and increased costs during the early phase of the production ramp-up at UPM Leuna. Currencies at the beginning of the year are negative to comparable EBIT, compared with H1 2025.

## 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 annual level.

UPM is a large producer and consumer of chemical pulp. A €50/tonne change in average pulp price would impact annual comparable EBIT by approximately €180 million (net impact: assuming no correlation between pulp and paper prices) to approximately €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 2026, a €10/MWh change in average electricity market price in Finland would impact annual comparable EBIT by approximately €40 million.

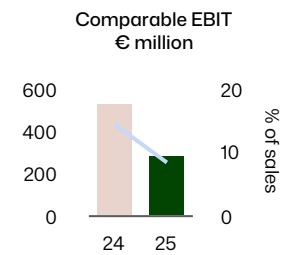
## Foreign exchange exposure

Fluctuations in monetary policies and economic conditions can significantly impact the value of various currencies, which in turn may affect UPM. Additionally, the escalation of global trade tensions could influence currency exchange rates. These currency fluctuations could impact UPM's cash flow, earnings, or balance sheet, and may also affect the relative competitiveness between different currency regions.

The Group's policy is to hedge an average of 50% of its estimated net currency cash flows on a rolling basis over the next 12-month period. At the end of 2025, UPM's estimated net currency cash flows for the next 12 months totaled approximately €1.5 billion. USD was the largest exposure at approximately €1.3 billion, followed by UYU, GBP and JPY. In addition, the earnings of UPM's foreign subsidiaries are translated to euros in reporting. UPM has significant foreign subsidiaries in Uruguay, the U.S. and China.

## 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 two pulp mills and plantation operations in Uruguay (Fibres South) as well as three pulp mills and three sawmills in Finland (Fibres North).



|                                                                            | 2025  | 2024  |
|----------------------------------------------------------------------------|-------|-------|
| Sales, € million                                                           | 3,407 | 3,728 |
| Comparable EBITDA, € million                                               | 511   | 844   |
| % of sales                                                                 | 15.0  | 22.6  |
| Depreciation, amortization and impairment charges, € million               | 65    | 11    |
| Share of results of associates and joint ventures, € million               | 2     | 2     |
| Depreciation, amortization and impairment charges, € million               | -295  | -437  |
| Operating profit, € million                                                | 282   | 419   |
| % of sales                                                                 | 8.3   | 11.2  |
| Items affecting comparability in operating profit, € million <sup>1)</sup> | 0     | -114  |
| Comparable EBIT,€ million                                                  | 283   | 533   |
| % of sales                                                                 | 8.3   | 14.3  |
| Capital employed (average), € million                                      | 6,745 | 7,153 |
| Comparable ROCE, %                                                         | 4.2   | 7.5   |
| Pulp deliveries, 1,000 t                                                   | 5,163 | 4,945 |

<sup>1)</sup> 2025 includes €1 million restructuring charges and €1 million capital gain on sale on Korkeakoski saw mill. 2024 includes €113 million goodwill impairment related to Pulp Finland and minor restructuring charges.

### 2025 compared with 2024

The comparable EBIT decreased due to significantly lower sales prices. Variable costs were at the same level. Delivery volumes increased. The average price in euro for UPM's pulp deliveries decreased by 15%

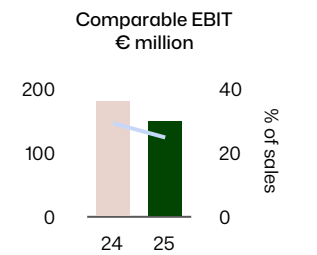
### Market environment

- In 2025, the downward trend in chemical pulp market prices continued until Q4 when Chinese pulp market gained some momentum.
- In 2025, the average European market price in euros was 2% lower for NBSK and 15% lower for BHKP compared to 2024. In China, the average market price in US dollars was 6% lower for NBSK and 16% lower for BHKP compared to 2024.
- In 2025, European demand for sawn timber continued to be relatively weak due to low construction activity.

Sources: FOEX, UPM

## 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.



|                                                                            | 2025   | 2024   |
|----------------------------------------------------------------------------|--------|--------|
| Sales, € million                                                           | 615    | 627    |
| Comparable EBITDA, € million                                               | 158    | 188    |
| % of sales                                                                 | 25.6   | 30.0   |
| Depreciation, amortization and impairment charges, € million               | -7     | -7     |
| Operating profit, € million                                                | 151    | 181    |
| % of sales                                                                 | 24.5   | 28.9   |
| Items affecting comparability in operating profit, € million <sup>1)</sup> | -      | -      |
| Comparable EBIT, € million                                                 | 151    | 181    |
| % of sales                                                                 | 24.5   | 28.9   |
| Capital employed (average), € million                                      | 2,603  | 2,426  |
| Comparable ROCE, %                                                         | 5.8    | 7.5    |
| Electricity deliveries, GWh                                                | 11,141 | 11,328 |

### 2025 compared with 2024

The comparable EBIT decreased due to lower sales prices and higher production costs. UPM's average electricity sales price decreased by 2% to €50.3/MWh (€51.4/MWh).

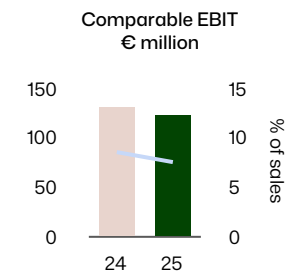
### Market environment

- Both the Nordic and Finnish hydrological balance was close to the long-term average at the end of December.
- The average Finnish area spot price on the Nordic electricity exchange in 2025 was € 40.5/MWh, 11% lower than in 2024 (€ 45.6/MWh).
- The front-year forward electricity price for the Finnish area closed at € 40.6/MWh in December, 16% lower than at the end of Q3 2025 (€ 48.1/MWh).

Sources: The Norwegian Water Resources and Energy Directorate, Svensk Energi, Finnish Environment Institute, Nord Pool, NASDAQ OMX, ICE, UPM

## UPM Adhesive Materials

UPM Adhesive Materials offers high-quality self-adhesive paper and film products including label materials, graphics solutions and removable self-adhesive products. UPM Adhesive Materials is the second-largest producer of self-adhesive label materials worldwide.



|                                                                            | 2025  | 2024  |
|----------------------------------------------------------------------------|-------|-------|
| Sales, € million                                                           | 1,655 | 1,562 |
| Comparable EBITDA, € million                                               | 176   | 177   |
| % of sales                                                                 | 10.7  | 11.3  |
| Depreciation, amortization and impairment charges, € million               | -61   | -71   |
| Operating profit, € million                                                | 53    | 88    |
| % of sales                                                                 | 3.2   | 5.6   |
| Items affecting comparability in operating profit, € million <sup>1)</sup> | -70   | -44   |
| Comparable EBIT, € million                                                 | 124   | 132   |
| % of sales                                                                 | 7.5   | 8.5   |
| Capital employed (average), € million                                      | 860   | 722   |
| Comparable ROCE, %                                                         | 14.4  | 18.3  |

<sup>1)</sup> 2025 includes €30 million restructuring charges to improve operations' competitiveness and efficiency, €28 million restructuring charges related to the discontinuation of label materials' production at Nancy factory in France, €6 million addition to impairment charges and €2 million reversal of restructuring charges related to the closure of Kaltenkirchen factory, €3 million charges related to Metamark acquisition and a €1 million addition to charges related to Adhesive Materials factory which was impacted by Hurricane Helene and €3 million addition to prior restructuring charges. 2024 includes €11 million restructuring charges and €26 million impairment charges related to the closure of Kaltenkirchen factory, €6 million write down of inventory and an €3 million insurance compensation related to UPM Adhesive Materials' inventory in USA impacted by Hurricane Helene, and €5 million relating to other restructuring measures.

### 2025 compared with 2024

The comparable EBIT decreased. The positive impact of higher volumes was more than offset by the negative impacts from prices and mix, fixed costs and currencies.

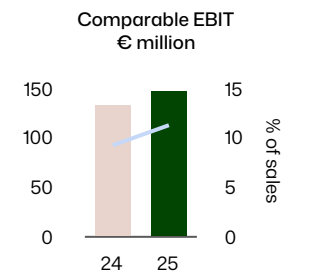
### Market environment

- In 2025, global market for self-adhesive label materials continued to recover from its 2023 lows, with growth being strongest in Europe. APAC markets had intense competitive dynamics.

Sources: UPM, FINAT, TLMi

## UPM Specialty Papers

UPM Specialty Papers offers labelling and packaging materials as well as office and graphic papers for labelling, commercial siliconizing, packaging, office use and printing. The production plants are located in China, Finland and Germany.



|                                                                            | 2025  | 2024  |
|----------------------------------------------------------------------------|-------|-------|
| Sales, € million                                                           | 1,315 | 1,467 |
| Comparable EBITDA, € million                                               | 204   | 208   |
| % of sales                                                                 | 15.5  | 14.2  |
| Depreciation, amortization and impairment charges, € million               | -57   | -74   |
| Operating profit, € million                                                | 144   | 132   |
| % of sales                                                                 | 11.0  | 9.0   |
| Items affecting comparability in operating profit, € million <sup>1)</sup> | -3    | -3    |
| Comparable EBIT, € million                                                 | 147   | 135   |
| % of sales                                                                 | 11.2  | 9.2   |
| Capital employed (average), € million                                      | 706   | 789   |
| Comparable ROCE, %                                                         | 20.9  | 17.1  |
| Paper deliveries, 1000 t                                                   | 1,398 | 1,429 |

<sup>1)</sup> Items affecting comparability in 2025 and in 2024 relate to restructuring measures.

### 2025 compared with 2024

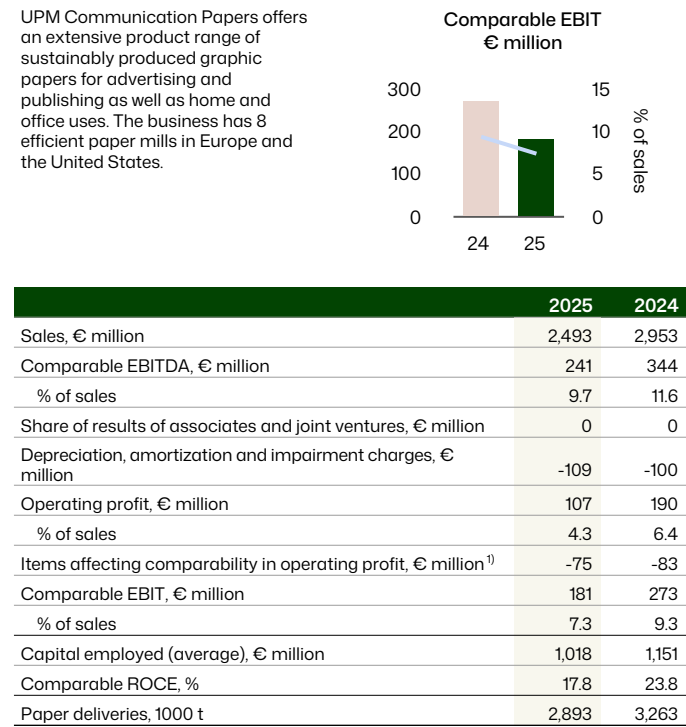
The comparable EBIT increased, mainly due to lower depreciation. The negative impact of lower volumes and sales prices was offset by the positive impact of lower input costs.

### Market environment

- In 2025, market demand for specialty papers was affected by tariff uncertainties. Market prices decreased compared to 2024.

Sources: UPM, RISI, AFRY, AWA

## UPM Communication Papers



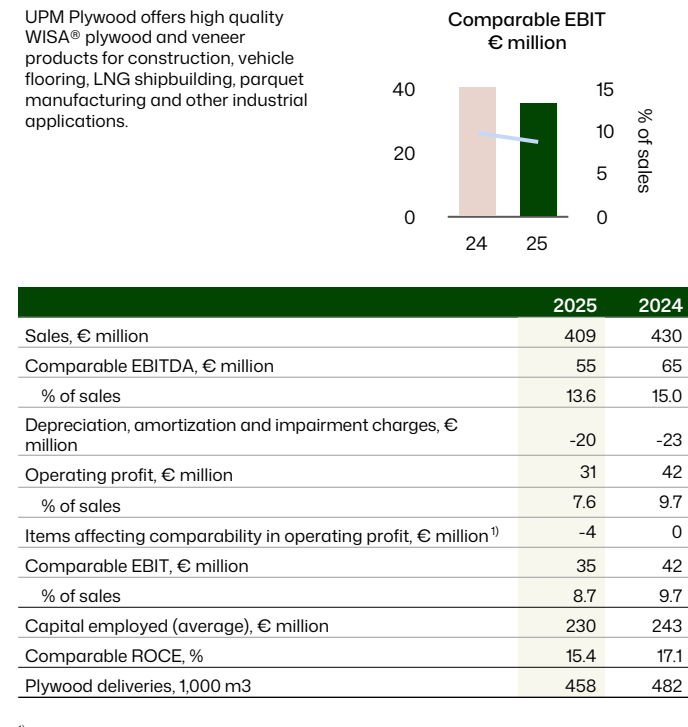
<sup>1)</sup> 2025 includes €42 million restructuring charges and €10 million impairment charges related to the closure of Ettringen paper mill in Germany, €36 million restructuring charges and €36 million impairment charges of fixed assets related to the closure of Kaukas paper machine 1 in Finland, €14 million reversal of restructuring charges related to the closure of Plattling paper mill in 2023, €9 million restructuring charges in UPM Communication Papers to improve mills' operations' efficiency, €4 million restructuring charges and €4 million impairment charges resulting from the exercise of a put option concerning the Kraftwerk Plattling power plant company, € 46 million capital gain on sale of Plattling paper mill site, €7 million capital gain on sale of non-current assets and €1 million addition to prior restructuring charges. 2024 includes €8 million addition to restructuring charges related to the closure of Plattling mill, €40 million of restructuring and impairment charges related to the closure of Hürth newsprint mill in Germany, €54 million restructuring and impairment charges related to the closure of Nordland fine paper machine 3 in Germany, €21 million capital gain on sale of UPM-Kymmene Austria GmbH and other restructuring charges.

**2025 compared with 2024**  
The comparable EBIT decreased. Delivery volumes and sales prices were lower. Variable and fixed costs decreased.  
The average price in euros for UPM's paper deliveries decreased by 5%.

- Market environment**
- In 2025, demand for graphic papers in Europe was 8% lower than in 2024. Newsprint demand decreased by 8%, magazine papers 11%, and fine papers 6%
  - Demand for magazine papers in North America in 2025 was 10% lower than in 2024. In Q4 2025 magazine paper demand declined by -13% compared to Q4 2024.
  - The average price in North America for magazine paper grades was stable throughout the year 2025.

Sources: PPI/RISI, Euro-Graph, PPPC

## UPM Plywood



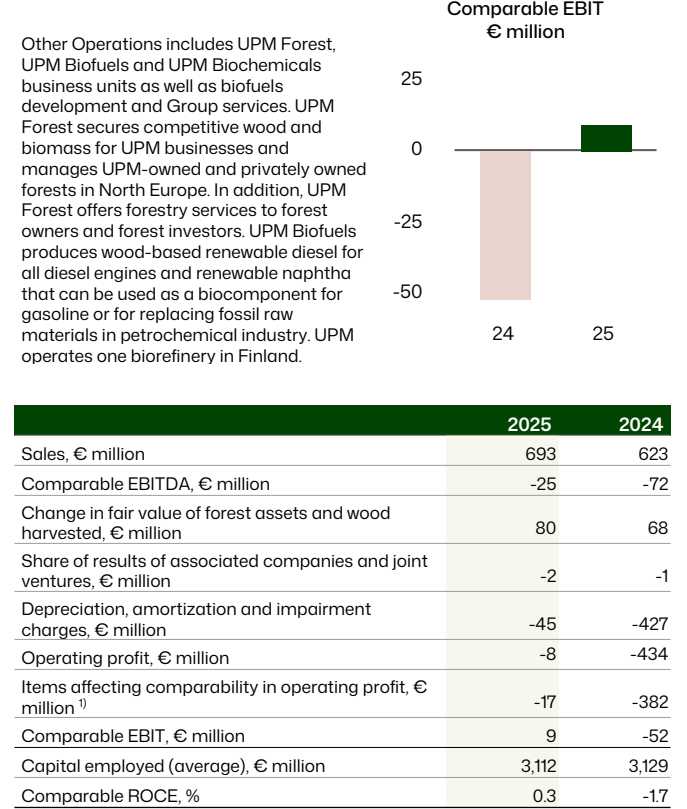
<sup>1)</sup> Items affecting comparability in 2025 relate to earlier restructuring measures.

**2025 compared with 2024**  
The comparable EBIT decreased. The strikes at the Finnish mills in H1 limited volumes and wood cost was higher.

- Market environment**
- In 2025, demand for spruce plywood in Europe was stable but comparatively slow as construction markets remained soft.
  - In 2025, demand for birch plywood in panel trading and industrial end uses was good.
  - In 2025, demand for LNG end-use birch plywood continued at a very good level.

Source: UPM

## Other operations



<sup>1)</sup> 2025 includes €10 million charges related to strategic review of UPM Plywood Business Area and to the announced non-binding joint venture transaction between Sappi and UPM in the graphic paper business, €3 million restructuring charges and €1 million impairment charges related to the closure of the UPM Biomedicals business, €1 million reversal of restructuring charges related to the closure of UPM Biocomposites business, €2 million restructuring charges related to discontinuation of Rotterdam refinery project and €1 million impairment of residual goodwill in Other operations.2024 includes €5 million impairment of UPM Biochemicals goodwill and €373 million impairment on assets in biochemicals refinery in Leuna, €12 million restructuring and impairment charges related to the closure of the UPM Biocomposites business, and €9 million capital gain on sale of non-current assets.

**2025 compared with 2024**  
The comparable EBIT increased, mainly due to improved performance in the Biofuels business. The change in the fair value of forest assets net of wood harvested was €80 million (68 million). The change in the fair value of forest assets was €156 million (195 million). The cost of wood harvested from UPM forests was €77 million (126 million).  
Biofuels deliveries were higher and feed cost decreased significantly, resulting in improved margins which were supported by increasing prices in UPM key markets.

- Market environment**
- In Q4 2025, demand in the European markets for advanced renewable fuels was solid, RED III implementation in Germany progressed with favorable regulatory scope and led to improving market prices.

- In 2025, interest in bio-based glycols and renewable functional fillers remained strong, supported by a stable interest of brand owners and consumers in renewable materials and the strong sustainability and technical value proposition of UPM's offering.

Source: UPM

## Board of Directors and the Group Executive Team

At the Annual General Meeting held on March 27, 2025, 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 167,744 (146,373) UPM-Kymmene Corporation shares. These represent 0.03% (0.03%) of the shares and 0.03% (0.03%) of the voting rights. At the end of the year, President and CEO Massimo Reynaudo owned 23,321 shares. At the end of the year, the other members of the Group Executive Team owned a total of 517,226 shares.

Refer to **» Note 3.2 Key management personnel**, of the consolidated financial statements 2025, 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 2025.

Refer to **» Note 9.2 Litigation**, of the consolidated financial statements 2025 for information on legal proceedings.

## Risks

### Risk management

UPM regards risk management as a systematic and proactive means to analyze 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 on 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 uncertainties in UPM's earnings relate to sales prices and delivery volumes of the Group's products, as well as changes to the main input cost items and currency exchange rates. Most of these items depend on general economic developments. Political developments are

causing uncertainties to the global economy. Such uncertainties also affect UPM's customers influencing the demand for UPM's products.

Currently high uncertainty relates to the trade tensions between major economies, particular to the tariffs introduced by the U.S. on imports from nearly all countries in the world, and the potential countermeasures introduced by the other countries. Changes to the tariff levels remain possible.

The trade conflict and the related uncertainty may impact the general economic development of various regions or have significant impacts on inflation, economic growth, interest rates and currency exchange rates in many economies relevant for UPM. Such developments could have indirect impacts on UPM, for example by impacting demand and supply of various products or raw materials, or redirecting trade flows between countries and regions, which could impact deliveries and pricing of UPM's products or cost of raw materials on markets relevant for UPM.

Geopolitical tensions, including Russia's ongoing war in Ukraine, the conflicts in the Middle East or the recent tension over Greenland, continue to cause high uncertainty in the operating environment, which may impact economic growth, inflation and trade. The potential escalation in geopolitical or trade tensions may result in economic sanctions, blockades, increased tariff levels, or other 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, or on demand for UPM's products or sales prices.

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, price competitiveness compared to producers from other countries, demand for UPM's products, and changes in the international trade agreements.

Fluctuations in fiscal, monetary and other policies and economic conditions can significantly impact on the value of various currencies, which in turn may affect UPM. Additionally, the escalation of global trade tensions could influence currency exchange rates. These currency changes could impact UPM's cash flow, earnings, or balance sheet, and may also affect the competitiveness between different currency regions.

UPM is especially exposed to the economic and political conditions in countries in which UPM has significant production operations, 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 ongoing 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 ongoing war in Ukraine or global trade tensions, or a new production capacity entering the market or an old production capacity being closed, all of which may affect both the demand volume and price level of UPM's products.

Competitor behavior 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 specialized competitors.

#### Changes in consumer behavior

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, digitalization and e-commerce have changed consumer behavior 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 strict 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 licenses from relevant authorities and comply with their terms and conditions. These permits and licenses 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 increased 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 €5.8 billion. June 2025 marked the final takeover of the OL3 nuclear power unit, which operated smoothly in its second full year of continuous commercial production.

TVO has announced that even though there have been few interruptions to electricity generation at OL3 following the conclusion of the test operation program, 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 current U.S. government that emphasize energy supply security over climate targets may 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 undermine 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 3% of UPM's sales in 2025, and the ten largest customers represented approximately 12% 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 and biochemicals. 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 materialize. 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 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 in 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 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 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 labor, 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 with commissioning and start-up activities, but despite efforts, there are uncertainties how quickly or whether the project will reach the targeted returns.

**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, geopolitically-driven service restrictions, 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, AI-generated misinformation or disinformation, 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 behavior 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 licenses 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 labor 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 transportation sector or among other stakeholders important to UPM, may disrupt UPM's operations. Additionally, public dissatisfaction with UPM's labor-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 program. UPM's insurance program 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 materialize, 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 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 ongoing war in Ukraine, geopolitical escalations or trade tensions may cause adverse economic or operational conditions and result in financial stress or operational hardship 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 licenses or technological partnerships. In addition to UPM's own IPR portfolio, UPM licenses 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 2025.

| 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  |

# Sustainability Statement

| Table of contents                        | List of ESRS disclosure requirements                                                                                                         | Page |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------|
| General information                      |                                                                                                                                              |      |
| General information                      | ESRS 2 – General disclosures                                                                                                                 | 137  |
| Basis for preparation                    | ESRS 2 BP-1 – General basis for preparation of the Sustainability Statement                                                                  | 138  |
|                                          | ESRS 2 BP-2 – Disclosures in relation to specific circumstances                                                                              | 138  |
| Sustainability governance                | GOV-1 – The role of the administrative, management and supervisory bodies                                                                    | 139  |
|                                          | GOV-2 – Information provided to, and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies | 142  |
|                                          | GOV-3 – Integration of sustainability-related performance in incentive schemes                                                               | 142  |
|                                          | GOV-4 – Statement on due diligence                                                                                                           | 143  |
|                                          | GOV-5 – Risk management and internal controls over sustainability reporting                                                                  | 144  |
| Strategy, business model and value chain | SBM-1 – Strategy, business model and value chain                                                                                             | 144  |
| Stakeholders                             | SBM-2 – Interest and views of stakeholders                                                                                                   | 148  |
| Impacts, risks and opportunities         | SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model                                     | 148  |
|                                          | IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities                                        | 150  |
| ESRS content overview                    | IRO-2 – Disclosure requirements in ESRS covered by the undertaking's Sustainability Statement                                                | 153  |
| Environmental information                |                                                                                                                                              |      |
| Climate change                           | ESRS E1 – Climate change                                                                                                                     | 155  |
| Transition plan                          | E1-1 – Transition plan for climate change mitigation                                                                                         | 156  |
| Impacts, risks and opportunities         | ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model                              | 158  |
| Policies                                 | E1-2 – Policies related to climate change mitigation and adaptation                                                                          | 158  |
| Actions                                  | E1-3 – Actions and resources in relation to climate change policies                                                                          | 159  |
| Targets                                  | E1-4 – Targets related to climate change mitigation and adaptation                                                                           | 161  |
| Metrics                                  | E1-5 – Energy consumption and mix                                                                                                            | 164  |
|                                          | E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions                                                                                          | 165  |
|                                          | E1-7 – GHG removals and GHG mitigation projects financed through carbon credits                                                              | 168  |
|                                          | E1-8 – Internal carbon pricing                                                                                                               | 169  |
|                                          | E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities                 | 169  |
| EU Taxonomy                              | Disclosures pursuant to Article 8 of Regulation 2020/852                                                                                     | 170  |
| Pollution                                | ESRS E2 – Pollution                                                                                                                          | 176  |
| Policies                                 | E2-1 – Policies related to pollution                                                                                                         | 177  |
| Actions                                  | E2-2 – Actions and resources related to pollution                                                                                            | 178  |
| Targets                                  | E2-3 – Targets related to pollution                                                                                                          | 180  |
| Metrics                                  | E2-4 – Pollution of air, water and soil                                                                                                      | 181  |
|                                          | E2-5 – Substances of concern and substances of very high concern                                                                             | 182  |
|                                          | E2-6 – Anticipated financial effects from material pollution-related risks and opportunities                                                 | 182  |

| Table of contents                 | List of ESRS disclosure requirements                                                                                                                                                                  | Page |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| Water and marine resources        | ESRS E3 – Water and marine resources                                                                                                                                                                  | 183  |
| Policies                          | E3-1 – Policies related to water and marine resources                                                                                                                                                 | 184  |
| Actions                           | E3-2 – Actions and resources related to water and marine resources                                                                                                                                    | 184  |
| Targets                           | E3-3 – Targets related to water and marine resources                                                                                                                                                  | 186  |
| Metrics                           | E3-4 – Water consumption                                                                                                                                                                              | 187  |
| Biodiversity and ecosystems       | ESRS E4 – Biodiversity and ecosystems                                                                                                                                                                 | 188  |
| Transition plan                   | E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model                                                                                                | 189  |
| Impacts, risks and opportunities  | ESRS 2 SBM 3 – Material impacts, risks and opportunities and their interaction with strategy and business model                                                                                       | 189  |
| Policies                          | E4-2 – Policies related to biodiversity and ecosystems                                                                                                                                                | 190  |
| Actions                           | E4-3 – Actions and resources related to biodiversity and ecosystems                                                                                                                                   | 190  |
| Targets                           | E4-4 – Targets related to biodiversity and ecosystems                                                                                                                                                 | 193  |
| Metrics                           | E4-5 – Impact metrics related to biodiversity and ecosystems change                                                                                                                                   | 194  |
|                                   | E4-6 – Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities                                                                                         | 198  |
| Resource use and circular economy | ESRS E5 – Resource use and circular economy                                                                                                                                                           | 199  |
| Policies                          | E5-1 – Policies related to resource use and circular economy                                                                                                                                          | 200  |
| Actions                           | E5-2 – Actions and resources related to resource use and circular economy                                                                                                                             | 201  |
| Targets                           | E5-3 – Targets related to resource use and circular economy                                                                                                                                           | 203  |
| Metrics                           | E5-4 – Resource inflows                                                                                                                                                                               | 204  |
|                                   | E5-5 – Resource outflows                                                                                                                                                                              | 206  |
| Social information                |                                                                                                                                                                                                       |      |
| Own workforce                     | ESRS S1 – Own workforce                                                                                                                                                                               | 208  |
| Impacts, risks and opportunities  | ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model                                                                                       | 209  |
| Policies                          | S1-1 – Policies related to own workforce                                                                                                                                                              | 210  |
| Processes                         | S1-2 – Processes for engaging with own workforce and workers' representatives about impacts                                                                                                           | 211  |
|                                   | S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns                                                                                                       | 211  |
| 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 | 212  |
| Targets                           | S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities                                                               | 215  |
| Metrics                           | S1-6 – Characteristics of the undertaking's employees                                                                                                                                                 | 216  |
|                                   | S1-7 – Characteristics of non-employee workers in the undertaking's own workforce                                                                                                                     | 217  |
|                                   | S1-8 – Collective bargaining coverage and social dialogue                                                                                                                                             | 218  |
|                                   | S1-9 – Diversity metrics                                                                                                                                                                              | 218  |
|                                   | S1-10 – Adequate wages                                                                                                                                                                                | 219  |
|                                   | S1-11 – Social protection                                                                                                                                                                             | 219  |
|                                   | S1-12 – Persons with disabilities                                                                                                                                                                     | 219  |
|                                   | S1-13 – Training and skills development metrics                                                                                                                                                       | 219  |
|                                   | S1-14 – Health and safety metrics                                                                                                                                                                     | 219  |
|                                   | S1-16 – Compensation metrics (pay gap and total compensation)                                                                                                                                         | 221  |
|                                   | S1-17 – Incidents, complaints and severe human rights impacts                                                                                                                                         | 221  |

|                                                                |                                                                                                                                         |            |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|------------|
| Table of contents                                              | List of ESRS disclosure requirements                                                                                                    | Page       |
| <b>Workers in the value chain</b>                              | <b>ESRS S2 – Workers in the value chain</b>                                                                                             | <b>222</b> |
| Impacts, risks and opportunities                               | ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model                         | 223        |
| Policies                                                       | S2-1 – Policies related to value chain workers                                                                                          | 224        |
| Processes                                                      | S2-2 – Processes for engaging with value chain workers about impacts                                                                    | 225        |
|                                                                | 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                                                                         | 226        |
| 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>                                                                                                   | <b>229</b> |
| Impacts, risks and opportunities                               | ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model                         | 230        |
| 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        |
| Actions                                                        | S3-4 – Taking action on material impacts on affected communities                                                                        | 233        |
| 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>                                                                                                       | <b>236</b> |
| Policies                                                       | G1-1 – Business conduct policies and corporate culture                                                                                  | 237        |
| Responsible sourcing                                           | G1-2 – Management of relationships with suppliers                                                                                       | 239        |
| Anti-corruption and bribery                                    | G1-3 – Prevention and detection of corruption and bribery                                                                               | 242        |
| Metrics                                                        | G1-4 – Incidents of corruption or bribery                                                                                               | 244        |
|                                                                | G1-5 – Political influence and lobbying activities                                                                                      | 244        |
|                                                                | G1-6 – Payment practices                                                                                                                | 245        |
| <b>Other sustainability reporting standards and frameworks</b> |                                                                                                                                         |            |
| <b>IFRS S1 and S2</b>                                          | Sustainability Disclosure Standards by the ISSB (International Sustainability Standards Board)                                          | <b>246</b> |
| <b>TCFD</b>                                                    | Disclosures according to TCFD (Task Force on Climate-related Financial Disclosures)                                                     | <b>248</b> |
| <b>TNFD</b>                                                    | Disclosures according to TNFD (Task Force on Nature-related Financial Disclosures)                                                      | <b>249</b> |

# 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.

UPM updated its Code of Conduct in accordance with its three-year update plan.

Double materiality assessment reviewed

The first commercial products from the UPM Biorefinery in Leuna (December 2025)

# 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. As the production and sales of the first commercial products started mid December 2025, the Leuna biorefinery will be included in the environmental data from January 2026 onwards.

Figures presented in this Sustainability Statement are rounded, and therefore the sum of individual figures might deviate from the total figure presented.

In 2025, UPM Communication Papers permanently closed its Kaukas paper mill in Finland and its Ettringen paper mill in Germany. UPM Adhesive Materials transferred production from the Kaltenkirchen site in Germany to other European sites and decided to convert the Nancy factory in France into a slitting and distribution terminal in 2026. As part of a long-term strategic partnership, UPM Fibres sold its Korkeakoski sawmill in Finland to Versowood, receiving a minority shareholding in the company in return. In 2025, UPM also exited the biomedical business. The environmental data of these sites is included in the consolidated data

until the end of production. In February 2025, UPM Adhesive Materials acquired Metamark, a UK-based company with a manufacturing site in Lancaster. This site is included in the environmental disclosure from January 2025. For the social data, information regarding exclusions is provided with the relevant disclosures.

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 product-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 in 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.

## Changes in the preparation of sustainability information

For the reporting year 2025, UPM reports its sustainability information for the second 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 have been subject to reasonable assurance. The assurance reports can be found from page 350 onward.

This Sustainability Statement covers disclosures according to the Task Force on Climate-related Financial Disclosure (TCFD), the Task

Force on Nature-related Financial Disclosure (TNFD), and the ISSB's two sustainability disclosure standards IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and S2 (Climate-related Disclosures). The respective alignment indices are published at the end of this Sustainability Statement.

Information on how UPM reports on sustainability reporting standards of the Global Reporting Initiative, is available on the UPM webpage.

## 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 climate change, biodiversity, human rights, supply chain management, stakeholder engagement and ESG in general. In addition, the President and CEO has access to UPM's resources regarding these 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, adhesive materials (self-adhesive products, film products and graphic solutions), forestry, energy, chemicals, biofuels, 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 in the field of business conduct matters relevant to UPM.

The 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 ages of the Board members vary between 50 and 67 years. 33% of the Board members have been members of the Board for 1-4 years, 33% have been members of the Board for 5-9 years and 33% have been members of the Board for 10 years or more. All Board members hold a university degree. When it comes to gender, 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 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. 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 » **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 2025. See » **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 shareholders, 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 Henrik Ehrnrooth, 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 remuneration of members of the Group Executive Team and some senior management representatives, approves Group-level sustainability targets for the remuneration of members 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 these interact with the strategy and business model. It prepares the Diversity Policy of the Board of Directors for Board approval and oversees its implementation, reviews the structure, size, composition, diversity, and successional need of the Board as a whole and prepares proposals to the Annual General Meeting (AGM) for director elections, and their remuneration. The committee also prepares the succession plan and appointment of the President and CEO, 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 including the statutory Sustainability Statement. In addition to undertaking the assigned matters and regular reports listed above, the Audit Committee also reviewed reports on and discussed ESG and cybersecurity, reviewed the Disclosure Policy amendment and the share buyback program conducted in 2025. 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 company's own 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, reviews and recommends 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, compliance and governance. Additionally, the Board monitors and assesses the company's financial reporting and the statutory sustainability reporting processes, ensuring the integrity of their reporting. The Board also oversees the assessment and management of risks related to the company's strategy and operations, including material 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 the President and CEO and for identifying candidates for election or re-election to the Board. The Committee also develops and recommends to the Board a set of corporate governance principles and reviews overall corporate governance of the company. These responsibilities are outlined in the Charter of the Nomination and Governance Committee.

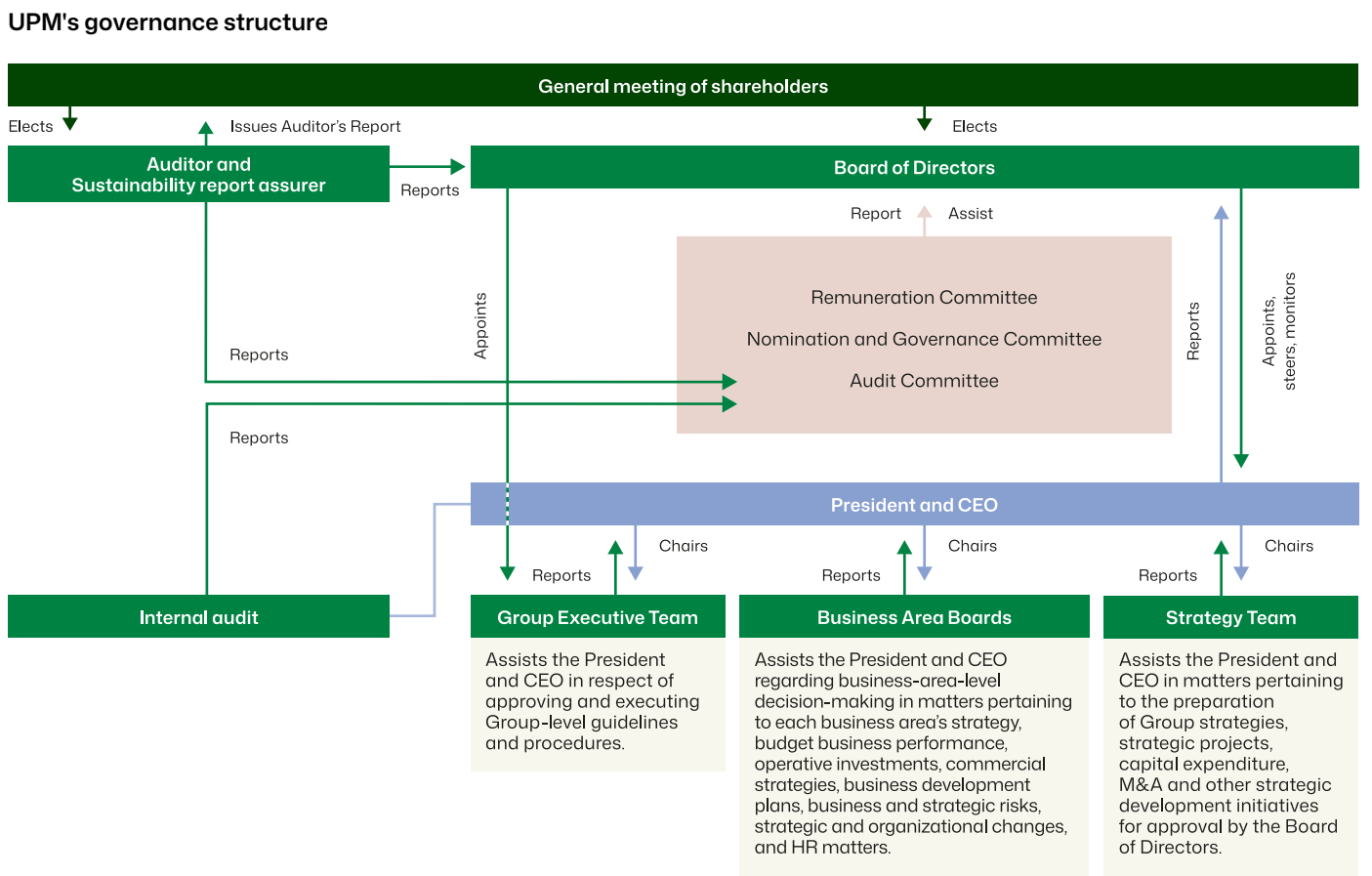
**Charter of the Remuneration Committee**  
The Remuneration Committee assists the Board with responsibilities related to the preparation of the company's remuneration principles and practices, including remuneration schemes and plans. The Committee's responsibilities are detailed in the Charter of the Remuneration Committee.

**Policies**  
The UPM Code of Conduct sets out the principles that help UPM employees make ethical decisions and maintain high standards of integrity in UPM's daily operations. It applies to all UPM employees globally and serves as the basis for the company's corporate responsibility and compliance programs, 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 prioritizing 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



**Group Executive Team**  
The Group Executive Team (GET), led by the President and CEO, is responsible for managing sustainability, determining course 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 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 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.

## Leadership in responsible 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 the Code of Conduct, policies and rules by implementing a company-wide compliance program 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. The Audit Committee receives a quarterly compliance 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 or its committees 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 report. Refer to paragraph » *Compliance controls and procedures*

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 is 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 2025, the Board of Directors and the Audit Committee oversaw the company's key sustainability focus areas and targets, the company's double materiality assessment process and the management of material sustainability impacts, risks and opportunities. When reviewing the Sustainability Statement draft they addressed material impacts, risks and opportunities covered by the disclosure.

The Remuneration Committee conducted an annual review of selected material social sustainability topics related to UPM workforce in their December meeting.

The GET approved in their December meeting the outcome of the double materiality assessment (DMA) and reviewed sustainability focus areas and 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 2023–2025, PSP 2024–2026, and PSP 2025–2027, 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 up 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 on-site combustion and purchased energy 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.

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                                                                                                                                                      |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Embedding due diligence in governance, strategy and business model    | <ul style="list-style-type: none"><li>Implementation of policy documents to ensure integration throughout UPM and its value chain</li></ul>                                                                                                                                                                                                                                                               | G1-1 Policies<br>S1-1 Policies<br>E2-1 Policies                                                                                                                                                  |
| Engaging with affected stakeholders in all key steps of due diligence | <ul style="list-style-type: none"><li>Stakeholder dialogue</li></ul>                                                                                                                                                                                                                                                                                                                                      | ESRS2-SBM2 Interest and views of stakeholders<br>S1-2 Processes for workforce engagement<br>S2-2 Processes for engaging with value chain workers<br>S3-2 Processes for engaging with communities |
| Identifying and assessing adverse impacts                             | <ul style="list-style-type: none"><li>Business-area-specific human rights risk assessments and integration into management systems, as feasible</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 Impacts, risks and opportunities<br>S2-SBM3 Impacts, risks and opportunities<br>S3-SBM3 Impacts, risks and opportunities<br>G1-3 Anti-corruption and bribery                          |
| Taking actions to address these adverse impacts                       | <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 Responsible sourcing<br>E2-2 Actions - UPM Clean Run concept<br>S2-4 Actions                                                                                                                |
| Tracking the effectiveness and progress of these efforts              | <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 Reporting and identifying concerns, Investigating concerns and incident handling<br>G1-3 Risk assessments, Monitoring, Investigation<br>S1-1 UPM and human rights                           |
| Communicating these efforts                                           | <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;<br>See » <i>upm.com</i> for other reports                                                                                                                 |

## Risk management for sustainability reporting

GOV-5

UPM's sustainability reporting at the Group level is based on its sustainability reporting guidelines and the requirements of the ESRS. To improve the reliability of sustainability data, UPM utilizes internal controls tailored to its specific sustainability risks with a focus on materiality. Development of internal controls for sustainability reporting progressed in collaboration with the Internal Control team within the Finance & Control function. The initial phase focused on adapting the structure and documentation to reflect the principles of the financial internal control framework, identifying key risks, and developing controls to address them. UPM continues to improve its internal control framework to minimize potential risks further.

UPM's centralized 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 is used to identify areas of enhancement, which are then integrated into the company's risk management and reporting practices. Prioritization 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 prioritization 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 organization. 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 the fossil-based materials used in everyday life. UPM's broad product range includes pulp, graphic and specialty papers, self-adhesive labels, renewable wood-based biochemicals, diesel and naphtha, CO<sub>2</sub>-free electricity, plywood, and timber products. Many of UPM's products offer sustainable alternatives to fossil raw materials and energy. For example, they replace fossil plastics in consumer products, steel and cement in construction, and fossil fuels in transportation, aviation, and electricity markets.

UPM's products are used for packaging, communication, labeling, transportation, construction, manufacturing of bioplastics. as well as for tissue and hygiene products.

UPM has invested in a biorefinery in Leuna in Germany, which will produce wood-based biochemicals. 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 start-up of the Leuna biorefinery progressed in 2025 and the first commercial deliveries of industrial sugars took place in Q4 2025. Production and sales of further products, lignin, renewable functional fillers and finally glycols is expected to start in 2026.

In 2025, UPM Communication Papers permanently closed its Kaukas paper mill in Finland and its Ettringen paper mill in Germany. UPM Adhesive Materials transferred production from the Kaltenkirchen site in Germany to other European sites and decided to convert the Nancy factory in France into a slitting and distribution terminal in 2026. As part of a long-term strategic partnership, UPM Fibres sold its Korkeakoski sawmill in Finland to Versowood. In 2025, UPM also exited the biomedical business.

In February 2025, UPM Adhesive Materials acquired Metamark, a UK-based company with a manufacturing site in Lancaster.

At the end of 2025, UPM employed 15,127 people, most of whom were based in Europe. Refer to » ***S1-6*** for information on headcount by country and by region.

There were no banned UPM products or services in 2025. 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***, starting on page 124 for more information about UPM's business areas and other operations.

### UPM's strategy

UPM plans to increase its growth focus through streamlined business portfolio. In late 2025, UPM announced two strategic portfolio projects: the intended graphic paper Joint Venture between UPM and Sappi and the strategic review of UPM Plywood.

Assuming the Joint Venture is formed, UPM would have a stronger growth profile, improved margins, and lower leverage. This would mark the beginning of a new era in the company's transformation.

Assuming the Joint Venture is formed, the future UPM would have an attractive business portfolio focused on renewable fibres, advanced materials, and decarbonization solutions, all of which operate in growing markets.

#### Strategic portfolio projects expected to conclude in 2026

Through the graphic paper Joint Venture, UPM aims to position the UPM Communication Papers business to create continued value for its customers in a way that benefits UPM shareholders. The intended Joint Venture is expected to close by the end of 2026, subject to regulatory approvals and other closing conditions.

UPM Plywood is currently undergoing a strategic review to assess options for maximizing the long-term potential and value creation of the business. The review is expected to be concluded by the end of 2026.

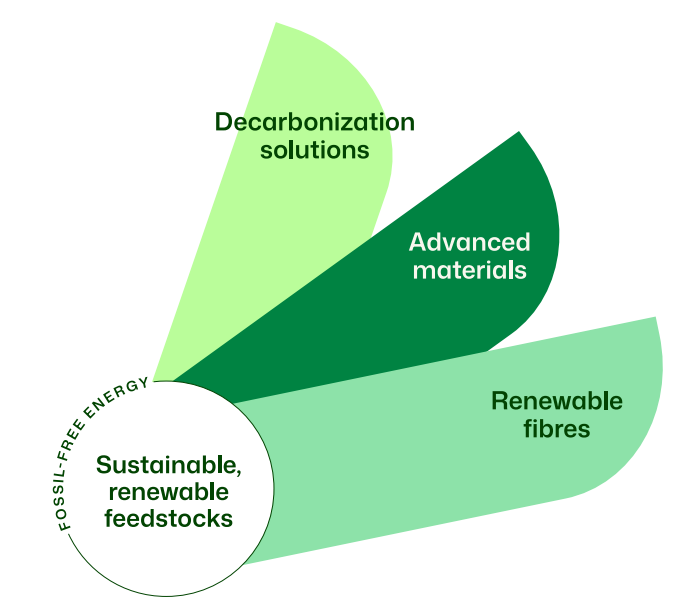
#### UPM acts on three fronts

In addition to the strategic portfolio projects mentioned, UPM will further improve competitiveness, increase capital efficiency, and strengthen the balance sheet. UPM will capture focused growth opportunities. Following recent investments, UPM has a strong asset base to capture market growth opportunities in a capital-efficient way. UPM aims to develop a portfolio of world-class businesses.

- 1) Improve competitiveness
  - Improve performance through cost efficiency, streamlining and commercial excellence
  - Increase capital efficiency and cash flow following recent investments
  - Strengthen the balance sheet
- 2) Focused growth
  - Strong asset base enables growth with low investment needs
  - Growth markets and faster-growing geographies
  - Competitive production platforms
- 3) World-class businesses
  - Portfolio of leading businesses in growing markets
  - World-class performance in each business
  - Planned graphic paper Joint Venture
  - Strategic review of UPM Plywood

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.

### Strategy in action



#### Key enablers

##### People

UPM focuses on performance, engagement, safety, and integrity. Diversity and inclusion, learning, responsible leadership, and respect are at the core of the work. UPM aims for sustained excellence and continuous professional growth.

##### Productivity

UPM uses advanced technologies, sustainable practices, and strategic initiatives to improve efficiency and productivity. This ensures competitiveness of the businesses and supports UPM's growth ambitions.

##### Commercial excellence

UPM optimizes commercial interfaces and processes to ensure supply security and enhance the customer experience. This supports the company's ongoing efforts to sustain and grow earnings.

##### Sustainability

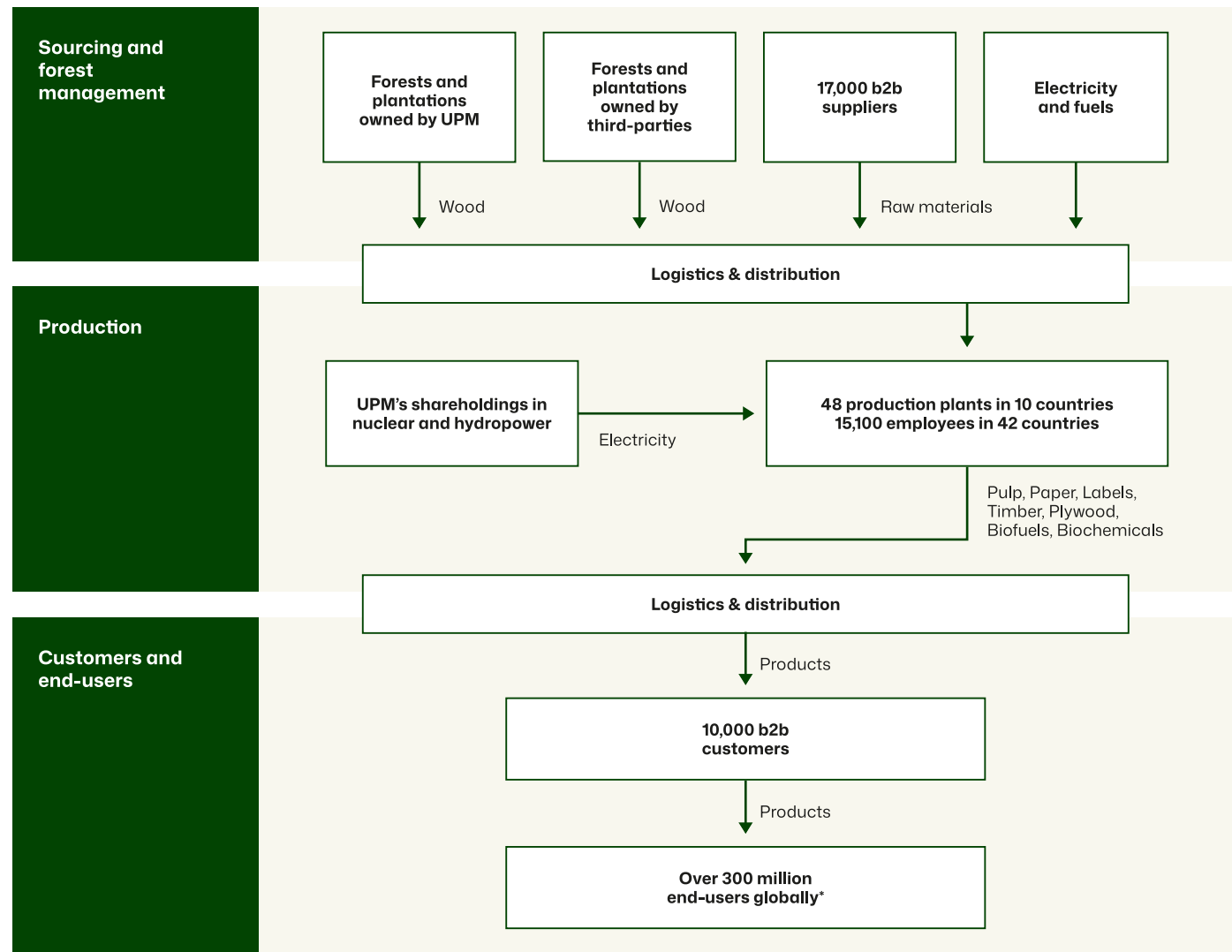
The UPM Code of Conduct underlines the commitment to integrity and responsible operations. UPM creates value from renewable and recyclable materials, reduces its environmental footprint, and enhances its positive societal impact.

##### Innovation

Sustainability, the circular economy, and the customers are at the heart of UPM's innovation. UPM innovates new materials and solutions to help customers' businesses become more sustainable. UPM innovates to make its operations and processes more efficient and also to increase employees' productivity.

# Business model and value chain

## Business model and value chain



\*The estimate includes the use of paper, plywood, timber, and part of the pulp.

### 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 from its suppliers and third-party intermediaries.

Suppliers are an integral part of UPM's value chain. The main sourcing categories are fibre, chemicals, other raw materials, logistics, energy, and

indirect purchases such as services. Pulp and energy suppliers account for the largest expenditures.

The most important priorities when selecting suppliers 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. With the required competencies and digitalization, supplier management boosts product development and the commercialization of new products.

UPM buys products, materials, and services from some 17,000 B2B suppliers worldwide. The sourcing network includes suppliers from startup companies to international corporations. UPM also buys wood from around 13,000 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 the material topics identified by UPM, product stewardship has been established as a focus area with company-wide 2030 sustainability targets and key performance indicators.

Refer to » [E5-3 Resource use and circular economy, Targets](#)

UPM ensures that its products are safe for their intended use. Most of UPM's products are certified with widely recognized international and regional ecolabels such as the EU Ecolabel. All UPM businesses that use 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 certifications, and UPM Biochemicals and four UPM Adhesive Materials factories have ISCC PLUS certification.

These sustainability-related targets and commitments cover all UPM products, markets and customer groups, and they are implemented based on legal requirements and expectations from customers and other stakeholders.

### Products and customers

UPM sells products directly and through distributors to approximately 10,000 b2b customers worldwide. Most of the products are intermediary products that UPM's customers or their customers further process into final products. UPM captures the opportunities presented by growing consumer demand for sustainable choices and stricter regulations aimed at mitigating climate change and related to plastic use, for example.

With higher living standards and an aging 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-based 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 2025, 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.

### UPM's solutions for different industries

- Packaging and labeling: biochemicals for plastic packaging, packaging papers, paper for label materials, label materials, pulp for packaging and labeling
- Tissue and hygiene: pulp for tissue, fluff pulp for hygiene products
- Automotive and transportation: renewable fuels, renewable naphtha, renewable functional fillers for rubber, renewable glycols, self-adhesive automotive films, LNG shipbuilding, vehicle flooring
- Printing and publishing: magazines and books, newspapers, advertising and catalogues, envelopes, home and office papers, pulp for printing
- Low-emission energy: CO<sub>2</sub>-free electricity, renewable energy
- Construction: building and construction, concrete forming, interior and exterior design, furniture
- Apparel and textiles: renewable naphtha, bio-based monoethylene glycols (BioMEG)
- Graphic solutions: large format printing media, protective lamination, screen and UV offset films, sign-making films, vehicle wrapping films, decoration films, PVC-free graphics solutions materials, CCK release base papers

### 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 knowledge of the end uses of the products and the needs of the customers, underpins this approach.

UPM maintains continuous dialogue with customers, and 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. In 2025, actions to mitigate climate change remained a high priority for UPM's customers. Product safety, sustainable forest management, biodiversity, circularity and ecolabels are also highly valued.

Refer to » [SBM-2 Interest and views of stakeholders](#)

# Interest and views of stakeholders

## SBM-2

Understanding the views and expectations of stakeholders is crucial to UPM's success and the acceptance of its operations. UPM aims to provide stakeholders with a clear picture of its future direction, strategy implementation, and creation of long-term value for stakeholders. UPM discloses relevant and accurate information in accordance with market regulations. As many stakeholders primarily see UPM as an economic operator, the main topics of discussion were financial success, stability, good governance, outlook and growth. 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. UPM carefully analyzes feedback to understand stakeholder expectations. These expectations are taken into account in development work and decision-making.

UPM's strategy forms the foundation of its 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.

Stakeholder relations are led and coordinated globally by the UPM Marketing, Sustainability and Communications function. The EVP of this function has the overall responsibility for stakeholder engagement processes and development, supported by the Responsibility Team at the Group level. The same responsibility exists at the business level, where the VP of the function is responsible for stakeholder engagement and continuous dialogue with customers, business partners, and local communities within their business area. This ensures proactive and relevant engagement across the business and geographical spectrum.

UPM's most important stakeholders are investors, customers, current and future employees, suppliers, communities, media, governments and regulators, NGOs, and researchers.

The company incorporated the views and insights gained through stakeholder engagement into its business decisions and strategy in multiple ways. These methods include, but are not limited to, regular interviews and surveys, open dialogue, and engagement events. Function representatives are responsible for turning the views into insights that help develop the business, its performance, and future strategy.

The views and feedback from stakeholder dialogue are considered in the double materiality assessment to evaluate material sustainability topics further. The analysis is based on internal assessments, as well as stakeholder interests and concerns. The annual double materiality assessment also considers the interests, views, and rights of UPM's workforce, value chain workers and affected communities. The Group Executive Team reviews the identified material topics, 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 to evaluate various

aspects of their working environment. See » *St-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 they share the same goal. UPM believes that active and timely forest management maintains carbon sinks and enhances biodiversity, while society needs to reduce its dependence on fossil fuels and raw materials. UPM addresses stakeholders' concerns at the local, national and international levels, participates in public debates, and meets with NGO representatives.

In general, human rights considerations and due diligence requirements are integrated into UPM's global processes, forming the basis for UPM's business model.

The Board is informed through the Audit Committee Chair's regular reports 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

## SBM-3

UPM's identification of sustainable impacts, risks, and opportunities 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 formalized 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 because UPM does not sell directly to consumers. UPM's products are mainly used as raw materials and intermediate products, and UPM does not have visibility for the end users of the final products. Although UPM has businesses that produce final products, these 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 |
|-------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------|
| Economic and governance                                           |                |                                                                             |                                             |                                                                                                                                                                                          |                      |              |
| Renewable and circular products, and CO <sub>2</sub> -free energy | ESRS 2, E1, E5 | Product stewardship                                                         | ➤                                           | Positive impact: Renewable and circular products, as well as CO <sub>2</sub> -free energy, as alternative for fossil-based products                                                      | ▼                    | ● ●          |
|                                                                   |                |                                                                             | ➤                                           | Opportunity: Increasing market demand for bio-based products and CO <sub>2</sub> -free energy                                                                                            | ▼                    | ● ● ●        |
| Business resiliency                                               | ESRS 2         | Profit                                                                      | ➤                                           | Potential negative impact: Threat of temporary shut-downs or closures of sites due to lack of competitive raw materials or sales market conditions causing negative impact on employment | ●                    | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | Risks: Dependency on a few main resources such as wood, energy, or water; Unpredictability of emerging regulation in the sustainability area                                             | ▼                    | ● ●          |
|                                                                   |                |                                                                             | ➤                                           | Opportunity: Competitive advantage to increase efficiency in using main resources                                                                                                        | ▼                    | ● ●          |
| Business ethics and values                                        | G1, S2         | Governance                                                                  | ➤                                           | Positive impact: Ensuring and enhancing ethical behavior in operations and value chain                                                                                                   | ▲ ● ▼                | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | Risk: Non-compliance with legislation or agreed practices                                                                                                                                | ▲ ● ▼                | ● ● ●        |
| Responsible sourcing                                              | G1, S2         | Responsible sourcing                                                        | ➤                                           | Potential negative impact: Human rights violations with effects on people in the supply chain                                                                                            | ▲                    | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | Risk: Disruptions in UPM's supply chain                                                                                                                                                  | ▲                    | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | Opportunity: Creating business value through supplier development and collaboration                                                                                                      | ▲ ●                  | ● ●          |
| Environmental                                                     |                |                                                                             |                                             |                                                                                                                                                                                          |                      |              |
| Biodiversity                                                      | E4             | Biodiversity                                                                | ➤                                           | Positive impact: Ensuring and enhancing net-positive impact on biodiversity by UPM's forest management                                                                                   | ●                    | ● ●          |
|                                                                   |                |                                                                             | ➤                                           | Potential negative impact: Biodiversity loss in UPM's multi-tier supply chain                                                                                                            | ▲                    | ● ●          |
|                                                                   |                |                                                                             | ➤                                           | Risk: Dependency on wood as main resource for production                                                                                                                                 | ▲ ●                  | ● ●          |
|                                                                   |                |                                                                             | ➤                                           | Opportunity: Biodiversity ensures healthy forest growth                                                                                                                                  | ▲ ●                  | ● ●          |
| Circular bioeconomy                                               | E5             | Waste, Product stewardship                                                  | ➤                                           | Positive impact: Circularity in UPM's production processes and recyclability of products reducing the need for non-circular materials                                                    | ▲ ● ▼                | ● ●          |
|                                                                   |                |                                                                             | ➤                                           | Opportunity: Avoided costs for waste disposal and purchase of virgin materials                                                                                                           | ●                    | ● ● ●        |
| Climate change                                                    | E1             | Climate                                                                     | ➤                                           | Positive impact: Climate change mitigation through climate-related effects of forests, renewable and circular products, and CO <sub>2</sub> -free energy                                 | ▲ ● ▼                | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | 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)                                  | ▲ ● ▼                | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | Risk: Transitional as well as physical climate-related risks, due to changes in legislation and extreme weather events                                                                   | ▲ ● ▼                | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | Opportunity: Transition opportunities covered by UPM's business model focusing on bio-based products and CO <sub>2</sub> -free energy                                                    | ▲ ● ▼                | ● ● ●        |
| Sustainable forestry                                              | E4             | Forestry                                                                    | ➤                                           | Potential negative impact: Deforestation in UPM's multi-tier supply chain                                                                                                                | ▲                    | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | Risk: Physical risks for forests due to climate change                                                                                                                                   | ▲                    | ● ●          |
|                                                                   |                |                                                                             | ➤                                           | Opportunity: Accelerated forest growth due to climate change                                                                                                                             | ▲                    | ● ●          |
| Sustainable water usage                                           | E2, E3         | Water                                                                       | ➤                                           | Potential negative impact: UPM's water usage and environmental incidents may effect the environment                                                                                      | ▲ ●                  | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | Risk: Potential operational hazards causing shutdown or curtailed production                                                                                                             | ▲ ●                  | ● ● ●        |
| Social                                                            |                |                                                                             |                                             |                                                                                                                                                                                          |                      |              |
| Decent work and fair rewarding                                    | S1             | Responsible leadership, Continuous learning and development, Fair rewarding | ➤                                           | Positive impact: Providing equal and adequate wages, training, and development support                                                                                                   | ●                    | ● ●          |
|                                                                   |                |                                                                             | ➤                                           | Potential negative impact: Job losses due to closing of operations or restructuring                                                                                                      | ▲ ●                  | ● ●          |
|                                                                   |                |                                                                             | ➤                                           | Risk: Lack of skilled workforce                                                                                                                                                          | ●                    | ● ●          |
|                                                                   |                |                                                                             | ➤                                           | Opportunity: Being the employer of choice                                                                                                                                                | ●                    | ● ● ●        |
| Diversity and inclusion                                           | S1             | Diversity and inclusion                                                     | ➤                                           | Positive impact: Enhancement of diversity and inclusion with positive effect on workforce                                                                                                | ●                    | ● ● ●        |
| Health and safety                                                 | S1, S2         | Safe and healthy working environment                                        | ➤                                           | Positive impact: Enhanced health and safety for workforce in all UPM sites                                                                                                               | ▲ ●                  | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | Negative impact: Health and safety incidents, including serious accidents and fatalities for people working at UPM sites and in the supply chain                                         | ▲ ●                  | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | Risk: Potential injury of UPM's employees, contractors, or third parties                                                                                                                 | ▲ ●                  |              |
| Communities                                                       | S3             | Community involvement                                                       | ➤                                           | Positive impact: Effect on local development through UPM's production sites and investments                                                                                              | ▲ ●                  | ● ● ●        |
|                                                                   |                |                                                                             | ➤                                           | Potential negative impact: Environmental incidents or safety accidents can effect people in the communities around UPM sites                                                             | ▲ ●                  | ● ● ●        |

## Current and anticipated effects on UPM

From an opportunity standpoint, the global shift toward green and sustainable societies supports UPM's strategy and business objectives, as it increases the demand for fossil-free, renewable, and circular products and materials. These 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, 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 to UPM's operations and raw material sourcing. These risks are increasing droughts, heat waves, water scarcity, and pest damage. Potential floods, tropical cyclones, severe convective storms, and forest fires could also affect UPM's operations or its suppliers, 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 operations and those of its suppliers.

UPM is investing in developing resilience in forest and 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 located in areas with low water stress and wildfire risks. Forest management certification schemes ensure responsible wood sourcing.

At the Group and business area level, risk management considers sustainability risks as part of ongoing risk management processes.

UPM actively participates in developing sustainability-related regulation at the local and EU levels to support the sustainable transformation of the industry. While fully supporting the EU's sustainability-related initiatives, UPM also identifies certain regulatory changes that could directly impact operations by affecting the availability of raw materials. These regulatory changes may impact raw material costs while strengthening UPM's position in producing bio-based products and materials.

UPM has identified human rights and responsible sourcing risks and impacts in its global supply chains. UPM adheres to global human rights and sustainability frameworks to promote responsible sourcing practices in supply chains. However, there is potential for negative impacts in supply chains where UPM's sustainability standards may not be met. UPM continuously develops 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 (Scope 1-3) contribute to climate change. Although wood sourcing can have a short-term impact on carbon storage in forests, sustainable forest management ensures carbon sinks in the medium and long term. These impacts are directly linked to climate change and pose risks for UPM's business. At the same time, forest management practices have a direct impact on the state of biodiversity in forests. UPM recognizes this 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 the continuous assessment of potential changes in the operating environment and market dynamics. The analysis of business resilience is based on different scenarios, which take into account the main sustainability-related risks, impacts, and opportunities. Key sustainability-related risks and impacts are considered in relation to raw material and operational expenses, both of which are monitored and forecasted as part of the regular business steering processes.

Separate analyses of climate resilience and water scarcity risk 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 2024 reporting

The list of material impacts, risks and opportunities did not change materially from the previous year's report, except for a new risk regarding the unpredictability of emerging sustainability legislation. Other changes focused on clarification. For example, two former product-related material topics were combined to “Renewable and circular products, and CO<sub>2</sub>-free energy”.

Based on the review of the double materiality assessment in 2025, UPM omitted the quantitative disclosure on E2-5 Substances of Concern.

### IRO-1

## Materiality assessment process

### Process in general

UPM has conducted an annual materiality assessment since 2011. Since 2023, UPM's annual materiality assessment has followed EFRAG's guidelines for double materiality assessments.

Double materiality considers 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 assessment covers negative and positive, actual and potential impacts on the economy, the environment, and people, including the impact on human rights.

The identification of impacts, risks, and opportunities is based on internal expertise and several internal sources, including:

- salient human rights assessments,
- supplier and contractor audits as well as supply chain ESG risk assessments,
- 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, and health and safety data) and
- sustainability due diligence processes.

The interests and concerns of various stakeholders have been included in the process of identifying material impacts, risks, and opportunities. The process includes customer and local community inquiries, counterparty and media screening, NGO concerns, investor, government, and regulatory agendas, as well as UPM's employee engagement survey.

For the first double materiality assessment in 2023, interviews, questionnaires and workshops with internal and external stakeholders were also used.

The identified material topics are taken into account in the review of UPM's sustainability focus areas and define the scope of this Sustainability Statement.

See » *table in chapter SBM-3* for an overview of the material topics and their relation 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 and scope. In case of negative impacts, irremediability is also considered. The likelihood of potential impacts is also assessed.

UPM's thresholds for assessing scale, scope, and irremediability follow the principles of the global frameworks to which UPM is committed in its operations (e.g. different thresholds for environmental versus social impacts). Thresholds can be both quantitative and qualitative.

For example, materiality thresholds evaluate impacts against UPM's financial performance, the number of stakeholders affected, and geographical coverage.

UPM's Group-level risk assessment process includes an assessment of the financial impact of sustainability-related risks and opportunities on the company. Some of the impacts of the company's activities and business relationships on the economy, environment, and people may eventually become financial material issues. Financial materiality is assessed by analyzing the probability or frequency of events and the range of potential financial consequences to determine their 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 resulting from demand and regulatory changes (e.g. the societal transition to renewable and fossil-free materials).

Using thematic assessments (e.g. climate change, biodiversity, and human rights), UPM's expert teams evaluate potential risks arising from identified dependencies.

After analyzing the impacts, risks, and opportunities, the most significant ones are identified as material to UPM and grouped into topics. Internal professional judgment is also used to prioritize and group them.

This list of material impacts, risks, and opportunities is annually reviewed by the Audit Committee of the Board of Directors and approved by the GET.

UPM integrates the management of environmental, social, or governance (ESG) risks into its risk management practices throughout the organization.

## 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 (e.g. regulation, market), operational risks (e.g. availability and price of key inputs), and hazard risks (e.g. 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 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 to fossil-based materials.

Refer to [» \*Note 1.2 Basis of preparation, section Climate-related risks\*](#) in the consolidated financial statements

**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 the 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 are material topics for UPM as a whole.

For new products and product development, screening of possible impacts and identification of risks and opportunities throughout the product life cycle 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 Program 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 Program\*](#)

Water related risks are mapped and analyzed also at UPM's production sites. In relation to water risks, refer to [» \*E3-2 Water risk assessments\*](#)

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 transportation 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 process. In addition, ISO 14001 and EMAS emphasize 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 Program 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 recognizes 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 analyzing 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 organizations.

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.

**Compliance-related impacts and risks**

Refer to [» \*G1-1 Policies, Reporting and identifying concerns, 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.

The table below provides an overview of ESRS data points that derive from other EU legislation and where this information can be found if considered material. Regulation references include SFDR (Sustainable Finance Disclosures Regulation) or Others (Pillar 3 , Benchmark regulation, and/or EU Climate Law) as required in ESRS 1 Annex B.

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.

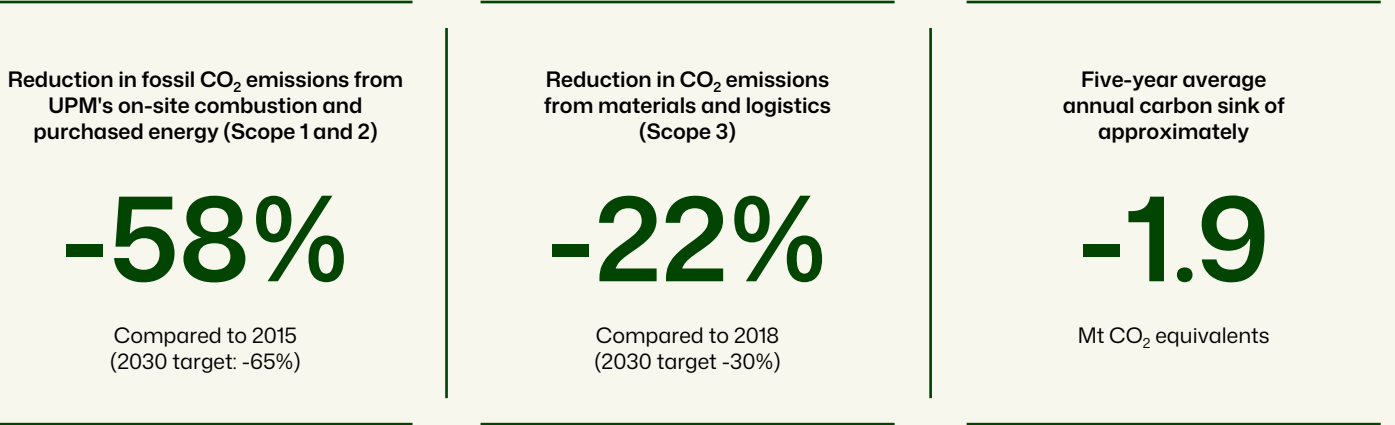
## List of data points derived from other EU legislation

| Datapoint                                                                                                                                                                       | Page number  | Regulation   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| ESRS 2 GOV-1 Board's gender diversity (paragraph 21 (d) )                                                                                                                       | 139          | SFDR         |
| ESRS 2 GOV-1 Percentage of Board members who are independent (paragraph 21 (e) )                                                                                                | 139          | SFDR         |
| ESRS 2 GOV-4 Statement on due diligence (paragraph 30)                                                                                                                          | 143          | SFDR         |
| ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities (paragraph 40 (d) i )                                                                                  | 144          | SFDR         |
| ESRS 2 SBM-1 Involvement in activities related to chemical production (paragraph 40 (d) ii )                                                                                    | 144          | SFDR         |
| ESRS 2 SBM-1 Involvement in activities related to controversial weapons (paragraph 40 (d) iii )                                                                                 | Not material | SFDR         |
| ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco (paragraph 40 (d) iv )                                                                  | Not material | SFDR         |
| ESRS E1-1 Transition plan to reach climate neutrality by 2050 (paragraph 14)                                                                                                    | 156          | Others       |
| ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks (paragraph 16 (g) )                                                                                               | 156          | Others       |
| ESRS E1-4 GHG emission reduction targets (paragraph 34)                                                                                                                         | 161          | SFDR, Others |
| ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (paragraph 38)                                                                                        | 164          | SFDR         |
| ESRS E1-5 Energy consumption and mix (paragraph 37)                                                                                                                             | 164          | SFDR         |
| ESRS E1-5 Energy intensity associated with activities in high climate impact sectors (paragraphs 40 to 43)                                                                      | 164          | SFDR         |
| ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions (paragraph 44)                                                                                                            | 165          | SFDR, Others |
| ESRS E1-6 Gross GHG emissions intensity (paragraphs 53 to 55)                                                                                                                   | 165          | SFDR, Others |
| ESRS E1-7 GHG removals and carbon credits (paragraph 56)                                                                                                                        | 168          | Others       |
| ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks (paragraph 66)                                                                                  | 169          | Others       |
| ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk (paragraph 66 (a) )                                                                             | Phased-in    | Others       |
| ESRS E1-9 Location of significant assets at material physical risk (paragraph 66 (c))                                                                                           | Phased-in    | Others       |
| ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes (paragraph 67 (c))                                                             | Phased-in    | Others       |
| ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities (paragraph 69)                                                                                   | Phased-in    | Others       |
| 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          | SFDR         |
| ESRS E3-1 Water and marine resources (paragraph 9)                                                                                                                              | 184          | SFDR         |
| ESRS E3-1 Dedicated policy (paragraph 13)                                                                                                                                       | Not material | SFDR         |
| ESRS E3-1 Sustainable oceans and seas (paragraph 14)                                                                                                                            | Not material | SFDR         |
| ESRS E3-4 Total water recycled and reused (paragraph 28 (c) )                                                                                                                   | 187          | SFDR         |
| ESRS E3-4 Total water consumption in m3 per net revenue on own operations (paragraph 29)                                                                                        | 187          | SFDR         |

| Datapoint                                                                                                                                    | Page number  | Regulation   |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| ESRS 2 IRO 1 E4 Biodiversity-related impacts, risks and opportunities (paragraph 16 a-c)                                                     | 189          | SFDR         |
| ESRS E4-2 Sustainable land/agriculture practices or policies (paragraph 24 (b) )                                                             | 190          | SFDR         |
| ESRS E4-2 Sustainable oceans/seas practices or policies (paragraph 24 (c))                                                                   | Not material | SFDR         |
| ESRS E4-2 Policies to address deforestation (paragraph 24 (d))                                                                               | 190          | SFDR         |
| ESRS E5-5 Non-recycled waste (paragraph 37 (d))                                                                                              | 207          | SFDR         |
| ESRS E5-5 Hazardous waste and radioactive waste (paragraph 39)                                                                               | 207          | SFDR         |
| ESRS 2- SBM3 – S1 Risk of incidents of forced labor (paragraph 14 (f))                                                                       | 209          | SFDR         |
| ESRS 2- SBM3 – S1 Risk of incidents of child labor (paragraph 14 (g))                                                                        | 209          | Others       |
| ESRS S1-1 Human rights policy commitments (paragraph 20)                                                                                     | 210          | SFDR, Others |
| ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8 (paragraph 21)  | 210          | SFDR         |
| ESRS S1-1 Processes and measures for preventing trafficking in human beings (paragraph 22)                                                   | 210          | SFDR         |
| ESRS S1-1 Workplace accident prevention policy or management system (paragraph 23)                                                           | 210          | SFDR         |
| ESRS S1-3 Grievance/complaints handling mechanisms (paragraph 32 (c))                                                                        | 237          | SFDR, Others |
| ESRS S1-14 Number of fatalities and number and rate of work-related accidents (paragraph 88 (b) and (c))                                     | 219          | SFDR, Others |
| ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness (paragraph 88 (e))                                              | 219          | Others       |
| ESRS S1-16 Unadjusted gender pay gap (paragraph 97 (a))                                                                                      | 221          | Others       |
| ESRS S1-16 Total remuneration ratio (paragraph 97 (b))                                                                                       | 221          | Others       |
| ESRS S1-17 Incidents of discrimination (paragraph 103 (a))                                                                                   | 221          | Others       |
| ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD (paragraph 104 (a))                                                    | 221          | Others       |
| ESRS 2- SBM3 – S2 Significant risk of child labor or forced labor in the value chain (paragraph 11 (b))                                      | 223          | SFDR, Others |
| ESRS S2-1 Human Rights Policy commitments (paragraph 17)                                                                                     | 224          | SFDR         |
| ESRS S2-1 Policies related to value chain workers (paragraph 18)                                                                             | 224          | SFDR         |
| ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines (paragraph 19)                                    | 224          | SFDR         |
| ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8 ( paragraph 19) | 224          | SFDR, Others |
| ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain (paragraph 36)                              | 226          | SFDR, Others |
| ESRS S3-1 Human Rights Policy commitments (paragraph 16)                                                                                     | 231          | Others       |
| ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles and/or OECD guidelines (paragraph 17)                            | 231          | Others       |
| ESRS S3-4 Human rights issues and incidents (paragraph 36)                                                                                   | 234          | Others       |
| ESRS S4-1 Policies related to consumers and end-users (paragraph 16)                                                                         | Not material | Others       |
| ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines (paragraph 17)                                               | Not material | SFDR, Others |
| ESRS S4-4 Human rights issues and incidents (paragraph 35)                                                                                   | Not material | SFDR         |
| ESRS G1-1 United Nations Convention against Corruption (paragraph 10 (b))                                                                    | 237          | SFDR         |
| ESRS G1-1 Protection of whistleblowers (paragraph 10 (d))                                                                                    | 238          | SFDR         |
| ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws (paragraph 24 (a))                                                    | 244          | SFDR, Others |
| ESRS G1-4 Standards of anti-corruption and anti- bribery (paragraph 24 (b))                                                                  | 244          | SFDR, Others |

# Climate change (ESRS E1)

UPM is committed to contributing to limiting global temperature rise and to science-based targets for mitigating climate change.



# Transition plan

E1-1

## UPM's path to net-zero

UPM offers renewable alternatives for fossil-based materials to meet the growing global consumer demand. UPM's strategy is driving the transformation as a frontrunner in the bioeconomy. The company is investing 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, SBTi has temporarily suspended the use of the timber and wood fibre pathway included in the Forest, Land and Agriculture (FLAG) Target-Setting Tool. Therefore, setting UPM's long-term net-zero target can be finalized when the relevant guidelines and tools for accounting land sector emissions and removals will be available. This is expected to happen in 2026.

UPM has participated in consultations of the SBTi Net Zero standard and Forest, Land and Agriculture guidance reviews.

The company's fossil CO<sub>2</sub> emissions reduction targets until 2030 for Scope 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.

## 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.** Minimizing the use of fossil fuels and raw materials is the most important way to mitigate climate change. We favor 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 €2,605 million (2,517 million) at the end of 2025 (Refer to » *Note 4.2 Forest assets* in the consolidated financial statement). In 2025, UPM's capitalized forest regeneration costs amounted to €64 million (53 million), including costs related to land preparation, planting, fertilization, leased plantation areas and nursery operations. Corresponding OpEx amounted to €26 million (27 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 improvements throughout its operations. In 2025, UPM invested €4 million (9 million) in energy efficiency improvements and reducing CO<sub>2</sub> emissions, mainly through improvements to heat recovery and logistics development. OpEx related to CO<sub>2</sub>-free nuclear power amounted to €54 million (34 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 €1,335 million. In 2025, investments to Biochemicals operations amounted to €259 million (309 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. Production and sales of the first commercial products, industrial sugars, started at the end of 2025. Production and sales of further products, lignin, renewable functional fillers and finally glycols is expected to start in 2026. The start-up of the biorefinery marks a significant milestone for UPM.

Refer to » *EU Taxonomy disclosure activity “3.6 Manufacture of other low-carbon technologies”*

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, sections “CapEx” and “OpEx” and tables “CapEx” and “OpEx”*  
See » *E1-3 Actions* for realized and planned key actions

### Other climate change mitigation-related aspects

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.

All the economic activities that UPM reports under the Taxonomy Regulation contribute to climate change mitigation (CCM). All activities, except 1.1 Afforestation and 1.3 Forest management, are assessed as Taxonomy-aligned. UPM considers that these before mentioned activities meet all alignment requirements, with the exception of third-party verification. UPM intends to obtain the necessary external verification and, once completed, plans to also assess activities 1.1 Afforestation and 1.3 Forest management as Taxonomy-aligned. Refer to » *EU Taxonomy disclosure, Assessment of Taxonomy eligibility and alignment*

UPM did not spend significant CapEx related to coal-, oil-, or gas-related economic activities in 2025.

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 Scope 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. In addition, UPM has credit facilities which are linked to biodiversity and climate targets.

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 years. The company's business portfolio offers robust growth opportunities in renewable fibres such as pulp; in advanced materials such as adhesive materials and specialty papers; and in decarbonization solutions such as biochemicals, biofuels, and CO<sub>2</sub>-free energy.

Decarbonization solutions offer innovative and sustainable options to meet the urgent need to decarbonize society. Renewable fuels and renewable chemicals are the central elements of UPM's long-term growth in decarbonization solutions. UPM is addressing key sectors that are critical for decarbonization with the launch of the biochemicals business, further development of the biofuels business, and by capturing the value of the energy market transformation. Minimizing the use of fossil fuels is the most important way to mitigate climate change.

UPM will contribute to the decarbonization of the electricity system by increasing the supply of reliable and renewable CO<sub>2</sub>-free electricity. In Biochemicals, the startup of the UPM Leuna refinery marks a significant milestone. In Biofuels, UPM announced to discontinue the development of its potential second biomass-to-fuels refinery at the Port of Rotterdam following extended technical, commercial and strategic evaluations. Renewable fuels and renewable chemicals are the central elements of UPM's long-term growth in decarbonization solutions. UPM is focusing on three targeted growth areas in its biofuels business:

- Evaluating the potential to debottleneck the Lappeenranta biorefinery in order to capture low CapEx expansion opportunities and further leverage the strong market performance of CTO-derived biofuels.
- Enabling the qualification of CTO-derived UPM biofuels as sustainable aviation fuel (SAF). This strategic direction is supported by successful SAF trials conducted with the Austrian aircraft manufacturer Diamond Aircraft using Austro Engine propulsion and by continued progress in the technical acceptance process at the American Society for Testing and Materials (ASTM). Results from these trials and stakeholder reviews have been consistently positive.
- Continuing feedstock technology development to qualify and enable the use of additional competitive and sustainable biomass. This will support the cost-efficient production of high-quality biofuels for both road and aviation applications.

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 realized 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 U.S., as well as its land areas in Uruguay, act as carbon sink. UPM's bio-based products create 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 production sites 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, wood harvesting conditions, or operational disruptions. |
| <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 the 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 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 recognized 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 adaptation 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 the 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 Program 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 as the preferred measure.

Renewable energy targets and the phase-out of coal and peat support and specify 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, Scope 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 favors 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 decarbonization 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 operations through audits, innovations, and investments. Improvements usually also lead to reductions in CO<sub>2</sub> and other air emissions.

### Actions in 2025

- UPM Energy's new ultracapacitor at the Kuusankoski hydropower plant started up in November 2025. The investment, announced in August

2024, triples UPM's ultracapacitor capacity and further strengthens the ability of hydropower to balance the electricity grid.

- Solar power development was explored in Utti in Kouvolaa, and wind power in Western and Eastern Finland. Environmental impact assessments were ongoing in 2025.

### Planned actions

- UPM will continue to develop and implement energy efficiency measures and to develop its energy portfolio to reach its 2030 targets.
- UPM will install a new type of heat pump at its Augsburg paper mill in Germany. The pump will use previously unused waste heat to generate process steam for paper production. UPM expects this innovation to reduce CO<sub>2</sub> emissions in the steam generation process by 15%. The project is scheduled for completion in 2027.
- UPM Communication Papers launched a roadmap to accelerate climate action, for example, with long-term wind power agreements, power-to-heat solutions, and tailored activity plans for the mills.

## 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 -1.9 million tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>eq) as the annual average over the past five years.

### Actions in 2025

- Annual calculation of the carbon sink of UPM's own and leased forests and tree plantations in Finland, the USA, and Uruguay.
- UPM has worked with Natural Resources Institute Finland to improve soil carbon models for Uruguay using field data since 2022, and the field measurements in eucalyptus plantations continued in 2025.
- The calculations in Uruguay were switched to similar increment-drain method that is used for Finland. According to the Natural Resources Institute Finland, this is currently the most robust method for forest carbon accounting but the development work continues.

### Planned actions

- Annual calculation of the carbon sink of UPM's own and leased forests and tree plantations in Finland, the USA, and Uruguay will continue.

## Responsible sourcing: UPM's -30 by 30 Program

### Key actions

In 2022, UPM launched the -30 by 30 Program with the aim of reducing CO<sub>2</sub> emissions related to purchased materials and logistics (Scope 3) by 30%. As part of the program, 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 2025

- More suppliers, notably 56, were included in the data collection scope. The share of primary data for the most relevant raw materials is 99% for pulp, 89% for pigments and 51% for chemicals.
- Category-specific roadmaps to achieve a 30% CO<sub>2</sub> reduction have been implemented for all UPM business areas.
- A company-wide harmonized verification and benchmarking process for carbon footprint data from suppliers was implemented and tested under the -30 by 30 Program to ensure comparability and quality of supply chain emission calculations and also to learn and develop together with suppliers.
- UPM and its shipping partner Bore Ltd. have joined FuelEU Maritime compliance pooling service Ahti Pool with three modern dual-fuel vessels in May 2025. The three vessels now use bio-LNG contributing to UPM's target to reduce fossil CO<sub>2</sub> emissions from its supply chain. Furthermore, UPM Plywood now uses renewable diesel for all its domestic road transport of plywood in Finland.

### Planned actions

- Continue and further expand the annual collection of supplier carbon footprint data to assess development.
- Continued 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 toward a climate-positive product portfolio will continue in several areas to meet the 2030 target. Refer to [» E5-2 UPM Sustainable Product Design concept](#)

### Actions in 2025

- The construction works for the new biorefinery in Leuna, Germany, were completed. UPM started the production and sales of industrial sugars, the first commercial products in December.
- UPM Specialty Papers and Orkla Suomi piloted a new paper wrapper for Panda Milk chocolate. The new wrapper has been validated as recyclable in existing fibre recycling streams. For further examples of collaboration with customers refer to [» E5-2 Actions](#).
- At the beginning of 2025, UPM Caledonian paper mill hosted a trial carbon capture unit on site as part of Flue2Chem, a consortium of businesses looking to demonstrate a value chain from biogenic CO<sub>2</sub> to finished consumer goods. The unit captured carbon from the flue gas of the site's CHP biomass boiler.

### Planned actions

- Sequential startup 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.

## 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 €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. 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, UPM has credit facilities which are linked to biodiversity and climate targets.

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 2025, no significant capital expenditures for environment-related new projects were announced for 2026.

## 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; emissions 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 2025 (2024)                       |
|----------------------------------------------------------------------------------|--------------------------------------|---------------------------|-------------------------------------|----------------------------------------------------|
| Responsible sourcing                                                             |                                      |                           |                                     |                                                    |
| Fossil CO <sub>2</sub> emissions from materials and logistics (Scope 3)          | 2018                                 | 6.08 mt                   | -30%                                | -22% (-22%)                                        |
| Forestry                                                                         |                                      |                           |                                     |                                                    |
| Climate-positive land-use in UPM's own and leased forests *                      | Since 2019                           | –                         | Forests as carbon sink (continuous) | -1.9 (-2.1) mt CO <sub>2</sub> eq (5-year average) |
| Biodiversity                                                                     |                                      |                           |                                     |                                                    |
| Net-positive impact on forest biodiversity and developing a monitoring system ** | Since 2018 (Finland), 2022 (Uruguay) | Usually the previous year | Continuous improvement              | Overall positive development measured              |
| Climate                                                                          |                                      |                           |                                     |                                                    |
| Fossil CO <sub>2</sub> emissions Scope 1 and 2                                   | 2015                                 | 6.80 mt                   | -65%                                | -58% (-50%)                                        |
| Coal and peat usage                                                              | 2020                                 | 3.3 TWh                   | 0 TWh                               | 2.6 (2.8) TWh                                      |
| Annual energy efficiency improvement                                             | Since 2016                           | –                         | +1% (continuous)                    | Not achieved                                       |
| Share of renewable fuels                                                         | 2015                                 | 67%                       | above 70% (continuous)              | 81% (80%)                                          |
| Product stewardship                                                              |                                      |                           |                                     |                                                    |
| Climate-positive product portfolio                                               | Since 2019                           | –                         | Continuous improvement              | Decarbonization solutions: 7% (6%) of sales***     |

\* Five-year annual average carbon sink; approximate value

\*\*\* Correction of percentage value (8%) for 2024

\*\* 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 toward net-zero. However, methodologies are still being developed by the GHG Protocol and the Science Based Targets initiative (SBTi) to accurately calculate and formulate targets.

UPM's Scope 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 decarbonization pathways.

The baseline years for Scope 1, 2 and 3 are considered representative for UPM's long-term targets on CO<sub>2</sub> reduction. They reflect the long-term transition from a paper company to a material solution company with a broader product portfolio.

In 2025, 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 -15% compared to 2024 and -58% compared to the base year of 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. Refer to [» E1-3 Responsible sourcing: UPM's -30 by 30 Program](#)

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  
Refer to [» E1-5 Metrics](#) for share of renewable fuels



Reporting principles for targets

**GHG emissions reduction targets (Scope 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 (IPPC).

Refer to » *E1-6 Metrics, Reporting principles for metrics* 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. 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 decarbonization 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 life cycle.

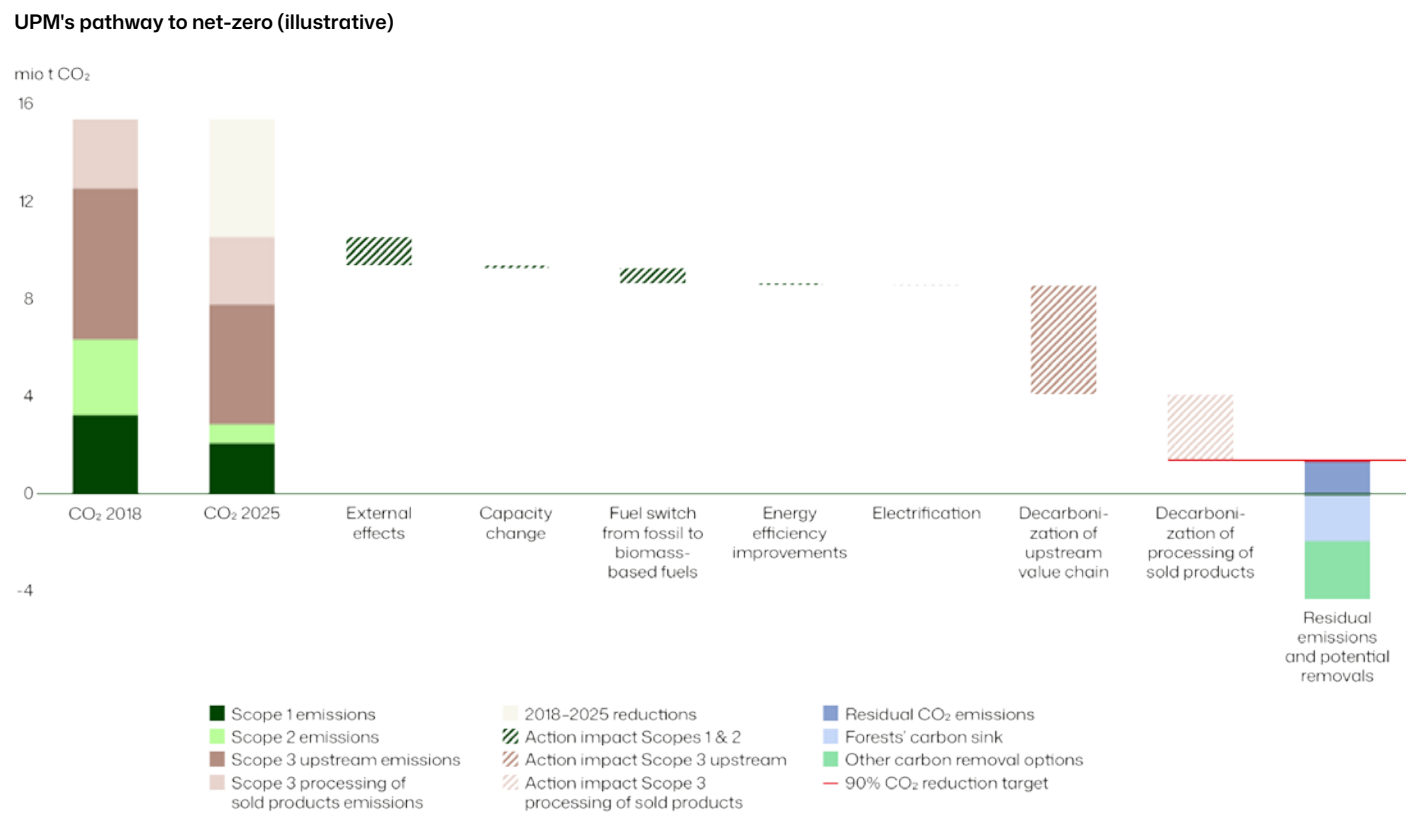
The positive impact has to be proven by means such as life cycle analysis, availability of Guarantees of Origin, calculation of substitution and storage effects based on a study initiated by UPM and carried out by the SYKE and IFEU institutes (Fossil carbon emissions substitution and carbon storage effects 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 decarbonization levers

UPM's path to net-zero is expected to be based on the decarbonization 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 forecast 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 the value chains. External effects such as the decarbonization of the electricity grid and economies as a whole, as well as general market developments, are also considered to play an important role.



# 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 81% (80%) of the fuel used on 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                                                            | 2025       | 2024       |
|----------------------------------------------------------------|------------|------------|
| Natural gas                                                    | 3,900,000  | 4,200,000  |
| Oil                                                            | 1,400,000  | 1,500,000  |
| Coal                                                           | 2,500,000  | 2,500,000  |
| Peat                                                           | 100,000    | 260,000    |
| Fossil recovered fuel                                          | 100,000    | 130,000    |
| Total fossil fuels                                             | 8,100,000  | 8,600,000  |
| Electricity from nuclear sources*                              | 3,100,000  | 3,400,000  |
| Other purchased electricity and heat (non-renewable)           | 1,100,000  | 1,300,000  |
| Total non-renewable energy consumption                         | 12,300,000 | 13,200,000 |
| Renewable fuels                                                | 35,100,000 | 34,000,000 |
| Purchased electricity and heat (renewable)                     | 1,700,000  | 1,600,000  |
| Self-generated non-fuel renewable energy (hydropower)          | 10,000     | 10,000     |
| Total renewable energy consumption                             | 36,800,000 | 35,600,000 |
| Total energy consumption                                       | 49,100,000 | 48,800,000 |
| Share of non-renewable sources in total energy consumption (%) | 25%        | 27%        |
| Share of renewable sources in total energy consumption (%)     | 75%        | 73%        |

\*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.

In 2025, 84% of UPM's purchased renewable electricity consisted of bundled contracts, while 16% consisted of unbundled electricity attribute claims, such as Guarantees of Origin and Renewable Electricity Certificates. Additionally, 1% of nuclear electricity used consisted of bundled contracts, while 99% consisted of unbundled Guarantee of Origin attributes.

### Electricity generation through own power plants and shareholdings

| MWh                                         | 2025       | 2024       |
|---------------------------------------------|------------|------------|
| CHP at production sites, renewable          | 5,000,000  | 4,600,000  |
| CHP at production sites, non-renewable      | 1,200,000  | 1,200,000  |
| Hydropower                                  | 800,000    | 1,000,000  |
| Hydropower, shareholdings                   | 2,200,000  | 2,200,000  |
| Nuclear power, shareholdings                | 7,600,000  | 7,600,000  |
| Thermal power, renewable, shareholdings     | 70,000     | 90,000     |
| Thermal power, non-renewable, shareholdings | 10,000     | 10,000     |
| Total                                       | 16,900,000 | 16,700,000 |

In addition to energy generation on UPM's production sites, UPM is a 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/€ m                                                    | 2025  | 2024  | % 2025/2024 |
|------------------------------------------------------------|-------|-------|-------------|
| Total energy consumption (MWh) per net revenue (€ m sales) | 5,080 | 4,720 | 8%          |

All UPM's business activities are considered to be in high climate impact sectors according to the NACE classification, either 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       | 2024       | 2025       | % 2025 / 2024 | 2025                        | 2030      | % 2025 / base year |
| Scope 1 GHG emissions *                                                      |               |            |            |            |               |                             |           |                    |
| Gross Scope 1 GHG emissions (tCO <sub>2</sub> )                              | 3,880,000     | 3,250,000  | 2,180,000  | 2,080,000  | -5%           | 2,200,000                   | 1,360,000 | -46%               |
| Scope 1 GHG emissions from regulated emissions trading schemes (%)           | 2,970,000     | 2,730,000  | 1,660,000  | 1,550,000  | -7%           | –                           | –         | –                  |
| Scope 2 GHG emissions *                                                      |               |            |            |            |               |                             |           |                    |
| Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> )               | –             | 3,020,000  | 1,640,000  | 1,540,000  | -6%           | –                           | –         | –                  |
| Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> )                 | 2,920,000     | 3,100,000  | 1,200,000  | 790,000    | -34%          | 1,650,000                   | 1,020,000 | -73%               |
| Scope 1 and 2 GHG emissions *                                                |               |            |            |            |               |                             |           |                    |
| Gross Scope 1 and market-based Scope 2 GHG emissions (tCO <sub>2</sub> )     | 6,800,000     | 6,120,000  | 3,380,000  | 2,870,000  | -15%          | 3,850,000                   | 2,380,000 | -58%               |
| Significant Scope 3 GHG emissions **                                         |               |            |            |            |               |                             |           |                    |
| Total Gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq)           | –             | 9,040,000  | 8,170,000  | 7,680,000  | -6%           | –                           | –         | –                  |
| 1 Purchased goods and services                                               | –             | 4,230,000  | 2,970,000  | 2,920,000  | -2%           | 3,490,000                   | 2,960,000 | -31%               |
| 2 Capital goods                                                              | –             | 50,000     | 160,000    | 110,000    | -28%          | –                           | –         | –                  |
| 3 Fuel- and energy-related activities                                        | –             | 670,000    | 520,000    | 460,000    | -11%          | 550,000                     | 470,000   | -31%               |
| 4 Upstream transportation and distribution                                   | –             | 1,180,000  | 1,250,000  | 1,340,000  | 8%            | 970,000                     | 830,000   | 13%                |
| 5 Waste generated in operations                                              | –             | 50,000     | 54,000     | 53,000     | -1%           | –                           | –         | –                  |
| 6 Business travel                                                            | –             | 12,000     | 14,000     | 11,000     | -20%          | –                           | –         | –                  |
| 7 Employee commuting                                                         | –             | 13,000     | 10,000     | 10,000     | -4%           | –                           | –         | –                  |
| 10 Processing of sold products                                               | –             | 2,830,000  | 3,200,000  | 2,780,000  | -13%          | –                           | –         | –                  |
| Total GHG emissions                                                          |               |            |            |            |               |                             |           |                    |
| Total GHG emissions (location-based) (tCO <sub>2</sub> /tCO <sub>2</sub> eq) | –             | 15,300,000 | 11,980,000 | 11,300,000 | -6%           | –                           | –         | –                  |
| Total GHG emissions (market-based) (tCO <sub>2</sub> /tCO <sub>2</sub> eq)   | –             | 15,390,000 | 11,550,000 | 10,560,000 | -9%           | –                           | –         | –                  |

\* Base year 2015 for Scope 1 and Scope 2 targets for 2030

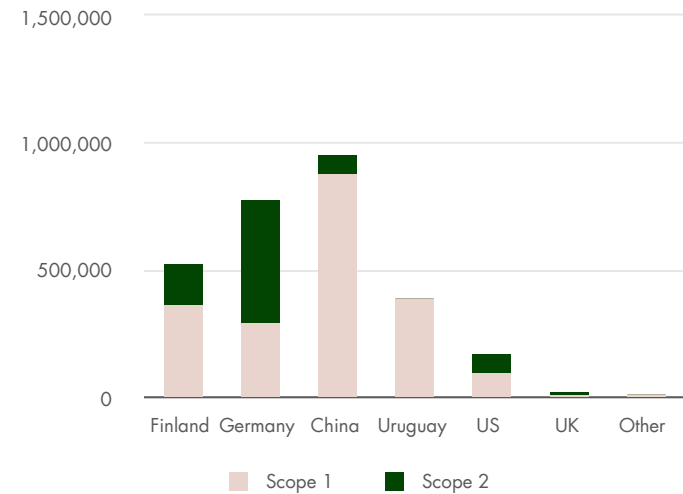
\*\* Base year 2018 for Scope 3 target for 2030

Note: Setting and SBTi application of UPM's long-term targets will proceed in 2026, when the guidelines and tools for the FLAG sector will be available.

Biogenic CO<sub>2</sub> emissions

| t Biogenic CO <sub>2</sub>                 | 2025       | 2024       |
|--------------------------------------------|------------|------------|
| Scope 1                                    | 12,140,000 | 11,740,000 |
| Scope 2                                    | 150,000    | 170,000    |
| Scope 3 (Category 11 Use of sold products) | 390,000    | 300,000    |

Fossil CO<sub>2</sub> emissions by country 2025



GHG intensity

| t/€ m                                                                                | 2025  | 2024  | 2025/2024 % |
|--------------------------------------------------------------------------------------|-------|-------|-------------|
| Total GHG emissions (location-based) per net revenue (tCO <sub>2</sub> eq/€ m sales) | 1,170 | 1,160 | 1%          |
| Total GHG emissions (market-based) per net revenue (tCO <sub>2</sub> /€ m sales)     | 1,090 | 1,120 | -2%         |

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 emission. The verification might take place after the publication of this Statement. In the event of significant differences, this will lead to a restatement 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 MLC (former GaBi) 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 on 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 Scope 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 40%. UPM's -30 by 30 Program 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 on 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-kilometers and primary emission data from suppliers or secondary emission factors from databases (GLEC, except UPM Adhesive Materials' 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 40%. UPM's -30 by 30 Program 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 ink jet 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 Adhesive Materials' 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 and plywood. 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 2025, the annual carbon sink from UPM own forests in Finland and in the USA and UPM own and leased plantations in Uruguay has averaged -1.9 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 Expected decarbonization levers](#)

### 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 2025, the change in the annual carbon stock of wood-based products sold by UPM resulted in a carbon removal of -2.4 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, 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 2025 was less than 10,000 t CO<sub>2</sub>eq. 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 harmonize 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 carbon accounting since 2024.

#### Finland

Changes in forest carbon stocks cover both the tree stock and the soil. Long-term measurement data and mathematical modeling 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 are based on the National Forest Inventory (VMI), which is a five-year inventory cycle. The change in soil carbon stock has been calculated using the dynamic Yasso07 soil model.

#### Uruguay

Changes in forest carbon stocks cover both the tree stock and the soil. Measurement data and mathematical modeling 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 increments in volume and harvest information from UPM. The change in soil carbon stock has been calculated using the dynamic Yasso07 soil model.

#### The U.S.

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 five 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 involves 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. IPPC 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 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 analysis for 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.

## EU Taxonomy

EU Taxonomy is a sustainable finance classification system based on Regulation (EU) 2020/852, 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's climate and environmental goals.

For the reporting year 2025, the EU Taxonomy disclosure requirements were amended to introduce a quantitative materiality threshold for the economic activities and new simplified reporting tables including a new summary table. Economic activities representing less than 10% of turnover, capital expenditure (CapEx) or operating expenditure (OpEx) may be reported as non-material. These changes aim to reduce reporting complexity while maintaining transparency on taxonomy-eligible and aligned activities.

### Assessment of Taxonomy eligibility and alignment

UPM annually conducts 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 for activity identification.

In 2025, UPM identified seven material eligible economic activities of which five 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.

UPM continues to report activities 1.1 "Afforestation" and 1.3 "Forest management" as Taxonomy-eligible but not Taxonomy-aligned for the reporting year 2025. These activities consist of UPM's afforestation operations in Uruguay and forest management and regeneration activities in Finland, Uruguay, and the USA. UPM considers that the mentioned activities fulfil all the alignment requirements, apart from the third-party verification (section 4. Audit). UPM has been searching for a partner who would fulfil Taxonomy certifier requirements and is 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 2025, UPM's material 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 the 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.

4.27 "Construction and safe operation of new nuclear power plants" relates to nuclear power plant Olkiluoto 3 through UPM's shareholdings in Pohjolan Voima Oyj (PVO).

4.28 "Electricity generation from nuclear energy in existing installations" relates to nuclear power plants Olkiluoto 1&2 through UPM's shareholdings in Pohjolan Voima Oyj (PVO).

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) are identified through UPM's shareholdings in Pohjolan Voima Oyj (PVO) which has direct shareholdings in Teollisuuden Voima Oyj (TVO), Refer to » [Note 4.3 Financial assets at FVOCI](#) in the consolidated financial statements. TVO operates three nuclear power plants in Finland after Olkiluoto 3 started its production phase in 2023. Both nuclear activities 4.27 and 4.28 are Taxonomy-aligned based on the comprehensive assessment conducted by Teollisuuden Voima Oyj (TVO).

Until 2024 reporting, the nuclear and fossil gas-related activities have been reported separately according to the Complementary Delegated Act. Following the changes in EU Taxonomy reporting requirements in 2025, separate reporting templates for nuclear and fossil gas-related activities are no longer used. These activities are now disclosed within the common reporting templates.

In 2025, UPM classified the previously reported economic activities 4.20 "Cogeneration of heat/cool and power from bioenergy" related to operation of installations used for cogeneration of heat/cool and power exclusively from biomass, biogas or bioliquids and 6.10 "Sea and coastal freight water transport, vessels for port operations and auxiliary activities" which relates to the sale of logistic services from leased vessels as non-material based on the new materiality thresholds. In addition, UPM identified non-material activities 1.2 "Manufacture of medicinal products", related to its discontinued Biomedicals business, as well as 4.29 "Electricity generation from fossil gaseous fuels" related to the Nordland CHP plant in Germany. These latter two activities have also been reported as non-material in previous years, as they had no impact on the KPIs.

### 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 following sections:

- Commitment to international frameworks: Refer to » [S1-1](#)
- UPM Code of Conduct and other corporate policies: Refer to » [G1-1](#)
- Sustainability governance: Refer to » [ESRS 2 GOV-1](#)
- Anti-corruption and anti-bribery: Refer to » [G1-3](#)
- UPM and human rights: Refer to » [S1-1](#), » [S2-1](#), » [S3-1](#)

- Taxation: See UPM Annual Report, chapter "Contributing to society through taxes"

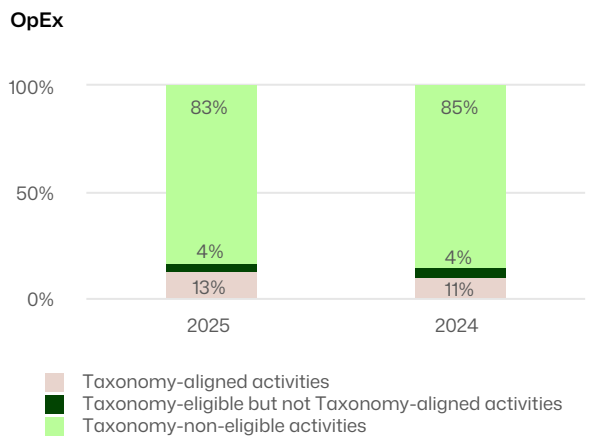
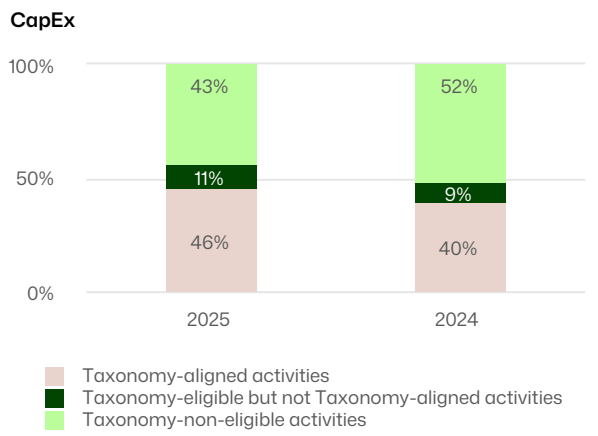
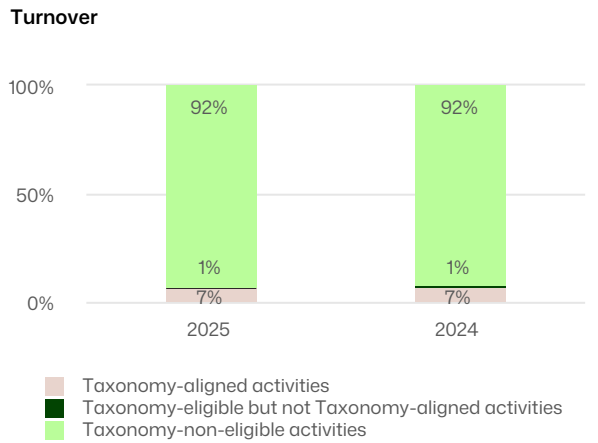
### UPM's Taxonomy alignment 2025 and development compared to previous year

In 2025, UPM's total Taxonomy-aligned turnover was €689 million (€774 million), 7% (7%) of total sales, Taxonomy-aligned CapEx was €284 million (€324 million), 46% (40%) of total CapEx and Taxonomy-aligned OpEx €88 (€71 million), 13% (11%) of total OpEx as defined in Disclosures Delegated Act. Taxonomy-aligned turnover KPI remained unchanged in percentage terms compared to the previous year. Taxonomy-aligned CapEx KPI increased 6 percentage points, mainly due to a higher proportion of Leuna biochemicals biorefinery investment out of total CapEx. OpEx KPI increased by 2 percentage points mainly due to higher OpEx related to the Leuna biorefinery and nuclear related OpEx associated with the Olkiluoto 1 and 2 nuclear plants (activity 4.28).

The Taxonomy Regulation is still under development and does not cover all 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.

### 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 the tables Template 1: Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities - disclosure covering year 2025 (summary KPIs) and Template 2: Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities - disclosure covering year 2025 (Activity breakdown), the latter of which is duplicated for Turnover, CapEx and OpEx KPIs separately.



Template 1: Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities - disclosure covering year 2025 (summary KPIs)

| Financial year | 2025      |                                             |                              |                                            |                                                                      |                           |       |                  |           |              |                                   |                                       |                                                 |                                                              |                                                                            |
|----------------|-----------|---------------------------------------------|------------------------------|--------------------------------------------|----------------------------------------------------------------------|---------------------------|-------|------------------|-----------|--------------|-----------------------------------|---------------------------------------|-------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------|
| KPI            | Total     | Proportion of Taxonomy -eligible activities | Taxonomy -aligned activities | Proportion of Taxonomy -aligned activities | Breakdown by environmental objectives of Taxonomy-aligned activities |                           |       |                  |           |              | Proportion of enabling activities | Proportion of transitional activities | Not assessed activities considered non-material | Taxonomy -aligned activities in previous financial year 2024 | Proportion of Taxonomy -aligned activities in previous financial year 2024 |
|                |           |                                             |                              |                                            | Climate Change Mitigation                                            | Climate Change Adaptation | Water | Circular Economy | Pollution | Biodiversity |                                   |                                       |                                                 |                                                              |                                                                            |
|                | € million | %                                           | € million                    | %                                          | %                                                                    | %                         | %     | %                | %         | %            | %                                 | %                                     | %                                               | € million                                                    | %                                                                          |
| Turnover       | 9,656     | 8%                                          | 689                          | 7%                                         | 7%                                                                   |                           |       |                  |           |              | 4%                                | 3%                                    | 92%                                             | 774                                                          | 7%                                                                         |
| CapEx          | 621       | 57%                                         | 284                          | 46%                                        | 46%                                                                  |                           |       |                  |           |              | 46%                               |                                       | 43%                                             | 324                                                          | 40%                                                                        |
| OpEx           | 668       | 17%                                         | 88                           | 13%                                        | 13%                                                                  |                           |       |                  |           |              | 5%                                | 8%                                    | 83%                                             | 71                                                           | 11%                                                                        |

Template 2: Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities - disclosure covering year 2025 (activity breakdown)

Turnover

| Reported KPI                                                                                                                                                                 |          | Turnover                                                             |                                                      |                                                                   |                                                         |                           |       |                  |           |              |                   |                       |                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------|---------------------------|-------|------------------|-----------|--------------|-------------------|-----------------------|-----------------------------------------------------|
| Financial year                                                                                                                                                               |          | 2025                                                                 |                                                      |                                                                   |                                                         |                           |       |                  |           |              |                   |                       |                                                     |
| Economic Activities                                                                                                                                                          | Code     | Taxonomy -eligible KPI<br>(Proportion of Taxonomy-eligible Turnover) | Taxonomy-aligned KPI<br>(monetary value of Turnover) | Taxonomy-aligned KPI<br>(Proportion of Taxonomy aligned Turnover) | Environmental objectives of Taxonomy-aligned activities |                           |       |                  |           |              | Enabling activity | Transitional activity | Proportion of Taxonomy-aligned in Taxonomy-eligible |
|                                                                                                                                                                              |          |                                                                      |                                                      |                                                                   | Climate Change Mitigation                               | Climate Change Adaptation | Water | Circular Economy | Pollution | Biodiversity |                   |                       |                                                     |
|                                                                                                                                                                              |          | %                                                                    | € million                                            | %                                                                 | %                                                       | %                         | %     | %                | %         | %            | E                 | T                     | %                                                   |
| Forest management                                                                                                                                                            | CCM 1.3  | 1%                                                                   |                                                      |                                                                   |                                                         |                           |       |                  |           |              |                   |                       |                                                     |
| Manufacture of other low-carbon technologies                                                                                                                                 | CCM 3.6  | 0%                                                                   | 18                                                   | 0%                                                                | 0%                                                      |                           |       |                  |           |              | E                 |                       | 100%                                                |
| Electricity generation from hydropower                                                                                                                                       | CCM 4.5  | 1%                                                                   | 115                                                  | 1%                                                                | 1%                                                      |                           |       |                  |           |              | E                 |                       | 100%                                                |
| Manufacture of biogas and biofuels for use in transport and of bioliquids                                                                                                    | CCM 4.13 | 3%                                                                   | 267                                                  | 3%                                                                | 3%                                                      |                           |       |                  |           |              | E                 |                       | 100%                                                |
| Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies | CCM 4.27 | 1%                                                                   | 125                                                  | 1%                                                                | 1%                                                      |                           |       |                  |           |              |                   | T                     | 100%                                                |
| Electricity generation from nuclear energy in existing installations                                                                                                         | CCM 4.28 | 2%                                                                   | 164                                                  | 2%                                                                | 2%                                                      |                           |       |                  |           |              |                   | T                     | 100%                                                |
| Sum of alignment per objective                                                                                                                                               |          |                                                                      |                                                      |                                                                   | 7%                                                      |                           |       |                  |           |              |                   |                       |                                                     |
| Total KPI (Turnover)                                                                                                                                                         |          | 8%                                                                   | 689                                                  | 7%                                                                | 7%                                                      |                           |       |                  |           |              | 4%                | 3%                    | 92%                                                 |

CapEx

| Reported KPI                                                              |          | CapEx                                                                  |                                                      |                                                                      |                                                         |                           |       |                  |           |              |                   |                       |                                                     |
|---------------------------------------------------------------------------|----------|------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|---------------------------|-------|------------------|-----------|--------------|-------------------|-----------------------|-----------------------------------------------------|
| Financial year                                                            |          | 2025                                                                   |                                                      |                                                                      |                                                         |                           |       |                  |           |              |                   |                       |                                                     |
| Economic Activities                                                       | Code     | Taxonomy-eligible KPI<br>(Proportion of<br>Taxonomy-eligible<br>CapEx) | Taxonomy-aligned KPI<br>(monetary value of<br>CapEx) | Taxonomy-aligned KPI<br>(Proportion of<br>Taxonomy-aligned<br>CapEx) | Environmental objectives of Taxonomy-aligned activities |                           |       |                  |           |              | Enabling activity | Transitional activity | Proportion of Taxonomy-aligned in Taxonomy-eligible |
|                                                                           |          |                                                                        |                                                      |                                                                      | Climate Change Mitigation                               | Climate Change Adaptation | Water | Circular Economy | Pollution | Biodiversity |                   |                       |                                                     |
|                                                                           |          | %                                                                      | € million                                            | %                                                                    | %                                                       | %                         | %     | %                | %         | %            | E                 | T                     | %                                                   |
| Afforestation                                                             | CCM 1.1  | 1%                                                                     |                                                      |                                                                      |                                                         |                           |       |                  |           |              |                   |                       |                                                     |
| Forest management                                                         | CCM 1.3  | 10%                                                                    |                                                      |                                                                      |                                                         |                           |       |                  |           |              |                   |                       |                                                     |
| Manufacture of other low-carbon technologies                              | CCM 3.6  | 42%                                                                    | 259                                                  | 42%                                                                  | 42%                                                     |                           |       |                  |           |              | E                 |                       | 100%                                                |
| Electricity generation from hydropower                                    | CCM 4.5  | 2%                                                                     | 11                                                   | 2%                                                                   | 2%                                                      |                           |       |                  |           |              | E                 |                       | 100%                                                |
| Manufacture of biogas and biofuels for use in transport and of bioliquids | CCM 4.13 | 2%                                                                     | 14                                                   | 2%                                                                   | 2%                                                      |                           |       |                  |           |              | E                 |                       | 100%                                                |
| Sum of alignment per objective                                            |          |                                                                        |                                                      |                                                                      | 46%                                                     |                           |       |                  |           |              |                   |                       |                                                     |
| Total KPI (CapEx)                                                         |          | 57%                                                                    | 284                                                  | 46%                                                                  | 46%                                                     |                           |       |                  |           |              | 46%               |                       | 81%                                                 |

OpEx

| Reported KPI                                                                                                                                                                 |          | OpEx                                                                  |                                                     |                                                                     |                                                         |                              |       |                     |           |              |                   |                       |                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------|------------------------------|-------|---------------------|-----------|--------------|-------------------|-----------------------|-----------------------------------------------------------|
| Financial year                                                                                                                                                               |          | 2025                                                                  |                                                     |                                                                     |                                                         |                              |       |                     |           |              |                   |                       |                                                           |
| Economic Activities                                                                                                                                                          | Code     | Taxonomy-eligible KPI<br>(Proportion of<br>Taxonomy-eligible<br>OpEx) | Taxonomy-aligned KPI<br>(monetary value of<br>OpEx) | Taxonomy-aligned KPI<br>(Proportion of<br>Taxonomy-aligned<br>OpEx) | Environmental objectives of Taxonomy-aligned activities |                              |       |                     |           |              | Enabling activity | Transitional activity | Proportion of<br>Taxonomy-aligned in<br>Taxonomy-eligible |
|                                                                                                                                                                              |          |                                                                       |                                                     |                                                                     | Climate change<br>Mitigation                            | Climate change<br>Adaptation | Water | Circular<br>Economy | Pollution | Biodiversity |                   |                       |                                                           |
|                                                                                                                                                                              |          | %                                                                     | € million                                           | %                                                                   | %                                                       | %                            | %     | %                   | %         | %            | E                 | T                     | %                                                         |
| Forest management                                                                                                                                                            | CCM 1.3  | 4%                                                                    |                                                     |                                                                     |                                                         |                              |       |                     |           |              |                   |                       |                                                           |
| Manufacture of other low-carbon technologies                                                                                                                                 | CCM 3.6  | 3%                                                                    | 21                                                  | 3%                                                                  | 3%                                                      |                              |       |                     |           |              | E                 |                       | 100%                                                      |
| Electricity generation from hydropower                                                                                                                                       | CCM 4.5  | 1%                                                                    | 4                                                   | 1%                                                                  | 1%                                                      |                              |       |                     |           |              | E                 |                       | 100%                                                      |
| Manufacture of biogas and biofuels for use in transport and of bioliquids                                                                                                    | CCM 4.13 | 1%                                                                    | 9                                                   | 1%                                                                  | 1%                                                      |                              |       |                     |           |              | E                 |                       | 100%                                                      |
| Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies | CCM 4.27 | 5%                                                                    | 34                                                  | 5%                                                                  | 5%                                                      |                              |       |                     |           |              |                   | T                     | 100%                                                      |
| Electricity generation from nuclear energy in existing installations                                                                                                         | CCM 4.28 | 3%                                                                    | 20                                                  | 3%                                                                  | 3%                                                      |                              |       |                     |           |              |                   | T                     | 100%                                                      |
| Sum of alignment per objective                                                                                                                                               |          |                                                                       |                                                     |                                                                     | 13%                                                     |                              |       |                     |           |              |                   |                       |                                                           |
| Total KPI (OpEx)                                                                                                                                                             |          | 17%                                                                   | 88                                                  | 13%                                                                 | 13%                                                     |                              |       |                     |           |              | 5%                | 8%                    | 77%                                                       |

*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 2025. 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 are not split in relation to 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 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 during 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 policies. Taxonomy-eligible and -aligned turnover includes only revenue from sales of products and services generated from activities that are included in the Taxonomy.

In 2025, the numerator of the turnover KPI is defined as the turnover derived from products and services associated with Taxonomy-aligned economic activities:

3.6 “Manufacture of other low-carbon technologies” generates turnover from the sale of products of the new biorefinery in Leuna, Germany, as it started its first customer deliveries in late 2025.

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.

4.27. "Construction and safe operation of new nuclear power plants" generates turnover from UPM's electricity sales to external customers related to nuclear power plant Olkiluoto 3.

4.28. "Electricity generation from nuclear energy in existing installations" generates turnover from UPM's electricity sales to external customers related to nuclear power plant Olkiluoto 1 and 2.

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 and sale of forestry services to private forest owners (1.3. “Forest management”) is 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, amortization 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 the 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 investments in shares and goodwill acquired in business acquisitions.

In 2025, 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. UPM is reporting all CapEx related to ongoing investment in new-generation biorefinery as Taxonomy-aligned CapEx. In reporting year 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 was not yet in operational stage. In 2025, the Leuna biorefinery produced its first commercial products and thus reporting of its Taxonomy-eligible and -aligned Turnover was initiated. Therefore, in 2025, UPM reported the Leuna investment as capital expenditure instead of CapEx plan. The Leuna biorefinery is expected to reach full production in 2027 and total CapEx for the investment is estimated to be €1,335 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.

CapEx related to investments on purchased and leased land for afforestation (1.1. “Afforestation”), and capitalized forest regeneration costs such as planting, growing of seedlings and operation of nurseries, (1.3. “Forest management”) is Taxonomy-eligible but not Taxonomy-aligned.

UPM is not reporting any CapEx related to the nuclear activities “4.27 "Construction and safe operation of new nuclear power plants" and 4.28 "Electricity generation from nuclear energy in existing installations", 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 Financial assets at FVOCI** in the consolidated financial statements.

*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 2025, 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.

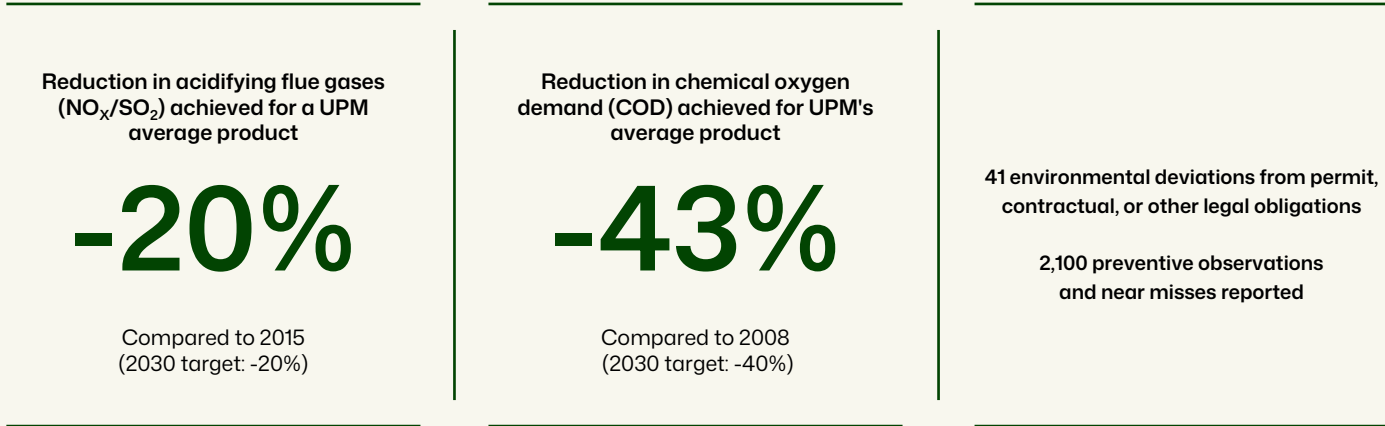
4.27 "Construction and safe operation of new nuclear power plants" includes UPM's share of day-to-day servicing costs related to property, plant, and equipment in Olkiluoto 3.

4.28 "Electricity generation from nuclear energy in existing installations" includes UPM's share of day-to-day servicing costs related to property, plant, and equipment in Olkiluoto 1 and 2.

OpEx related to forestry infrastructure maintenance, forest fire fighting, protection, and environmental activities (1.3. “Forest management”) is Taxonomy-eligible but not Taxonomy-aligned.

# Pollution (ESRS E2)

UPM pays close attention to the impact of its operations on the air, climate, water, and soil and aims to minimize any adverse effects. This means reducing emissions to air and water, avoiding emissions to soil, and minimizing both non-hazardous and hazardous waste.



## 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 minimizing 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 Program; 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 minimize 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 the 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 minimize any adverse effects. This means reducing emissions to air and water, avoiding emissions to soil, and minimizing 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 formalizes UPM's Clean Run concept. It aims to ensure that all businesses and operations 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 sensitizing, toxic to aquatic life with chronic effects, hazardous to the ozone layer, persistent 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 purpose of the UPM Risk Management Standard is to describe the company's HS&E (Health and Safety & Environment) risk management process in detail. The standard provides a systematic and standardized approach for conducting risk assessments, which are recorded in UPM's One Safety tool.
- 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 prioritize 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 Incident Investigation and Reporting Standard

The UPM Incident Investigation and Reporting Standard applies to HS&E. 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 organizations. The UPM incident investigation process starts when an incident occurs or is detected. It follows the procedures defined in the standard according to the severity of the incident. Immediately following an incident, the line organization's first task is to stabilize 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)
  - Product stewardship (with a target for share of ecolabeled products); Refer to » *E5-2 Actions* and *E5-3 Targets*
  - Waste (with a target for landfill waste); Refer to » *E5-2 Actions* and *E5-3 Targets*
  - Responsible sourcing (with a target on spend covered by UPM Supplier and Third-Party Code); Refer to » *G1-2 Targets*

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 production sites have a certified ISO 14001 environmental management system except two Adhesive Materials sites, one of which is preparing for the certification and the other site was announced to be closed. This is the basis for the Clean Run concept, which sets more precise requirements for UPM's common practices than the ISO standard. According to these requirements, all sites systematically follow up on deviations, proactively report observations and near misses, conduct environmental walks and discussions, share best practices, and prepare detailed risk assessments.

UPM regularly conducts "Clean Run and long-term environmental targets reviews" to ensure the implementation of the standard and provide support. The relevant production sites and business areas develop roadmaps for achieving the Group's environmental targets for 2030, and take actions accordingly.

In 2025, approximately 1,700 (1,900) environmental walks were organized, and 2,100 (2,200) preventive environmental observations and near misses were reported. In 2025, the number of environmental non-conformances increased to a total of 41 (35) deviations from permit, contractual or other legal obligations. 9 cases were related to air, 27 to water, 3 to soil and water, and 2 to plantation operations. 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 normalize the situation and will be taken to prevent similar occurrences. No major environmental incident occurred in 2025.

# 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 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 2025, the specific emissions of COD per tonne of paper increased by 5% compared to the previous year, but decreased by -30% compared to the target base year 2008. The specific emissions of COD per tonne of pulp increased slightly by 1% compared to the previous year, but decreased 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 utilized.

## Actions in 2025

- Several actions focused on reducing the risk of soil or groundwater pollution. At UPM Jämsänkoski, Finland, over 500 meters of wastewater pipelines were renewed. Improvements continued at the chemical unloading areas of several sites (e.g. Plywood mills and UPM Kaukas).
- 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 in 2024. A COD reduction of 20% is expected due to this measure, besides the improved sludge recycling options and reduction of transportation. The project was finalized in 2025.
- Plywood Pellos site increased the capacity and reliability of the wastewater treatment plant and updated the wastewater treatment plant diffusers. This resulted in three tonnes of COD load reduction per day.
- The primary clarifier at UPM Jämsänkoski, Finland, was renewed and taken into use. This was essential for the efficiency of the entire wastewater treatment process.
- UPM Rauma, Finland, invested in a new dissolved air flotation (DAF) unit in the chemi-mechanical pulping area. The investment improves material efficiency by separating a relevant amount of solids from the wastewater, which will decrease the COD load to treatment plant.

## Planned actions

- UPM will continue to develop and implement measures to reach its 2030 targets.

# 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 burning conditions, 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 2025, the specific emissions of acidifying flue gases per tonne of paper increased by 7% compared to the previous year, but decreased by -28% compared to the target base year 2015. The specific emissions of acidifying flue gases per tonne of pulp were decreased by -2% compared to the previous year and decreased by -10% compared to the target base year 2015. Refer to » *E2-3 Targets* for the follow-up of the target at Group level.

Transportation 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 fueled with LNG, their CO<sub>2</sub> emissions are 25% lower than those of commonly used marine gas oil. In addition, nitrogen oxides (NO<sub>x</sub>) are cut by about 85%, and sulphur oxides (SO<sub>x</sub>) by approximately 99%. Emissions of soot particles also decrease by 99%.

## Actions in 2025

- UPM joined a 5-year research program led by VTT and RISE Research Institutes of Sweden on emission-free pulping in 2024. The program aims to significantly reduce biomass burning and increase the material yield from wood from approximately 50% to around 70%. In 2025, UPM joined research to better understand the structure of fiber cell wall and to develop new ways to liberate fiber from wood matrix.
- At the UPM Kaukas pulp mill's recovery boiler, the third of its four electrostatic precipitators (ESPs) was renewed and taken into use in October, after the renewal of two ESPs in 2023. This will further improve air quality, especially by reducing dust emissions.

## Planned actions

- UPM will continue to develop and implement measures to reach its 2030 targets.

Refer to » *E5-2 Actions* for actions related to waste and chemicals.

# Resources

In 2025, UPM's environmental investments totaled €12 million (€20 million). The largest investments in 2025 were made in improving energy efficiency, reducing CO<sub>2</sub> emissions, and ensuring environmental compliance.

UPM's environmental costs, which were mainly attributable to effluent treatment and waste management, totaled €106 million (€111 million), including depreciation.

During 2025, 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 2025 (2024)                                                    |
|--------------------------------------------------------------------------------------|-----------|--------------------|-------------------|---------------------------------------------------------------------------------|
| Climate, including air emissions                                                     |           |                    |                   |                                                                                 |
| Acidifying flue gases (NO <sub>x</sub> /SO <sub>2</sub> ) for an average UPM product | 2015      | 100% **            | -20%              | -20% (-19%)                                                                     |
| Water                                                                                |           |                    |                   |                                                                                 |
| Chemical oxygen demand (COD) for an average UPM product *                            | 2008      | 100% ***           | -40%              | -43% (-44%)                                                                     |
| Waste                                                                                |           |                    |                   |                                                                                 |
| Process waste sent to landfills or to incineration without energy recovery           | 2015      | 122,000 dry tonnes | 0 tonnes          | 101,000 (97,000) tonnes, 82% (83%) of UPM's process waste recovered or recycled |
| Responsible sourcing                                                                 |           |                    |                   |                                                                                 |
| UPM total spend covered by UPM Supplier and Third-Party Code                         | 2015      | 79%                | >80% (continuous) | 86% (91%)                                                                       |

\* 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 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. The 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 toward 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 was achieved in 2024 and the 2030 target for acidifying flue gases was achieved in 2025.

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 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 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                                   | 2025  |
|----------------------------------------------|-------|
| Carbon monoxide (CO), t                      | 5,500 |
| Chlorine and inorganic compounds (as HCl), t | 20    |
| PCDD + PCDF (dioxins + furans) (as Teq), g   | 10    |
| Chromium and compounds (as Cr)               | –     |
| Polycyclic aromatic hydrocarbons (PAHs)      | –     |
| 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                                              | 2025  | 2024  |
|------------------------------------------------|-------|-------|
| Nitrogen oxides (NO <sub>x</sub> )             | 8,800 | 8,700 |
| Sulphur dioxide (SO <sub>2</sub> )             | 760   | 780   |
| Particulates (total)                           | 780   | 680   |
| Non-methane volatile organic compounds (NMVOC) | 1,000 | 400   |

#### Emissions to water (E-PRTR scope\*)

| t, kg or g                                        | 2025   |
|---------------------------------------------------|--------|
| Chlorides (as total Cl), t                        | 14,600 |
| Zinc and compounds (as Zn), kg                    | 5,600  |
| Copper and compounds (as Cu), kg                  | 1,600  |
| Nickel and compounds (as Ni), kg                  | 570    |
| Arsenic and compounds (as As), kg                 | 280    |
| Lead and compounds (as Pb), kg                    | 130    |
| Chromium and compounds (as Cr), kg                | 110    |
| Cadmium and compounds (as Cd), kg                 | 50     |
| Mercury and compounds (as Hg), kg                 | 2      |
| PCDD + PCDF (dioxins + furans) (as Teq), g        | 20     |
| 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                                      | 2025   | 2024   |
|----------------------------------------|--------|--------|
| Biological oxygen demand (BOD7)        | 5,300  | 5,200  |
| Chemical oxygen demand (COD)           | 57,600 | 56,600 |
| Total organic carbon (TOC) (as COD/3)  | 19,200 | 18,900 |
| Halogenated organic compounds (as AOX) | 300    | 280    |

#### 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**

Active research and cooperation is done in the area covering both process raw materials and unintentional releases from plastic articles. 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 center in Lappeenranta, Finland. However, this and other standardization and methodology developments are still insufficient. Testing, development, and validation work must continue to receive reliable and consistent results. UPM will continue research in this area by joining projects, through its own method development work, and in cooperation with external laboratories.

**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 Adhesive Materials, 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 on 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 on 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. All products made in UPM pulp mills and in the European paper mills comply with the relevant EU Ecolabel criteria, e.g. for graphic paper including its strict requirements for use of chemicals. Refer to [» E2-1 Policies](#) for information about UPM's policies on the use of substances of concern.

In 2025, a review of the substances of concern was conducted. This review was based on the information and amounts of substances of concern in purchased production chemicals gathered in 2024, as well as the potential emissions to the environment, and potential carry-over to products. The review concluded that there are no material impacts or risks. Therefore, quantitative disclosure on substances of concern has been omitted.

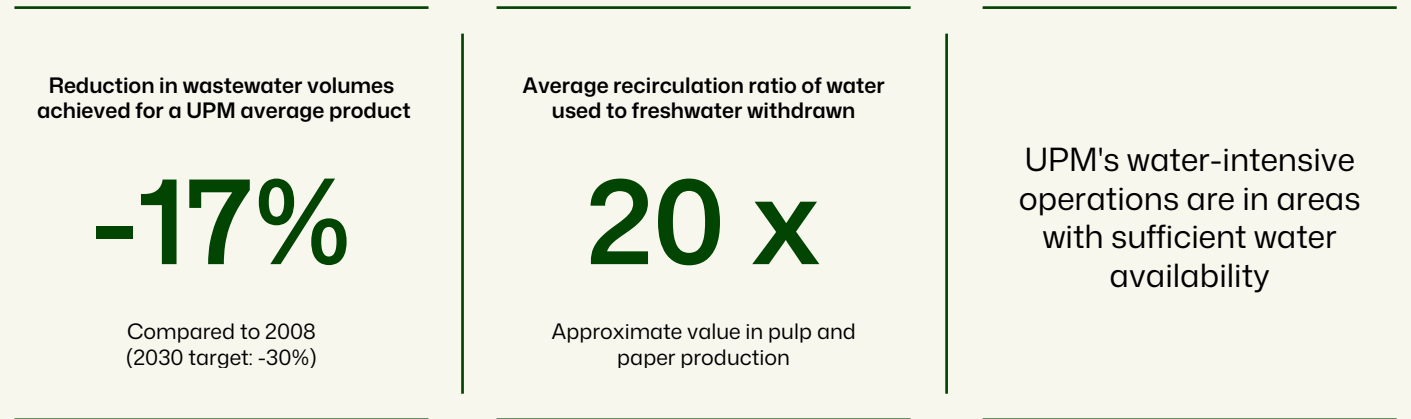
E2-6

Anticipated financial effects

In 2025, 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.



# 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 to minimizing 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 programs:

- UPM Clean Run Standard, Refer to [» E2-1 Policies](#)
- UPM Sustainable Product Design concept
- UPM Sustainable Supply Chain Program

UPM's Sustainability Policy Statement covers water management in a specific section. UPM's production sites aim to minimize 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 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 optimize 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 minimize negative impacts and support the role of forests in the hydrological cycle.

The Statement also takes UPM's approaches to sustainable product design, 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 recognized water stewardship principles.

UPM's Sustainable Supply Chain Program 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 Program](#) 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 transportation of materials and products by sea, and indirectly through the discharge of treated wastewater originating in own 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 transportation 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 2025, the specific process wastewater volume per tonne of paper increased by 2% from the previous year and 6% compared to the target base year 2008. The specific value per tonne of pulp decreased by -3% from the previous year and by -37% compared to the target base year 2008. Refer to [» E3-3 Targets](#) for the follow-up of the target at Group level.

### Actions in 2025

- UPM's pulp and paper mills continued their systematic water saving efforts. For example, UPM Tervasaari investments on the production are expected to decrease specific water consumption and wastewater volumes. At UPM Nordland paper mill, a multi-year project has begun to replace pumps with high sealing water consumption to pumps consuming less water. Many pumps applicable for this change have been identified, and the total water savings opportunity is expected to amount to 20 m³/h once the project is completed.
- UPM's San Francisco nursery in Uruguay implemented improvements to its water recycling system in the hardening area. The improvements allow the collection and recovery of irrigation excess in this part of the nursery, aiming for a 100% water recovery rate in the whole nursery.
- A potential for water recovery was identified during a trial carbon capture project at UPM Caledonian paper mill when condensing moisture out of hot gas; an idea which has been shared internally in the regular Clean Run and 2030 environmental targets sessions.
- UPM expanded its over 15-year collaboration with the Baltic Sea Action Group (BSAG) to include forestry water protection.
- UPM's stream water program, launched in 2016, was expanded to include UPM-owned land areas in the catchment area.

### Planned actions

- UPM will continue to develop and implement measures to reach its 2030 targets.
- Further actions to improve the water recycling system at UPM's San Francisco nursery in Uruguay will be implemented in 2026, also focusing on improving sludge treatment.
- In UPM Tervasaari, Finland, the startup of production investments resulting in lower specific wastewater volumes is scheduled for 2026.

## Water risk assessments

### Key action

UPM regularly updates its water risk assessments. The most recent update was carried out in 2025 using the WWF Risk Filter Suite 2.0. According to the assessment, none of UPM's main production sites are located in basins with a current high basin physical risk. Rather, they are located in basins with a very low to medium physical risk.

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 physical risk. The UPM Changshu paper mill near Shanghai in China is expected to face the highest increase in basin physical risk by 2050. However, the mill has made significant improvements in water efficiency and treatment over the years. Measures have included water recycling and wastewater recovery. Also the local authorities control the river flow to minimize risks such as drought or flooding in the area.

The tool also gives several single-indicator results for country or water basin level, the highest ones of which UPM internally ground-proofs against actual conditions at the site.

### Actions in 2025

- An annual review of UPM's water risk assessment was carried out for its water-intensive production sites (i.e. pulp and paper mills as well as biorefineries) with the WWF Risk Filter. The results are summarized in this chapter.
- A new internal ground-proofing, mitigation actions, and documenting process for WWF's tools highest physical water risk indicators per site was piloted.

### Planned actions

- Sites that score very high on the water basin physical risk on even single quantitative or qualitative indicator level in the WWF Water Risk Filter assessment in 2025 will finalize their site-specific risk management analysis.
- Utilization of the new WWF water risk tool version will be piloted in the sourcing processes.
- Continuation of participation in the Science Based Targets Network (SBTN) Corporate Engagement Program in 2026.

## 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 supply chain. These targets support UPM's policy objective of minimizing water use on 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 2025 (2024) |
|--------------------------------------------------------------|-----------|-----------------|-------------------|------------------------------|
| Water                                                        |           |                 |                   |                              |
| Wastewater volume for an average UPM product *               | 2008      | 100% **         | -30%              | -17% (-16%)                  |
| Responsible sourcing                                         |           |                 |                   |                              |
| UPM total spend covered by UPM Supplier and Third-Party Code | 2015      | 79%             | >80% (continuous) | 86% (91%)                    |

\* 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 toward the Group-level 2030 target for 2030 for reducing wastewater volume has slowed since 2022, mainly due to changed operating conditions, particularly at 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 very low to medium water basin physical risk, and one of them, the UPM Changshu paper mill raises to high risk classification for the 2030 and 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.

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>                                 | 2025        | 2024        |
|------------------------------------------------|-------------|-------------|
| Water withdrawal                               |             |             |
| Surface water                                  | 395,000,000 | 391,000,000 |
| Ground water                                   | 10,000,000  | 12,000,000  |
| Communal water                                 | 4,000,000   | 4,000,000   |
| Total water withdrawal                         | 410,000,000 | 407,000,000 |
| Water discharge                                |             |             |
| Process wastewater                             | 195,000,000 | 198,000,000 |
| Cooling water                                  | 186,000,000 | 184,000,000 |
| Total water discharge                          | 381,000,000 | 382,000,000 |
| Water consumption                              |             |             |
| Total water consumption                        | 29,000,000  | 25,000,000  |
| Total water consumption in areas at water risk | 0           | 0           |

### Water intensity

| m <sup>3</sup> /€m                                                                     | 2025  | 2024  |
|----------------------------------------------------------------------------------------|-------|-------|
| Total water consumption in own operations (m <sup>3</sup> ) per net revenue (€m sales) | 2,960 | 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, 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 m3 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 are 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.

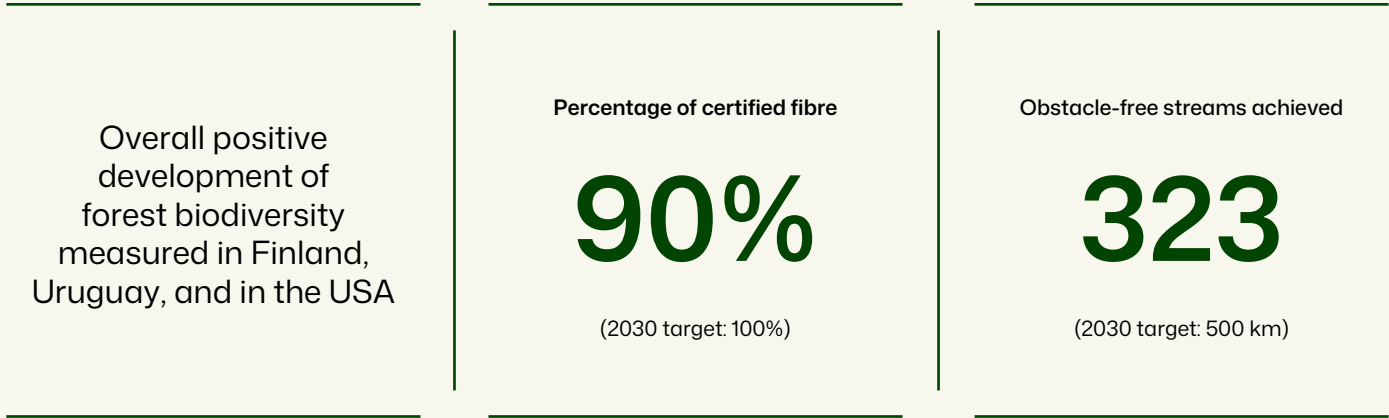
Water inflow and outflow are reported to the relevant local authorities in accordance with the site permits. For UPM's pulp and paper mills in Europe, China, and Uruguay, the data is verified and reported in accordance with the EU's Eco-Management and Audit Scheme (EMAS) by EMAS-accredited auditors.

**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.



## 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 of 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 Program 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. UPM's Sustainable Supply Chain Program 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 Program. 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 a double materiality assessment.

UPM's actions minimize risks and negative impacts biodiversity loss may have on the availability and acceptability of wood raw material for UPM's products such as pulp, paper, timber, biofuels, and biochemicals.

## Stakeholder engagement

UPM recognizes 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 organizations. For example, UPM has participated in the SBTN's development work since 2023 and joined the SBTN's pilot for land use methods in November 2025.

## Impacts, risks and opportunities

SBM-3

### Overview

| Impacts, risks and opportunities                                                                                 | Description                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Positive impact:</b><br>Ensuring and enhancing net-positive impact on biodiversity by UPM's forest management | UPM's Global Forest Action Program 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. |
| <b>Potential negative impact:</b><br>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.    |
| <b>Risk:</b><br>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                                                                      |
| <b>Opportunity:</b><br>Biodiversity ensures healthy forest growth                                                | Maintaining and enhancing biodiversity is essential for ensuring healthy forest growth, and that forests adapt to climate change.                                                                                                                                               |

Refer to » [Report of the 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 minimized 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 programs:

- 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 Program, Refer to » *G1-2 Responsible sourcing*
- UPM Forest Action Program, 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 recognized. Biodiversity risks and opportunities are assessed and documented as part of UPM's risk management process, emphasizing that biodiversity is recognized 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 recognizes 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 Program. These cover 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 Scope 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 targets for Scope 3 GHG emissions and for 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 Program

UPM's global Forest Action Program was launched in 2022. It outlines an ambitious agenda to maximize the positive impact of forestry operations by the end of 2030. The program 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 Program.

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 programs 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 set of indicators for Finland was launched in 2018, for Uruguay in 2022, and for the U.S. in 2025. Development work for measuring biodiversity is continuous. 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 2025**

- UPM continued participating in the global project led by FSC™ to better understand the positive impact on biodiversity that forest certification has. In 2025, the second stage of the project was conducted, which included field work at selected UPM sites in Finland.
- Implementation and follow-up of the new and revised biodiversity indicators for UPM's forests and plantations in Finland, the USA, and Uruguay. The first ever deadwood survey was conducted in UPM's forest in Minnesota. This enables setting a baseline for future targets.
- The Science Based Target Network's (SBTN) first pilot was finalized and the work with standards continued. SBTN launched a pilot for the version 2 of Land Methods. UPM participates in the pilot with a view to setting potential targets for forest management in Finland.
- The work regarding the UPM Habitat Restoration Program started. The aim of the program is that 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.
- In Uruguay, the project to evaluate the usefulness of environmental DNA (eDNA) for estimating biodiversity through species detection using the DNA metabarcoding strategy was concluded in June. The study area covered approximately 500 hectares.
- More than 70 communities were positively impacted by the UPM Foundation projects in Uruguay.
- UPM Uruguay received Ecosystem Service Certification (FSC®) for maintenance of a network of conservation areas.

**Planned actions**

- The global UPM Forest Action Program will continue with further targets and follow-up in all of UPM's wood production regions in Finland, the USA, and Uruguay.
- The implementation of the Smart Forestry™ method will continue in the USA with further measures and actions.
- Ongoing development work for measuring biodiversity with global FSC, and through direct collaboration with institutions.
- Participation in the SBTN Land Methods pilot in 2026.
- Active collaboration with the certification schemes to further develop the standards.

### Stream waters and biodiversity

**Key actions**

UPM's stream water program 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 kilometers of obstacle-free streams in Finland by 2030. The target steers the activities and monitoring of their impact on biodiversity.

**Actions in 2025**

- Three obstacle removal projects with UPM's participation were initiated and carried out: Sysmä Virtaankoski (0.4 km), Kuusamo Kuusinkijoki (12.1 km) and Rautjärvi Kurunkoski (19.7 km)
- Four restoration projects with UPM's participation were initiated and carried out: Savonlinna Linnanvirta (0.25 km), Karkkila Rapuoja and Kaupinoja (2.0 km), Jämsä Arvajankoski (0.1 km) and Kitee Nivunki (1.4 km)
- Studies related to eDNA continued in Finland and Uruguay. In Finland, three research projects with UPM's participation were initiated: The EU-funded NorthDIVERsITY led by the Natural Resource Institute Finland (LUKE), ARVOVESI3 Oulujoki water framework vision actions led by Kajaani University of Applied Sciences and Sateenvarjo IV Migrating fish development on built water courses led by the Natural Resource Institute Finland (LUKE).
- Participation in SBTN development. See above paragraph » *E4-3 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 Program.
- Testing of eDNA will continue (see above)

## Production sites and biodiversity

### Key actions

UPM continuously monitors its emissions to air and water and its impact on water bodies. In addition, sites take measures to enhance local biodiversity.

### Actions in 2025

- 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 Actions](#)
- Sites continued to manage invasive species in accordance with local plans.
- Participation in the SBTN development. Refer to » [E4-3 Forests and biodiversity](#)

### Planned actions

- Further emissions reductions in line with UPM's environmental targets for 2030
- The research is continuing to establish a common practice for measuring the sites' impact on biodiversity in water courses.

## Supply chain and biodiversity

### Key actions

Biodiversity protection has been identified as one of the key issues in UPM's Sustainable Supply Chain Program. 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 2025

- Further advances were made in the supply chain collaboration program between UPM and its direct starch suppliers, which focuses on improving the working conditions of the farm workers in Thailand (UPM's tier 2-3 suppliers). Building on the previous program stages of farm auditing, identification of improvement areas, target setting, and action planning, the program introduced Sustainable Agriculture Initiative's (SAI) Farm Sustainability Assessment (FSA), that addresses also biodiversity aspects.

### 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 €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, UPM has credit facilities which are linked to biodiversity and climate targets.

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 2025, 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 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 2025 (2024)          |
|------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------|------------------------|---------------------------------------|
| <b>Biodiversity</b>                                                                                  |                                      |                           |                        |                                       |
| Net-positive impact on forest biodiversity and developing a monitoring system *                      | Since 2018 (Finland)/ 2022 (Uruguay) | Usually the previous year | Continuous improvement | Overall positive development measured |
| Obstacle-free streams **                                                                             | 2015                                 | 0 km                      | 500 km                 | 323 km (287 km)                       |
| <b>Forestry</b>                                                                                      |                                      |                           |                        |                                       |
| Share of certified fibre ***                                                                         | 2015                                 | 84%                       | 100%                   | 90% (88.5%)                           |
| <b>Climate</b>                                                                                       |                                      |                           |                        |                                       |
| Fossil CO <sub>2</sub> emissions from UPM's own combustion and purchased electricity (Scope 1 and 2) | 2015                                 | 6.80 mt                   | -65%                   | -58% (-50%)                           |
| Acidifying flue gases (NO <sub>x</sub> /SO <sub>2</sub> ) for a UPM average product                  | 2008                                 | 100%                      | -20%                   | -20% (-19%)                           |
| <b>Water</b>                                                                                         |                                      |                           |                        |                                       |
| Chemical oxygen demand (COD) for a UPM average product ****                                          | 2008                                 | 100%                      | -40%                   | -43% (-44%)                           |
| <b>Responsible sourcing</b>                                                                          |                                      |                           |                        |                                       |
| UPM total spend covered by UPM Supplier and Third-Party Code                                         | 2015                                 | 79%                       | >80% (continuous)      | 86% (91%)                             |
| CO <sub>2</sub> emissions from materials and logistics (Scope 3)                                     | 2018                                 | 6.08 mt                   | -35%                   | -22% (-22%)                           |

\* 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 has had a net-positive impact on biodiversity target for its own forests in Finland since 2018 and for 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 program 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, minimization, restoration, and rehabilitation.

Refer to » [E1-4 Targets](#) for climate target

Refer to » [E2-3 Targets](#) for air emissions and water targets

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 the USA, and UPM's land areas in Uruguay.

Refer to » *E4-5, Metrics, Biodiversity indicators* for information and follow-up on the specific indicators.

**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).

## 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               | 2025      | 2024      |
|------------------------|-----------|-----------|
| Finland                | 522,000   | 522,000   |
| Uruguay                | 319,000   | 318,000   |
| U.S.                   | 76,000    | 76,000    |
| Total owned            | 917,000   | 916,000   |
| Uruguay, leased        | 177,000   | 174,000   |
| Total owned and leased | 1,094,000 | 1,090,000 |

This includes forest land for Finland and the U.S., and eucalyptus plantations, grasslands, and conservation areas for Uruguay.

In addition, UPM manages about 1,660,000 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

| %                                 | 2025   | 2024   |
|-----------------------------------|--------|--------|
| FSC™ and PEFC double certified    | 91.0%  | 90.2%  |
| PEFC certified                    | 8.0%   | 8.3%   |
| In the process of being certified | 1.0%   | 1.5%   |
| Total                             | 100.0% | 100.0% |

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 582,000 hectares in Finland and 9,000 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 141,000 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 identify and protect valuable habitats within its forest and plantation areas. Protected habitats are not managed commercially. This means that 100% of the forest operations are nearby protected or other biodiversity-sensitive areas. UPM does not operate in global biodiversity hotspots.

## Biodiversity indicators – Finland

In Finland, the target of a net-positive biodiversity impact is measured for UPM's own forest land using nine indicators for three categories: forest management, conservation, and projects and collaboration. Indicators are developed in cooperation with research institutes and other stakeholders. The baseline is set as 2019, and the assessment for most of

## Wood deliveries

Wood deliveries to UPM mills

| mio m³  | 2025 | 2024 |
|---------|------|------|
| Finland | 15.8 | 16.4 |
| Uruguay | 10.7 | 10.4 |
| Germany | 0.5  | 0.5  |
| USA     | 0.3  | 0.3  |
| Estonia | 0.2  | 0.2  |
| UK      | 0.2  | 0.2  |
| Total   | 27.7 | 28.0 |

the indicators is done by comparing the current status with the previous years' figures. In 2025, an overall positive development was measured for each indicator.

Biodiversity indicators – Finland

| Indicator                  | Target                                                                          | Metric                                                                  | 2025   | 2024   |
|----------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------|--------|
| Tree species               | Increase broadleaved tree species volumes                                       | Share of broadleaved trees (%)                                          | 12.3%  | 11.8%  |
| Deadwood volumes *         | Increase deadwood volumes in commercial forests                                 | Volume of deadwood per hectare (m3/ha)                                  | 7.4    | 7.4    |
| Retained aspen trees *     | Increase the volumes in commercial forests                                      | Volume of large aspen (DBH>30 cm) per hectare (m3/ha)                   | 0.74   | 0.74   |
| Continuous-cover forestry  | Increase the share of forests managed with continuous-cover                     | Share of continuous-cover forests from total commercial forest area (%) | 1.8%   | 1.4%   |
| Protected areas **         | Improved nature conservation network                                            | Share of protected areas from total land area (%)                       | 17.4%  | 17.2%  |
| Valuable natural habitats  | Diverse protected valuable habitat network                                      | Number of valuable habitats (#)                                         | 62,069 | 55,327 |
| Habitat restoration        | Improved biodiversity in restored environments                                  | Restored peatland areas (ha)                                            | 228    | 10     |
|                            |                                                                                 | Amount of other restored sites (#)                                      | 11     | 6      |
| Indicator development      | Complement the set of indicators and develop monitoring                         | Biodiversity index and indicator development                            | +      | +      |
| Research and collaboration | Active projects with stakeholders to further develop UPM's biodiversity program | Ongoing projects                                                        | +      | +      |

\* 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 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 reviewed and updated the indicator set with improved and concrete targets in 2024. The updates also ensure better alignment with other indicators and targets set by UPM Forest, such as the Habitat Restoration Program.

- For the indicators relating to the structural characteristics of forests, two changes have been implemented from 2025 onwards:
- The former “Forest age” indicator was replaced by “Retained aspen trees”, which measures the volume of aspen with a diameter of 30+ cm per hectare (m³/ha).
  - The “Forest structure” indicator was renamed to “Continuous-cover forestry” and the scope changed to follow-up the share of continuous-cover forestry on UPM lands.

### 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.

- For indicators relating to habitats outside commercial use, two new metrics for “Habitat restoration” were introduced:
- Restored peatland: with a target of 3,000 ha by 2030.
  - Number of sites restored or managed to promote biodiversity: with a target of at least 100 sites by 2030.

An indicator “Research and collaboration” was added for projects and cooperation with research partners and other NGOs to develop sustainable forest management practices that promote biodiversity.

The total area where UPM carries out some form of conservation measure is 66,000 hectares. This includes a network of 34 biodiversity reserves, covering more than 13,400 hectares. Each biodiversity reserve has specific management and monitoring plans.

#### Biodiversity indicators – Uruguay

| Indicator                                                  | Target                                                                                           | Metric                                                                                                                                                          | 2025   | 2024   |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|
| 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 | Share of conservation area of total own UPM land (%)                                                                                                            | 20.7 % | 19.6 % |
| Coverage of UPM's network of biodiversity reserves         | Cover at least 85% of the landscape units in which UPM owns land                                 | Share 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 * | Quality index needs to be at least 0.75 in High Conservation Value Areas                         | Average quality index in High Conservation Value Areas                                                                                                          | 0.76   | 0.77   |
| Control of invasive exotic woody species **                | Reduce by 8% per year the active area of invasive exotic woody species                           | Change in the active area of invasive exotic woody species between year end and start (%)                                                                       | 23.7 % | *      |
| Endemic and threatened species                             | Maintain or enhance endemic and threatened species populations                                   | No. of endemic and threatened species recorded during the past 5 years/No. of endemic and threatened species recorded during the cumulative baseline period (%) | -5.5 % | 2.8 %  |

\* Correction of indicator value (0.82) for 2024

\*\* Reporting of this indicator started in 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.

### Biodiversity indicators – the U.S.

In the U.S., the target of a net-positive biodiversity impacts is measured for UPM's own forest land using six indicators divided into three categories: forest management, conservation, and projects and collaboration.

#### Biodiversity indicators – the U.S.

| Indicator                        | Target                                                                            | Metric                                   | 2025   | 2024   |
|----------------------------------|-----------------------------------------------------------------------------------|------------------------------------------|--------|--------|
| Mixedwood silviculture           | Increase the area that is managed with mixedwood silviculture                     | Area of mixedwood silviculture (ha)      | 13,260 | 13,006 |
| Multi-aged silviculture          | Increase the share of the area that is managed multi-aged                         | Share of the area of total UPM land (%)  | 11 %   | 10 %   |
| Deadwood volumes                 | Maintain or increase sufficient deadwood volumes in commercial forests            | Deadwood volumes per hectare (m3/ha)     | 22.9   | *      |
| Wetland and riparian habitat     | Confirm the locations and area of wetland and riparian habitat                    | Locations mapped and area confirmed (ha) | 24,504 | *      |
| Old-growth forests               | Confirm the locations and area of old-growth forests                              | Locations mapped and area confirmed (ha) | **     | *      |
| Mixedwood research collaboration | Develop silvicultural practices through collaboration with research organizations | Ongoing activities                       | +      | +      |

\* Reporting of this indicator started in 2025.    \*\* Mapping in progress



#### Reporting principles for metrics

#### Areas (total, certified, protected) and wood deliveries

Due to its relevance for biodiversity and ecosystems, UPM reports on 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 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, Retained aspen trees, and Continuous-cover forestry reflect how UPM retains during its forestry operations the forest features that are essential for many forest-dwelling species. Deadwood and retained aspen tree 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 is 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 are 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, Research and collaboration, 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](#).

#### 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 Forest Oriental's (FO) forest database (Forest Oriental is the name of UPM's company dedicated to plantation management and 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 program, and since 1992 the results have been maintained in FO's biodiversity database. Variation in this indicator is expected for example, when new biodiversity reserves are added to the baseline.

### Biodiversity indicators – the U.S.

In Minnesota, the forest land owned by UPM covers 76,000 hectares. Forest can be considered mainly as semi-natural mixed forest, with species like aspen, pine, spruce, and fir. Most of the area is commercially used, but still with many characteristics of natural forest. By establishing the six biodiversity indicators UPM aims to further enhance these characteristics.

With mixedwood and multi-aged silviculture, the aim is to increase the number of different tree species and to create forests with enhanced stratification. Both of these characteristics help to develop the forest to resemble to those that were originally found in the area.

UPM is conserving the most valuable areas in its ownership. With indicators related to old-growth forests and wetland and riparian habitats, the locations and amount of these type ecosystems in UPM's land will be confirmed.

Deadwood is essential for many animals, whether they are insects, mammals, or birds. In the USA, UPM conducted the first ever deadwood survey with an external partner to have a baseline for the deadwood volumes, and to understand how the volumes are divided between different species, diameters, and a state of decay.

UPM collaborates with research organizations to further develop its practices.

## Anticipated financial effects

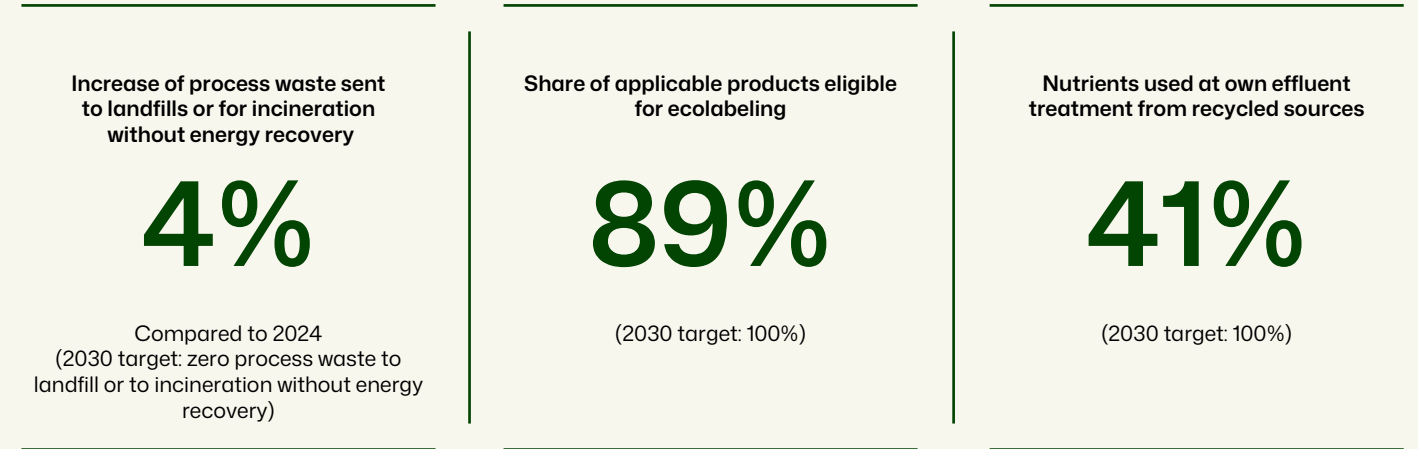
E4-6

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”.*

# 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.



# 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 minimize 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, programs, 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 Program, Refer to » *G1-2 Responsible sourcing*
  - UPM Forest Action Program, 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 life cycle. The standard establishes a framework for product management, emphasizing 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 utilized to integrate these practices into 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 life cycle management, as well as 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. Relevant persons working with product management, product development and technical customer service tasks have been trained in relevant UPM businesses in 2025.

# 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 website.

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 that originate from illegal or 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, Labeling 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 Program 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 Program 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 utilization 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 ecolabeled 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 actions and planned 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 life cycle 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 life cycle steps: design; materials; production; distribution; use; and circularity. Several tools help evaluate the sustainability factors of each life cycle 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 life cycle 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 life cycle 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 substances includes substances with selected hazard classifications. Product safety requirements are communicated to customers and suppliers of chemicals and raw materials. A harmonized questionnaire and a common tool (PP-VIS) enable UPM to ensure that sourced chemicals 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 recognized 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 Adhesive Materials factories have ISCC PLUS 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 2025**

- The new UPM Product Stewardship Standard was implemented in all relevant business areas. Refer to » *E5-1 Policies* for information about the standard.
- In the last couple of years, UPM has improved and streamlined the management of chemical inventories and approval processes in UPM production units and implemented a supporting IT system. The system was extended to stepwise cover also Adhesive Materials factories.
- UPM Specialty Papers has collaborated, e.g., with EvoPak to support Walkers Chocolates' transition from a plastic wrapper to recyclable paper-based packaging and with Royal Vaassen to support the development of several recyclable and food-safe barrier paper solutions for a variety of end-use applications replacing plastic and aluminum.
- UPM launched UPM Circular Renewable Black™, the first bio-based, NIR-detectable pigment, thus supporting plastic recycling processes.
- UPM's new biorefinery in Leuna, Germany, achieved ISCC PLUS, PEFC, and FSC™ chain-of-custody certifications.

**Planned actions**

- UPM is taking action to ensure that its products and packaging will comply with the requirements of the EU Packaging and Packaging

Waste Regulation (PPWR), which will be implemented gradually starting in August 2026.

- Continued Sustainable Product Design concept implementation in various UPM businesses, including life cycle 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. UPM's target is to neither send process waste to landfill nor to incinerate it without recovering the energy by 2030. UPM's other circularity target is to use only nutrients from recycled sources in its own effluent treatment plants by 2030. Refer to » *E5-3 Targets*

Best practices, research results, and ideas are shared throughout the company. Internal working groups focus on issues such as using side streams and recycling nutrients. Some of UPM's products are made of recovered materials, residues, or side streams, thus supporting circular economy.

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, as soil amendment materials, or as a raw material in board manufacturing. Ash from biomass-based energy generation represents a large share of waste and by-products. In 2025, 85% (83%) of the ash was used in various applications such as for soil stabilization, fertilizer, in the cement industry, as a raw material for the production of paper fillers, or internally to replace caustic soda.

Lime is a side stream from pulp production that is used as a liming agent in agriculture or for pH adjustment, for example. Green liquor dregs, another side stream from pulp production, are one of UPM's most challenging process wastes to utilize. UPM is working hard to find utilization options for green liquor dregs.

UPM BioVerno renewable diesel and naphtha are produced from crude tall oil, a residue from chemical pulp production. For lignin, a side stream from pulp production, examples of existing solutions include WISA BioBond gluing technology, which uses lignin to replace part of the fossil-based phenol used in plywood production, and the UPM Solargo product family, which comprises lignin-based biostimulants that improve crop quality and soil performance. UPM has also developed a range of lignin-based renewable functional filler products that will be produced in UPM's first-of-its-kind biorefinery in Leuna.

UPM is also actively improving the circularity of its product life cycle. UPM Adhesive Materials collects label waste from 350 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 2025**

- UPM continued to follow-up the ISO and CEN standardization of circular economy.
- Further mills tested new sources of recycled nutrients and expanded or started the use of recycled nutrients. For example, the UPM Changshu paper mill in China started to use recycled phosphorus and recycled nitrogen was taken into use at UPM Nordland Papier in Germany.
- Several mills implemented new sludge utilization concepts. Separate dewatering of biosludge and primary sludge was taken into use at UPM Nordland Papier, enabling the utilization of biosludge in biogas production and primary sludge in board manufacturing. A collaboration between UPM Kaukas and a partner was started to compost a part of the site's effluent treatment sludges. The resulting material is utilized as soil improver in agriculture. Similarly, UPM Rauma started a collaboration with a partner that stabilizes a part of the site's effluent treatment sludges with lime and uses it in agriculture
- In Uruguay, a dust-based liming agent "Microcal" was productized and the utilization in agriculture started. An environmental permit was granted for a pilot construction of a wood yard utilizing ash as construction material, and the construction project was started. A collaboration project studying the utilization possibilities of ash and green liquor dregs in cement production was started with a local university.
- Also at UPM pulp mills in Finland, further work was done to find utilization options for green liquor dregs.

**Planned actions**

- In 2026, UPM will continue its participation in the Finnish UUMA5 program together with the Pohjolan Voima company to enhance the utilization of secondary raw materials in earth construction.
- The pulp mills in Uruguay will continue to research and test waste utilization possibilities which were identified in their 2030 Zero Solid Process Waste to Landfill roadmap.
- 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 Program, 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 2025 (2024)                                                                               |
|------------------------------------------------------------------------------|------------|-----------------|------------------------|------------------------------------------------------------------------------------------------------------|
| <b>Forest</b>                                                                |            |                 |                        |                                                                                                            |
| Share of certified fibre                                                     | 2015       | 84%             | 100%                   | 90% (88.5%)                                                                                                |
| <b>Water</b>                                                                 |            |                 |                        |                                                                                                            |
| Nutrients used for effluent treatment from recycled sources *                | 2017       | 17%             | 100%                   | 41% (33%)                                                                                                  |
| <b>Waste</b>                                                                 |            |                 |                        |                                                                                                            |
| Process waste sent to landfills or to incineration without energy recovery   | 2015       | 122,000 tonnes  | 0 tonnes               | 101,000 (97,000) tonnes; 82% (83%) of UPM's process waste recovered or recycled                            |
| <b>Product stewardship</b>                                                   |            |                 |                        |                                                                                                            |
| Climate-positive product portfolio                                           | Since 2019 | -               | Continuous improvement | Decarbonization solutions: 7% (6%) of sales**                                                              |
| Development of new products and services with contribution to SDGs           | Since 2019 | -               | continuous             | Development of UPM Circular Renewable Black™ and collaboration for paper-based product packaging solutions |
| Share of applicable products eligible for ecolabeling out of total UPM sales | 2015       | 77%             | 100%                   | 89% (89%)                                                                                                  |
| <b>Responsible sourcing</b>                                                  |            |                 |                        |                                                                                                            |
| UPM total spend covered by UPM Supplier and Third-Party Code                 | 2015       | 79%             | >80% (continuous)      | 86% (91%)                                                                                                  |

\* Relevant for pulp and paper production

\*\* Correction of percentage value (8%) for 2024

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 minimization of any negative impact.

Most of the targets related to resource use and the circular economy are on track. However, the total amount of process waste sent to landfills increased because, for example, some of the earlier recycling options were discontinued. Measures are taken to achieve UPM's zero process waste to landfill target. 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.

Reporting principles for targets

**Share of applicable products eligible for ecolabeling out of total UPM sales**

The share is calculated based on UPM's overall sales of paper, chemical pulp, plywood, label material, and timber products and the sales which has been eligible for ecolabeling in accordance with FSC, PEFC, EU Ecolabel, or national ecolabels such as the Blauer Engel in Germany. Products with multiple ecolabels are counted only once.

## Circular product design

Product stewardship is one of UPM's sustainability focus areas. It includes three product-related targets that are linked to circularity and recyclability:

- Circularity has the potential to support UPM's target of achieving a climate-positive product portfolio, especially if the use of materials with a high carbon footprint is reduced;
- 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.

## 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](#)

## Circular material use and minimization 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 utilization 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.

## Responsible 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 Program. 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 achieving this target through proper sorting of waste and research into waste recycling options, for example.

UPM's targets can contribute to waste prevention, waste recycling, or energy recovery from waste.

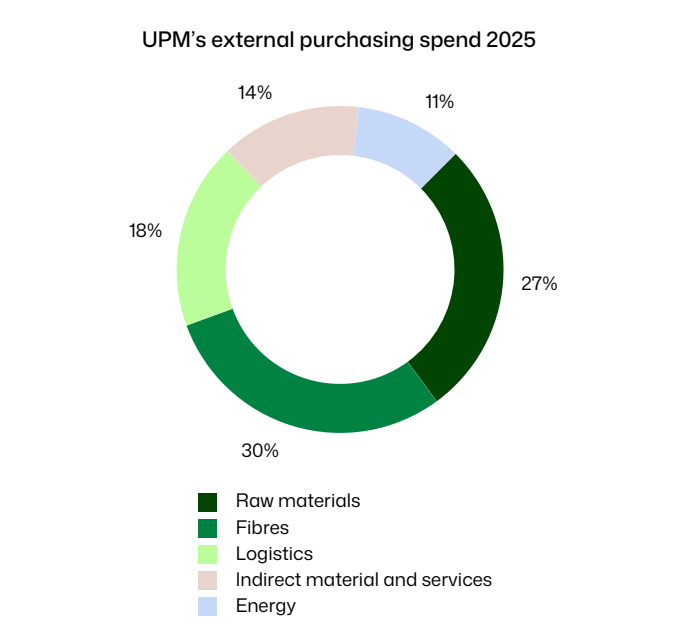
The targets are voluntary and additional to legal requirements.

# 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.



Suppliers are an essential part of UPM's value chain. Materials and services are purchased from approximately 17,000 B2B suppliers globally. The sourcing network includes suppliers from startup companies to international corporations. In addition, wood is purchased from about 13,000 private forest owners.

Refer to » [E1](#) for energy and » [E3](#) for water

## Raw materials

| Tonnes (incl. moisture)            | 2025       | 2024       |
|------------------------------------|------------|------------|
| Wood                               | 24,200,000 | 23,300,000 |
| Market pulp                        | 1,300,000  | 1,300,000  |
| Recovered paper                    | 470,000    | 700,000    |
| Purchased paper for converting     | 350,000    | 310,000    |
| Minerals                           | 1,700,000  | 1,800,000  |
| Chemicals                          | 940,000    | 930,000    |
| Plastics, adhesives, resins, films | 170,000    | 160,000    |
| Total                              | 29,200,000 | 28,600,000 |

## Percentage of biological material

| %                                 | 2025 | 2024 |
|-----------------------------------|------|------|
| Wood share in total raw materials | 83%  | 81%  |

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 the most value.

## Wood certification

| %                                                                          | 2025   | 2024   |
|----------------------------------------------------------------------------|--------|--------|
| FSC certified                                                              | 16.4%  | 18.3%  |
| PEFC certified                                                             | 39.2%  | 38.3%  |
| PEFC and FSC certified                                                     | 34.2%  | 32.0%  |
| Total certified wood                                                       | 89.8%  | 88.5%  |
| Wood complying with FSC Controlled Wood or PEFC Due Diligence requirements | 10.2%  | 11.5%  |
| Total biological material                                                  | 100.0% | 100.0% |

All wood-based raw materials are either FSC™ (FSC N003385) and PEFC (PEFC/02-44-41) certified or minimum FSC Controlled Wood or PEFC Controlled Sources. 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          | 2025    | 2024    |
|--------------------------|---------|---------|
| Tonnes (incl. moisture)  | 470,000 | 700,000 |
| % of total raw materials | 2%      | 2%      |

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 12% (15%) of fibre materials used in UPM's paper production in 2025.



## Reporting principles for metrics

## Raw materials

Wood is usually measured in cubic meters. 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.

## Percentage of biological material

Only wood is considered biological material in the calculation. UPM considers other wood-based materials, such as pulp, to be 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 of 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 | 2025      | 2024      |
|----------------------|------|-----------|-----------|
| Paper                | t    | 4,300,000 | 4,600,000 |
| Chemical pulp        | t    | 5,200,000 | 5,000,000 |
| Converting materials | t    | 500,000   | 460,000   |
| Plywood and veneer   | m3   | 470,000   | 480,000   |
| Sawn timber          | m3   | 1,100,000 | 1,200,000 |
| Heat                 | GWh  | 800       | 900       |
| Electricity          | GWh  | 13,200    | 13,400    |

### 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, biofuels, and naphtha. 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 fully 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. PE laminated kraft liner is mainly used for packaging. It can be recycled when appropriate collection and sorting are organized.

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. Pulp bales are packed with steel wires and sometimes wrapped in pulp sheets, both of which are recyclable.

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 Adhesive Materials 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. Usually, label stock sheets and reels are placed on pallets and wrapped with monomaterial plastic film. Or, reels are packed with PE-laminated kraft liner.

Plywood and veneer: Plywood is a 100% recyclable material when repurposed as 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 of end products. Typically, sawn timber is used as a fuel in energy production at the end of its life cycle, replacing fossil fuel sources.

For packaging of plywood, veneer and sawn timber, corrugated board, monomaterial plastic, and wood are used, and all of these materials are recyclable.

### By-products and waste

| Tonnes (dry weight), except hazardous waste | By-products | Non-hazardous process waste | Other non-hazardous waste | Hazardous waste | Total   | Total   |
|---------------------------------------------|-------------|-----------------------------|---------------------------|-----------------|---------|---------|
|                                             | 2025        | 2025                        | 2025                      | 2025            | 2025    | 2024    |
| Recycling                                   | 65,000      | 258,400                     | 7,800                     | 1,900           | 333,100 | 352,000 |
| Composting                                  | 80          | 7,700                       | 0                         | 0               | 7,800   | 9,100   |
| Energy recovery                             | 5,700       | 209,100                     | 1,200                     | 500             | 216,400 | 235,000 |
| Temporary storage                           | 1,400       | 15,800                      | 9,200                     | 0               | 26,500  | 25,000  |
| Landfilling                                 | 0           | 96,800                      | 2,100                     | 0               | 98,900  | 95,000  |
| Incineration without energy recovery        | 0           | 4,600                       | 0                         | 2,700           | 7,400   | 5,800   |
| Other disposal                              | 0           | 0                           | 0                         | 1,900           | 1,900   | 400     |
| Total                                       | 72,000      | 592,000                     | 20,000                    | 7,000           | 692,000 | 723,000 |
| Total amount of non-recycled waste *        |             |                             |                           |                 | 135,000 | 127,000 |
| Percentage of non-recycled waste            |             |                             |                           |                 | 19%     | 18%     |

\* 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

| %                  | 2025 | 2024 |
|--------------------|------|------|
| Fibrous residues   | 47%  | 50%  |
| Ash                | 28%  | 26%  |
| Green liquor dregs | 8%   | 8%   |

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 meters, 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 the 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.



## 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 well-being.

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. Cultural ambition includes being 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 well-being is important for both business success and sustained employability. UPM's long-term goal is to ensure high performance and continuous professional development.

## 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 labor 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 labor 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 groups equally.

## Overview of material impacts, risks and opportunities

| Material topics                | Impacts, risks and opportunities                                                                                   | Description                                                                                                                                                                                                                                                                                                                            |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Decent work and fair rewarding | <u>Positive impact:</u> 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.                                   |
|                                | <u>Potential negative impact*:</u> 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.                                                                                            |
|                                | <u>Risk:</u> 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.                                                                                                                                                                                        |
|                                | <u>Opportunity:</u> 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. |
| Diversity and inclusion        | <u>Positive impact:</u> 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.                                                                          |
| Health and safety              | <u>Positive impact:</u> Increased focus on health and safety measures for people working at all UPM sites          | UPM continuously improves health and safety practices across all business areas and sites for example by systematic risk assessments, audits, trainings, development projects and best practice sharing, and ensuring the progress by monitoring both leading and lagging KPIs as well as by employee surveys.                         |
|                                | <u>Negative impact*:</u> 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 on 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.        |
|                                | <u>Risk:</u> 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 programs.                                                  |

\*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 labor or child labor has been 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 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, labor 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 labor, forced labor, 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 organizations. 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 met. This is reinforced by UPM's safety standards, in particular the safety standard on roles and responsibilities, which also defines the business line organization'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 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 health and safety (H&S) audit program 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 H&S 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. UPM also promotes 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 recognized 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

UPM regularly assesses human rights risks at business area, function, and corporate level. This includes identifying actual and potential risks and impacts, evaluating their severity and likelihood, and prioritizing the most significant issues for action. Refer to [» G1-2 Responsible sourcing](#)

Business areas and functions are responsible for identifying risks within their own operations and activities. The prioritization and determination of the materiality of the risks are assessed in connection with UPM's corporate salient human rights assessment. The procedure is integrated into existing management systems to the extent possible and applied in investment processes.

#### 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 organizes additional training for its employees on sustainability 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 remedy measures on a

case-by-case basis, based on verified impacts. See [» G1-1 Policies](#) 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 experience, 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 for 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 criteria will be based on a person's skills and competences. Application and recruitment processes shall be open and transparent when 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 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 behavior that could be characterized 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 organizational and team levels.

To complement the EES, a UPM Health and Well-being pulse survey has been conducted for the last four years. The pulse focuses on the main elements of the UPM's health and well-being 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 organizes 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 Reporting and identifying concerns, Investigating concerns and incident handling](#) for detailed information.

UPM does not yet systematically gather feedback from employees on their level of trust in, or awareness of, the company's grievance mechanisms. However, the perception of the management on these topics is gathered annually. UPM also regularly gathers feedback on the Code of Conduct training, and a dedicated Code of Conduct Helpline is in place to support employees and address questions related to the Code, including the use of our grievance channels. In addition, the annual Employee Engagement Survey includes questions related to company ethics, providing further insight into employees' perceptions of the company's ethical culture.

# Actions

## S1-4

UPM's identified material topics have been defined as a result of a double materiality assessment, 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 planned 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 Targets related to UPM's workforce.*

## 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 organization.

UPM also provides a leadership development program 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 2025

- New programs on business acumen and impactful communication in UPM's global leadership development portfolio
- AI upskilling and "Let's talk AI" team discussions
- Implementation of a new 360 leadership assessment tool

### Planned actions

- Continuous renewal of the program 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
- AI upskilling continues

## 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 programs 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 to 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 2025

- Continued to promote digi-enabled operator experience
- Created a development concept for shopfloor employees
- Implemented microlearning creation tools
- Implemented an AI-assisted corporate chatbot for finding information and learning from the company's content
- Created new digital learning program concepts on business acumen development available to all employees
- Reviewed the current state and created a vision for the Learning end-to-end process
- Created an AI learning hub and started AI upskilling across the company

### Planned actions

- Make growth support visible through feedback, development planning, renewed shopfloor discussions, and promotion of job rotation
- Provide relevant digital learning for shopfloor employees and programs to build business acumen
- Use AI to improve onboarding, enable personal productivity, and enhance learning experiences
- Pilot AI-assisted tools and chatbots to create and deliver learning content efficiently
- Maintain and expand learning content in the AI learning hub

## 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 2025

- Diversity and inclusion discussions continued in businesses and functions
- BeU Employee Resource Group for LGBTIQ+ remained active and contributed to the implementation of the BeU Safe Contacts concept
- Emerged gender pay gap closed

### Planned actions

- Continue benchmarking – learning from other companies that have successfully implemented LGBTIQ+ initiatives
- Embed BeU Safe Contacts concept in UPM and have a network of safe contacts available for employees to discuss workplace inclusion and LGBTIQ+ related topics
- Continue implementing 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 conducting 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 an annual living wage assessment in

collaboration with an external partner, using a proven methodology, process and benchmarks. 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 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 2025

- Annual review 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. In addition, a tool is offered to support business HRs in pay equity 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 organization and continue the training
- Preparations for the implementation of the EU Pay Transparency Directive to ensure compliance with new requirements coming into effect in 2026

## 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 H&S 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 H&S management system. Cross-functional audits provide valuable feedback on selected H&S

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. All employees and contractors have access to the tool and are encouraged to report deviations and also positive safety observations. 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 the future. The thorough investigation of incidents and effective risk management play an important role in making UPM's operations safer. UPM recognizes 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 2025**

- The company-wide Safety project aiming to improve safety-related processes and tools from employees' perspective was completed. The focus areas of the project covered various topics from improving the safety onboarding 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 competencies, with the number of completed process safety trainings increasing by approximately 70% compared to the previous year. The current state analysis of process safety continued in operations including the definition of the business area specific development plans for the coming years. Process safety development items were executed according to the business area or mill specific plans. Process safety aspects were reviewed as part of the loss prevention surveys conducted by an external partner at the mills.
- UPM continued to implement the UPM Health and Well-being concept. The health and well-being pulse survey was conducted in May. In general, scores were the same or slightly better than in 2024 pulse survey.

- Planned actions**
- Implementation of the improved safety processes developed in the company-wide Safety project will continue in 2026.
  - Safety development projects will continue focusing on the digital tools and systems.
  - UPM will continue to organize process safety related targeted trainings. The business areas will continue to implement their own process safety action plans.
  - The development of a global concept for occupational health will continue.

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 2025 (2024)                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Continuous learning and development                                                                                                                                   |            |                 |                                          |                                                                                                                                                                                    |
| Goal setting discussions are held, and development plans are created for employees                                                                                    | 2021       | 88% and 70%     | 100% completion rate                     | 86% (85%) of employees completed individual goal setting or annual discussion, 81% (78%) 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 (65). Below global average benchmark by 8 points.                                                                                                              |
| Responsible leadership                                                                                                                                                |            |                 |                                          |                                                                                                                                                                                    |
| Employee engagement, as evaluated in the Employee Engagement Survey                                                                                                   | 2021       | Below benchmark | Clearly above benchmark                  | Average score of 67 (70). Below global average benchmark by 8 points.                                                                                                              |
| Diversity and inclusion                                                                                                                                               |            |                 |                                          |                                                                                                                                                                                    |
| Employees' sense of belonging as evaluated in the Employee Engagement Survey                                                                                          | 2021       | Below benchmark | Among the top 10% of benchmark companies | Average score of 67 (68). Below top 10% benchmark companies by 13 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                | 35.4% (34.5%)                                                                                                                                                                      |
| Diversity and inclusion initiative                                                                                                                                    | Since 2021 | -               | Continuous                               | Dialogue continued on developing inclusive behaviors. Implemented Safe Contact concept. Gender pay gap closed.                                                                     |
| Fair rewarding                                                                                                                                                        |            |                 |                                          |                                                                                                                                                                                    |
| 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.                                        |
| Safe and healthy working environment                                                                                                                                  |            |                 |                                          |                                                                                                                                                                                    |
| Fatalities or serious accidents in UPM operations                                                                                                                     | Since 2015 | -               | 0 (continuous)                           | 0 (0) fatal accidents, 2 (3) serious accidents                                                                                                                                     |
| Total recordable injury frequency (TRIF), including contractors                                                                                                       | 2017       | 8.5             | <2                                       | TRIF 6.4 (6.1) for UPM workforce and 5.0 (5.1), including contractors                                                                                                              |
| Process safety integrated in safety management                                                                                                                        | Since 2021 | -               | All sites and businesses                 | Process safety action plan implementation and competence development continued in all business areas                                                                               |
| 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 73 (72). Below top 10% benchmark companies by 7 points                                                                                                            |
| Absenteeism rate, UPM employees                                                                                                                                       | 2015       | 3.7%            | <2%                                      | 4.2% (4.2%)                                                                                                                                                                        |

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 78%

(76%) 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. H&S indicators such as TRIF are

followed up monthly. Benchmark comparisons are used for specific indicators, referring to the survey provider’s Global Benchmark, which is based on survey data compiled from all of the provider’s customers. The targets “among the top 10% of benchmark companies” refer to the survey provider’s Global High Performing Benchmark, representing the top 10th percentile.

## Metrics

### Characteristics of UPM's employees

#### S1-6

##### Headcount by gender

| Gender          | Number of employees (headcount) 2025 | Number of employees (headcount) 2024 |
|-----------------|--------------------------------------|--------------------------------------|
| Male*           | 11,441                               | 11,989                               |
| Female*         | 3,673                                | 3,835                                |
| Not disclosed*  | 2                                    | 3                                    |
| Not reported**  | 11                                   | 0                                    |
| Total employees | 15,127                               | 15,827                               |

\*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.

\*\* Employee-related data is not yet maintained in UPM systems

##### Headcount by gender and contract type

|                                                        | Female* | Male*  | Not disclosed* | Not reported | Total  |
|--------------------------------------------------------|---------|--------|----------------|--------------|--------|
| Number of employees (headcount)                        | 3,673   | 11,441 | 2              | 11           | 15,127 |
| Number of permanent employees (headcount)              | 3,338   | 10,612 | 2              | –            | 13,952 |
| Number of temporary employees (headcount)              | 335     | 829    | 0              | –            | 1,164  |
| Number of non-guaranteed hours employees (headcount)** | 9       | 29     | 0              | –            | 38     |
| Number of full-time employees (headcount)              | 3,429   | 11,182 | 2              | –            | 14,613 |
| Number of part-time employees (headcount)              | 244     | 259    | 0              | –            | 503    |

\*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)

| Gender         | Number of employees (headcount) 2025 | Number of employees (headcount) 2024 |
|----------------|--------------------------------------|--------------------------------------|
| Finland        | 5,866                                | 6,222                                |
| Germany        | 3,134                                | 3,390                                |
| United Kingdom | 582                                  | 445                                  |
| Poland         | 1,268                                | 1,270                                |
| France         | 165                                  | 197                                  |
| Austria        | 6                                    | 7                                    |
| Estonia        | 260                                  | 263                                  |
| Spain          | 64                                   | 64                                   |
| China          | 1,371                                | 1,513                                |
| United States  | 719                                  | 745                                  |
| Uruguay        | 887                                  | 874                                  |
| Malaysia       | 163                                  | 162                                  |
| South Africa   | 30                                   | 39                                   |
| Mexico         | 124                                  | 133                                  |

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)                       | 1,775    | 1,697 | 11,578 | 77                | 15,127 |
| Number of permanent employees (headcount)             | 1,754    | 1,384 | 10,739 | 75                | 13,952 |
| Number of temporary employees (headcount)             | 18       | 309   | 835    | 2                 | 1,164  |
| Number of non-guaranteed hours employees (headcount)* | 0        | 0     | 38     | 0                 | 38     |
| Number of full-time employees (headcount)             | 1,742    | 1,692 | 11,104 | 75                | 14,613 |
| Number of part-time employees (headcount)             | 30       | 1     | 470    | 2                 | 503    |

\*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

|                                        | 2025  | 2024  |
|----------------------------------------|-------|-------|
| Total number of employees who left UPM | 1,980 | 2,148 |
| Rate of employee turnover              | 13.1% | 13.6% |

#### 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 U.S., 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 Jan. 1-Dec. 31/Total headcount Dec. 31).

##### Contextual information

In 2025, UPM Communication Papers closed its Kaukas paper mill in Finland and its Ettringen paper mill in Germany. UPM Adhesive Materials transferred production from the Kaltenkirchen site in Germany to other European sites and decided to convert the Nancy factory in France into a slitting and distribution terminal in 2026. As part of a long-term strategic partnership, UPM Fibres sold its Korkeakoski sawmill in Finland to Versowood. In 2025, UPM also exited the biomedical business. In February 2025, UPM Adhesive Materials acquired Metamark, a UK-based company with a manufacturing site in Lancaster.

UPM's total headcount figure includes 11 employees for whom the employee-related data is not yet maintained in UPM systems. These employees are included in the total headcount and the headcount by country but are otherwise defined as "not reported".

### Characteristics of non-employees in UPM's own workforce

#### S1-7

##### Headcount of non-employees

|                                                                     | 2025 | 2024 |
|---------------------------------------------------------------------|------|------|
| Total number of non-employees (agency-hires) in UPM's own workforce | 409  | 344  |

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 labor 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 labor 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; coating department operators; or administration and finance specialists.

UPM has made an internal survey across all sites to gather information about the number of independent contractors. The number of independent contractors is very small, thus 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 48% (49%) in 2025.

|               | Collective bargaining coverage                                                        |                                                                                                | Social dialogue                                                                                         |
|---------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Coverage rate | Employees – EEA*<br>(for countries with >50 empl.<br>representing >10% total empl.**) | Employees – non-EEA*<br>(estimate for regions with >50 empl.<br>representing >10% total empl.) | Workplace representation (EEA* only)<br>(for countries with >50 empl.<br>representing >10% total empl.) |
| 0–19%         | –                                                                                     | Asia                                                                                           | –                                                                                                       |
| 20–39%        | –                                                                                     | –                                                                                              | –                                                                                                       |
| 40–59%        | Finland                                                                               | Americas                                                                                       | –                                                                                                       |
| 60–79%        | Germany                                                                               | –                                                                                              | –                                                                                                       |
| 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 | 30              | 36%        |
| Male   | 54              | 64%        |

\* Two levels below the President and CEO, excluding assistants

#### Employees by age group

| Age group    | Number of employees<br>(headcount) 2025 | Number of employees<br>(headcount) 2024 |
|--------------|-----------------------------------------|-----------------------------------------|
| Under 30     | 1,875                                   | 2,071                                   |
| 30–50        | 7,844                                   | 8,188                                   |
| Over 50      | 5,397                                   | 5,568                                   |
| Not reported | 11                                      | 0                                       |
| Total        | 15,127                                  | 15,827                                  |

## Adequate wages

### S1-10

All UPM own 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 utilized 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 2025, UPM's disclosure covers its ten largest operating countries: Finland, Germany, Uruguay, China, Poland, the U.S, the UK, Estonia, France, and Malaysia. These countries account for approximately 95% of UPM's employees. Employees in these countries are covered against sickness, unemployment, injury and disability, parental leave, and retirement. In the U.S., the parental leave coverage includes only maternity leave. In the UK, the injury and disability coverage applies after five years of service.

## 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.

## Training and skills development

### S1-13

In 2025, 81% (78%) of employees had documented development plans, and 86% (85%) had completed individual goal setting or annual discussion.

#### Participation in regular performance and career development reviews

|               | Development plan<br>documented | Individual goal setting or<br>annual discussion<br>completed |
|---------------|--------------------------------|--------------------------------------------------------------|
| Female        | 74%                            | 82%                                                          |
| Male          | 83%                            | 87%                                                          |
| Not disclosed | –                              | –                                                            |
| Total         | 81%                            | 86%                                                          |

#### Average number of training hours per employee

|               | 2025 | 2024 |
|---------------|------|------|
| Female        | 8    | 8    |
| Male          | 9    | 9    |
| Not disclosed | –    | –    |
| Total         | 9    | 9    |

## Health and safety

### S1-14

#### Percentage of employees covered by H&S management systems

|                                             | 2025 | 2024 |
|---------------------------------------------|------|------|
| UPM's H&S management system                 | 100% | 100% |
| Third-party certified H&S management system | 74%  | 74%  |

All UPM's employees are covered by UPM's Health and Safety (H&S) management system. The majority of UPM's production units have the ISO 45001 Occupational Health and Safety management system certification. In 2025, certified systems were in place in 43 units with a total of 11,200 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.

Health and Safety (H&S) metrics for UPM workforce

| UPM workforce                                          | 2025  | 2024  |
|--------------------------------------------------------|-------|-------|
| Total injuries per one million hours worked, TRIF *    | 6.4   | 6.1   |
| Lost-time accidents per one million hours worked, LTAF | 4.0   | 3.4   |
| Number of accidents *                                  | 164   | 166   |
| Number of serious accidents                            | 1     | 2     |
| Number of fatalities **                                | 0     | 0     |
| Number of days lost due to work-related injuries *     | 4,300 | 3,200 |
| Absenteeism %                                          | 4.2   | 4.2   |
| Number of work-related ill-health cases ***            | 12    | 4     |

\*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.

\*\*\*No work-related illnesses involving non-employees – breakdown therefore not disclosed.

Health and Safety (H&S) metrics for UPM workforce and contractors

| UPM workforce including contractors                    | 2025 | 2024 |
|--------------------------------------------------------|------|------|
| Total injuries per one million hours worked, TRIF      | 5.0  | 5.1  |
| Lost-time accidents per one million hours worked, LTAF | 3.2  | 3.2  |
| Number of accidents                                    | 225  | 253  |
| Number of serious accidents                            | 2    | 3    |
| Number of fatalities                                   | 0    | 0    |



Reporting principles 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 organization which provides services to UPM as agreed. Contractor personnel are not directly employed by UPM. Contractors' 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).

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

From 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 an 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 2025, 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 labor 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 2025, the UPM global raw pay gap, calculated in accordance with disclosure requirements as of December 31, 2025, was 9.7%.

Total remuneration ratio

The annual total remuneration ratio of the highest paid individual to the median paid employee at UPM is 24.9. The total annual remuneration includes the following elements: salaries, allowances, bonuses and share-based payments. The pay ratio is calculated by dividing the remuneration of UPM's highest paid individual with the remuneration of UPM median paid employee.

Incidents, complaints and severe human rights impacts

S1-17

No severe human rights incidents connected to UPM's workforce were reported during the reporting period. The severity of incidents is assessed based on the UN Guiding Principles on Business and Human Rights.

47 (57) cases, which were reported by employees and other stakeholders through UPM's misconduct channel, were falling under the category of “Respect people and human rights” in 2025. More specifically, these related to e.g., alleged discrimination or harassment, inappropriate behavior, breach of safety rules, and alleged breach of labor laws in connection with recruitment or termination of employment. The number of alleged discrimination or harassment cases was 7 in 2025. Only a minority relate to gender-based discrimination, with a few reported cases each year.

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)

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.



## Impacts, risks and opportunities

ESRS 2 SBM-3

### Overview of material impacts, risks and opportunities

| Material topics                                        | Impacts, risks and opportunities                                                                                                              | Description                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sourcing                                               | <u>Potential negative impact*</u> : Human rights violations affecting people in the supply chain                                              | There is a risk in UPM's multi-tier supply chain related to labor exploitation, forced labor, health and safety, and environmental incidents, for example. UPM's sourcing practices aim to minimize the risk and any potential negative impacts to people or the environment.                                                                                            |
|                                                        | <u>Opportunity</u> : 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 selected areas. |
|                                                        | <u>Risk</u> : Disruptions in UPM's supply chain                                                                                               | A 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 | <u>Positive impact</u> : 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.                                                                                                                                                                      |
|                                                        | <u>Negative impact*</u> : 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 on 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.                |
|                                                        | <u>Risk</u> : 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 programs.                                                                                      |

\* 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 digitalization, boosts product development and the commercialization of new products. Refer to » *ESRS 2 SBM-1, Suppliers*

UPM buys products, materials, and services from some 17,000 B2B suppliers worldwide. Approximately 51,000 contractors' workers provided services, such as maintenance, construction, and logging on UPM's production sites and forestry operations during 2025.

### 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 subcontractors who work on 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 recognizes 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 UPM's 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 recognizes that indigenous people are often among the most marginalized and vulnerable populations.

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 analyzes the saliency of its human rights impacts based on severity and likelihood, recognizing that UPM's impacts on people continue to evolve as its business changes, and its approach to due diligence develops.

UPM has identified forced labor and labor exploitation as a salient human rights risk in some of UPM's contracted services and global supply chains and recognizes migrants as a particularly vulnerable group of workers. In the latest saliency assessment, the risk rating of certain on-site and forestry services was updated, and particular attention was paid to various business development projects and their assessment of human rights risks.

UPM does not use or tolerate the use of forced labor 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, programs and supplier requirements:
- Supplier Assessment Criteria
- UPM Sustainable Supply Chain Program, Refer to [» G1-2 Sustainable Supply Chain Program](#)
- Category-specific requirements, e.g. for wood suppliers, pulp, chemicals, on-site contractors, or logistics
- UPM Forest Action Program
- UPM Safety Rules, Refer to [» S1-1 UPM's Human Resources & Safety Rules](#)
- UPM Safety requirements for contractors
- UPM Standard for Community Engagement and the Share and Care Program

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 Program, 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 Program. 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 labor. Follow the 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 the legal minimum working age).
- Ensure no form of forced labor (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 program 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 2025, UPM carried out 80 (97) supplier audits and reviews globally. In addition, subcontractor workers were interviewed on their terms and conditions of work during the pulp mill maintenance shutdowns in Finland. In Uruguay, about 2000 contractor reviews focusing on working conditions were carried out.

Refer to [» G1-2 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](#).

## 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 H&S audit program includes engagement with contractors' employees. Contractors and their employees on 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 well-being 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 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 people 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. Suppliers are also 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 assessment, 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 a target on spend covered by UPM Supplier and Third-Party Code);
- 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 Program. Refer to [» G1-2 Sustainable Supply Chain Program](#) for a general description of the program and the risk mitigation approach.

The program defines prioritized ESG topics. In the social area, these are labor 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 2025

- Refer to [» G1-2 Supplier audits and reviews](#)
- UPM continued its efforts in contractor management, focusing on contractors operating at UPM's production sites and in forestry. Limitations on the use of subcontractors were introduced, and the contractual requirements related to social responsibility and labor rights, specifically for on-site work, were strengthened. Furthermore, the subcontractor approval and due diligence processes were developed and internal trainings were organized to identify and address social responsibility risks in subcontracting chains.

- During pulp mill maintenance shutdowns in Finland, UPM interviewed subcontractor employees to assess their working conditions. These interviews were followed by feedback sessions with contractors.
- UPM introduced training for its renewed Supplier and Third-Party Code both for its employees and suppliers.
- Further advances were made in the supply chain collaboration program between UPM and its direct starch suppliers, which focuses on improving the working conditions of the farm workers in Thailand (UPM's tier 2-3 suppliers). Building on the previous program stages of farm auditing, identification of improvement areas, target setting and action planning, the program introduced Sustainable Agriculture Initiative's (SAI) Farm Sustainability Assessment (FSA) as a means of establishing and verifying adequate labor conditions at farms.
- A Corporate Human Rights Saliency Assessment was carried out.
- Implementation of the Sustainable Supply Chain Program continued.

### Planned actions

- Continue development work and actions to achieve the targets set for 2030.
- Continue the contractor management project in 2026. Refer to [» S2-4 Responsible sourcing, Actions in 2025](#)
- Drive the implementation of the sustainable supply chain program in sourcing categories: The most relevant program themes for each sourcing category will be identified and integrated into category plans and strategies to guide everyday supplier management activities.

## 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. For more information on key actions, actions in 2025 and planned actions, Refer to [» S1-4 Safe and healthy working environment](#)

UPM's actions, [» S2-4 Actions](#), and targets, [» S2-5 Targets](#), address the material risk which UPM identified related to workers in the value chain, [» 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 2025, no severe human rights incidents were reported in connection with UPM's value chain that were caused or contributed to by UPM's activities.

UPM monitors and works to remedy adverse human rights impacts of which it is aware, and which its activities have caused or contributed to. 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 2025 (2024)                   |
|-----------------------------------------------------------------|------------|------------------|-------------------|------------------------------------------------|
| Forestry                                                        |            |                  |                   |                                                |
| Share of certified fibre *                                      | 2015       | 84%              | 100%              | 90% (88.5%)                                    |
| Responsible sourcing                                            |            |                  |                   |                                                |
| UPM total spend covered by UPM Supplier and Third-Party Code    | 2015       | 79%              | >80% (continuous) | 86% (91%)                                      |
| Safe and healthy working environment                            |            |                  |                   |                                                |
| Fatalities or serious accidents in UPM operations               | Since 2015 | - 0 (continuous) |                   | 0 (0) fatal accidents, 2 (3) serious accidents |
| Total recordable injury frequency (TRIF), including contractors | 2017       | 8.5              | <2                | TRIF 5.0 (5.1), 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 setting targets, UPM continuously strives to improve its processes and 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 utilized to confirm that identified improvement areas are addressed. For example, UPM's 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 neighbor and trusted partner to all people, economies, and environments that are directly or indirectly affected by its operations. This means active engagement and dialogue with local communities.

A new UPM standard for community engagement and the Share and Care Program

Supported local youth, education, and environmental initiatives in the mill communities, and global humanitarian organizations that provide aid to children suffering from conflicts

Under the Share and Care Program local support and charitable donations amounted to approximately

1.7

€ 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 | <u>Positive impact</u> : Impact on local development through UPM's production sites and investments                                                                                                        | UPM promotes positive impacts in local communities in various ways, for example, through the development of infrastructure. Surrounding communities also benefit from tax payments and employment opportunities. Measures also include apprenticeship programs 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 Program shares resources with causes that promote the vitality and well-being of communities where UPM operates. In Uruguay, the UPM Foundation (Fundación UPM) promotes education and entrepreneurship through cooperation with social organizations and local representatives. |
| Local engagement | <u>Potential negative impact</u> *: Environmental incidents or safety incidents, as well as restructuring situations, may affect people in the communities surrounding UPM's sites and forestry operations | Potential material negative impacts can occur as a result of safety incidents in transportation to and from UPM's paper mills, pulp mills, biorefineries, and forestry operations, environmental incidents in UPM's operations, or a decrease in employment and taxes because of UPM's restructuring measures, for example. UPM manages these for example by certified environmental and safety management systems, internal standards and other locally defined measures.                                                                                                                                                                                                                                                               |

\*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 U.S.

- UPM's own forest areas are located in Finland, Uruguay, and the U.S. 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 transportation), 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 recognizes that the most marginalized 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 recognizes that its landholdings and wood sourcing in the U.S. 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 marginalization, 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.

All UPM sites that may have a significant impact on local communities identify and map their stakeholders and engage with them according to their stakeholder engagement plan. This process allows them to identify and understand their potential impacts on local communities, build community dialogue, and support the planning of long-term initiatives.

In Uruguay, UPM regularly conducts social monitoring surveys through an external provider to gather public opinion on its forestry operations, nurseries, and pulp mills. The surveys include interviews with local community members and contractor employees, focusing on their perceptions, knowledge, and expectations regarding UPM's activities. Topics include plantation forestry, mill operations, environmental protection, certification, protected areas, job satisfaction, income, safety, and access to training.

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 startup 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, programs and requirements:
- UPM Standard for community engagement and the UPM Share and Care Program
  - UPM Sustainable Supply Chain Program, Refer to » *G1-2 Sustainable Supply Chain Program*

- UPM Requirements for wood suppliers
- UPM Forest Action Program

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 Program.

## 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 recognized 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 recognizes 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 recognizes 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 marginalization, 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 of, and which its activities have caused or contributed to. Access to UPM's Report Misconduct channel is ensured for all stakeholders.

In 2025, no severe human rights incidents were reported in connection with affected communities where UPM's activities would have caused or contributed to the harm.

# Processes

## Processes for engaging with affected communities about impacts

### S3-2

UPM engages with a wide range of stakeholders, including customers, investors, employees, suppliers, 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 UPM's 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 organizations, 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 2025 and introduced a new company standard for community engagement. Refer to » *S3-4 Emphasis on local communities and impacts, Actions in 2025*

UPM carefully analyzes stakeholder feedback to understand its stakeholders' expectations and to take them into consideration in its development work and decision-making. UPM received approximately 460 (350) inquiries or concerns from the general public in 2025.

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. In Uruguay, UPM gathers public opinion on its forestry

operations, nurseries, and pulp mills through social monitoring surveys conducted by an external party.

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 U.S. (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 recognized standards for sustainable forest management, including clear principles and criteria relevant to communities and indigenous peoples.

In the U.S., 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 recognizes the value of that stewardship.

UPM Blandin recognizes the legal, customary, and traditional rights of Indigenous Peoples, and fully respects them. These rights are protected by laws, treaties, and international declarations. UPM Blandin strives to balance forest management objectives with the rights of Indigenous Peoples, the preservation of cultural heritage, and traditional ecological knowledge. Continual improvement in these areas is essential, and UPM Blandin is committed to improving employee 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 people 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 odors, 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 requirements, 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 on 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 program.

# Actions

### S3-4

UPM's identified material topics have been defined as a result of a double materiality assessment 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)
- Sustainable forestry (with a target for certified fibre share)
- Responsible sourcing (with a target on spend covered by UPM Supplier and Third-Party Code), Refer to » *G1-2 Sustainable Supply Chain Program*

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 neighbor and trusted partner to all people, economies, and environments affected, both directly and indirectly. For UPM's businesses 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 neighbors of harvesting sites, and other individuals impacted by forest management.

UPM mills in Europe, the U.S., 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 Program and Forest Action Program cover aspects such as local engagement or social contribution.

### Actions in 2025

- The findings of the Uruguay Human Rights Impact Assessment were addressed by reviewing current Group-wide practices for community engagement. In addition, UPM continued efforts to increase internal understanding on business and human rights. UPM also participated in the UN Global Compact's Business and Human Rights Accelerator program and conducted internal human rights workshops covering specific high-risk contexts.
- A new company-wide standard for community engagement was established. The standard defines guidelines for community engagement, including local dialogue, issues management, and contribution to local community development. The standard applies to UPM production sites and forest units that are identified, based on social or environmental impacts, as high-impact sites according to the criteria defined in the standard. These sites shall develop and implement stakeholder engagement plans that are appropriate for their operations. Other sites are encouraged to develop such processes where relevant.
- Collaboration with local Indigenous communities in the U.S. continued to improve understanding of their forest management practices and perspectives, and to balance UPM Blandin's forest management objectives with Indigenous People's needs. This engagement primarily took place through multi-stakeholder groups with Indigenous representation, focusing on natural resources and forestry.
- Targets set under the Forest Action Program were successfully implemented across UPM's wood production areas in Finland, Uruguay, and the U.S. Positive impact on local communities was observed through key performance indicators.

### Planned actions

- Implementing the new standard and related actions for community engagement, including training and capacity building, to strengthen UPM's relationships with its local communities, gain insight into their needs, and track the progress of its engagement activities.

- The social monitoring survey on plantation forestry in Uruguay, conducted every three years, will take place. Additionally, a survey of the UPM Foundation's activities will be conducted to evaluate its impact on education in interior regions of Uruguay, and to explore public awareness and perceptions of the Foundation.
- UPM Blandin will assess potential impact on Indigenous Peoples across its operational region and explore ways to strengthen relationship building, coordination, and communication.
- The key performance indicators under the Forest Action program will be further refined, and the positive impact on local communities will continue to be monitored.

## UPM Share and Care Program

**Key actions**  
UPM's Share and Care Program focuses on delivering positive impacts for communities through various initiatives. The program demonstrates UPM's dedication to sustainability and local community involvement through local support initiatives, donations, and employee voluntary work. UPM is also committed to supporting humanitarian organizations in various crisis situations, focusing on children and families, who are often the most vulnerable.

- Actions in 2025**
- A new standard for community engagement was established, including the UPM Share and Care Program. This standard includes rules for company charitable donations, support for local initiatives, and employee volunteering.
  - The focus areas of the UPM Share and Care Program were reviewed and updated. Support focuses on youth, education, and science-based climate and biodiversity actions, with approximately 44% of donations directed to youth-related initiatives, 30% to education, and 26% to climate and biodiversity, primarily in UPM's main operating countries Finland, Germany, Uruguay, China, Poland, and the U.S.
  - Donations totaling approximately €1,100,000 (€920,000) were made to 31 charities and other non-profit organizations, including the University of Helsinki, UNICEF Finland, the Children and Youth Foundation, Stiftung Lesen, and Redoblando Esfuerzos Asociación Civil. These contributions supported initiatives in UPM's main operating countries, as well as global humanitarian aid efforts.
  - Support for local initiatives through the Share and Care Program reached around €610,000.00 (€800,000). The support focused on local children and youth events, education, cultural and sports activities, and environmental and well-being initiatives.
  - Employee volunteering involved approximately 300 UPM employees across the countries where the company operates. Activities included environmental education for children, environmental clean-ups, and caring for local community members in need.
  - The UPM Foundation in Uruguay continued to support initiatives promoting education and entrepreneurship in rural areas.

- Planned actions**
- Implement the new standard and associate process developments and actions. This includes internal training and capacity building for local community engagement and the company rules concerning donations, support to local initiatives, and employee volunteering.
  - Review of existing targets and impact measurement metrics for the Share and Care Program
  - Continue supporting and engaging with the communities where UPM operates, in alignment with the UPM Share and Care Program.

## Incidents and remediation

In 2025, no severe human rights incidents caused or contributed to by UPM's activities were reported in connection with affected communities. Refer to [» S3-1 Human rights in the affected communities](#)

UPM monitors and works to remedy adverse human rights impacts of which it is aware, and which its activities have caused or contributed to. 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. Local communities are engaged via local practices. 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 2025 (2024)                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------------------------|------------|-----------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Community involvement</b>                                                                               |            |                 |                             |                                                                                                                                                                                                                                                                            |
| Assessment of quality of community relationships and define actions at relevant sites                      | Since 2021 | -               | Continuous                  | A new company-wide standard for community engagement established introducing guidelines for unit specific assessment of community relationships. Implementation and communications will continue in 2026.                                                                  |
| Long-term initiative(s) that impact their mill communities defined in line with the Share and Care Program | Since 2021 | -               | All businesses (continuous) | Supported local initiatives focusing on youth, education, and climate and biodiversity primarily in UPM's main operating countries. Support for global humanitarian and child welfare organizations continued, especially for children and families impacted by conflicts. |
| <b>Forestry</b>                                                                                            |            |                 |                             |                                                                                                                                                                                                                                                                            |
| Share of certified fibre *                                                                                 | 2015       | 84%             | 100 %                       | 90% (88.5%)                                                                                                                                                                                                                                                                |
| <b>Responsible sourcing</b>                                                                                |            |                 |                             |                                                                                                                                                                                                                                                                            |
| UPM total spend covered by UPM Supplier and Third-Party Code                                               | 2015       | 79%             | >80% (continuous)           | 86% (91%)                                                                                                                                                                                                                                                                  |

\*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\* who completed the new UPM Code of Conduct training since Sept. 2025

94%

(Continuous target: 100%)

\*excluding the UPM Adhesive Materials company acquired in 2025

In 2025, UPM updated its Code of Conduct in accordance with its three-year update plan.

Percentage of UPM's total spend covered by the UPM Supplier and Third-Party Code

86%

(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 laws 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 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 minimize 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 sustainability of products, 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 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 supporting printed materials. It is available for external stakeholders on the UPM webpage.

The Code is complemented by more detailed policy statements, policies, and rules that are 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, digital safety, environment, safety, international sanctions, and business partner risk management.

The UPM Code of Conduct was last updated in 2025 to reflect changes in regulations and the business environment. The updates embed UPM's new safety vision and include refinements in several sections to reflect ongoing regulatory developments on addressing and reporting human rights and environmental impacts in UPM's own operations and value chains. The section on cybersecurity and data protection has also been further clarified.

#### 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, updated in 2025, summarizes the framework of the Code and UPM's position and provides examples and good practices for implementation. In 2025, the updated Code, the practical guide, and training for UPM's personnel became 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 sustainability of products, 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. In 2025, the Statement was introduced to the business areas and functions of UPM, which are responsible for the implementation and training.

#### 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 well-being. 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, 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 behavior. 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 organization. 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 provider. 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 behavior or behavior that conflicts 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 people 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.

| Compliance training for specific target groups | Completion rates as of Dec 31, 2025 | Size of target group |
|------------------------------------------------|-------------------------------------|----------------------|
| Code of Conduct e-learning                     | 94%                                 | 14,200               |
| Personal data protection e-learning            | 99%                                 | 6,300                |
| Anti-Corruption e-learning                     | 99%                                 | 6,300                |
| Confidentiality e-learning                     | 99%                                 | 6,300                |
| Competition law e-learning                     | 99%                                 | 2,800                |
| Insider Policy e-learning                      | 99%                                 | 140                  |
| Association participation e-learning           | 100%                                | 1,000                |
| Cybersecurity e-learning                       | 97%                                 | 6,300                |

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. Since September 2025 and by the end of 2025, 94% (99%) of the active employees completed the new Code of Conduct training, excluding the UPM Adhesive Materials company acquired in

2025. 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 shop floor employees. Anti-corruption training is provided to all salaried employees.

## 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 regularly. These targets support UPM's policy objective for responsible sourcing practices (UPM Code of Conduct). UPM's sustainability targets

| Sustainability focus area and key performance indicator                                                                              | Base year | Base year value            | 2030 target       | Target follow-up 2025 (2024) |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------------------|-------------------|------------------------------|
| <b>Responsible sourcing</b>                                                                                                          |           |                            |                   |                              |
| UPM total spend covered by UPM Supplier and Third-Party Code                                                                         | 2015      | 79%                        | >80% (continuous) | 86% (91%)                    |
| Strategic, critical and high sustainability risk supplier spend covered by an EcoVadis assessment indicating low sustainability risk | 2024      | 86%                        | 100%              | 89% (86%)                    |
| CO <sub>2</sub> emissions from materials and logistics (Scope 3)                                                                     | 2018      | 6.08 mt CO <sub>2</sub> eq | -30%              | -22% (-22%)                  |

UPM Group-level disclosure of 2030 sourcing-related targets is aligned with UPM's Sustainable Supply Chain Program.

UPM has identified 183 significant tier 1 suppliers, which are comprised of strategic, critical, and high sustainability risk suppliers. These correlate to an approximate spend of €1.7 billion.

In 2025, UPM focused on managing the corporate responsibility performance of the significant suppliers to achieve the risk mitigation target. The 2024 target baseline was calculated as having 86% (by spend) of significant suppliers with an overall EcoVadis score indicating a low sustainability risk. In 2025, suppliers that did not meet the required performance level were actively engaged in sustainability assessments

## Responsible sourcing

### G1-2

Suppliers are an essential part of UPM's value chain. UPM buys products, materials, and services from around 17,000 B2B suppliers globally. The sourcing network includes suppliers from startup companies to international corporations. The company also buys wood from around 13,000 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.

Suppliers also play an important role in UPM's business-specific growth projects. Supplier management, with the required competencies and digitalization, boosts product development and the commercialization of new products.

are developed by UPM by taking the views, wishes, and perspectives of external stakeholders from UPM's constant multi-stakeholder dialogue into account.

and improvements. At the end of 2025, 89% of significant suppliers by spend had a score indicating a low sustainability risk.

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

## Contractual payment terms

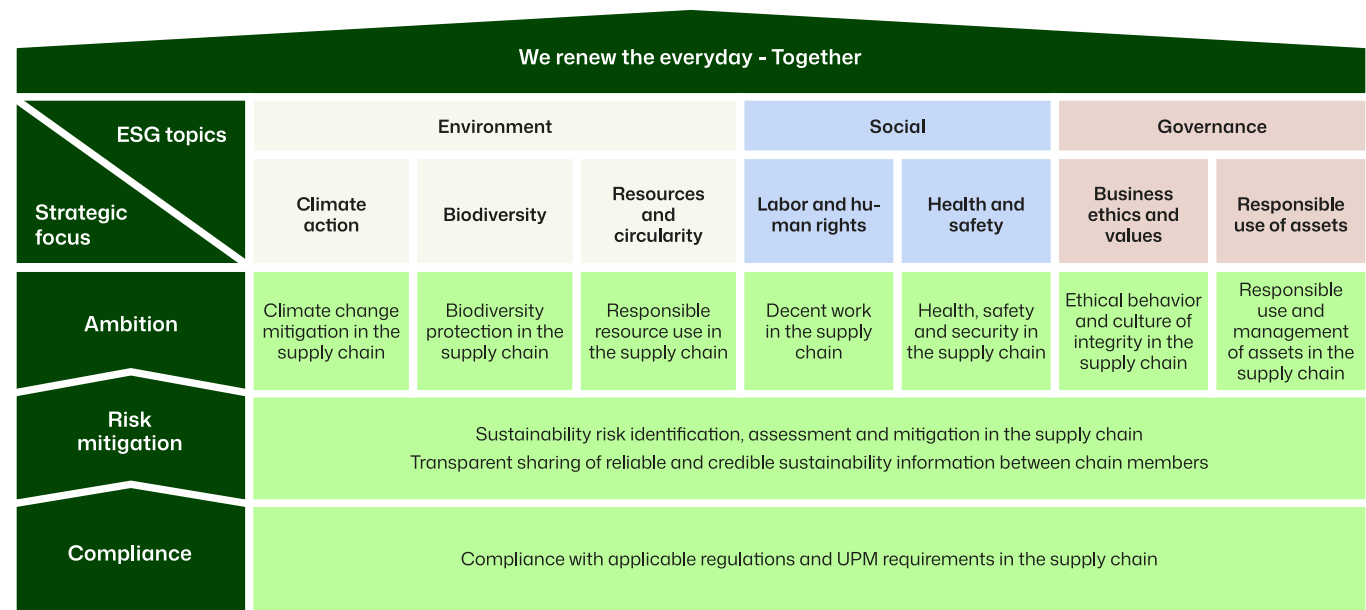
Refer to » *G1-6 Payment practices*

## Sustainable Supply Chain Program

UPM's responsible sourcing practices and priorities are formulated in the cohesive, overarching Sustainable Supply Chain Program. 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 programs.

### Sustainable supply chain program



## 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.

## 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 2025, UPM carried out 80 (97) supplier audits and reviews globally. 56 (62) were conducted by UPM's own trained auditors and 24 (35) were carried out by external auditors from independent accredited auditing bodies. 347 (376) sustainability-related findings were identified in these audits. In 2025, 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 2,000 (3,200) contractor reviews focusing on working conditions were carried out in Uruguay. UPM has a comprehensive contractor assurance system in Uruguay. Assurance consists of compliance reviews covering labor 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.

A total of 715 (621) of UPM's suppliers completed and have valid sustainability assessments through EcoVadis in 2025. The results of the assessment show that 97% (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 its suppliers to ensure that their own suppliers and contractors, who provide products or services related to the agreement between the supplier and UPM, comply with the UPM Supplier and Third-Party Code or similar standards. In 2025, 86% (91%) 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 on 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 on the previous page).

In 2025, UPM continued to work closely with Together for Sustainability (TfS) on supply chain compliance and sustainability topics.

## -30 by 30 Program for CO<sub>2</sub> reduction

The Group-wide -30 by 30 Program to reduce CO<sub>2</sub> emissions in the supply chain focuses on cooperation in climate actions. Refer to » **E1-3 Responsible sourcing: UPM's -30 by 30 Program**, for more information

## Communication and training

UPM offers capacity building sessions on its supply chain compliance and sustainability topics to its employees and suppliers. Throughout 2025, various internal trainings and awareness sessions on supplier engagement and status were held. Training for internal stakeholders regarding the updated UPM Supplier and Third-Party Code was organized in 2025. A total of 597 UPMers completed the internal training on the UPM Supplier and Third-Party Code, while the UPM Supplier and Third-Party Code training for external stakeholders was developed and launched in 2025.

So far, 248 UPM employees completed e-learning training on the Sustainable Supply Chain Program since the launch. Individual supplier meetings were held during the year to support and raise awareness of the program's expectations and means of collaboration with suppliers. For 2026, both internal and external capacity building sessions will continue with an increased focus on external stakeholder engagement.

In connection with the -30 by 30 Program for CO<sub>2</sub> emission reduction in the supply chain, UPM provides capacity building programs for its employees and suppliers. 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 decarbonization. Internal trainings on supply chain decarbonization, e.g. on the -30 by 30 Program and the calculation of a product carbon footprint, were provided via an e-learning solution and were completed by 110 employees so far.

# Anti-corruption and anti-bribery

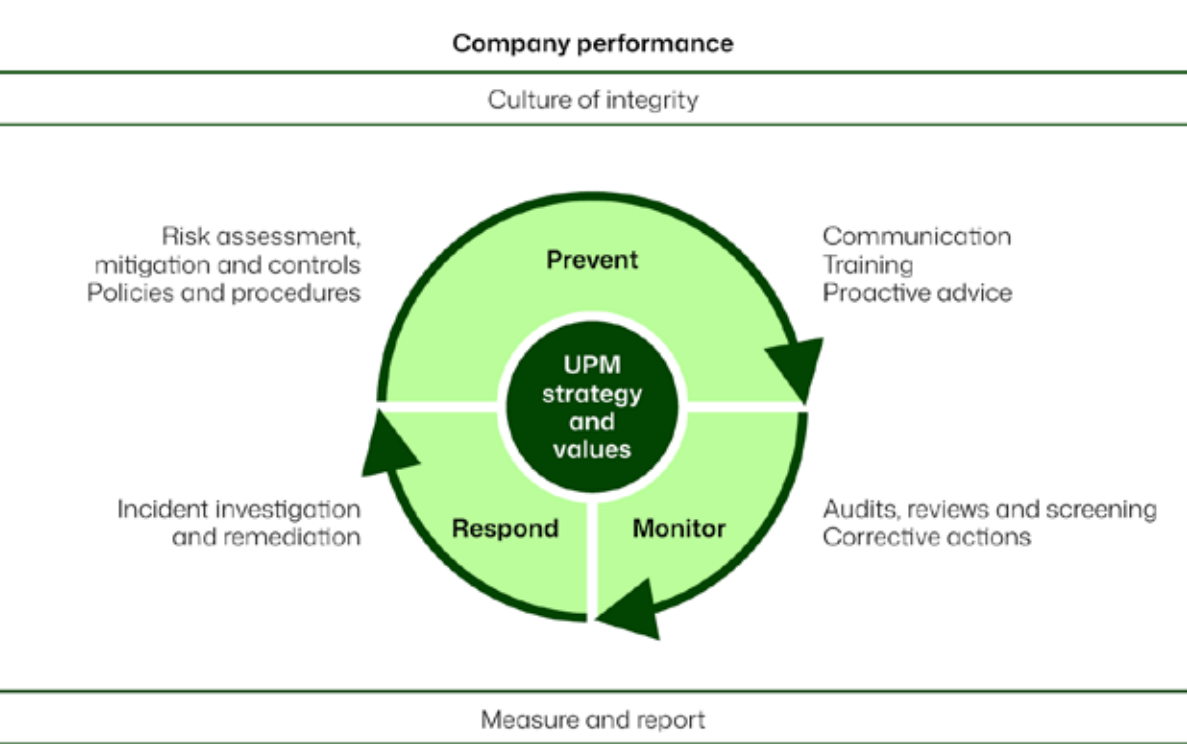
G1-3

## 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 prohibited conduct is, and what ethical behavior is expected.

UPM strives to ensure compliance with its Code of Conduct, policies, and rules by implementing a company-wide compliance program, 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 2025 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 licenses 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 licenses 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 program. UPM requires that due diligence is performed before entering 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.

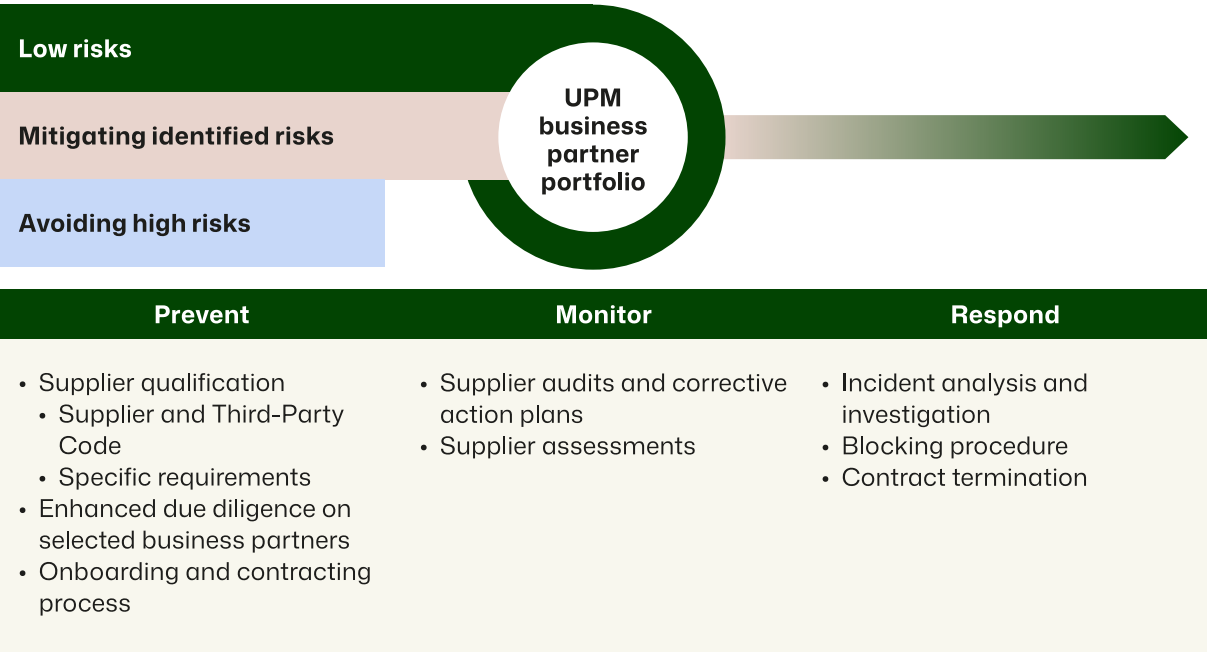
## Monitoring

UPM aims to ensure compliance at all levels of the organization 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 reviews 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 Audit Committee of the Board of Directors 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.

By the end of 2025, 94% of active UPM employees, excluding the UPM Adhesive Materials company acquired in 2025, completed the new Code of Conduct training, including anti-corruption. The training started in September 2025. 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 99% at the end of 2025. 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 2025, the company organized 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 Board of Directors and Group Executive Team are included in the target groups for the anti-corruption training described above. 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 program.

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 2025, 86% 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 [» G1-2 Responsible sourcing](#)

## Metrics

### G1-4

## Incidents of corruption or bribery

|                       | 2025 | 2024 |
|-----------------------|------|------|
| Number of convictions | 0    | 0    |
| Amount of fines (€)   | 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 2025, 4 cases of alleged violations of UPM's anti-corruption policies and procedures, including those related to gifts and hospitality, were investigated. In 1 case, violations of UPM's policies were substantiated, and the concerned employee was disciplined. 2 cases were unsubstantiated and for 1 case the investigation was still ongoing at the end of 2025.

There were no confirmed cases of contracts with business partners being terminated or not renewed due to violations related to corruption or bribery in 2025.

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 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 cooperates 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 new industries, it is necessary to find new ways and forums for cooperation. For example, UPM is 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 organizations, certification bodies, authorities, and decision-makers. Forests' impact on climate is 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.

In 2025, trade policy, especially changes to U.S. tariffs on imports, required active monitoring, assessment, and influencing. UPM strongly supports free trade and open markets, a position it has held for many years in several markets.

UPM actively promotes the cost-competitive and consistent implementation of climate-related policies. UPM calls for predictable regulations that enable investment 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 VP, Public Affairs, reporting to the EVP, Marketing, Sustainability and Communication, who is a member of 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 August 31, 2024. The President and CEO has not held position in public administration in the two years preceding his appointment to his current position.

### G1-6

## Payment practices

UPM follows the contractual payment terms as defined by either UPM or, in some cases, the supplier. UPM does not apply special procedures for SMEs.

As standard, UPM aims to pay all supplier invoices by their due date. Payments are made according to the invoice due date and UPM's globally defined payment strategy. However, individual contracts, payment terms, and payment methods may vary between countries and businesses.

In 2025, UPM paid its suppliers, on average, 43 days after the date when the payment term started to be calculated for invoices.

On average, UPM applies payment terms of 14–60 days in its contracts with suppliers. Individual contracts and respective payment terms may vary between countries and businesses, reflecting the characteristics of the business. The invoice due date determines the payment date. UPM's global payment strategy and guidelines are applied in all UPM units. Based on the global UPM Source to Pay Business Process Model, payment terms are applied consistently across supplier categories and geographies, unless otherwise agreed upon in specific contractual arrangements.

In 2025, on average, 76% of invoices received by UPM were aligned with the net payment terms of 60 days or less.

UPM has not been party to legal proceedings due to late payments in 2025.

# Other sustainability standards and frameworks

## IFRS S1 & S2

The ISSB (International Sustainability Standards Board) 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 organization 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. UPM has considered the disclosures of IFRS S1 and IFRS S2 to enhance interoperability and transparency. While the disclosures are aligned with many of the IFRS S1 and S2 requirements, UPM does not claim full compliance with these standards. In particular, quantitative disclosure of financial impacts, as required by IFRS S1 and S2, is not currently included.

See below for UPM's ISSB-ESRS Alignment Index.

| IFRS S1 & S2 requirements                     | Topic                                                                                                                                              | IFRS sustainability disclosure standard requirement | ESRS disclosure requirements                          | Additional notes |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|------------------|
| General requirements                          | Materiality                                                                                                                                        | IFRS S1.17-19                                       | ESRS 2 SBM-2, SBM-3                                   |                  |
|                                               | Location of disclosures                                                                                                                            | IFRS S1.60-63                                       | Sustainability report within Management Report        |                  |
|                                               | 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                                          |                  |
|                                               | Strategy for managing sustainability-related risks and opportunities                                                                               | IFRS S1.29(a)-(e)                                   | ESRS 2 SBM-1, SBM-2, SBM-3                            |                  |
|                                               | 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                      |                  |
|                                               | Financial position, financial performance and cash flows                                                                                           | IFRS S1.34-40                                       | ESRS IRO-1 Process in general, Climate-related risks  |                  |
|                                               | Risk Management                                                                                                                                    | IFRS S1.44(a)-(c)                                   | ESRS IRO-1                                            |                  |
| IFRS S2 - Governance                          |                                                                                                                                                    |                                                     |                                                       |                  |
| 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, GOV-3                            |                  |
| 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      |                  |
| IFRS S2 - Strategy                            |                                                                                                                                                    |                                                     |                                                       |                  |
| 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                                |                  |
| 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 |                  |
| 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     |                  |
|                                               | UPM's resourcing, and plans to resource, the activities disclosed                                                                                  | IFRS S2.14 (b)                                      | ESRS E1-3                                             |                  |
|                                               | Progress of plans disclosed in previous reporting period                                                                                           | IFRS S2.14 (c)                                      | ESRS E1-1; E1-3                                       |                  |

| IFRS S1 & S2 requirements                                | Topic                                                                                                                                                           | IFRS sustainability disclosure standard requirement                        | ESRS disclosure requirements                              | 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                                              |                      |
|                                                          | 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                                              | See note below table |
| Climate resilience                                       | Results and implications of the climate resiliency assessment                                                                                                   | IFRS S2.22 (a)                                                             | ESRS 2 SBM-3; ESRS E1-1                                   |                      |
|                                                          | Information about how and when the climate-related scenario analysis was carried out including description of inputs and assumptions utilized in the assessment | IFRS S2.22 (b), IFRS S1.23; IFRS S1.B42 (c), IFRS S2.23                    | ESRS E1-1, ESRS 2 SBM-2; ESRS 2 IRO-1                     |                      |
| IFRS S2 - Risk management                                |                                                                                                                                                                 |                                                                            |                                                           |                      |
| Management of climate-related risks                      | Processes and related policies the entity uses to identify, assess, prioritize 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; E1-7; E1-9   |                      |
| Management of climate-related opportunities              | Processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities and key assumptions                                         | IFRS S2.25 (b)                                                             | ESRS 2 GOV-1; ESRS 2 IRO-1; ESRS 2 SMB-3; ESRS E1-2, E1-9 |                      |
| 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                                              |                      |
| IFRS S2 - Metrics                                        |                                                                                                                                                                 |                                                                            |                                                           |                      |
| 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.B30; IFRS S2.B31; IFRS S2.B56 (a), (b), IFRS S2.B34 | ESRS E1-1; E1-4; E1-6                                     |                      |
|                                                          | 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; ESRS E1-9                                   | See note below table |
|                                                          | 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; ESRS E1-9                                   | See note below table |
|                                                          | 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; ESRS E1-9                                   | See note below table |
|                                                          | 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; ESRS E1-1                                   | See note below table |
|                                                          | Internal carbon pricing                                                                                                                                         | IFRS S2.29 (f)                                                             | ESRS E1-8                                                 |                      |
|                                                          | Climate related considerations in executive remunerations                                                                                                       | IFRS S2.29 (g)                                                             | ESRS 2 GOV-3                                              |                      |
|                                                          | 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; ESRS E1-9                                   | See note below table |
|                                                          |                                                                                                                                                                 |                                                                            |                                                           |                      |
| IFRS S2 - Targets                                        |                                                                                                                                                                 |                                                                            |                                                           |                      |
| 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                                                 |                      |
|                                                          | 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                                           |                      |
|                                                          | Information about UPM performance against climate-related targets                                                                                               | IFRS S2.35                                                                 | ESRS E1-1; E1-4                                           |                      |
|                                                          | Information about scope of climate-related targets                                                                                                              | IFRS S2.36 (a), (b), (d)                                                   | ESRS E1-1; E1-4                                           |                      |
|                                                          | Information about use of carbon credits                                                                                                                         | IFRS S2.36 (e)                                                             | ESRS E1-7                                                 |                      |

\*Additional note: Information about financial effects omitted for fiscal year 2025 according to ESRS prolonged transitional provisions for disclosure requirements including phase-in options

## 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                                                                                                                | Paragraphs in this sustainability statement                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Governance</b>                                                                                                           |                                                                                                                                                                |
| a) The role of the Board in overseeing climate-related issues                                                               | ESRS 2 GOV-1 Management's role in sustainability<br>IRO-1 Materiality assessment process                                                                       |
| b) The role of management in assessing and managing climate-related issues                                                  | ESRS 2 GOV-1 Management's role in sustainability<br>ESRS 2 IRO-1 Materiality assessment process                                                                |
| <b>Strategy</b>                                                                                                             |                                                                                                                                                                |
| a) The climate-related risks and opportunities over the short, medium and long term                                         | ESRS 2 IRO-1 Materiality assessment process<br>ESRS 2 SBM-3 Impacts, risks and opportunities<br>E1-4 Targets                                                   |
| b) The impact of climate-related risks and opportunities on business, strategy and financial planning                       | ESRS 2 IRO-1 Materiality assessment process<br>E1-1 Transition plan - Investments and funding<br>ESRS 2 SBM-3 Impacts, risks and opportunities<br>E1-4 Targets |
| c) The resilience of strategy, taking into consideration climate-related scenarios                                          | ESRS 2 SBM-3 Resilience of UPM's business model<br>E1-1 Transition plan<br>E1SBM-3 Climate risks and business resilience                                       |
| <b>Risk management</b>                                                                                                      |                                                                                                                                                                |
| a) Processes for identifying climate-related risks                                                                          | ESRS 2 IRO-1 Materiality assessment process - Climate-related risks                                                                                            |
| b) Processes for managing climate-related risks                                                                             | ESRS 2 GOV-1 Sustainability governance<br>E1-1 Transition plan                                                                                                 |
| c) How processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management | ESRS 2 IRO-1 Materiality assessment - Process in general                                                                                                       |
| <b>Metrics and targets</b>                                                                                                  |                                                                                                                                                                |
| a) Metrics used to assess climate-related risks and opportunities                                                           | Metrics (E1-5 Energy consumption and mix, E1-6 GHG emissions, E1-7 Carbon removals and carbon credits, E1-8 Internal carbon pricing)                           |
| b) Scope 1, Scope 2 and Scope 3 emissions, and related risks                                                                | Emissions: E1-6 GHG emissions<br>Risks: ESRS 2 SBM-3 Impacts, risks and opportunities                                                                          |
| c) Targets used to manage climate-related risks and opportunities and performance against targets                           | E1-4 Targets                                                                                                                                                   |

## 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                                                                                                                                                                                                                                                                                                | Paragraphs in this sustainability statement                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| <b>Governance</b>                                                                                                                                                                                                                                                                                           |                                                                                                                  |
| a) The role of the Board in overseeing nature-related impacts, risks and opportunities                                                                                                                                                                                                                      | ESRS 2 GOV-1 Management's role in sustainability<br>ESRS 2 IRO-1 Materiality assessment process                  |
| b) The role of management in assessing and managing nature-related dependencies, impacts, risks and opportunities                                                                                                                                                                                           | ESRS 2 GOV-1 Management's role in sustainability<br>ESRS 2 IRO-1 Materiality assessment process                  |
| 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. | ESRS 2 GOV-1 Sustainability governance<br>ESRS 2 GOV-4 Sustainability Due Diligence<br>S1-1 UPM and human rights |
| <b>Strategy</b>                                                                                                                                                                                                                                                                                             |                                                                                                                  |
| a) The nature-related dependencies, impacts, risks and opportunities over the short, medium and long term                                                                                                                                                                                                   | ESRS 2 IRO-1 Materiality assessment process<br>E4 SBM-3 Impacts, risks and opportunities                         |
| 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                                                                                                     | ESRS 2 IRO-1 Materiality assessment process<br>E4 SBM-3 Impacts, risks and opportunities                         |
| c) The resilience of strategy, taking into consideration nature-related scenarios                                                                                                                                                                                                                           | ESRS 2 IRO-1 Materiality assessment process<br>E4 SBM-3 Impacts, risks and opportunities<br>E4-1 Transition plan |
| <b>Risk management</b>                                                                                                                                                                                                                                                                                      |                                                                                                                  |
| a) Processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities                                                                                                                                                                                      | ESRS 2 IRO-1 Materiality assessment process<br>E4 SBM-3 Impacts, risks and opportunities                         |
| b) Processes for monitoring nature-related dependencies, impacts, risks and opportunities                                                                                                                                                                                                                   | ESRS 2 IRO-1 Materiality assessment process<br>E4 SBM-3 Impacts, risks and opportunities                         |
| c) How processes for identifying, assessing, prioritizing and monitoring nature-related risks are integrated into and inform the overall risk management process                                                                                                                                            | ESRS 2 IRO-1 Materiality assessment process<br>E4 SBM-3 Impacts, risks and opportunities                         |
| <b>Metrics and targets</b>                                                                                                                                                                                                                                                                                  |                                                                                                                  |
| a) Metrics used to assess and manage material nature-related risks and opportunities                                                                                                                                                                                                                        | E4-5 Metrics                                                                                                     |
| b) Positive impact on forest biodiversity and developing a monitoring system and obstacle-free streams, and related risks                                                                                                                                                                                   | E4-3 Actions<br>E4 SBM-3 Impacts, risks and opportunities                                                        |
| c) Targets used to manage nature-related dependencies, impacts, risks and opportunities and performance against targets                                                                                                                                                                                     | E4-4 Targets                                                                                                     |



## Research and development

### Innovating for the future

Innovation plays a key role in ensuring UPM's long-term ability to grow and deliver consistently strong margins across all businesses. The company focuses on ensuring high performance in established businesses and creating opportunities in adjacent and new businesses.

UPM adopts a structured approach to innovation to strengthen alignment with business priorities and future growth. The company has introduced a strategic innovation management model to improve prioritization, accelerate execution and ensure a measurable impact across the innovation portfolio through strategic alignment.

As part of this transformation, UPM Adhesive Materials piloted a global Product Development framework in 2025. The framework unifies processes across functions and regions, replacing fragmented practices with a single standard. This improves collaboration, data use and execution speed, demonstrating how structured innovation management delivers consistency and accelerates value creation.

In 2025, UPM spent €404 million (€488 million) on research and development, accounting for 28.8% (36.1%) of operating cash flow. In addition to direct R&D expenditure of €60 million (€70 million), the figure includes negative operating cash flow, as well as capital expenditure for developing businesses, transformative business prospects and digitalization projects. In September 2025, UPM's Biomedicals business was closed, and all operations ceased.

Patents, trademarks and rights protecting UPM's innovations support the journey from innovation to business. UPM has more than 5,000 patents and patent applications, and more than 2,000 trademarks globally. Licensing innovations and technologies provides an excellent basis for creating value with customers and technology partners.

### Extensive partner network

UPM's close-knit global network includes customers, universities, research organizations, suppliers and startup companies. Collaboration speeds up the development and launch of new business solutions.

UPM's network includes the CLIC Innovation cluster, 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 by the Confederation of European Paper Industries (Cepi) that aims to increase the overall recycling rate of fibre-based packaging to 90% by 2030. UPM is also a member of EUROOPEN, a European association striving to achieve carbon neutrality in the packaging value chain.

UPM aims to contribute to initiatives that reduce greenhouse gas and CO<sub>2</sub> emissions. In 2025, the company participated in Hydrogen Cluster Finland to develop new technologies, business opportunities and climate benefits within the network. UPM also continued a five-year research program led by the VTT Technical Research Centre of Finland and RISE Research Institutes of Sweden on emission-free pulping. The program aims to significantly reduce biomass burning and increase product yield from wood from around 50% to approximately 70%.

### Strong R&D infrastructure

UPM's three research centers in Finland, China and Germany accelerate the development of bio-based products. These centers focus on research,

piloting and analytics, enabling seamless collaboration with customers, value chain partners and research organizations such as universities. The centers work closely with UPM's mills, businesses and business-specific research centers in various countries.

In Germany, UPM has increased biochemical R&D and piloting activities in several laboratories connected with the biochemicals refinery in Leuna. In 2025, UPM began development activities at the newly established research center in Halle, Germany. With a strong focus on biotechnology and advanced analytical tools, the center strengthens UPM's capabilities to improve existing processes, support biochemicals operations, ensure product quality in customer applications and expand our product portfolio.

The company's research center in Lappeenranta, Finland, focuses on developing renewable fibres, advanced materials and decarbonization solutions. UPM's Asia research center in Changshu, China, focuses on ensuring the competitiveness of advanced materials. In Uruguay, the focus is on piloting future pulp end uses in close collaboration with UPM's forestry research center, which specializes in eucalyptus plantations.

### UPM's focus in 2025

### UPM Biochemicals - Ramping up new business

Decarbonization solutions offer innovative, sustainable ways to address society's urgent need to reduce its carbon footprint. With the launch of its biochemicals business, UPM will enable its customers to transition from using fossil raw materials to wood-based alternatives for packaging, plastics, PET bottles, textiles and pharmaceuticals. These chemicals have a considerably lower CO<sub>2</sub> footprint than fossil-based chemical products, as documented by a third-party-reviewed LCA.

In January 2020, UPM announced that it would invest in a 220,000-tonne next-generation biochemicals refinery in Leuna, Germany. The investment's estimated cost is €1,335 million. The start-up of the Leuna biorefinery progressed in 2025. The wood-to-lignin-and-sugar process was successfully ramped up and the first commercial deliveries of industrial sugars took place in Q4 2025. With the achieved progress in the critical first part of the process and the advanced status of corrective works in the final core processes, production and sales of further products, lignin, renewable functional fillers and finally glycols is expected to start in 2026.

The biorefinery achieved ISCC PLUS, PEFC and FSC™ chain-of-custody certifications, which highlight UPM's commitment to sustainable sourcing, full traceability and transparent operations.

The biorefinery is the first of its kind, and its process design and some of its technologies are new to the world. The biorefinery will produce a range of 100% wood-based biochemicals that will enable the transition from fossil raw materials to sustainable alternatives in various consumer-driven applications. The investment opens up new markets for UPM with significant growth potential.

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 combination of a sustainable wood supply, unique technology concept, integration into existing infrastructure at Leuna and proximity to customers will ensure the competitiveness of operations. The value

chain's safety and sustainability will meet UPM's high standards, and the strong focus on regional sourcing, especially of feedstock, will support market valuation.

Commercial interest in the main products and side streams has continued to be strong, with confirmed customer contracts and a sales and customer qualification pipeline exceeding the annual capacity multiple times. Sales allocation for 2026 volumes has started. The biorefinery is expected to reach full production and positive EBIT in 2027. The ROCE target for the UPM Biochemicals business is 14%.

In 2025, UPM Biochemicals and Nokian Tyres, a leading developer and manufacturer of premium tires, created the industry's first concept tire, partly based on UPM BioMotion™ Renewable Functional Fillers (RFF). These fillers make up about 30% of a tire and consist of materials such as carbon black and precipitated silica. Initial tests show strong potential for reducing the environmental footprint of tires without compromising performance. This marks an important step toward more sustainable solutions in the automotive sector.

Also in 2025, UPM introduced UPM Circular Renewable Black™, the world's first biobased, near-infrared (NIR)-detectable, carbon-negative pigment. It enables premium packaging solutions that combine design excellence with full recyclability and strong sustainability performance. UPM's new pigment is derived from renewable lignin and certified by third-party standards, including FSC™, PEFC and ISCC Plus. It provides a deep black color for premium esthetics, full NIR detectability for efficient recycling and a carbon-negative footprint, which supports climate-positive brand solutions.

### UPM Biofuels – Growing with advanced biofuels

UPM's renewable and sustainable biofuels help mitigate climate change. Advanced biofuels reduce greenhouse gas emissions by more than 80% compared to fossil fuels. In addition to decarbonizing road transportation, UPM helps de-fossilize various other industries by offering wood-based naphtha. Naphtha is a major raw material for most chemicals and plastics. UPM BioVerno™ naphtha is a drop-in replacement for fossil-based naphtha, enabling the production of sustainable chemicals and plastics. UPM's strategy is based on proprietary technology and UPM's integrated feedstocks. With an annual capacity of 130,000 tonnes, the UPM Lappeenranta Biorefinery is the largest advanced biofuels-only refinery in the EU.

In May 2025, UPM announced plans to discontinue the development of its potential second biomass-to-fuels refinery at the Port of Rotterdam after conducting extensive technical, commercial and strategic evaluations. Consequently, UPM halted all engineering activities related to the investment and withdrew from all associated commitments.

Renewable fuels and renewable chemicals are central to UPM's long-term growth strategy in decarbonization solutions. UPM is focusing on three targeted growth areas in its biofuels business:

- Evaluating the potential to debottleneck the Lappeenranta biorefinery to capture low CapEx expansion opportunities and leverage the strong market performance of crude tall oil (CTO)-derived biofuels.
- Enabling the qualification of CTO-derived UPM biofuels as sustainable aviation fuel (SAF). This strategic direction is supported by successful SAF trials conducted with the Austrian aircraft manufacturer Diamond Aircraft using Austro Engine propulsion, and continued progress in the technical acceptance process at the American Society for Testing and

Materials (ASTM). Results from these trials and stakeholder reviews have been consistently positive.

- Continuing feedstock technology development to qualify and enable the use of additional competitive and sustainable biomass. This will support the cost-efficient production of high-quality biofuels for road and aviation applications.

Markets continue to grow and be driven by climate targets. It is estimated that around 30% of the fossil-derived fuels currently used for transportation in the EU could be replaced with advanced biofuels by 2050.

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 EU-level directive (RED III) is expected to support demand and valuation for advanced renewable fuels, pending implementation in national legislation.

### AI program and achievements in 2025

AI is expected to transform the global economy by increasing productivity and accelerating the discovery of new ideas. Accordingly, UPM has a comprehensive AI strategy and a company-wide AI program to implement selected transformations.

The strategy sets the direction and roadmap for driving the adoption and benefits of AI in areas with high-impact potential and value, such as increased sales, optimized supply chains and improved operational efficiency.

Launched to accelerate adoption across the company, UPM's AI program delivered significant progress in 2025. Guided by four core values – growth, efficiency, experience, and data quality – the program drives twelve high-impact transformations aligned with strategic priorities. These transformations enable improved customer support, optimized operations and enhanced decision-making.

Key achievements include establishing the UPM AI Center of Excellence to scale and sustain AI capabilities. In June, new UPM AI guidelines were introduced to ensure the safe, secure and ethical use of AI. These guidelines are supported by five principles: human-centricity; transparency; accountability; data governance; and continuous development.

Operational highlights include the launch of “Griffy,” an AI-powered corporate chatbot that improves access to information, and pilots in areas such as automated order intake, invoice handling, supplier query processes and maintenance optimization. These initiatives enhance productivity, reinvent processes, and unlock new value for customers and employees.

To build AI literacy, UPM launched a company-wide e-learning course in the basics of AI and included aspects of it in mandatory compliance training. People leaders received guidance on encouraging AI discussions in their teams. This guidance is complemented by a dedicated portal and practical learning sessions.

The AI Program demonstrates UPM's dedication to innovation and renewal. By combining technology with human expertise, UPM is developing the systemic capabilities necessary for sustainable growth and competitiveness in the evolving digital landscape.

### Sustainable packaging

In food packaging, one of the key features is barrier protection, which ensures that food reaches consumers in perfect condition. Plastic, glass and metal packaging has traditionally been widely used to provide this protection.

Packaging requirements vary greatly, depending on several factors, including the characteristics of the food itself, the surrounding climate conditions, the size and format of the package, and the logistics route used. Sugar-coated confectionery, dark chocolate and cereals, for example, are well preserved with lower barrier protection. Our existing barrier paper portfolio is well suited for these types of end-uses.

However, most packaging applications require much higher barrier protection. Through co-creation with partners in the packaging value chain, UPM Specialty Papers aims to enhance the performance of fibre-based packaging and help brand owners and converters transition to it.

In 2025, UPM Specialty Papers introduced a fibre-based alternative to plastic and aluminum packaging solutions. These recyclable, food-safe barrier papers were developed in collaboration with Royal Vaassen, a Dutch company.

UPM Specialty Papers, Orkla Suomi and Walki Westpak also piloted a new paper wrapper for Panda Milk chocolate. The new wrapper has been validated as recyclable in existing fibre-recycling streams and has undergone extensive testing, including shelf-life tests. During the six-month pilot period, the new wrappers replaced the traditional PP plastic wrappers.

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 uses such as food packaging for coffee, chocolate and confectionery products. They offer a recyclable alternative to traditional plastic packaging.

### Implementing sustainable product design concept

The UPM Sustainable Product Design concept supports and guides the company's product development projects. It promotes a life-cycle-based approach to design and ensures that every new product and service has a proven sustainability value proposition and meaningfully contributes to the UN Sustainable Development Goals (SDGs). With this concept, UPM prioritizes customer and consumer needs in the company's development efforts. This allows UPM to create solutions that align with market sustainability expectations.

The concept is a key element of the global UPM Product Stewardship standard, which was launched in January 2025. Implementation has progressed across all business areas and is supported by joint workshops that foster collaboration and knowledge-sharing. The concept is currently being applied in various product development projects across the business areas.

One notable example is the Carbon Action label portfolio of UPM Adhesive Materials, which demonstrates how the concept translates into tangible solutions that advance our sustainability goals.

### R&D's role in different businesses

| Business area                       | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UPM Fibres                          | <p>UPM Fibres' global R&amp;D presence enables the company to work faster and better with customers and partners to find and implement solutions that are both necessary and fit for purpose. Through continuous R&amp;D efforts, numerous improvements have been made to the pulp mills' operational reliability, safety, and environmental performance, as well as the performance and qualities of our different pulp products. UPM Fibres has specialized pulp R&amp;D capabilities at the Asia Research Center in Changshu, China, the Research &amp; Development Center in Lappeenranta, Finland, and at the pulp mills.</p> <p>UPM's commitment to developing sustainable, high-quality eucalyptus plantations for pulp production remains at the core of operations in Uruguay. The Forestry R&amp;D Center and three tree nurseries produce high-quality seedlings for new plantations and support the operations of the company's two pulp mills. UPM has capitalized on long-term R&amp;D in circular economy solutions for pulp mill waste materials.</p> <p>The company has established a continuous supply of a dried mix of biosludge and lime sludge for a local cement factory. This reduces landfill waste at the UPM Fray Bentos pulp mill and replaces the cement factory's fossil CO<sub>2</sub> energy sources with renewable biofuel. UPM has also made progress in developing agricultural liming agents from recycled alkaline waste materials. The first material has been productized into a liming agent, and commercial development has begun.</p> <p>UPM is also exploring ways to utilize biogenic CO<sub>2</sub> further. The options being explored include creating negative emissions by storing the biogenic CO<sub>2</sub> emitted by pulp mills and using it to produce carbon-neutral synthetic fuels and chemicals.</p>                                                                                                                                                                                                                                                                                             |
| UPM Energy                          | <p>The focus was on improving the cost-competitiveness and environmental performance of hydropower production assets. Significant development efforts were made to adapt to several changes in the power market. UPM Energy participated in several research programs and continued its development work within UPM's stream water program. These efforts aimed to mitigate the impact of hydropower operations on rivers and migratory fish.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| UPM Adhesive Materials              | <p>The Product Development (PD) and Innovation organization at UPM Adhesive Materials plays a key role in maintaining competitiveness in a rapidly evolving market. Innovation is the cornerstone of the entire organization, enabling the company to exceed customer expectations and support sustainable growth. UPM's development experts have a deep understanding of end-uses and anticipate market needs, translating them into actionable innovations. The global network of experts at UPM Adhesive Materials delivers region-specific solutions while leveraging collective, cross-functional global expertise. Sustainable product design is at the core of UPM Adhesive Materials' efforts, with key aspects like life cycle assessments guiding decision-making. The company continues to shift its product portfolio toward innovative, scalable solutions that meet growing customer and regulatory needs to tackle issues such as climate and circularity.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| UPM Specialty Papers                | <p>UPM's R&amp;D and product development initiatives aim to enable high performance and efficiency in the value chain, as well as to develop fibre-based alternatives for non-renewable materials. These initiatives also support growth targets by innovating solutions for new applications. R&amp;D efforts also focus on driving operational excellence at UPM Specialty Papers.</p> <p>UPM continues to collaborate with the packaging value network to co-create recyclable, paper-based packaging solutions for various end uses that meet regulatory requirements such as PPWR. The company currently has several co-creation initiatives in progress, supported by its excellent R&amp;D infrastructure, including Northern European and Asian R&amp;D centers.</p> <p>UPM Specialty Papers is developing label papers to improve efficiency and minimize the value chain's environmental impact.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| UPM Communication Papers            | <p>In the energy sector, the R&amp;D work focused on reducing energy consumption. Best practices are shared during regular inter-unit energy audits. One example of this approach is the recent decision to install a new type of heat pump at the Augsburg paper mill. This installation will serve as a model for other industries. UPM expects this innovation to further reduce CO<sub>2</sub> emissions in the steam generation process by 15%. The electrification of the heat and steam generation systems, implemented over the past two years, is another excellent example of ecological and economic progress.</p> <p>Thanks to research and development in the energy sector, demand for electricity from the German grid has decreased by over 20%. This means that the carbon footprint from fossil fuels in 2025 was considerably lower than in 2024.</p> <p>The transition of the Finnish electricity market from hourly to 15-minute resolution has created new market participation opportunities while presenting challenges to previous operating models. UPM has ensured the effective implementation of these changes through the development of operating models and by securing the competence of the personnel.</p> <p>The Research &amp; Development Center in Lappeenranta, Finland, and the Central European Support Team in Augsburg, Germany, continued to investigate fibre concepts for various paper grades. UPM Communication Papers participated in projects and associated activities to maintain the recyclability of RCP. UPM's R&amp;D teams supported the optimization of the deinking process to minimize material loss and reduce energy and water consumption. Product portfolio development focused on the needs of key customer groups.</p> <p>R&amp;D efforts also aimed to improve several mills' efficiency to identify areas for reducing costs, material losses, and improving the safety, quality, and performance of UPM's paper products. The R&amp;D teams' contributions helped achieve the 2030 targets in the areas of energy, water consumption, effluent treatment, and resource efficiency.</p> |
| UPM Plywood                         | <p>The UPM Plywood product management and development team offers competitive products in selected end-use areas. The team collaborates with customers and end users to provide superior technical expertise and support, as well as assistance with the commercialization of newly developed products and applications. An example of testing with end users is WISA®-TopGrip, which was installed in two transportation operators' trailers for trial use. The product offers a fixed, durable non-slip surface for vehicle floors, replacing loose friction mats.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Other operations<br>UPM Biorefining | <p>UPM Biochemicals R&amp;D played a key role in the startup and commissioning of the Leuna biorefinery. The production process is also continuously being improved.</p> <p>The development of new applications for renewable plastics based on UPM BioVerno naphtha continued. Piloting, research, and process development also continued at the UPM Biorefinery Development Center (BrDC) and with external partners. UPM also studied and tested several innovative new feedstocks that meet sustainability criteria such as forest industry residues.</p> <p>UPM Biofuels continued the registration process for tall-oil-based biofuels for use in jet engines with the American Society for Testing and Materials (ASTM), a necessary step for entering the production of sustainable aviation fuels, one of the UPM Lappeenranta refinery's potential products. The registration process and discussions with technical partners in the aviation industry 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 December 31, 2025, the total number of UPM shares was 527,735,699. Through the issuance authorization described below, the number of shares may increase to a maximum of 552,735,699. On December 31, 2025, 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 2025, UPM shares worth a total of €7,462 million (7,936 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 €30.07 in February and the lowest was €21.72 in October.

#### Authorizations held by the Board of Directors

The Annual General Meeting held on March 27, 2025, authorized the Board of Directors to decide on the repurchase of a maximum of 50,000,000 of the company's own shares. The authorization will be valid for 18 months from the date of the AGM resolution.

The Annual General Meeting held on March 27, 2025, authorized 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 authorization will be valid for 18 months from the date of the AGM resolution.

Aside from the above, the Board of Directors has no current authorization to issue shares, convertible bonds or share options.

#### Changes in number of shares

|                                 | 2025        | 2024        | 2023        | 2022        | 2021        |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Number of shares January 1      | 533,735,699 | 533,735,699 | 533,735,699 | 533,735,699 | 533,735,699 |
| Number of shares at December 31 | 527,735,699 | 533,735,699 | 533,735,699 | 533,735,699 | 533,735,699 |

#### Major shareholders at December 31, 2025

|                                                                  | Number of shares | Holding % |
|------------------------------------------------------------------|------------------|-----------|
| Ilmarinen Mutual Pension Insurance Company                       | 15,658,000       | 2.97      |
| Varma Mutual Pension Insurance Company                           | 15,239,764       | 2.89      |
| ELO Mutual Pension Insurance Company                             | 7,911,000        | 1.50      |
| The State Pension Fund                                           | 3,800,000        | 0.72      |
| Nordea Bank ABP                                                  | 2,722,547        | 0.52      |
| Investment fund Seligson & Co                                    | 1,883,840        | 0.36      |
| Svenska Litteratursällskapet i Finland rf (Svenska Kulturfonden) | 1,864,271        | 0.35      |
| Kymin Osakeyhtiön 100-vuotissäätiö                               | 1,696,360        | 0.32      |
| OP-Suomi investment fund                                         | 1,554,759        | 0.29      |
| OP Life Assurance Ltd                                            | 1,499,385        | 0.28      |
| Nominees & Registered foreign owners                             | 326,295,245      | 61.83     |
| Others                                                           | 147,610,528      | 27.97     |
| Total                                                            | 527,735,699      | 100.00    |

#### Shareholders by category at December 31, %

|                                                | 2025  | 2024  | 2023  | 2022  | 2021  |
|------------------------------------------------|-------|-------|-------|-------|-------|
| Companies                                      | 3.2   | 2.9   | 2.6   | 2.6   | 2.9   |
| Financial institutions and insurance companies | 4.6   | 4.4   | 3.8   | 3.6   | 3.7   |
| Public bodies                                  | 8.7   | 7.2   | 5.3   | 5.3   | 5.8   |
| Non-profit organizations                       | 3.9   | 4.0   | 4.4   | 4.5   | 4.6   |
| Households                                     | 17.7  | 16.9  | 16.4  | 16.0  | 15.8  |
| Non-Finnish nationals                          | 61.8  | 64.7  | 67.6  | 68.1  | 67.2  |
| Total                                          | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

#### Share distribution at December 31, 2025

| Size of shareholdings              | Number of share-holders | % of share-holders | Number of shares, million | % of shares |
|------------------------------------|-------------------------|--------------------|---------------------------|-------------|
| 1 – 100                            | 67,696                  | 43.84              | 2.9                       | 0.5         |
| 101 – 1,000                        | 67,146                  | 43.48              | 25.2                      | 4.8         |
| 1,001 – 10,000                     | 18,110                  | 11.73              | 47.7                      | 9.0         |
| 10,001 – 100,000                   | 1,335                   | 0.86               | 31.8                      | 6.0         |
| 100,001 –                          | 137                     | 0.09               | 96.6                      | 18.3        |
| Total                              | 154,424                 | 100.00             | 204.2                     | 38.7        |
| Nominee-registered                 |                         |                    | 323.5                     | 61.3        |
| Not registered as book entry units |                         |                    | –                         | –           |
| Total                              |                         |                    | 527.7                     | 100.0       |

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) percent 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

|                                                | 2025    | 2024    | 2023    | 2022    | 2021    | 2020    | 2019    | 2018    | 2017    | 2016    |
|------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Earnings per share (EPS), €                    | 0.91    | 0.82    | 0.73    | 2.86    | 2.41    | 1.05    | 1.99    | 2.80    | 1.82    | 1.65    |
| Comparable EPS, €                              | 1.33    | 1.74    | 1.40    | 3.09    | 2.22    | 1.37    | 2.07    | 2.24    | 1.88    | 1.65    |
| Equity per share, €                            | 18.97   | 20.89   | 20.93   | 23.44   | 20.34   | 17.53   | 18.87   | 18.36   | 16.24   | 15.43   |
| Dividend per share, € <sup>1)</sup>            | 1.50    | 1.50    | 1.50    | 1.50    | 1.30    | 1.30    | 1.30    | 1.30    | 1.15    | 0.95    |
| Dividend to earnings ratio, %                  | 165.2   | 183.6   | 206.2   | 52.4    | 53.9    | 123.7   | 65.4    | 46.4    | 63.0    | 57.6    |
| Dividend to operating cash flow, %             | 56      | 59      | 35      | 158     | 55      | 69      | 38      | 52      | 42      | 30      |
| Dividend to comparable EPS, %                  | 113     | 86      | 107     | 49      | 59      | 95      | 63      | 58      | 61      | 58      |
| Effective dividend yield, %                    | 6.1     | 5.6     | 4.4     | 4.3     | 3.9     | 4.3     | 4.2     | 5.9     | 4.4     | 4.1     |
| P/E ratio                                      | 27.3    | 32.5    | 46.8    | 12.2    | 13.9    | 29.0    | 15.5    | 7.9     | 14.2    | 14.1    |
| Operating cash flow per share, €               | 2.66    | 2.54    | 4.25    | 0.95    | 2.34    | 1.89    | 3.46    | 2.49    | 2.74    | 3.16    |
| Dividend distribution, € million <sup>1)</sup> | 791     | 792     | 800     | 800     | 693     | 693     | 693     | 693     | 613     | 507     |
| Share price at Dec 31, €                       | 24.79   | 26.56   | 34.06   | 34.93   | 33.46   | 30.47   | 30.91   | 22.15   | 25.91   | 23.34   |
| Lowest quotation, €                            | 21.72   | 24.78   | 26.62   | 24.85   | 29.11   | 20.31   | 21.10   | 21.69   | 20.82   | 13.71   |
| Highest quotation, €                           | 30.07   | 35.77   | 35.99   | 37.14   | 35.37   | 31.50   | 31.49   | 34.70   | 26.69   | 23.41   |
| Average quotation for the period, €            | 24.63   | 30.16   | 31.33   | 32.50   | 32.15   | 26.09   | 25.73   | 28.86   | 23.89   | 17.51   |
| Market capitalization, € million               | 13,072  | 14,165  | 18,165  | 18,629  | 17,845  | 16,250  | 16,485  | 11,813  | 13,818  | 12,452  |
| Shares traded, € million <sup>2)</sup>         | 7,462   | 7,936   | 8,752   | 9,680   | 8,435   | 9,921   | 9,695   | 9,980   | 8,460   | 6,749   |
| Shares traded (1,000)                          | 302,997 | 263,124 | 279,371 | 297,879 | 262,377 | 380,237 | 376,801 | 345,822 | 354,053 | 385,355 |
| Shares traded, % of all shares                 | 57.3    | 49.3    | 52.4    | 55.9    | 49.2    | 71.3    | 70.7    | 64.8    | 66.4    | 72.2    |
| Number of shares, average (1,000)              | 528,554 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,324 | 533,415 | 533,505 |
| Number of shares at the end of period (1,000)  | 527,736 | 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     | 412     | 231     |

<sup>1)</sup> 2025 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), €               | 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, €                         | Earnings per share calculated in accordance with IFRS excluding items affecting comparability and their tax impact.                                          |
| Equity per share, €                       | 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, €                     | 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 December 31                                                                           |
| P/E ratio                                 | Adjusted share price in relation to the earnings per share.                                                                                                  |
| Operating cash flow per share, €          | Operating cash flow divided by adjusted average number of shares during the period excluding treasury shares.                                                |
| Market capitalization, € million          | 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 April 9, 2026, that an aggregate dividend of €1.50 per share be paid based on the balance sheet to be adopted for the financial year ending December 31, 2025, 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, €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 April 13, 2026. The Board proposes that the payment date for the first dividend instalment would be on April 21, 2026.

The second dividend instalment, €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 October 30, 2026. The Board proposes that the payment date for the second dividend instalment would be on November 6, 2026.

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, February 4, 2026, the registered number of the company’s shares is 527,735,699. The aforementioned number of shares includes 411,653 treasury shares which are not entitled to dividend. As a result, the proposed dividend would total €791 million.

On December 31, 2025, the distributable funds of the parent company were €3,065,993,436.22. The profit of the parent company for the period was €1,148,309,149.44. 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 2025

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, February 4, 2026            |                   |                      |
|  | Henrik Ehrnrooth<br>Chair             | Kim Wahl          | Pia Aaltonen-Forsell |
|  | Jari Gustafsson                       | Piia-Noora Kauppi | Melanie Maas-Brunner |
|  | Topi Manner                           | Marjan Oudeman    | Martin à Porta       |
|  | Massimo Reynaudo<br>President and CEO |                   |                      |

# Financial Statements 2025

|                                                                                |            |
|--------------------------------------------------------------------------------|------------|
| Consolidated income statement and statement of comprehensive income            | 260        |
| Consolidated balance sheet                                                     | 261        |
| Consolidated statement of changes in equity                                    | 262        |
| Consolidated cash flow statement                                               | 263        |
| Notes to the consolidated financial statements                                 | 265        |
| <b>1. Basis for reporting</b>                                                  | <b>266</b> |
| 1.1 Corporate information                                                      | 266        |
| 1.2 Basis of preparation                                                       | 266        |
| 1.3 Consolidation principles                                                   | 267        |
| 1.4 Foreign currency translation                                               | 267        |
| 1.5 Changes in accounting policies                                             | 268        |
| <b>2. Business performance</b>                                                 | <b>269</b> |
| 2.1 Business areas                                                             | 269        |
| 2.2 Sales                                                                      | 274        |
| 2.3 Operating expenses and other operating income                              | 276        |
| 2.4 Earnings per share and dividend                                            | 278        |
| <b>3. Employee rewards</b>                                                     | <b>279</b> |
| 3.1 Employee costs                                                             | 279        |
| 3.2 Key management personnel                                                   | 279        |
| 3.3 Share-based payments                                                       | 281        |
| 3.4 Retirement benefit obligations                                             | 283        |
| <b>4. Capital employed</b>                                                     | <b>286</b> |
| 4.1 Property, plant and equipment                                              | 287        |
| 4.2 Forest assets                                                              | 289        |
| 4.3 Financial assets at FVOCI                                                  | 290        |
| 4.4 Goodwill and other intangible assets                                       | 292        |
| 4.5 Provisions                                                                 | 294        |
| 4.6 Working capital                                                            | 296        |
| <b>5. Capital structure</b>                                                    | <b>298</b> |
| 5.1 Capital management                                                         | 298        |
| 5.2 Net debt                                                                   | 301        |
| 5.3 Financial assets and liabilities by category                               | 307        |
| 5.4 Financial income and expenses                                              | 310        |
| 5.5 Share capital and reserves                                                 | 311        |
| <b>6. Risk management</b>                                                      | <b>313</b> |
| 6.1 Financial risk management                                                  | 313        |
| 6.2 Derivatives and hedge accounting                                           | 315        |
| <b>7. Income tax</b>                                                           | <b>319</b> |
| 7.1 Tax on profit for the year                                                 | 319        |
| 7.2 Deferred tax                                                               | 320        |
| <b>8. Group structure</b>                                                      | <b>322</b> |
| 8.1 Business acquisitions and disposals                                        | 322        |
| 8.2 Principal subsidiaries and joint operations                                | 323        |
| 8.3 Related party transactions                                                 | 325        |
| 8.4 Assets held for sale                                                       | 325        |
| <b>9. Unrecognized items</b>                                                   | <b>326</b> |
| 9.1 Commitments and contingencies                                              | 326        |
| 9.2 Litigation                                                                 | 326        |
| 9.3 Events after balance sheet date                                            | 326        |
| <b>10. Other notes</b>                                                         | <b>327</b> |
| 10.1 Forthcoming accounting policy changes                                     | 327        |
| 10.2 Forthcoming new standards, amendments and other accounting policy changes | 328        |
| Parent company accounts                                                        | 329        |

# Consolidated financial statements

## Consolidated income statement

| € million                                                                  | Note               | 2025   | 2024   |
|----------------------------------------------------------------------------|--------------------|--------|--------|
| Sales                                                                      | 2.1, 2.2           | 9,656  | 10,339 |
| Other operating income                                                     | 2.3                | 174    | 130    |
| Costs and expenses                                                         | 2.3                | -8,630 | -8,806 |
| Change in fair value of forest assets and wood harvested                   | 4.2                | 144    | 80     |
| Share of results of associated companies and joint ventures                |                    | 0      | 1      |
| Depreciation, amortization and impairment charges                          | 2.3, 4.1, 4.4, 5.2 | -594   | -1,139 |
| Operating profit                                                           |                    | 749    | 604    |
|                                                                            |                    |        |        |
| Exchange rate and fair value gains and losses                              | 5.4                | 43     | -7     |
| Interest and other finance costs, net                                      | 5.4                | -102   | -97    |
| Profit before tax                                                          |                    | 690    | 500    |
|                                                                            |                    |        |        |
| Income taxes                                                               | 7.1                | -200   | -37    |
| Profit for the period                                                      |                    | 491    | 463    |
|                                                                            |                    |        |        |
| Attributable to:                                                           |                    |        |        |
| Owners of the parent company                                               |                    | 480    | 436    |
| Non-controlling interests                                                  | 8.1                | 11     | 27     |
|                                                                            |                    | 491    | 463    |
|                                                                            |                    |        |        |
| Earnings per share for profit attributable to owners of the parent company |                    |        |        |
| Basic earnings per share, €                                                | 2.4                | 0.91   | 0.82   |
| Diluted earnings per share, €                                              | 2.4                | 0.91   | 0.82   |

## Consolidated statement of comprehensive income

| € million                                                        | Note | 2025 | 2024 |
|------------------------------------------------------------------|------|------|------|
| Profit for the period                                            |      | 491  | 463  |
| Other comprehensive income for the period, net of tax            |      |      |      |
| Items that will not be reclassified to income statement:         |      |      |      |
| Actuarial gains and losses on defined benefit plans              |      | 31   | 4    |
| Changes in fair value of financial assets at FVOCI               |      | -87  | -47  |
| Items that may be reclassified subsequently to income statement: |      |      |      |
| Translation differences                                          |      | -724 | 346  |
| Net investment hedge                                             |      | 37   | -13  |
| Cash flow hedges                                                 |      | 38   | 78   |
| Other comprehensive income for the period, net of tax            | 7.2  | -705 | 368  |
| Total comprehensive income for the period                        |      | -214 | 831  |
|                                                                  |      |      |      |
| Attributable to:                                                 |      |      |      |
| Owners of the parent company                                     |      | -180 | 781  |
| Non-controlling interests                                        |      | -34  | 50   |
|                                                                  |      | -214 | 831  |

The notes are integral part of these consolidated financial statements.

## Consolidated balance sheet

| € million                                    | Note     | 2025   | 2024   |
|----------------------------------------------|----------|--------|--------|
| ASSETS                                       |          |        |        |
| Goodwill                                     | 4.4      | 264    | 174    |
| Other intangible assets                      | 4.4      | 554    | 580    |
| Property, plant and equipment                | 4.1      | 6,459  | 7,085  |
| Leased assets                                | 5.2      | 778    | 847    |
| Forest assets                                | 4.2      | 2,605  | 2,517  |
| Financial assets at FVOCI                    | 4.3      | 2,193  | 2,247  |
| Other non-current financial assets           | 5.3      | 24     | 44     |
| Deferred tax assets                          | 7.2      | 413    | 526    |
| Net retirement benefit assets                | 3.4      | 1      | 1      |
| Investments in associates and joint ventures |          | 27     | 20     |
| Other non-current assets                     |          | 22     | 21     |
| Non-current assets                           |          | 13,337 | 14,062 |
| Inventories                                  | 4.6      | 1,886  | 2,104  |
| Trade and other receivables                  | 4.6, 5.3 | 1,481  | 1,929  |
| Other current financial assets               | 5.3      | 78     | 69     |
| Income tax receivables                       |          | 35     | 40     |
| Cash and cash equivalents                    | 5.1, 5.3 | 715    | 892    |
| Current assets                               |          | 4,194  | 5,034  |
| Assets                                       |          | 17,532 | 19,096 |

| € million                                           | Note     | 2025   | 2024   |
|-----------------------------------------------------|----------|--------|--------|
| EQUITY AND LIABILITIES                              |          |        |        |
| Share capital                                       | 5.5      | 890    | 890    |
| Treasury shares                                     |          | -2     | -2     |
| Translation reserve                                 |          | 15     | 657    |
| Other reserves                                      | 5.5      | 1,622  | 1,678  |
| Reserve for invested non-restricted equity          | 5.5      | 1,273  | 1,273  |
| Retained earnings                                   |          | 6,205  | 6,644  |
| Equity attributable to owners of the parent company |          | 10,001 | 11,139 |
| Non-controlling interests                           | 8.1      | 333    | 401    |
| Equity                                              |          | 10,335 | 11,540 |
|                                                     |          |        |        |
| Deferred tax liabilities                            | 7.2      | 692    | 673    |
| Net retirement benefit liabilities                  | 3.4      | 439    | 496    |
| Provisions                                          | 4.5      | 101    | 89     |
| Non-current debt                                    | 5.2, 5.3 | 3,638  | 3,747  |
| Other non-current financial liabilities             | 5.3      | 90     | 158    |
| Non-current liabilities                             |          | 4,961  | 5,162  |
| Current debt                                        | 5.2, 5.3 | 156    | 166    |
| Trade and other payables                            | 4.6, 5.3 | 1,839  | 1,938  |
| Provisions                                          | 4.5      | 179    | 165    |
| Other current financial liabilities                 | 5.3      | 37     | 108    |
| Income tax payables                                 |          | 25     | 18     |
| Current liabilities                                 |          | 2,237  | 2,395  |
| Liabilities                                         |          | 7,197  | 7,556  |
| Equity and liabilities                              |          | 17,532 | 19,096 |

The notes are integral part of these consolidated financial statements.

Consolidated statement of changes in equity

| € million                                                       | Share capital | Treasury shares | Trans-<br>lation<br>reserve | Other<br>reserves | Reserve for<br>invested<br>non-<br>restricted<br>equity | Retained<br>earnings | Equity<br>attributable<br>to owners of<br>the parent<br>company | Non-controlling<br>interests | Total<br>equity |
|-----------------------------------------------------------------|---------------|-----------------|-----------------------------|-------------------|---------------------------------------------------------|----------------------|-----------------------------------------------------------------|------------------------------|-----------------|
| Value at January 1, 2025                                        | 890           | -2              | 657                         | 1,678             | 1,273                                                   | 6,644                | 11,139                                                          | 401                          | 11,540          |
| Profit for the period                                           | –             | –               | –                           | –                 | –                                                       | 480                  | 480                                                             | 11                           | 491             |
| Translation differences                                         | –             | –               | -679                        | –                 | –                                                       | –                    | -679                                                            | -45                          | -724            |
| Cash flow hedges - reclassified to income statement, net of tax | –             | –               | –                           | -68               | –                                                       | –                    | -68                                                             | –                            | -68             |
| Cash flow hedges - change in fair value, net of tax             | –             | –               | –                           | 106               | –                                                       | –                    | 106                                                             | –                            | 106             |
| Net investment hedge, net of tax                                | –             | –               | 37                          | –                 | –                                                       | –                    | 37                                                              | –                            | 37              |
| Financial assets at FVOCI - changes in fair value, net of tax   | –             | –               | –                           | -87               | –                                                       | –                    | -87                                                             | –                            | -87             |
| Actuarial gains and losses on defined benefit plans, net of tax | –             | –               | –                           | –                 | –                                                       | 31                   | 31                                                              | –                            | 31              |
| Total comprehensive income for the period                       | –             | –               | -642                        | -49               | –                                                       | 511                  | -180                                                            | -34                          | -214            |
| Share-based payments, net of tax                                | –             | –               | –                           | -7                | –                                                       | 3                    | -4                                                              | –                            | -4              |
| Acquisition of treasury shares                                  | –             | -160            | –                           | –                 | –                                                       | –                    | -160                                                            | –                            | -160            |
| Cancellation of treasury shares                                 | –             | 160             | –                           | –                 | –                                                       | -160                 | –                                                               | –                            | –               |
| Dividend distribution                                           | –             | –               | –                           | –                 | –                                                       | -792                 | -792                                                            | -23                          | -816            |
| Return of capital to non-controlling interests                  | –             | –               | –                           | –                 | –                                                       | –                    | –                                                               | -8                           | -8              |
| Other items                                                     | –             | –               | –                           | –                 | –                                                       | -1                   | -1                                                              | –                            | -1              |
| Acquisition of shares from non-controlling interests            | –             | –               | –                           | –                 | –                                                       | –                    | –                                                               | -2                           | -2              |
| Total transactions with owners for the period                   | –             | –               | –                           | -7                | –                                                       | -950                 | -957                                                            | -34                          | -991            |
| Total equity at December 31, 2025                               | 890           | -2              | 15                          | 1,622             | 1,273                                                   | 6,205                | 10,001                                                          | 333                          | 10,335          |
| Value at January 1, 2024                                        | 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 - change in fair value, net of tax             | –             | –               | –                           | 72                | –                                                       | –                    | 72                                                              | –                            | 72              |
| Net investment hedge, net of tax                                | –             | –               | -13                         | –                 | –                                                       | –                    | -13                                                             | –                            | -13             |
| Financial assets at FVOCI - 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               |
| Total comprehensive income for the period                       | –             | –               | 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              |
| Total transactions with owners for the period                   | –             | –               | –                           | -4                | –                                                       | -799                 | -803                                                            | -19                          | -822            |
| Total equity at December 31, 2024                               | 890           | -2              | 657                         | 1,678             | 1,273                                                   | 6,644                | 11,139                                                          | 401                          | 11,540          |

Refer to » [Note 5.5 Share capital and reserves](#), for further information.

Consolidated cash flow statement

| € million                                                                                           | 2025   | 2024  |
|-----------------------------------------------------------------------------------------------------|--------|-------|
| Cash flows from operating activities                                                                |        |       |
| Profit for the period                                                                               | 491    | 463   |
| Adjustments <sup>1)</sup>                                                                           | 743    | 1,223 |
| Interest received                                                                                   | 19     | 31    |
| Interest paid                                                                                       | -126   | -133  |
| Dividends received                                                                                  | 8      | 4     |
| Other financial items, net                                                                          | -24    | -13   |
| Income taxes paid <sup>3)</sup>                                                                     | -96    | -144  |
| Change in working capital <sup>2)</sup>                                                             | 391    | -80   |
| Operating cash flow                                                                                 | 1,405  | 1,352 |
| Cash flows from investing activities                                                                |        |       |
| Capital expenditure                                                                                 | -364   | -543  |
| Additions to forest assets                                                                          | -64    | -53   |
| Acquisition of businesses and subsidiaries, net of cash acquired                                    | -124   | -28   |
| Proceeds from sale of property, plant and equipment and intangible assets, net of tax <sup>3)</sup> | 84     | 10    |
| Proceeds from sale of forest assets, net of tax <sup>3)</sup>                                       | 20     | 19    |
| Proceeds from disposal of businesses and subsidiaries and advances received                         | –      | 16    |
| Proceeds from disposal of shares in associates and joint ventures                                   | –      | 1     |
| Proceeds from disposal of financial assets at FVOCI                                                 | 0      | 5     |
| Net cash flows from net investment hedges                                                           | 20     | -1    |
| Change in other non-current assets                                                                  | 0      | -10   |
| Investing cash flow                                                                                 | -428   | -586  |
| Cash flows from financing activities                                                                |        |       |
| Proceeds from non-current debt                                                                      | 65     | 600   |
| Payments of non-current debt                                                                        | -148   | -23   |
| Lease repayments                                                                                    | -112   | -105  |
| Change in current liabilities                                                                       | 32     | -182  |
| Net cash flows from derivatives                                                                     | 14     | -5    |
| Acquisition of treasury shares                                                                      | -160   | –     |
| Dividends paid to owners of the parent company                                                      | -792   | -801  |
| Dividends paid to non-controlling interests                                                         | -23    | -19   |
| Return of capital to non-controlling interest                                                       | -8     | –     |
| Other financing cash flow                                                                           | -1     | -10   |
| Financing cash flow                                                                                 | -1,135 | -544  |
| Change in cash and cash equivalents                                                                 | -158   | 222   |
| Cash and cash equivalents at the beginning of the period                                            | 892    | 632   |
| Exchange rate effect on cash and cash equivalents                                                   | -19    | -2    |
| Change in cash and cash equivalents                                                                 | -158   | 222   |
| Cash and cash equivalents classified as held for sale (Note 8.1)                                    | –      | 39    |
| Cash and cash equivalents at the end of the period                                                  | 715    | 892   |

<sup>1)</sup> Adjustments

| € million                                                   | 2025 | 2024  |
|-------------------------------------------------------------|------|-------|
| Change in fair value of forest assets and wood harvested    | -144 | -80   |
| Share of results of associated companies and joint ventures | 0    | -1    |
| Depreciation, amortization and impairment charges           | 594  | 1,139 |
| Capital gains and losses on sale of non-current assets      | -57  | -31   |
| Financial income and expenses                               | 59   | 104   |
| Income taxes                                                | 200  | 37    |
| Utilized provisions                                         | -95  | -121  |
| Non-cash changes in provisions                              | 125  | 101   |
| Other adjustments                                           | 60   | 74    |
| Total                                                       | 743  | 1,223 |

<sup>2)</sup> Change in working capital

| € million                               | 2025 | 2024 |
|-----------------------------------------|------|------|
| Inventories                             | 123  | -94  |
| Receivables included in working capital | 396  | -81  |
| Liabilities included in working capital | -128 | 95   |
| Total                                   | 391  | -80  |

<sup>3)</sup> Total income taxes paid in 2025 amounted to €97 million (145 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 judgments 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 judgment 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 authorized for issue by the Board of Directors on February 4, 2026. 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, 2024.

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 labeled 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 judgments

In the process of applying the Group’s accounting policies, management has made a number of judgments 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 judgments which are material to the reported results and financial position are presented in the following notes.

| Key estimates and judgments                           | Note                                     |
|-------------------------------------------------------|------------------------------------------|
| Valuation of forest assets                            | 4.2 Forest assets                        |
| Fair value determination of financial assets at FVOCI | 4.3 Financial assets at FVOCI            |
| 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 to » *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 unrealized profits, as well as intragroup profit distributions, are eliminated. Unrealized 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 recognized 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 realized and unrealized 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 recognized 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 recognized in the income statement, except when recognized 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 recognized 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 recognized in other comprehensive income. When a foreign entity is partially disposed of, sold or liquidated, translation differences accrued in equity are recognized 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 January 1, 2025. The amendments as of January 1, 2025, did not have any impacts on the Group's financial statements.

**Amendments to IAS 21 - Lack of Exchangeability**  
On January 1, 2025, the Group implemented the amendments to IAS 21 The effects of changes in foreign exchange rates. The Group has assessed the impact of implementation of amendments to IAS 21 and concluded that it has no effect on the Group financial statements as of January 1, 2025.

## 2. Business performance

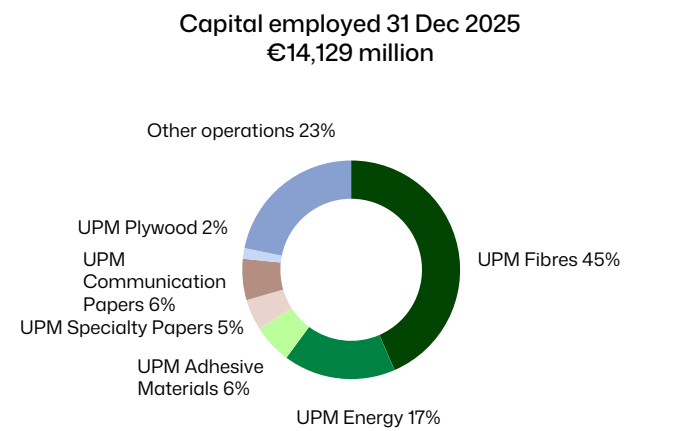
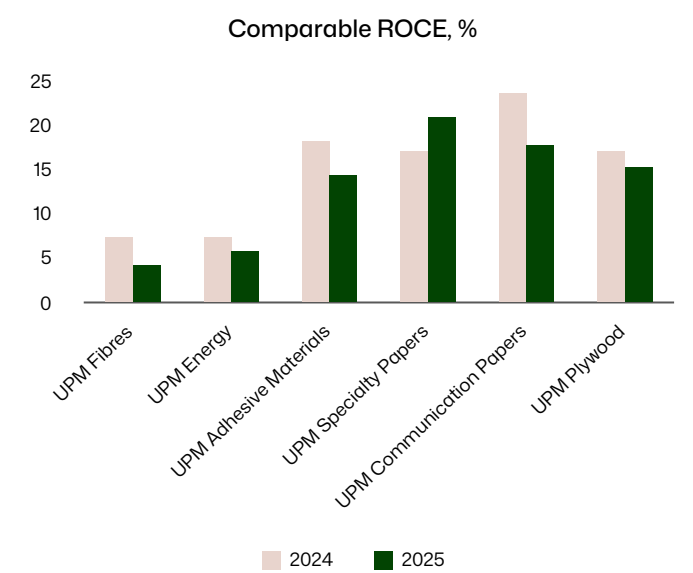
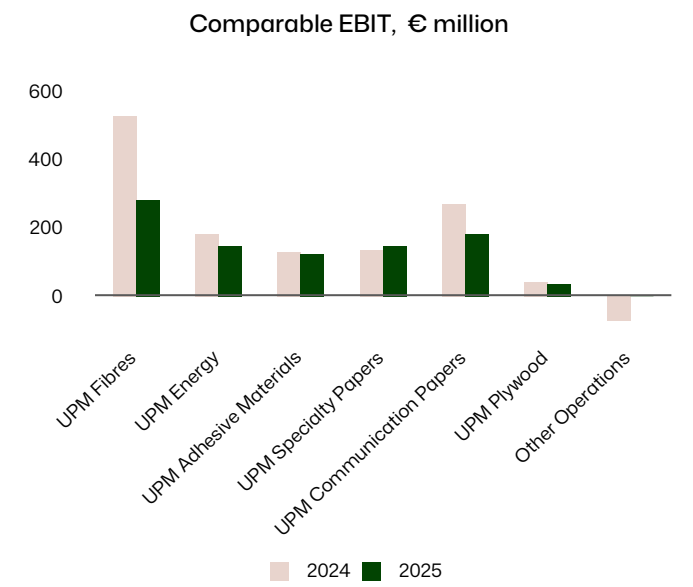
|                                                |                                                       |                                                 |
|------------------------------------------------|-------------------------------------------------------|-------------------------------------------------|
| <b>Sales</b><br>€ <b>9,656 m</b><br>(€10,339m) | <b>Comparable EBIT</b><br>€ <b>921 m</b><br>(€1,224m) | <b>Comparable ROE</b><br><b>6.5 %</b><br>(8.3%) |
|------------------------------------------------|-------------------------------------------------------|-------------------------------------------------|

### 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 Adhesive Materials, UPM Specialty Papers, UPM Communication Papers, UPM Plywood and Other operations. UPM has production plants in 10 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                                                                                                                                                                                                                         |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UPM Fibres               | 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.                                                                                                                            |
| 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 and producers.                           |
| UPM Adhesive Materials   | UPM Adhesive Materials offers innovative and sustainable self-adhesive label materials for branding and promotion, information and functional labeling in the food, beverage, personal care, pharmaceutical and logistics segments, for example. |
| UPM Specialty Papers     | UPM Specialty Papers offers labeling and packaging materials as well as office and graphic papers for labeling, commercial siliconizing, packaging, office use and printing.                                                                     |
| 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.                                                                                |
| UPM Plywood              | UPM Plywood offers high quality WISA® plywood and veneer products for construction, vehicle flooring, LNG shipbuilding, parquet manufacturing and other industrial applications.                                                                 |
| Other operations         | Other operations include UPM Forest, UPM Biofuels and UPM Biochemicals 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 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.                |

## 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 December 31, 2025

| € million, or as indicated                               | UPM Fibres   | UPM Energy | UPM Adhesive Materials | UPM Specialty papers | UPM Com papers | UPM Plywood | Other operations | Eliminations and reconciliations <sup>2)</sup> | Group         |
|----------------------------------------------------------|--------------|------------|------------------------|----------------------|----------------|-------------|------------------|------------------------------------------------|---------------|
| External sales                                           | 2,908        | 480        | 1,655                  | 1,108                | 2,459          | 389         | 659              | -2                                             | 9,656         |
| Internal sales                                           | 499          | 136        | –                      | 206                  | 34             | 20          | 34               | -930                                           | –             |
| <b>Total sales</b>                                       | <b>3,407</b> | <b>615</b> | <b>1,655</b>           | <b>1,315</b>         | <b>2,493</b>   | <b>409</b>  | <b>693</b>       | <b>-932</b>                                    | <b>9,656</b>  |
| <b>Comparable EBIT</b>                                   | <b>283</b>   | <b>151</b> | <b>124</b>             | <b>147</b>           | <b>181</b>     | <b>35</b>   | <b>9</b>         | <b>-10</b>                                     | <b>921</b>    |
| Items affecting comparability in operating profit        | 0            | –          | -70                    | -3                   | -75            | -4          | -17              | -1                                             | -171          |
| <b>Operating profit</b>                                  | <b>282</b>   | <b>151</b> | <b>53</b>              | <b>144</b>           | <b>107</b>     | <b>31</b>   | <b>-8</b>        | <b>-11</b>                                     | <b>749</b>    |
| Finance costs, net                                       |              |            |                        |                      |                |             |                  |                                                | -59           |
| Income taxes                                             |              |            |                        |                      |                |             |                  |                                                | -200          |
| <b>Profit for the period</b>                             |              |            |                        |                      |                |             |                  |                                                | <b>491</b>    |
| Operating assets <sup>1)</sup>                           | 6,662        | 2,486      | 1,003                  | 891                  | 1,206          | 265         | 3,576            | -244                                           | 15,845        |
| Deferred tax assets                                      |              |            |                        |                      |                |             |                  |                                                | 413           |
| Other non-operating assets                               |              |            |                        |                      |                |             |                  |                                                | 58            |
| Other financial assets                                   |              |            |                        |                      |                |             |                  |                                                | 1,216         |
| <b>Total assets</b>                                      |              |            |                        |                      |                |             |                  |                                                | <b>17,532</b> |
| Operating liabilities <sup>1)</sup>                      | 315          | 56         | 160                    | 219                  | 315            | 37          | 380              | -230                                           | 1,252         |
| Deferred tax liabilities                                 |              |            |                        |                      |                |             |                  |                                                | 692           |
| Other liabilities                                        |              |            |                        |                      |                |             |                  |                                                | 565           |
| Other financial liabilities                              |              |            |                        |                      |                |             |                  |                                                | 4,688         |
| <b>Total liabilities</b>                                 |              |            |                        |                      |                |             |                  |                                                | <b>7,197</b>  |
| <b>Other items</b>                                       |              |            |                        |                      |                |             |                  |                                                |               |
| Change in fair value of forest assets and wood harvested | 65           | –          | –                      | –                    | –              | –           | 80               | –                                              | 144           |
| Share of results of associates and joint ventures        | 2            | –          | –                      | –                    | 0              | –           | -2               | –                                              | 0             |
| Depreciation and amortization                            | -294         | -7         | -52                    | -59                  | -65            | -20         | -43              | –                                              | -541          |
| Impairment charges                                       | 0            | –          | -9                     | 2                    | -44            | 0           | -3               | –                                              | -53           |
| Capital employed, December 31                            | 6,348        | 2,430      | 843                    | 672                  | 891            | 228         | 3,196            | -478                                           | 14,129        |
| Average capital employed                                 | 6,745        | 2,603      | 860                    | 706                  | 1,018          | 230         | 3,112            | -484                                           | 14,791        |
| Capital expenditure                                      | 93           | 11         | 198                    | 24                   | 31             | 8           | 257              | –                                              | 621           |
| Capital expenditure, excluding acquisitions and shares   | 62           | 11         | 27                     | 24                   | 30             | 8           | 247              | –                                              | 409           |
| Comparable ROCE, %                                       | 4.2          | 5.8        | 14.4                   | 20.9                 | 17.8           | 15.4        | 0.3              | –                                              | 6.7           |
| Personnel, December 31                                   | 2,653        | 86         | 3,287                  | 1,820                | 4,728          | 1,542       | 1,011            | –                                              | 15,127        |

<sup>1)</sup> Business area's operating assets include goodwill, other intangible assets, property, plant and equipment, leased assets, forest assets, financial assets at FVOCI, 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 unrealized cash flow and commodity hedges that are not allocated to segments.

Refer to » *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 December 31, 2024

| € million, or as indicated                               | UPM Fibres | UPM Energy | UPM Adhesive Materials | UPM Specialty papers | UPM Com papers | UPM Plywood | Other operations | Eliminati-<br>ons and reconcili-<br>ations <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>                                       | 3,728      | 627        | 1,562                  | 1,467                | 2,953          | 430         | 623              | -1,051                                                   | 10,339 |
| <b>Comparable EBIT</b>                                   | 533        | 181        | 132                    | 135                  | 273            | 42          | -52              | -20                                                      | 1,224  |
| Items affecting comparability in operating profit        | -114       | –          | -44                    | -3                   | -83            | 0           | -382             | 7                                                        | -620   |
| <b>Operating profit</b>                                  | 419        | 181        | 88                     | 132                  | 190            | 42          | -434             | -13                                                      | 604    |
| Finance costs, net                                       |            |            |                        |                      |                |             |                  |                                                          | -104   |
| Income taxes                                             |            |            |                        |                      |                |             |                  |                                                          | -37    |
| <b>Profit for the period</b>                             |            |            |                        |                      |                |             |                  |                                                          | 463    |
| 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>                                      |            |            |                        |                      |                |             |                  |                                                          | 19,096 |
| 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>                                 |            |            |                        |                      |                |             |                  |                                                          | 7,556  |
| <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 amortization                            | -316       | -7         | -45                    | -71                  | -68            | -23         | -47              | –                                                        | -576   |
| Impairment charges                                       | -121       | –          | -26                    | -2                   | -32            | –           | -380             | –                                                        | -562   |
| Capital employed, December 31                            | 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, December 31                                   | 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, leased assets, forest assets, financial assets at FVOCI, 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 unrealized cash flow and commodity hedges that are not allocated to segments.

Refer to » *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

| € million                                                         | 2025 | 2024 |
|-------------------------------------------------------------------|------|------|
| In operating profit                                               |      |      |
| Impairment charges                                                | -59  | -549 |
| Restructuring charges                                             | -151 | -103 |
| Change in fair value of unrealized cash flow and commodity hedges | -1   | 7    |
| Capital gains and losses on sale of non-current assets            | 55   | 29   |
| Other non-operational items                                       | -15  | -4   |
| <b>Total</b>                                                      | -171 | -620 |
| <b>In finance costs</b>                                           | -1   | -3   |
| <b>Total in profit before tax</b>                                 | -173 | -623 |
| <b>In income taxes</b>                                            |      |      |
| Taxes related to items affecting comparability                    | 13   | 133  |
| Changes in tax rates                                              | -65  | –    |
| <b>Total</b>                                                      | -51  | 133  |
| <b>Total in profit for the period</b>                             | -224 | -490 |

In 2025, items affecting comparability include €52 million restructuring and impairment charges related to the closure of Ettringen paper mill in Germany, €72 million restructuring and impairment charges of fixed assets related to the closure of Kaukas paper machine 1 in Finland, €14 million reversal of restructuring charges related to the closure of Plattling paper mill in 2023, €9 million restructuring charges in UPM Communication Papers to improve mills' operations' efficiency, €8 million restructuring and impairment charges resulting from the exercise of a put option concerning the Kraftwerk Plattling power plant company in UPM Communication Papers, €28 million restructuring charges related to the discontinuation of label materials' production at Nancy factory in France, €30 million restructuring charges to improve operations' competitiveness and efficiency in UPM Adhesive Materials, €6 million addition to impairment charges and €2 million reversal of restructuring charges related to the closure of Kaltenkirchen factory, €2 million restructuring charges related to discontinuation of Rotterdam refinery project, €4 million restructuring and impairment charges related to the closure of the UPM Biomedicals business in Other operations, €46 million capital gain on sale of Plattling paper mill site, €7 million capital gain on sale of non-current assets. Additionally, items affecting comparability include other restructuring charges related to UPM Communication Papers, UPM Specialty Papers, UPM Adhesive Materials, UPM Plywood, UPM Fibres and Other operations. Other non-operational items include acquisition charges related to Metamark acquisition and charges related to strategic review of UPM Plywood Business Area and to the announced non-binding joint venture transaction between Sappi and UPM in the graphic paper business. Items affecting comparability in taxes include €65 million impact of the future corporate income tax rate change in Germany. The legislation was enacted in 2025.

In 2024, items affecting comparability included €373 million impairment on assets in Biochemicals refinery in Leuna, €5 million impairment of UPM Biochemicals goodwill, and €113 million impairment of Pulp operations Finland goodwill. Other items affecting comparability included €10 million restructuring charges and €26 million impairment charges of fixed assets related to closure of UPM Adhesive Materials' Kaltenkirchen factory in Germany, €40 million of restructuring and impairment charges related to the closure of Hürth newsprint mill in Germany, €54 million restructuring and impairment charges related to the closure of Nordland fine paper machine 3 in Germany, €4 million write down of inventory at the UPM Adhesive Materials' mill, located in Western North Carolina, U.S., which was impacted by Hurricane Helene, €12 million restructuring and impairment charges related to the closure of the UPM Biocomposites business, a €21 million capital gain on the sale of UPM-Kymmene Austria GmbH to HEINZEL GROUP, €9 million capital gain on the sale of other non-current assets, €12 million other restructuring costs and €8 million restructuring costs related to prior capacity closures.



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.

Transactions (incomes or expenses) are considered to be significant, hence reported as items affecting comparability, in all business areas if the impact exceeds €1 million pre-tax. In addition, business acquisition costs are classified as items affecting comparability regardless of amount.

Total assets and capital expenditure by country

| € million                | Assets |        | Capital expenditure |      |
|--------------------------|--------|--------|---------------------|------|
|                          | 2025   | 2024   | 2025                | 2024 |
| Finland                  | 8,102  | 8,776  | 258                 | 100  |
| Germany                  | 2,158  | 2,128  | 242                 | 335  |
| Uruguay                  | 5,437  | 6,213  | 24                  | 58   |
| China                    | 453    | 603    | 7                   | 6    |
| United States            | 516    | 554    | 8                   | 16   |
| United Kingdom           | 187    | 111    | 65                  | 3    |
| Malaysia                 | 24     | 22     | 3                   | 0    |
| Poland                   | 137    | 135    | 2                   | 2    |
| Estonia                  | 45     | 51     | 1                   | 4    |
| Other EU countries       | 111    | 113    | 9                   | 24   |
| Other European countries | 39     | 36     | 0                   | 0    |
| Rest of the world        | 323    | 355    | 1                   | 2    |
| <b>Total</b>             | 17,532 | 19,096 | 621                 | 550  |

Sales by destination country

| € million                | 2025  | 2024   |
|--------------------------|-------|--------|
| Finland                  | 1,350 | 1,306  |
| Germany                  | 899   | 1,073  |
| United States            | 1,263 | 1,408  |
| United Kingdom           | 506   | 513    |
| China                    | 1,515 | 1,744  |
| France                   | 356   | 386    |
| Uruguay                  | 99    | 100    |
| Poland                   | 288   | 304    |
| Other EU countries       | 1,604 | 1,577  |
| Other European countries | 346   | 402    |
| Rest of world            | 1,430 | 1,527  |
| Total                    | 9,656 | 10,339 |

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 3% (2%) of UPM's sales and the ten largest customers represented approximately 12% (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 to » *Note 2.1 Business areas* for information on UPM products.

Sales by business area

| € million                | 2025  | 2024   | Change % |
|--------------------------|-------|--------|----------|
| UPM Fibres               | 3,407 | 3,728  | -9 %     |
| UPM Energy               | 615   | 627    | -2 %     |
| UPM Adhesive Materials   | 1,655 | 1,562  | 6 %      |
| UPM Specialty Papers     | 1,315 | 1,467  | -10 %    |
| UPM Communication Papers | 2,493 | 2,953  | -16 %    |
| UPM Plywood              | 409   | 430    | -5 %     |
| Other operations         | 693   | 623    | 11 %     |
| Eliminations             | -932  | -1,051 | –        |
| Total                    | 9,656 | 10,339 | -7 %     |

External sales by major products

| Business area                    | Business                                   | 2025  | 2024   |
|----------------------------------|--------------------------------------------|-------|--------|
| € million                        |                                            |       |        |
| UPM Fibres                       | UPM Pulp, UPM Timber                       | 2,908 | 3,108  |
| UPM Energy                       | UPM Energy                                 | 480   | 487    |
| UPM Adhesive Materials           | UPM Adhesive Materials                     | 1,655 | 1,562  |
| UPM Specialty Papers             | UPM Specialty Papers                       | 1,108 | 1,272  |
| UPM Communication Papers         | UPM Communication Papers                   | 2,459 | 2,920  |
| UPM Plywood                      | UPM Plywood                                | 389   | 409    |
| Other operations                 | UPM Forest, UPM Biofuels, UPM Biochemicals | 659   | 582    |
| Eliminations and reconciliations |                                            | -2    | -1     |
| Total                            |                                            | 9,656 | 10,339 |

| BUSINESS                 | PRODUCT RANGE                                                                                             |
|--------------------------|-----------------------------------------------------------------------------------------------------------|
| UPM Pulp                 | Softwood, birch and eucalyptus pulp                                                                       |
| UPM Timber               | Standard and special sawn timber                                                                          |
| UPM Energy               | Electricity and related services                                                                          |
| UPM Adhesive Materials   | Self-adhesive paper and film label stock                                                                  |
| UPM Specialty Papers     | Labeling 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                                                                        |

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 recognized when performance obligation is satisfied, which takes place at a point in time when control of the goods 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 recognized 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 recognizes 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 recognized 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 recognized 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 recognized 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 recognized as contract liability. UPM does not have any contract assets arising from contracts with customers.

Refer to » *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.

| € million                                        | 2025  | 2024  |
|--------------------------------------------------|-------|-------|
| Costs and expenses                               |       |       |
| Raw materials, consumables and goods             | 5,194 | 5,236 |
| Employee costs <sup>1)</sup>                     | 1,155 | 1,179 |
| Other operating costs and expenses <sup>2)</sup> | 1,043 | 1,083 |
| Delivery costs and other external charges        | 1,239 | 1,308 |
| Total                                            | 8,630 | 8,806 |

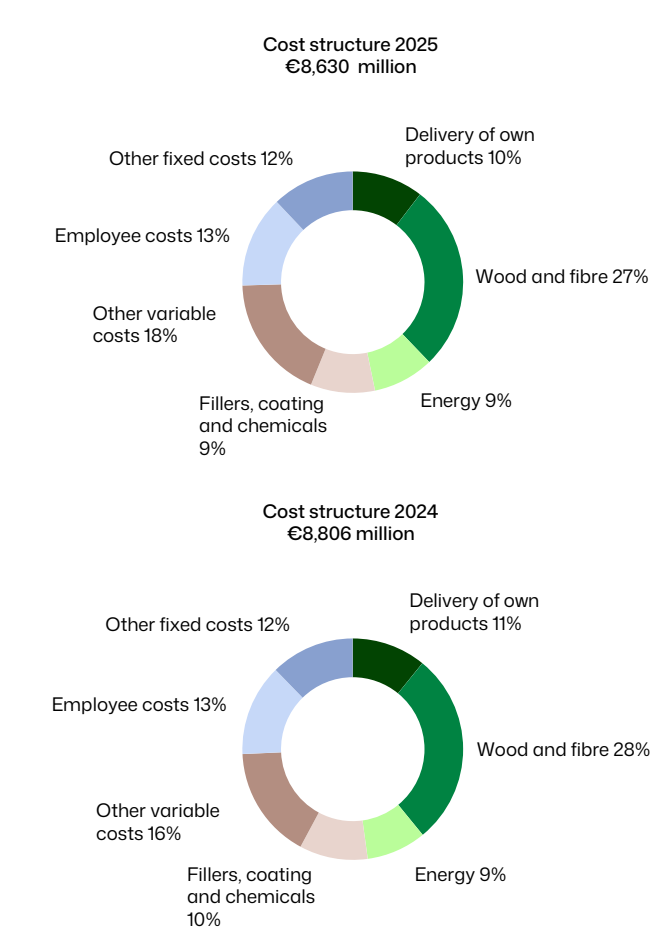
<sup>1)</sup> Refer to » *Note 3 Employee rewards*, for further information.

### <sup>2)</sup> Distribution of other operating costs and expenses

| € million                                              | 2025  | 2024  |
|--------------------------------------------------------|-------|-------|
| Rents and lease expenses                               | 19    | 21    |
| Emission expenses <sup>1)</sup>                        | 5     | 64    |
| Losses on sale of non-current assets                   | 1     | 0     |
| Credit losses                                          | 1     | 10    |
| Maintenance and other operating expenses <sup>2)</sup> | 1,016 | 988   |
| Total                                                  | 1,043 | 1,083 |

<sup>1)</sup> Emission expenses include gains on sales of emission rights €48 million (€2 million).

<sup>2)</sup> Other operating expenses include expenses related to services and Group's administration.



### Auditor's fees

| € million                          | 2025 | 2024 |
|------------------------------------|------|------|
| Audit fee                          | 4.7  | 4.5  |
| Audit related services             |      |      |
| Sustainability Statement assurance | 0.4  | 0.3  |
| Other audit-related services       | 0.1  | 0.3  |
| Tax services                       | 0.6  | 0.6  |
| Other services                     | 0.4  | 0.1  |
| Total                              | 6.2  | 5.8  |

In 2025, auditor's fees include €0.5 million (0.6) related to audit-related services, €0.6 million (0.4) related to tax services and €0.4 million related to other services (0.1) paid to Ernst & Young Oy.

### Research and development costs

The research and development costs included in operating expenses were €60 million (€70 million) in 2025. The focus was on new technologies and developing businesses.

### Government grants

In 2025, government grants recognized as deduction of operating expenses totaled to €32 million (€31 million) of which €31 million (€31 million) relates to Finland. In addition, the Group received emission rights from governments amounting to €101 million (€92 million) of which €61 million (€40 million) relates to Finland, €33 million (€40 million) to Germany, €5 million (€10 million) to China and €2 million (€2 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

| € million                           | 2025 | 2024 |
|-------------------------------------|------|------|
| Gains on sale of non-current assets | 57   | 31   |
| Rental income                       | 10   | 9    |
| Emission rights received            | 101  | 92   |
| Derivatives, non-qualifying hedges  | 18   | -25  |
| Exchange rate gains and losses      | -37  | -9   |
| Other                               | 26   | 31   |
| Total                               | 174  | 130  |

### Emission rights

The Group has recognized €101 million (€92 million) of income in Other operating income and €5 million of expense (€64 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 €63 million (€66 million) and is recognized in provisions. The emission rights recognized in intangible assets are specified below.

| € million                              | 2025 | 2024 |
|----------------------------------------|------|------|
| Carrying value, at January 1           | 264  | 256  |
| Emission rights received and purchased | 160  | 96   |
| Deliveries and disposals               | -230 | -84  |
| Impairment                             | 8    | -5   |
| Translation differences                | -1   | -    |
| Carrying value, at December 31         | 201  | 264  |
| Accumulated costs                      | 201  | 272  |
| Accumulated impairments                | -    | -8   |
| Carrying value, at December 31         | 201  | 264  |

§

Accounting policies

Research and development costs

Research and development costs are expensed as incurred, except for certain development costs, which are capitalized as they generate future economic benefits, and UPM can the measure the cost reliably. Capitalized development costs are amortized on a systematic basis over their expected useful lives, usually not exceeding five years.

Government grants

Government grants are recognized 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 recognized 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 recognized in profit or loss of the period in which it becomes receivable.

Other operating income

Other operating income mainly includes emission rights received from governments, gains on 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 recognized 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 recognized as intangible assets based on market value at the date of initial recognition. Emission rights are not amortized. If the market price of emissions rights at the balance sheet date is less than the recognized 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 recognized as deferred income in the balance sheet at the same time as emission rights and are recognized 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 recognized based on actual emissions. The emissions realized 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 derecognized 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 realized 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 2025 was €792 million (€1.50 per share) which was 59% of the operating cash flow per share in 2024 and the dividend paid in 2024 €800 million (€1.50 per share). The Board of Directors proposes to the Annual General Meeting that a dividend of €791 million, €1.50 per share, will be paid in respect of 2025. The proposed dividend represents 113% of UPM's comparable earnings per share for the year 2025.

Earnings per share

| € million                                                      | 2025    | 2024    |
|----------------------------------------------------------------|---------|---------|
| Profit attributable to owners of the parent company, € million | 480     | 436     |
| Weighted average no. of shares (1,000)                         | 528,554 | 533,324 |
| Basic earnings per share, €                                    | 0.91    | 0.82    |
| Diluted earnings per share, €                                  | 0.91    | 0.82    |

§

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 2025 and 2024.

Dividend

Dividend distribution to the owners of the parent company is recognized 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

| € million                                                         | 2025  | 2024  |
|-------------------------------------------------------------------|-------|-------|
| Salaries and fees                                                 | 930   | 937   |
| Share-based payments                                              | 11    | 16    |
| Pension and other post-employment benefits, defined benefit plans | 17    | 19    |
| Pension costs, defined contribution plans                         | 98    | 101   |
| Other indirect employee costs <sup>1)</sup>                       | 100   | 106   |
| Total                                                             | 1,155 | 1,179 |

<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 €240,000, the Deputy Chair of the Board €150,000 and the other members of the Board €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 €50,000, the Chair of Nomination and Governance Committee €20,000 and the Chair of Remuneration Committee €27,500. The members of the Audit Committee received an annual committee fee of €30,000 and members of other committees €10,000. The annual committee fees were paid in cash.

In 2025, 4,170 (2,816) company shares were purchased to the Chair, 2,606 (1,767) to the Deputy Chair and 2,085 (1,462) to other members of the Board.

Shareholdings (no. of shares) and fees of the Board of Directors

|                         | Shareholdings December 31 |         | Annual base fee (€ 1,000) |       | Annual committee fee (€ 1,000) |      |
|-------------------------|---------------------------|---------|---------------------------|-------|--------------------------------|------|
|                         | 2025                      | 2024    | 2025                      | 2024  | 2025                           | 2024 |
| Board members           |                           |         |                           |       |                                |      |
| Henrik Ehrnrooth, Chair | 34,474                    | 30,304  | 240                       | 231   | 20                             | 20   |
| Kim Wahl, Deputy Chair  | 32,335                    | 29,729  | 150                       | 145   | 10                             | 10   |
| Pia Aaltonen-Forsell    | 5,213                     | 3,128   | 120                       | 120   | 50                             | 45   |
| Melanie Maas-Brunner    | 3,547                     | 1,462   | 120                       | 120   | 10                             | 10   |
| Jari Gustafsson         | 8,049                     | 5,964   | 120                       | 120   | 30                             | 25   |
| Piia-Noora Kauppi       | 29,248                    | 27,163  | 120                       | 120   | 10                             | 10   |
| Topi Manner             | 10,014                    | 7,929   | 120                       | 120   | 10                             | 10   |
| Marjan Oudeman          | 14,807                    | 12,722  | 120                       | 120   | 30                             | 25   |
| Martin à Porta          | 30,057                    | 27,972  | 120                       | 120   | 28                             | 28   |
| Total                   | 167,744                   | 146,373 | 1,230                     | 1,216 | 198                            | 183  |

Salaries and benefits paid to the President and CEO and the Group Executive Team

| € 1,000               | President and CEO |       | Other members of Group Executive Team <sup>1)</sup> |       |
|-----------------------|-------------------|-------|-----------------------------------------------------|-------|
|                       | 2025              | 2024  | 2025                                                | 2024  |
| Salaries              | 927               | 894   | 3,837                                               | 3,736 |
| Short-term incentives | 261               | 363   | 969                                                 | 996   |
| Share rewards         | 169               | 125   | 2,562                                               | 2,871 |
| Benefits              | 30                | 36    | 143                                                 | 146   |
| Total                 | 1,387             | 1,418 | 7,511                                               | 7,748 |

<sup>1)</sup> Group Executive Team was composed of 9-10 members in addition to CEO during 2025 and 2024.

Massimo Reynaudo has served as the President and CEO of UPM-Kymmene Corporation as of January 1, 2024. Jussi Pesonen continued as the President and CEO until December 31, 2023, after which he worked as an advisor to the company and its management until he retired from UPM on April 30, 2024.

In 2025, cost under the Finnish statutory pension scheme for the President and CEO amounted to €207,000 (220,000) and payment under the voluntary pension plan amounted to €190,000 (190,000).

In 2025, costs under the Finnish and German statutory pension schemes for Group Executive Team (GET) members (excluding the President and CEO) amounted to €744,000 (731,000) and payments under the voluntary pension plan amounted to €551,000 (671,000).

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 2025 and 2024, 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 recognized in income statement in respect of share-based payments for the Group Executive Team were €4.0 million (2.8 million).

The 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. The contribution equals to 20% of the base salary. 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. The income of the former President and CEO Jussi Pesonen's defined benefit pension plan in 2024 was €0.9 million. In 2024, the pension plan was fully settled, reducing both plan assets (€10.4 million in 2023) and obligations (€9.7 million in 2023) to €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. Should the company give notice of termination for other GET member's service agreement, 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 other 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, UPM has three long-term incentive schemes: the Performance Share Plan (PSP) for senior executives, the Deferred Bonus Plan (DBP) for other key employees and the Restricted Share Plan (RSP) for individually selected participants in specific recruitment and retention situations.

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 senior management. The performance measures for the PSP 2022–2024, PSP 2023–2025, PSP 2024–2026 and PSP 2025–2027 comprise the total shareholder return (80% weighting) during a three-year earning period and selected environmental, social and governance related (ESG) measures (20% weighting). Total shareholder return takes into account share price appreciation and paid dividends. In all plans, the earned shares are delivered after the three-year earning period has ended.

| Performance Share Plans                         | PSP 2022-2024                                             | PSP 2023-2025                                             | PSP 2024-2026                                             | PSP 2025-2027                                             |
|-------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| No. of participants at December 31, 2025        | 17                                                        | 15                                                        | 24                                                        | 26                                                        |
| Actual achievement                              | 20 %                                                      | –                                                         | –                                                         | –                                                         |
| Max no. of shares to be delivered <sup>1)</sup> |                                                           |                                                           |                                                           |                                                           |
| to the President and CEO                        | 6,000                                                     | 29,000                                                    | 72,952                                                    | 75,530                                                    |
| to other members of GET                         | 30,100                                                    | 146,000                                                   | 204,000                                                   | 276,000                                                   |
| to other selected members of management         | 21,100                                                    | 75,000                                                    | 144,000                                                   | 175,000                                                   |
| Total max no. of shares to be delivered         | 57,200                                                    | 250,000                                                   | 420,952                                                   | 526,530                                                   |
| Share delivery (year)                           | 2025                                                      | 2026                                                      | 2027                                                      | 2028                                                      |
| Earning criteria (weighting)                    | Total shareholder return (80%)<br>ESG (20%) <sup>2)</sup> | Total shareholder return (80%)<br>ESG (20%) <sup>3)</sup> | Total shareholder return (80%)<br>ESG (20%) <sup>4)</sup> | Total shareholder return (80%)<br>ESG (20%) <sup>4)</sup> |

<sup>1)</sup> For PSP 2022–2024, 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 2022                   | DBP 2023                   | DBP 2024                   | DBP 2025                   |
|----------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| No. of participants (at grant)                                             | 451                        | 446                        | 453                        | 314                        |
| No. of participants (at December 31, 2025)                                 | 361                        | 104                        | 392                        | 305                        |
| Max no. of shares to be delivered (at grant)                               | 487,130                    | 477,052                    | 571,338                    | 505,078                    |
| Estimated no. of shares to be delivered at December 31, 2025 <sup>1)</sup> | 374,025                    | 50,784                     | 148,663                    | 11,571                     |
| Share delivery (year)                                                      | 2025                       | 2026                       | 2027                       | 2028                       |
| Earning criteria                                                           | Group/Business Area EBITDA | Group/Business Area EBITDA | Group/Business Area EBITDA | Group/Business Area EBITDA |

<sup>1)</sup> For DBP 2022, 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   | RSP 2025-2028 |
|----------------------------------------------------------------------------|-----------------|---------------|
| No. of participants (at December 31, 2025)                                 | 10              | 3             |
| Estimated no. of shares to be delivered at December 31, 2025 <sup>1)</sup> | 150,892         | 130,000       |
| Share delivery (year)                                                      | 2025,2026,2027* | 2027,2028*    |

<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.

### Employee Share Savings Plan

In 2025, UPM launched a voluntary employee share savings plan called MyShare for all UPM employees globally. Each plan consists of a three-year plan period, including a one-year savings period followed by a two-year holding period. The participants of the plan invest a part of their salary from the pay period in UPM shares during a one-year savings period. Shares are purchased quarterly after the release of the UPM interim report.

At the end of a savings period, first-time participants will receive 10 free shares (gross), provided that the participant has not stopped savings during the savings period and the participant's employment is still valid at the end of the savings period. After the holding period, participants will be granted one matching share for each two savings shares, provided that the savings shares have been retained throughout the holding period.

For accounting purposes, the plan is treated as an equity-settled share-based payment and the costs of matching shares is recognized as an expense during a vesting period. A new three-year plan may be launched annually, with each plan subject to approval by UPM Board of Directors.



### Accounting policies

The Group's long-term share incentive plans are recognized 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 recognized in the balance sheet are presented below:

| € million                                                           | 2025    |      |         |                 |       | 2024    |      |         |                 |       |
|---------------------------------------------------------------------|---------|------|---------|-----------------|-------|---------|------|---------|-----------------|-------|
|                                                                     | Finland | UK   | Germany | Other countries | Total | Finland | UK   | Germany | Other countries | Total |
| Present value of funded obligations                                 | 13      | 283  | 27      | –               | 323   | 14      | 305  | –       | 2               | 321   |
| Fair value of plan assets                                           | -14     | -266 | -2      | –               | -281  | -15     | -275 | -2      | -2              | -293  |
| Deficit (+)/surplus (–)                                             | 0       | 18   | 24      | 0               | 42    | 0       | 30   | -2      | 0               | 28    |
| Present value of unfunded obligations                               | –       | –    | 362     | 13              | 375   | –       | –    | 431     | 15              | 446   |
| Net defined benefit liability (+)/asset (–)                         | 0       | 18   | 387     | 13              | 417   | 0       | 30   | 429     | 15              | 474   |
| Net retirement benefit asset in the balance sheet                   | –       | –    | –       | –               | –     | 1       | –    | –       | –               | 1     |
| Net retirement benefit liability in the balance sheet <sup>1)</sup> | 0       | 18   | 387     | 13              | 415   | 0       | 30   | 429     | 15              | 475   |

<sup>1)</sup> Net retirement benefit liability in the balance sheet includes other long-term employee benefits of €21 million (22 million) in 2025.

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 2025, the defined benefit plan in the Netherlands was terminated due to local regulatory changes and the defined benefit plan was converted into a defined contribution plan reducing both plan assets (€2 million in 2024) and obligations (€2 million) to €0 million. In 2024, one defined benefit plan in Finland was fully settled reducing both plan assets (€ 10.4 million in 2023) and obligations (€ 9.7 million in 2023) to €0 million.

### 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

| € million                                                                            | Pension and other post-employment benefits 2025 |                           |                                        | Pension and other post-employment benefits 2024 |                           |                                        |
|--------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------|----------------------------------------|-------------------------------------------------|---------------------------|----------------------------------------|
|                                                                                      | Present value of obligation                     | Fair value of plan assets | Net defined benefit liability/ (Asset) | Present value of obligation                     | Fair value of plan assets | Net defined benefit liability/ (Asset) |
| Carrying value, at January 1                                                         | 767                                             | -293                      | 474                                    | 810                                             | -327                      | 484                                    |
| Current service cost                                                                 | 4                                               | –                         | 4                                      | 4                                               | –                         | 4                                      |
| Curtailments                                                                         | -1                                              | –                         | -1                                     | –                                               | –                         | –                                      |
| Gains and losses arising from settlements                                            | -1                                              | –                         | -1                                     | -1                                              | –                         | -1                                     |
| Interest expense (+) income (-)                                                      | 30                                              | -14                       | 16                                     | 30                                              | -14                       | 16                                     |
| Total included in employee costs (Note 3.1)                                          | 31                                              | -14                       | 17                                     | 33                                              | -14                       | 19                                     |
| Actuarial gains and losses arising from changes in demographic assumptions           | 1                                               | –                         | 1                                      | -1                                              | –                         | -1                                     |
| Actuarial gains and losses arising from changes in financial assumptions             | -37                                             | –                         | -37                                    | -28                                             | –                         | -28                                    |
| Actuarial gains and losses arising from experience adjustments                       | -9                                              | –                         | -9                                     | -12                                             | –                         | -12                                    |
| Return on plan assets, excluding amounts included in interest expense (+) income (-) | –                                               | -5                        | -5                                     | –                                               | 34                        | 34                                     |
| Total remeasurement gains (-) and losses (+) included in other comprehensive income  | -44                                             | -5                        | -49                                    | -41                                             | 34                        | -7                                     |
| Benefits paid                                                                        | -41                                             | 36                        | -5                                     | -52                                             | 52                        | –                                      |
| Settlements paid                                                                     | -1                                              | 1                         | –                                      | –                                               | –                         | –                                      |
| Contributions by the employer                                                        | –                                               | -19                       | -19                                    | –                                               | -24                       | -24                                    |
| Companies acquired                                                                   | 2                                               | –                         | 2                                      | –                                               | –                         | –                                      |
| Translation differences                                                              | -16                                             | 14                        | -3                                     | 16                                              | -15                       | 1                                      |
| Carrying value, at December 31                                                       | 698                                             | -281                      | 417                                    | 767                                             | -293                      | 474                                    |

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 the 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 12 years (13 years) at the end of 2025.

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 €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 €4 million.

Life expectancy

Adjustments in mortality assumption have an impact on the Group’s defined benefit obligation. An increase in life expectancy by one year will increase the obligation in the UK by €9 million and in Germany by €14 million.

Key estimates and judgments

Several actuarial assumptions are used in calculating the expense and liability related to the defined benefit plans. Statistical information

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.

Actuarial assumptions

The weighted average principal assumptions used in the valuations of the defined benefit obligations are detailed below:

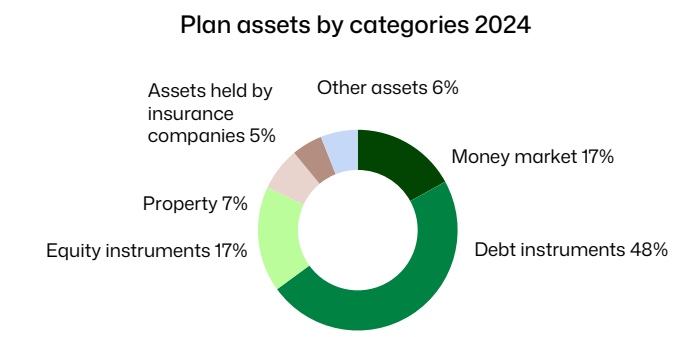
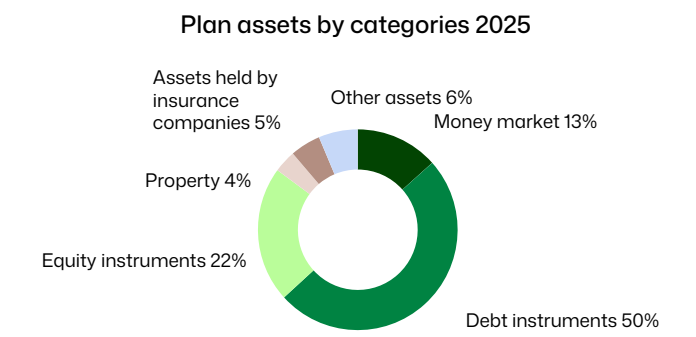
|                                                          | Finland |      | UK   |      | Germany |      | Other countries |      |
|----------------------------------------------------------|---------|------|------|------|---------|------|-----------------|------|
|                                                          | 2025    | 2024 | 2025 | 2024 | 2025    | 2024 | 2025            | 2024 |
| Discount rate %                                          | 3.24    | 2.85 | 5.50 | 5.45 | 3.78    | 3.22 | 4.45            | 4.30 |
| Inflation rate %                                         | 1.88    | 1.90 | 2.95 | 3.20 | 2.00    | 2.00 | 2.00            | 2.02 |
| Rate of salary increase %                                | 1.88    | 1.89 | –    | –    | 2.32    | 2.31 | 2.50            | 2.50 |
| Rate of pension increase %                               | –       | –    | 2.90 | 3.10 | 2.00    | 2.31 | –               | 2.50 |
| Expected average remaining working years of participants | –       | –    | 7.6  | 8.3  | 7.0     | 7.8  | 8.2             | 8.6  |

| € million                  | 0.5% Increase |      | 0.5% Decrease |      |
|----------------------------|---------------|------|---------------|------|
|                            | 2025          | 2024 | 2025          | 2024 |
| Discount rate %            | -39           | -46  | 42            | 50   |
| Rate of salary increase %  | 4             | 5    | -4            | -5   |
| Rate of pension increase % | 30            | 33   | -28           | -32  |
| Life expectancy +1 year    | 24            | 28   | –             | –    |

A negative change indicates a decrease in the defined benefit obligation. A positive change indicates an increase in the defined benefit obligation.

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 recognized 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 recognized 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                              |        |        |
|-----------------------------------------------|--------|--------|
| € million                                     | 2025   | 2024   |
| Property, plant and equipment                 | 6,459  | 7,085  |
| Leased assets                                 | 778    | 847    |
| Forest assets                                 | 2,605  | 2,517  |
| Financial assets at FVOCI                     | 2,193  | 2,247  |
| Goodwill and other intangible assets          | 818    | 754    |
| Operating working capital                     | 1,714  | 2,161  |
| Provisions                                    | -280   | -253   |
| Net retirement benefit assets and liabilities | -438   | -496   |
| Cash and cash equivalents                     | 715    | 892    |
| Other assets and liabilities                  | -154   | -154   |
| Net deferred tax assets and liabilities       | -279   | -146   |
| Assets classified as held for sale, net       | –      | –      |
| Total                                         | 14,129 | 15,452 |

### 4.1 Property, plant and equipment

| € million                                 | Land and water areas | Buildings | Machinery and equipment | Other tangible assets | Construction in progress | Total   |
|-------------------------------------------|----------------------|-----------|-------------------------|-----------------------|--------------------------|---------|
| 2025                                      |                      |           |                         |                       |                          |         |
| Accumulated costs                         | 845                  | 4,152     | 12,660                  | 760                   | 1,462                    | 19,879  |
| Accumulated depreciation and impairments  | –                    | -2,332    | -10,110                 | -605                  | -373                     | -13,420 |
| Carrying value, at December 31            | 845                  | 1,820     | 2,550                   | 155                   | 1,089                    | 6,459   |
| Carrying value, at January 1              | 954                  | 2,098     | 3,005                   | 178                   | 850                      | 7,085   |
| Additions                                 | 4                    | 1         | 8                       | 0                     | 387                      | 400     |
| Companies acquired <sup>1)</sup>          | 1                    | 0         | 3                       | –                     | –                        | 4       |
| Disposals <sup>2)</sup>                   | -28                  | -2        | -23                     | 0                     | 0                        | -53     |
| Depreciation                              | –                    | -96       | -306                    | -19                   | –                        | -421    |
| Impairment                                | –                    | -5        | -32                     | -3                    | 0                        | -40     |
| Reclassifications                         | 0                    | 11        | 119                     | 14                    | -146                     | -2      |
| Translation differences and other changes | -85                  | -187      | -224                    | -15                   | -3                       | -515    |
| Carrying value, at December 31            | 845                  | 1,820     | 2,550                   | 155                   | 1,089                    | 6,459   |
| 2024                                      |                      |           |                         |                       |                          |         |
| Accumulated costs                         | 954                  | 4,699     | 14,693                  | 821                   | 1,224                    | 22,390  |
| Accumulated depreciation and impairments  | –                    | -2,601    | -11,688                 | -642                  | -373                     | -15,305 |
| Carrying value, at December 31            | 954                  | 2,098     | 3,005                   | 178                   | 850                      | 7,085   |
| Carrying value, at January 1              | 861                  | 2,073     | 3,019                   | 175                   | 925                      | 7,053   |
| Additions                                 | 44                   | 0         | 3                       | 0                     | 462                      | 508     |
| Companies acquired <sup>1)</sup>          | 7                    | 6         | 2                       | 1                     | 0                        | 16      |
| Disposals                                 | -2                   | 0         | -1                      | –                     | 0                        | -3      |
| Depreciation                              | –                    | -101      | -339                    | -21                   | –                        | -461    |
| Impairment                                | –                    | -32       | -28                     | -1                    | -373                     | -435    |
| Reclassifications <sup>3)</sup>           | 1                    | 55        | 230                     | 16                    | -167                     | 136     |
| Translation differences and other changes | 43                   | 98        | 119                     | 8                     | 4                        | 272     |
| Carrying value, at December 31            | 954                  | 2,098     | 3,005                   | 178                   | 850                      | 7,085   |

<sup>1)</sup> In 2025, the companies acquired relate to the acquisition of Metamark, and in 2024 to the acquisition of Grafityp. Refer to » [Note 8.1 Business acquisitions and disposals](#).  
<sup>2)</sup> Disposals in 2025 relates to the sale of Korkeakoski sawmill to Versowood and to the sale of the Plattling paper mill site in Germany.  
<sup>3)</sup> Reclassifications in 2024 relate to final classification of assets in the Uruguay pulp mill investment. Refer to » [Note 4.4 Goodwill and other intangible assets](#).

**Capital expenditure**

Capital expenditure, excluding acquisitions and shares, amounted to €409 million (527 million) in 2025.

In January 2020, UPM announced that it would invest in a 220,000 tonne next-generation biochemicals biorefinery in Leuna, Germany. The total investment estimate is €1,335 million.

**Capitalized borrowing costs**

In 2025, the borrowing costs capitalized as part of non-current assets amounted to €33 million (29 million). Amortization of capitalized borrowing costs was €4 million (4 million) and the average interest rate used 2.78% (3.04%), which represents the average costs to finance the projects. In 2025 and 2024, capitalized borrowing costs were related to the construction of the biochemicals biorefinery in Germany.

**Government grants**

In 2025, government grants recognized as deduction of non-current assets totaled to €1 million (3 million).

| Major capital commitments at December 31                    |      |      |
|-------------------------------------------------------------|------|------|
| € million                                                   | 2025 | 2024 |
| New biorefinery / Germany                                   | 42   | 177  |
| Advanced label material capacity increase / Mills River, NC | 8    | –    |
| Capability enhancement and capacity increase / Malaysia     | 10   | –    |

**Impairment losses**

In 2025, impairment charges relate to the closure of the Ettringen paper mill in Germany, the closure of paper machine 1 at the Kaukas mill in Finland and to the closure of Kaltenkirchen factory in Germany.

In 2024, impairment charges relate to the closure of UPM Hürth mill, closure of paper machine 3 at Nordland in Germany, 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 €5 million and impairment of €373 million of property, plant and equipment. Refer to » *Note 4.4 Goodwill and other intangible assets*.



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 straight-line 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 capitalized during the period of time required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Major renovations are capitalized 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 amortization 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 recognized for the asset in prior years.



Key estimates and judgments

The estimations of useful lives, residual value as well as depreciation and amortization methods require significant management judgment 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 €2,605 million (2,517 million) at the end of 2025.

| € million                      | 2025  | 2024  |
|--------------------------------|-------|-------|
| Carrying value, at January 1   | 2,517 | 2,355 |
| Additions                      | 61    | 54    |
| Disposals                      | -21   | -21   |
| Wood harvested                 | -178  | -218  |
| Net change in fair value       | 322   | 299   |
| Translation differences        | -96   | 48    |
| Carrying value, at December 31 | 2,605 | 2,517 |

Change in fair value, change due to harvesting and gains or losses on sale of forest assets are recognized in the income statement as a net amount amounting to €144 million (80 million) in 2025. In 2025, the fair value of forest assets in Finland were impacted by the decrease in the discount rate and higher long term stumpage price estimates. In 2024, the fair value of forest assets in Finland was impacted by higher long-term stumpage price estimates.

### Forest assets

| € million                      | 2025  | 2024  |
|--------------------------------|-------|-------|
| Forest assets in Finland       | 1,777 | 1,695 |
| Forest assets in Uruguay       | 814   | 807   |
| Forest assets in United States | 14    | 15    |
| Carrying value, at December 31 | 2,605 | 2,517 |

### Forest land

Forest land is included in land and water areas within property, plant and equipment. Refer to » *Note 4.1 Property, Plant and equipment*. At the end of 2025, carrying value of own forest land amounted to €722 million (€801 million) and leased forest land €225 million (€249 million).

UPM's own and leased forest land areas are summarized in below table.

| 1,000 ha             | Forest land | Productive forest land | Forested land |
|----------------------|-------------|------------------------|---------------|
| Finland              | 522         | 427                    | 415           |
| Uruguay              | 319         | 190                    | 177           |
| Uruguay, leased land | 177         | 142                    | 136           |
| United States        | 76          | 56                     | 56            |
| Total                | 1,094       | 814                    | 784           |



Accounting policies

The Group divides all its forest assets for accounting purposes into growing forests, which are recognized 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 recognized 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 capitalized 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 judgments

### Fair valuation

The valuation process of forest assets is complex and requires management estimates and judgment on assumptions that have a significant impact on the valuation of the Group's forest assets.

The 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 U.S. 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 2025 was 9.4% (9.7%) and for Uruguayan plantations 10.3% (11.2%). A decrease (increase) of one percentage point in discount rate would increase (decrease) the fair value of forest assets by approximately €239 million (221 million), of which the impact for fair value of forest assets for Finland is €213 million and for Uruguay €25 million.

### 4.3 Financial assets at FVOCI

The majority of financial assets at FVOCI consists of 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 €2,160 million (€2,242 million) at the end of 2025. 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 €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.

Other financial assets at FVOCI include Versowood shares as the strategic partnership agreement between UPM and Versowood became effective on December 31, 2025. This agreement increased the value of financial assets at FVOCI by €29 million.

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 judgments

**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 forecasted production volumes or costs, 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 €330 (250) million. The discount rate of 7.23% (8.07%) 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 €190 (180) million.

One of the main factors in the decrease in fair value during the reporting period was the decrease in forecasted electricity market prices, offset partly by the decrease in the discount rate.

#### Financial assets at FVOCI

|                                | Number of shares | Group holding % | Carrying value, € million |       |
|--------------------------------|------------------|-----------------|---------------------------|-------|
|                                |                  |                 | 2025                      | 2024  |
| Energy shareholdings           |                  |                 |                           |       |
| Pohjolan Voima Oyj, A series   | 8,176,191        | 61.24           | 571                       | 543   |
| Pohjolan Voima Oyj, B series   | 4,140,132        | 58.11           | 997                       | 1,151 |
| Pohjolan Voima Oyj, B2 series  | 2,869,819        | 51.22           | 7                         | 0     |
| Kemijoki Oy                    | 179,189          | 7.33            | 447                       | 426   |
| Länsi-Suomen Voima Oy          | 10,220           | 51.10           | 136                       | 123   |
| Energy shareholdings total     |                  |                 | 2,160                     | 2,242 |
| Other                          | –                | –               | 33                        | 4     |
| Carrying value, at December 31 |                  |                 | 2,193                     | 2,247 |

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 financial assets at FVOCI

| € million                                                      | 2025  | 2024  |
|----------------------------------------------------------------|-------|-------|
| <b>Carrying value, at January 1</b>                            | 2,247 | 2,283 |
| Additions                                                      | 29    | –     |
| Disposals                                                      | –     | -4    |
| Changes in fair value recognized in other comprehensive income | -83   | -32   |
| <b>Carrying value, at December 31</b>                          | 2,193 | 2,247 |



Accounting policies

The Group has made an irrevocable election to designate its energy shareholdings as equity instruments where changes in fair value are recognized 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 recognized through profit and loss.

## 4.4 Goodwill and other intangible assets

Companies acquired in 2025 relate mainly to the acquisition of Metamark in UPM Adhesive Materials business area. Refer to » *note 8.1. Business acquisitions and disposals* for further information. In 2025, the Group impaired the entire goodwill of Other operations amounting to €1 million.

Companies acquired in 2024 relate to the acquisition of Grafityp in UPM Adhesive Materials business area. In 2024, the Group impaired the entire goodwill of Pulp operations in Finland CGU amounting to €113 million and entire goodwill of UPM Biochemicals CGU amounting to €5 million.

### Goodwill by business area

| € million               | 2025 | 2024 |
|-------------------------|------|------|
| Pulp operations Uruguay | 100  | 111  |
| UPM Adhesive Materials  | 151  | 48   |
| UPM Plywood             | 13   | 13   |
| Other operations        | –    | 1    |
| Total                   | 264  | 174  |

### Goodwill

| € million                      | 2025 | 2024 |
|--------------------------------|------|------|
| Carrying value, at January 1   | 174  | 283  |
| Companies acquired             | 109  | 3    |
| Translation differences        | -18  | 7    |
| Impairment charges             | -1   | -118 |
| Carrying value, at December 31 | 264  | 174  |

### Other intangible assets

| € million                                                | Intangible rights | Software and other intangible assets | Total |
|----------------------------------------------------------|-------------------|--------------------------------------|-------|
| 2025                                                     |                   |                                      |       |
| Accumulated costs                                        | 375               | 624                                  | 999   |
| Accumulated amortization and impairments                 | -159              | -488                                 | -646  |
| Carrying value, at December 31                           | 216               | 136                                  | 352   |
| Carrying value, at January 1                             | 212               | 104                                  | 316   |
| Additions                                                | 3                 | 6                                    | 9     |
| Companies acquired <sup>1)</sup>                         | 0                 | 60                                   | 60    |
| Amortization                                             | -7                | -24                                  | -30   |
| Impairment                                               | -1                | 0                                    | -2    |
| Reclassifications                                        | 9                 | -8                                   | 1     |
| Translation differences                                  | 0                 | -2                                   | -2    |
| Carrying value, at December 31                           | 216               | 136                                  | 352   |
| Emission rights, carrying value <sup>2)</sup>            |                   |                                      | 201   |
| Carrying value including emission rights, at December 31 |                   |                                      | 554   |
| 2024                                                     |                   |                                      |       |
| Accumulated costs                                        | 434               | 587                                  | 1,021 |
| Accumulated amortization and impairments                 | -222              | -482                                 | -705  |
| Carrying value, at December 31                           | 212               | 104                                  | 316   |
| Carrying value, at January 1                             | 214               | 245                                  | 459   |
| Additions                                                | 3                 | 16                                   | 18    |
| Companies acquired <sup>1)</sup>                         | –                 | 5                                    | 5     |
| Amortization                                             | -5                | -26                                  | -30   |
| Impairment                                               | 0                 | -5                                   | -5    |
| Reclassifications <sup>3)</sup>                          | 0                 | -136                                 | -135  |
| Translation differences                                  | 0                 | 4                                    | 4     |
| Carrying value, at December 31                           | 212               | 104                                  | 316   |
| Emission rights, carrying value <sup>2)</sup>            |                   |                                      | 264   |
| Carrying value including emission rights, at December 31 |                   |                                      | 580   |

<sup>1)</sup> In 2025, the companies acquired relate to the acquisition of Metamark, and in 2024 to the acquisition of Grafityp. Refer to » *Note 8.1 Business acquisitions and disposals*.  
<sup>2)</sup> Refer to » *Note 2.3 Operating expenses and other operating income*, for further information on emission rights.  
<sup>3)</sup> Reclassifications in 2024 relate to final classification of assets in the Uruguay pulp mill investment. Refer to » *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 2025.  
Water rights of hydropower plants belonging to UPM Energy and reported in intangible rights amounted €189 million at the end of 2025 and 2024. The values of water rights were tested based on expected future cash flows of each separate hydro power plant. The impairment test of

The basis for valuation and key assumptions used in goodwill impairment testing are summarized in the below table:

| Cash generating unit    | Basis of valuation | Period of forecast        | Pre-tax discount rate | Key assumptions                  |
|-------------------------|--------------------|---------------------------|-----------------------|----------------------------------|
| Pulp operations Uruguay | Value in use       | 10 years + terminal value | 8.60% (2024: 9.12%)   | Pulp price, wood costs           |
| UPM Adhesive Materials  | Value in use       | 10 years + terminal value | 9.14% (2024: 10.59%)  | Product prices, cost development |
| UPM Plywood             | Value in use       | 10 years + terminal value | 10.18% (2024: 11.12%) | 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 judgments

The Group's assessment of the carrying value of goodwill and indefinite life assets requires significant judgment.  
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 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. In estimates of product prices and cost development, forecasts prepared by management for the next three years and estimates made for the following seven years are taken into consideration. In addition, consideration is given to the investment decisions made by the Group as well as the profitability programs 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.

water rights did not result in a recognition of any impairment in 2025 and 2024.  
Goodwill impairment tests were carried out for pulp operations in Uruguay, belonging to the UPM Fibres business area, UPM Adhesive Materials business area and UPM Plywood business area. The recoverable amount of CGUs was estimated based on value in use calculations.

### 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 recognized 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, licenses, 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 recognized at cost less accumulated amortization and impairment. Amortization 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 recognized as an expense as incurred. Costs incurred in acquiring software that will contribute to future period financial benefit are capitalized to software and systems. Other intangible assets are recognized at cost less accumulated amortization and impairment. Amortization is calculated using the straight-line method over their estimated useful lives ranging from 3 to 5 years.

**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 recognized. 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 recognized 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.

4.5 Provisions

| € million                           | Restructuring | Termination | Environmental | Emissions | Other | Total |
|-------------------------------------|---------------|-------------|---------------|-----------|-------|-------|
| 2025                                |               |             |               |           |       |       |
| Provisions at January 1             | 55            | 79          | 26            | 66        | 28    | 253   |
| Provisions made during the year     | 56            | 73          | 5             | 60        | 21    | 214   |
| Provisions utilized during the year | -29           | -53         | -1            | -61       | -11   | -155  |
| Unused provisions reversed          | -12           | -9          | 0             | -2        | -7    | -31   |
| Translation differences             | 0             | 0           | 0             | -1        | 0     | -1    |
| Provisions at December 31           | 70            | 89          | 29            | 63        | 30    | 280   |
| Non-current                         |               |             |               |           |       | 101   |
| Current                             |               |             |               |           |       | 179   |
| Total                               |               |             |               |           |       | 280   |
| 2024                                |               |             |               |           |       |       |
| Provisions at January 1             | 59            | 117         | 27            | 56        | 6     | 266   |
| Provisions made during the year     | 27            | 58          | 0             | 78        | 26    | 189   |
| Provisions utilized during the year | -29           | -90         | -1            | -68       | -1    | -189  |
| Unused provisions reversed          | -4            | -5          | -1            | -1        | -3    | -14   |
| Reclassifications                   | 1             | -1          | 0             | 0         | 0     | 0     |
| Translation differences             | 0             | 0           | 0             | 0         | 0     | 1     |
| Provisions at December 31           | 55            | 79          | 26            | 66        | 28    | 253   |
| Non-current                         |               |             |               |           |       | 89    |
| Current                             |               |             |               |           |       | 165   |
| Total                               |               |             |               |           |       | 253   |

UPM has undergone several restructuring programs in recent years including mill closures and profit improvement programs. Restructuring provisions recognized 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 recognized 2–3 years before the granting and settlement of the compensation.

At December 31, 2025, restructuring and termination provisions mainly relate to capacity closures and optimization of operations in UPM Communication Papers and UPM Adhesive Materials business areas. At December 31, 2024, restructuring and termination provisions relate mainly to capacity closures and optimizations of operations in UPM Communication Papers.

In 2025, additions to restructuring and termination provisions of €99 million relate to the closures of Ettringen paper mill in Germany and Kaukas paper machine 1 in Finland in UPM Communication Papers and the discontinuation of production at Nancy factory in France in UPM Adhesive Materials.

In 2024, additions to restructuring and termination provisions of €71 million relate to closures of Hürth newsprint mill and Nordland fine paper machine 3 and the closure of Adhesive Materials Kaltenkirchen factory.

The Group recognizes 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 €201 million (€264 million) as intangible assets.

Refer to » *Note 2.3 Operating expenses and other operating income*, for further information on emission rights.

 Accounting policies

A provision is recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized and subsequently depreciated as part of the asset. Provisions do not include any third-party recoveries.

**Emission provisions**

Emission obligations are recognized in provisions based on realized emissions. The provision is measured at the carrying amounts of the corresponding emission rights held, which are recognized 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 judgments

**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 judgment 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 unfavorable 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 to » *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

| € million         | 2025         | 2024         |
|-------------------|--------------|--------------|
| Inventories       | 1,886        | 2,104        |
| Trade receivables | 1,081        | 1,432        |
| Trade payables    | -1,240       | -1,369       |
| Advances received | -12          | -6           |
| <b>Total</b>      | <b>1,714</b> | <b>2,161</b> |

### Inventories

| € million                     | 2025         | 2024         |
|-------------------------------|--------------|--------------|
| Raw materials and consumables | 1,025        | 1,149        |
| Work in progress              | 0            | 6            |
| Finished products and goods   | 828          | 915          |
| Advance payments              | 32           | 35           |
| <b>Total</b>                  | <b>1,886</b> | <b>2,104</b> |

### Trade receivables aging

| € million              | 2025              |                          |                                     | 2024              |                          |                                     |
|------------------------|-------------------|--------------------------|-------------------------------------|-------------------|--------------------------|-------------------------------------|
|                        | Trade receivables | Loss allowance provision | Trade receivables, net of provision | Trade receivables | Loss allowance provision | Trade receivables, net of provision |
| Undue                  | 987               | -2                       | 985                                 | 1,347             | -3                       | 1,345                               |
| Past due up to 30 days | 68                | -1                       | 66                                  | 63                | -1                       | 62                                  |
| Past due 31–90 days    | 10                | -2                       | 8                                   | 14                | -2                       | 12                                  |
| Past due over 90 days  | 40                | -19                      | 21                                  | 34                | -21                      | 13                                  |
| <b>Total</b>           | <b>1,106</b>      | <b>-25</b>               | <b>1,081</b>                        | <b>1,458</b>      | <b>-26</b>               | <b>1,432</b>                        |

### Trade and other payables

| € million                                         | 2025         | 2024         |
|---------------------------------------------------|--------------|--------------|
| <b>Accrued expenses and deferred income</b>       |              |              |
| Personnel expenses                                | 162          | 186          |
| Interest expenses                                 | 30           | 30           |
| Indirect taxes                                    | 15           | 16           |
| Customer rebates                                  | 99           | 114          |
| Customer claims                                   | 5            | 6            |
| Other items                                       | 108          | 109          |
| <b>Total accrued expenses and deferred income</b> | <b>419</b>   | <b>462</b>   |
| Advances received                                 | 12           | 6            |
| Trade payables                                    | 1,240        | 1,369        |
| Other current liabilities                         | 167          | 101          |
| <b>Total</b>                                      | <b>1,839</b> | <b>1,938</b> |

### Trade and other receivables

| € million                                   | 2025         | 2024         |
|---------------------------------------------|--------------|--------------|
| <b>Trade receivables</b>                    |              |              |
| Trade receivables                           | 1,106        | 1,458        |
| Loss allowance provision                    | -25          | -26          |
| <b>Total trade receivables</b>              | <b>1,081</b> | <b>1,432</b> |
| <b>Prepayments and accrued income</b>       |              |              |
| Personnel expenses                          | 3            | 3            |
| Interest income                             | 0            | 0            |
| Energy and other excise taxes               | 7            | 8            |
| Other items                                 | 151          | 164          |
| <b>Total prepayments and accrued income</b> | <b>161</b>   | <b>176</b>   |
| <b>Other receivables</b>                    |              |              |
| VAT and other indirect taxes receivable     | 162          | 169          |
| Cash collaterals                            | 35           | 110          |
| Other receivables                           | 43           | 43           |
| <b>Total other receivables</b>              | <b>239</b>   | <b>322</b>   |
| <b>Total</b>                                | <b>1,481</b> | <b>1,929</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 17% (20%) of the trade receivables as at December 31, 2025 – i.e. approximately €188 million (288 million).

In 2025, trade receivables amounting to €3 million (15 million) were subject to permanent write-off and the loss was recognized 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 realizable 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 labor, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. If the net realizable 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 recognized initially at transaction price and subsequently at amortized cost less loss allowance provision. No significant 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 recognized 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 recognizes 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 finalizing 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 recognized initially at fair value and subsequently at amortized 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 recognizing refund liability for expected volume and other discounts arising from contracts with customers. Customer rebates include mainly volume discounts and are recognized 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 realize within the next 12 months.

Advances received are recognized 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> |
| € <b>3,004 m</b> | € <b>977 m</b>        |
| (€ 2,869m)       | (€ 766m)              |

### 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 minimizing simultaneously financial expenses and refinancing risk and optimizing liquidity. Borrowing activities are centralized 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

| € million                                                    | 2025          | 2024          |
|--------------------------------------------------------------|---------------|---------------|
| Equity attributable to owners of the parent company          | 10,001        | 11,139        |
| Non-controlling interest                                     | 333           | 401           |
| <b>Total equity</b>                                          | <b>10,335</b> | <b>11,540</b> |
| Non-current debt                                             | 3,638         | 3,747         |
| Current debt                                                 | 156           | 166           |
| <b>Total debt</b>                                            | <b>3,794</b>  | <b>3,913</b>  |
| <b>Total capitalization</b>                                  | <b>14,129</b> | <b>15,452</b> |
| Total debt                                                   | 3,794         | 3,913         |
| Less: Interest-bearing financial assets and investment funds | 790           | 1,044         |
| <b>Net debt</b>                                              | <b>3,004</b>  | <b>2,869</b>  |
| <b>Gearing ratio, % <sup>1)</sup></b>                        | <b>29</b>     | <b>25</b>     |
| <b>Net debt to EBITDA <sup>1)</sup></b>                      | <b>2.29</b>   | <b>1.66</b>   |

<sup>1)</sup> Refer to » [Other financial information](#) on Alternative performance measures.



#### Liquidity and refinancing risk

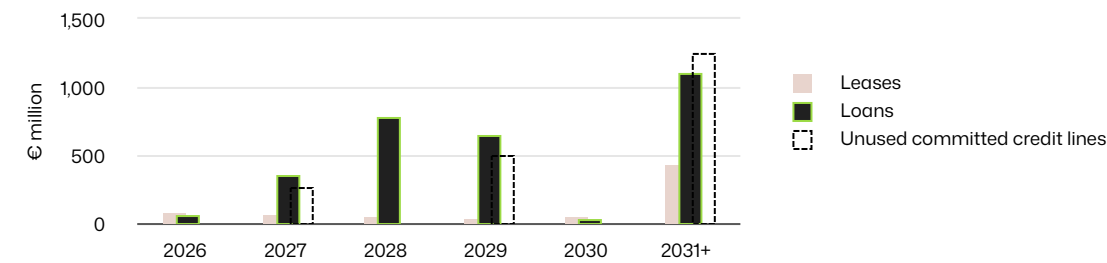
Under all circumstances, UPM seeks to maintain adequate liquidity, which depends on a number of factors, such as the availability of cash flows from operations and access to additional debt and equity financing. UPM aims to ensure sufficient liquidity by means of efficient cash management and restricting 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 minimize refinancing risks by ensuring a balanced loan portfolio maturing schedule and sufficiently long maturities. The average loan maturity at December 31, 2025 was 5.5 years (5.5 years).

#### Liquidity and refinancing

| € million                          | 2025         | 2024         |
|------------------------------------|--------------|--------------|
| Cash at bank                       | 715          | 849          |
| Cash equivalents                   | –            | 42           |
| Investment funds                   | 1            | 1            |
| Committed credit lines             | 2,009        | 2,310        |
| of which used                      | –            | 0            |
| Loan commitments                   | –            | –            |
| Used uncommitted credit lines      | -33          | -1           |
| Long-term loan repayment cash flow | -121         | -151         |
| <b>Liquidity</b>                   | <b>2,570</b> | <b>3,050</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 utilized bank overdrafts are included in used uncommitted credit lines and presented within current debt in the balance sheet. In 2025 or 2024, no material impairment and no expected credit losses were recognized 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 2025



#### Maturity table of debt at the end of 2025

| € million                         | 2026       | 2027       | 2028       | 2029       | 2030      | 2031+        | Total        |
|-----------------------------------|------------|------------|------------|------------|-----------|--------------|--------------|
| Bonds                             | –          | 319        | 750        | 500        | –         | 1,100        | 2,669        |
| Loans from financial institutions | 31         | 31         | 31         | 31         | 31        | –            | 154          |
| Lease liabilities                 | 90         | 72         | 59         | 50         | 55        | 446          | 772          |
| Other loans                       | –          | –          | –          | 114        | –         | –            | 115          |
| Current loans                     | 33         | –          | –          | –          | –         | –            | 33           |
| <b>Principal payments</b>         | <b>154</b> | <b>423</b> | <b>840</b> | <b>695</b> | <b>86</b> | <b>1,546</b> | <b>3,743</b> |
| <b>Interest payments</b>          | <b>94</b>  | <b>88</b>  | <b>60</b>  | <b>52</b>  | <b>33</b> | <b>194</b>   | <b>520</b>   |

The difference between the above nominal values and carrying value of total debt arise from fair value adjustments decreasing carrying value by €44 million and other non-cash adjustments decreasing carrying value by €19 million.

#### Maturity table of debt at the end of 2024

| € million                         | 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                     | 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 €26 million and other non-cash adjustments decreasing carrying value by €23 million.

Maturity table of derivatives included in net debt and guarantees at the end of 2025

| € million                          | 2026 | 2027 | 2028 | 2029 | 2030 | 2031+ | Total |
|------------------------------------|------|------|------|------|------|-------|-------|
| Net settled interest rate swaps    |      |      |      |      |      |       |       |
| Net inflow                         | 9    | 9    | –    | –    | –    | –     | 18    |
| Net outflow                        | -19  | -20  | -21  | -1   | -2   | -17   | -81   |
| Gross settled derivatives          |      |      |      |      |      |       |       |
| Gross currency swaps               |      |      |      |      |      |       |       |
| Total inflow                       | 7    | 7    | 7    | 117  | –    | –     | 137   |
| Total outflow                      | -5   | -5   | -6   | -168 | –    | –     | -184  |
| Forward foreign exchange contracts |      |      |      |      |      |       |       |
| Total inflow                       | 811  | –    | –    | –    | –    | –     | 811   |
| Total outflow                      | -809 | –    | –    | –    | –    | –     | -809  |
| Guarantees                         | –    | –    | –    | –    | –    | –     | –     |

Maturity table of derivatives included in net debt and guarantees at the end of 2024

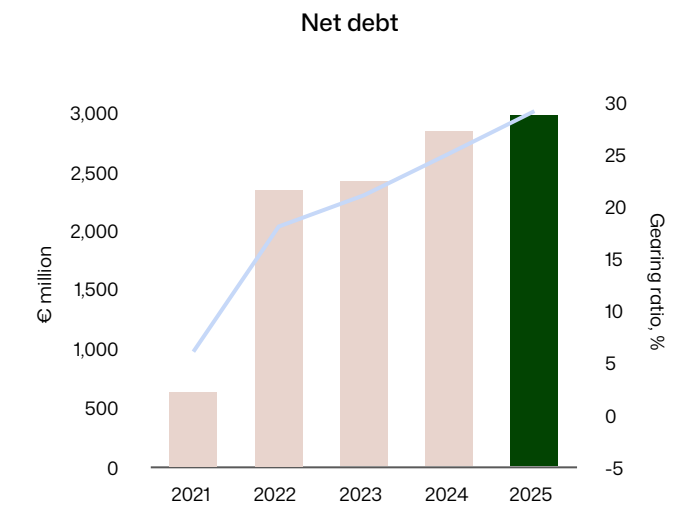
| € million                          | 2025 | 2026 | 2027 | 2028 | 2029 | 2030+ | Total |
|------------------------------------|------|------|------|------|------|-------|-------|
| Net settled interest rate swaps    |      |      |      |      |      |       |       |
| Net inflow                         | 5    | 8    | 9    | 1    | 1    | –     | 25    |
| Net outflow                        | -23  | -17  | -18  | -19  | –    | –     | -79   |
| Gross settled derivatives          |      |      |      |      |      |       |       |
| Gross currency swaps               |      |      |      |      |      |       |       |
| Total inflow                       | 8    | 8    | 8    | 8    | 133  | –     | 163   |
| Total outflow                      | -5   | -5   | -5   | -5   | -168 | –     | -189  |
| Forward foreign exchange contracts |      |      |      |      |      |       |       |
| Total inflow                       | 741  | –    | –    | –    | –    | –     | 741   |
| Total outflow                      | -750 | –    | –    | –    | –    | –     | -750  |
| Guarantees                         | –    | –    | –    | –    | –    | –     | –     |

5.2 Net debt

Net debt is defined as the total of current and non-current debt less interest-bearing current and non-current financial assets. In 2025, net debt increased by €135 million. Net debt totaled €3,004 million (2,869 million) at the end of 2025.

UPM has a €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. UPM has issued four Green Bonds, totaling €2,350 million.

The proceeds from the Green Bonds have been allocated in accordance with the Green Finance Framework to eligible green projects and assets. The following framework categories have been used for the issued Green Bonds: sustainable forest and plantation management, climate-positive and circular bioeconomy adapted products and solutions, and renewable or CO<sub>2</sub> -free energy. 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

| € million                           | 2025  | 2024  |
|-------------------------------------|-------|-------|
| Bonds                               | 2,594 | 2,642 |
| Loans from financial institutions   | 123   | 154   |
| Lease liabilities                   | 684   | 717   |
| Derivatives                         | 111   | 84    |
| Other loans                         | 126   | 149   |
| Non-current debt                    | 3,638 | 3,747 |
| Repayments of non-current debt      | 31    | 36    |
| Repayments of lease liabilities     | 88    | 115   |
| Derivatives                         | 3     | 14    |
| Other liabilities                   | 33    | 1     |
| Current debt                        | 156   | 166   |
| Total debt                          | 3,794 | 3,913 |
| Loan receivables                    | 2     | 2     |
| Derivatives                         | 14    | 21    |
| Other receivables                   | 16    | 15    |
| Non-current interest-bearing assets | 32    | 38    |
| Loan receivables                    | 1     | 1     |
| Derivatives                         | 5     | 2     |
| Other receivables                   | 35    | 110   |
| Investment funds                    | 1     | 1     |
| Cash and cash equivalents           | 715   | 892   |
| Current interest-bearing assets     | 758   | 1,006 |
| Total interest-bearing assets       | 790   | 1,044 |
| Net debt                            | 3,004 | 2,869 |



Accounting policies

Debt

Debt comprising of bonds, bank and pension loans, lease liabilities and other loans is recognized initially at fair value, net of transaction costs and subsequently measured at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized 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 2025

Reported in financing activities in cash flow statement

| € million                                               | Non-current loans incl. repayments | Lease liabilities | Current loans | Net deriva-tives | Invest-ment funds | Debt held for sale | Other financial assets | Cash and cash equiva-lents | Financial assets held for sale | Net debt |
|---------------------------------------------------------|------------------------------------|-------------------|---------------|------------------|-------------------|--------------------|------------------------|----------------------------|--------------------------------|----------|
| Carrying value, at January 1                            | 2981                               | 832               | 1             | 76               | -1                | –                  | -128                   | -892                       | –                              | 2,869    |
| Change in net debt, cash                                |                                    |                   |               |                  |                   |                    |                        |                            |                                |          |
| Proceeds from non-current debt                          | 65                                 | –                 | –             | –                | –                 | –                  | –                      | –                          | –                              | 65       |
| Payments of non-current debt                            | -148                               | –                 | –             | –                | –                 | –                  | –                      | –                          | –                              | -148     |
| Lease repayments                                        | –                                  | -112              | –             | –                | –                 | –                  | –                      | –                          | –                              | -112     |
| Change in current liabilities                           | –                                  | –                 | 32            | –                | –                 | –                  | –                      | –                          | –                              | 32       |
| Net cash flows from derivatives                         | –                                  | –                 | –             | 14               | –                 | –                  | –                      | –                          | –                              | 14       |
| Change in other financial assets in operating cash flow | –                                  | –                 | –             | –                | –                 | –                  | 73                     | –                          | –                              | 73       |
| Change in other financial assets in investing cash flow | –                                  | –                 | –             | –                | –                 | –                  | -1                     | –                          | –                              | -1       |
| Change in cash and cash equivalents                     | –                                  | –                 | –             | –                | –                 | –                  | –                      | 158                        | –                              | 158      |
|                                                         | -83                                | -112              | 32            | 14               | –                 | –                  | 72                     | 158                        | –                              | 80       |
| Change in net debt, non-cash                            |                                    |                   |               |                  |                   |                    |                        |                            |                                |          |
| Companies acquired                                      | 48                                 | 4                 | –             | –                | –                 | –                  | –                      | –                          | –                              | 52       |
| New contracts and subsequent additions                  | –                                  | 84                | –             | –                | –                 | –                  | –                      | –                          | –                              | 84       |
| Lease liability reassessments                           | –                                  | 11                | –             | –                | –                 | –                  | –                      | –                          | –                              | 11       |
| Fair value gains and losses                             | -18                                | –                 | –             | 6                | –                 | –                  | –                      | –                          | –                              | -13      |
| Exchange gains and losses                               | -56                                | -47               | –             | –                | –                 | –                  | 1                      | 19                         | –                              | -84      |
| Effective interest rate adjustment                      | 5                                  | –                 | –             | –                | –                 | –                  | –                      | –                          | –                              | 5        |
|                                                         | -22                                | 52                | –             | 6                | –                 | –                  | 1                      | 19                         | –                              | 55       |
| Carrying value, at December 31                          | 2,875                              | 772               | 33            | 95               | -1                | –                  | -55                    | -715                       | –                              | 3,004    |

Change in net debt 2024

Reported in financing activities in cash flow statement

| € million                                               | Non-current loans incl. repay-ments | Lease liabilities | Current loans | Net deriva-tives | Invest-ment funds | Debt held for sale | Other financial assets | Cash and cash equiva-lents | Financial assets held for sale | Net debt |
|---------------------------------------------------------|-------------------------------------|-------------------|---------------|------------------|-------------------|--------------------|------------------------|----------------------------|--------------------------------|----------|
| Carrying value, at January 1                            | 2,371                               | 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 | –                                   | –                 | –             | –                | –                 | –                  | 0                      | –                          | –                              | 0        |
| 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      |
| Carrying value, at December 31                          | 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 €222 million and the change in cash and cash equivalents here, amounting to €261 million, is due to cash and cash equivalents classified as held for sale as of December 31, 2023, amounting to €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.

**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.

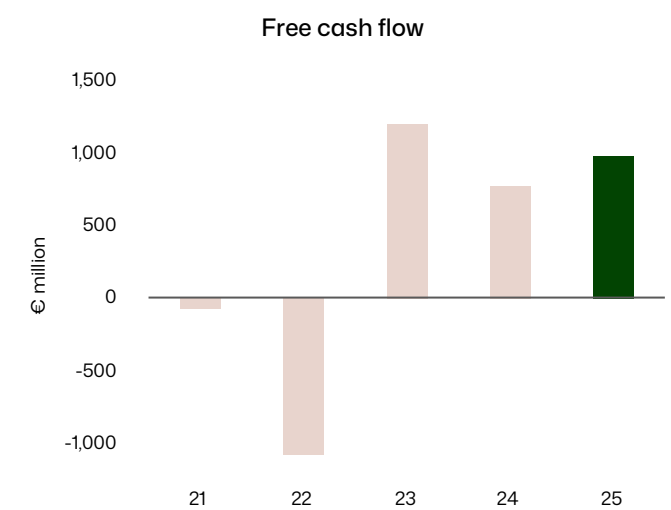
| € million                                               | 2025         | 2024         |
|---------------------------------------------------------|--------------|--------------|
| Operating cash flow                                     | 1,405        | 1,352        |
| Investing cash flow                                     | -428         | -586         |
| <b>Free cash flow</b>                                   | <b>977</b>   | <b>766</b>   |
| Dividends paid to owners of the parent company          | -792         | -801         |
| Treasury shares purchased                               | -160         | –            |
| Dividends paid to non-controlling interests             | -23          | -19          |
| Return of capital to NCI                                | -8           | –            |
| Other financing cash flow                               | -1           | -10          |
| Transaction costs and discounts in operating cash flow  | –            | 7            |
| Change in other financial assets in operating cash flow | -73          | -79          |
| Change in other financial assets in investing cash flow | 1            | –            |
| <b>Change in net debt, cash</b>                         | <b>80</b>    | <b>135</b>   |
| Change in net debt, non-cash                            | 55           | 302          |
| <b>Change in net debt</b>                               | <b>135</b>   | <b>437</b>   |
| Opening net debt                                        | 2,869        | 2,432        |
| <b>Closing net debt</b>                                 | <b>3,004</b> | <b>2,869</b> |

Bonds

| Fixed rate period            | Interest rate, % | Currency | Nominal value issued, million | Carrying value 2025 € million | Carrying value 2024 € million |
|------------------------------|------------------|----------|-------------------------------|-------------------------------|-------------------------------|
| 1997-2027                    | 7.450            | USD      | 375                           | 331                           | 375                           |
| 2020-2028                    | 0.125            | EUR      | 750                           | 691                           | 675                           |
| 2021-2031                    | 0.500            | EUR      | 500                           | 496                           | 496                           |
| 2022-2029                    | 2.250            | EUR      | 500                           | 498                           | 497                           |
| 2024-2034                    | 3.375            | EUR      | 600                           | 578                           | 599                           |
| <b>Value, at December 31</b> |                  |          |                               | <b>2,594</b>                  | <b>2,642</b>                  |
| Current portion              |                  |          |                               | –                             | –                             |
| Non-current portion          |                  |          |                               | 2,594                         | 2,642                         |

**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% (29%) of leased assets recognized on the balance sheet consist of land areas in Uruguay, which the Group uses for eucalyptus plantations. Approximately 23% (24%) consists of Uruguay railway service agreement. Approximately 8% (8%) of leased assets on the balance sheet consists of vessels for sea transportation in Europe. Approximately 3% (6%) of the leased assets on the balance sheet consist of four power plants. UPM uses the energy generated by these plants for its own production. In addition, the Group has leased two waste water treatment plants 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.



Changes in leased assets

| € million                              | Land areas | Buildings  | Machinery and equipment | Other leased assets | Advance payments <sup>1)</sup> | Total      |
|----------------------------------------|------------|------------|-------------------------|---------------------|--------------------------------|------------|
| <b>2025</b>                            |            |            |                         |                     |                                |            |
| <b>Carrying value, at January 1</b>    | 291        | 144        | 411                     | 1                   | –                              | 847        |
| New contracts and subsequent additions | 12         | 19         | 51                      | 1                   | –                              | 83         |
| Business acquisitions                  | –          | 4          | 0                       | –                   | –                              | 4          |
| Reassessments and disposals            | 10         | 2          | 0                       | 0                   | –                              | 12         |
| Depreciation                           | -18        | -23        | -48                     | 0                   | –                              | -90        |
| Impairments                            | –          | 0          | -14                     | –                   | –                              | -15        |
| Translation differences                | -32        | -4         | -28                     | 0                   | –                              | -64        |
| <b>Carrying value, at December 31</b>  | <b>263</b> | <b>142</b> | <b>372</b>              | <b>1</b>            | <b>–</b>                       | <b>778</b> |
| <b>2024</b>                            |            |            |                         |                     |                                |            |
| <b>Carrying value, at January 1</b>    | 272        | 161        | 226                     | 1                   | 24                             | 683        |
| New contracts and subsequent additions | 19         | 3          | 181                     | 1                   | 9                              | 213        |
| Reassessments and disposals            | 1          | 4          | -1                      | 0                   | –                              | 4          |
| Depreciation                           | -18        | -24        | -43                     | 0                   | –                              | -85        |
| Reclassifications                      | –          | –          | 33                      | –                   | -33                            | –          |
| Translation differences                | 16         | 0          | 15                      | 0                   | 0                              | 32         |
| <b>Carrying value, at December 31</b>  | <b>291</b> | <b>144</b> | <b>411</b>              | <b>1</b>            | <b>–</b>                       | <b>847</b> |

<sup>1)</sup> Advance payments for leases not commenced at the year end reporting date December 31.

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 recognizes 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 recognizes 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 recognized 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 amortized 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 recognized within the operating costs and expenses based on the nature of the payment. The interest expense on the lease liability is recognized as a component of finance costs in income statement. In cash flow statement, payments for the principal portion of the lease liability are recognized 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 recognized on a straight-line basis over the term of the lease.

## 5.3 Financial assets and liabilities by category

Financial assets and liabilities recognized 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Financial assets are derecognized 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 2025

| € million                               | Fair value through profit and loss | Equity instruments at fair value through OCI | Derivatives under hedge accounting | Financial assets and liabilities at amortized cost | Total        |
|-----------------------------------------|------------------------------------|----------------------------------------------|------------------------------------|----------------------------------------------------|--------------|
| Financial assets at FVOCI               | –                                  | 2,193                                        | –                                  | –                                                  | 2,193        |
| Other non-current financial assets      |                                    |                                              |                                    |                                                    |              |
| Loans and receivables                   | –                                  | –                                            | –                                  | 6                                                  | 6            |
| Derivatives                             | –                                  | –                                            | 18                                 | –                                                  | 18           |
|                                         | –                                  | –                                            | 18                                 | 6                                                  | 24           |
| Trade and other receivables             | –                                  | –                                            | –                                  | 1,481                                              | 1,481        |
| Other current financial assets          |                                    |                                              |                                    |                                                    |              |
| Loans and receivables                   | –                                  | –                                            | –                                  | 1                                                  | 1            |
| Derivatives                             | 8                                  | –                                            | 67                                 | –                                                  | 75           |
| Investment funds                        | 1                                  | –                                            | –                                  | –                                                  | 1            |
|                                         | 9                                  | –                                            | 67                                 | 1                                                  | 78           |
| Cash and cash equivalents               | –                                  | –                                            | –                                  | 715                                                | 715          |
| <b>Total financial assets</b>           | <b>9</b>                           | <b>2,193</b>                                 | <b>85</b>                          | <b>2,203</b>                                       | <b>4,490</b> |
| Non-current debt                        |                                    |                                              |                                    |                                                    |              |
| Interest-bearing liabilities            | –                                  | –                                            | –                                  | 3,528                                              | 3,528        |
| Derivatives                             | –                                  | –                                            | 111                                | –                                                  | 111          |
|                                         | –                                  | –                                            | 111                                | 3,528                                              | 3,638        |
| Other non-current financial liabilities |                                    |                                              |                                    |                                                    |              |
| Other liabilities <sup>1)</sup>         | –                                  | –                                            | –                                  | 86                                                 | 86           |
| Derivatives                             | –                                  | –                                            | 4                                  | –                                                  | 4            |
|                                         | –                                  | –                                            | 4                                  | 86                                                 | 90           |
| Current debt                            |                                    |                                              |                                    |                                                    |              |
| Interest-bearing liabilities            | –                                  | –                                            | –                                  | 152                                                | 152          |
| Derivatives                             | 1                                  | –                                            | 2                                  | –                                                  | 3            |
|                                         | 1                                  | –                                            | 2                                  | 152                                                | 156          |
| Trade and other payables                | –                                  | –                                            | –                                  | 1,839                                              | 1,839        |
| Other current financial liabilities     |                                    |                                              |                                    |                                                    |              |
| Derivatives                             | 4                                  | –                                            | 33                                 | –                                                  | 37           |
|                                         | 4                                  | –                                            | 33                                 | –                                                  | 37           |
| <b>Total financial liabilities</b>      | <b>6</b>                           | <b>–</b>                                     | <b>150</b>                         | <b>5,605</b>                                       | <b>5,761</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 2024

| € million                               | Fair value through profit and loss | Equity instruments at fair value through OCI | Derivatives under hedge accounting | Financial assets and liabilities at amortized cost | Total |
|-----------------------------------------|------------------------------------|----------------------------------------------|------------------------------------|----------------------------------------------------|-------|
| Financial assets at FVOCI               | –                                  | 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    |
| Cash and cash equivalents               | –                                  | –                                            | –                                  | 892                                                | 892   |
| <b>Total financial assets</b>           | 11                                 | 2,247                                        | 85                                 | 2,838                                              | 5,181 |
| 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                            |                                    |                                              |                                    |                                                    |       |
| Loans                                   | –                                  | –                                            | –                                  | 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   |
| <b>Total financial liabilities</b>      | 17                                 | –                                            | 195                                | 5,905                                              | 6,116 |

<sup>1)</sup> Consists mainly of non-current advances received and a put liability that is not estimated to mature within 12 months.

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 €2,754 million (€2,898 million) at the end of 2025. For quoted bonds, the fair values are based on the quoted market value as of December 31. At the end of 2025, 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 categorized within level 2 of the fair value hierarchy.

Refer to » *Note 5.2 Net debt*, for further information on net debt and bonds.

Fair value measurement hierarchy for financial assets and liabilities

| € million                          | 2025    |         |         |       | 2024    |         |         |       |
|------------------------------------|---------|---------|---------|-------|---------|---------|---------|-------|
|                                    | 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 | –       | 8       | –       | 8     | –       | 10      | –       | 10    |
| Derivatives under hedge accounting | –       | 85      | –       | 85    | 1       | 85      | –       | 85    |
| Financial assets at FVOCI          | –       | –       | 2,193   | 2,193 | –       | –       | 2,247   | 2,247 |
| <b>Total</b>                       | –       | 94      | 2,193   | 2,287 | 1       | 96      | 2,247   | 2,343 |
|                                    |         |         |         |       |         |         |         |       |
| <b>Financial liabilities</b>       |         |         |         |       |         |         |         |       |
| Derivatives, non-qualifying hedges | –       | 6       | –       | 6     | –       | 17      | –       | 17    |
| Derivatives under hedge accounting | –       | 150     | –       | 150   | –       | 195     | –       | 195   |
| <b>Total</b>                       | –       | 155     | –       | 155   | –       | 211     | –       | 211   |

There have been no transfers between levels in 2025 and 2024.



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 recognized 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 to » *Note 4.3 Financial assets at FVOCI*

Financial assets at amortized 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 amortized cost using the effective interest method. Loan receivables without fixed maturity date are measured at amortized 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 recognized in profit or loss. If credit risk increases significantly, full lifetime expected credit losses are recognized 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 recognized at fair value in the balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized in accordance with the accounting principles described in » *Note 6.2 Derivatives and hedge accounting*.

Financial liabilities measured at amortized cost

This category includes debt, trade payables and other financial liabilities. Refer to » *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 to » *Note 4.3 Financial assets at FVOCI* and » *Note 4.2 Forest assets*.

5.4 Financial income and expenses

| € million                                                                      | 2025 | 2024 |
|--------------------------------------------------------------------------------|------|------|
| Exchange rate gains and losses                                                 |      |      |
| Derivatives                                                                    | 12   | -31  |
| Exchange gains and losses on financial liabilities measured at amortized costs | 48   | -11  |
| Exchange gains and losses on financial assets measured at amortized costs      | -57  | 37   |
| Other exchange rate gains and losses <sup>1)</sup>                             | 41   | 0    |
|                                                                                | 44   | -6   |
| Fair value changes                                                             |      |      |
| Fair value gains and losses on derivatives designated as fair value hedges     | -20  | 16   |
| Fair value adjustment of debt attributable to interest rate risk               | 18   | -17  |
|                                                                                | -1   | -1   |
| Total                                                                          | 43   | -7   |
| Interest and other finance income and costs, net                               |      |      |
| Interest expense on lease liabilities                                          | -26  | -24  |
| Interest expense on other financial liabilities measured at amortized cost     | -57  | -47  |
| Interest income (expense) on derivatives                                       | -21  | -40  |
| Interest income on loans, receivables and cash                                 | 19   | 31   |
| Dividend income from financial assets at FVOCI                                 | 5    | 2    |
| Impairment charges of associates and joint ventures                            | –    | -2   |
| Other financial income and expenses, net                                       | -23  | -17  |
|                                                                                | -102 | -97  |
| Total                                                                          | -59  | -104 |

<sup>1)</sup> Other exchange rate gains and losses include €41 million exchange rate gains relating to capital repatriation from subsidiaries in 2025.

Net gains and losses on derivatives included in the operating profit

| € million                                          | 2025 | 2024 |
|----------------------------------------------------|------|------|
| Cash flow hedges reclassified from hedging reserve | 85   | -7   |
| Non-qualifying hedges                              | 18   | -25  |
| Total                                              | 102  | -33  |

Foreign exchange gains and losses in the operating profit excluding non-qualifying hedges

| € million              | 2025 | 2024 |
|------------------------|------|------|
| Sales                  | 34   | -5   |
| Other operating income | -37  | -9   |
| Total                  | -4   | -14  |

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. In 2025, UPM carried out a share buy-back program and repurchased a total of 6,000,000 of its own shares, which were subsequently cancelled. At December 31, 2025, the number of the company's shares was 527,735,699. The shares do not have any nominal counter value. The shares are included within the book entry system for securities.

Share capital

| € million                | 2025    | 2024    |
|--------------------------|---------|---------|
| Number of shares (1,000) | 527,736 | 533,736 |
| Share capital, € million | 890     | 890     |

Treasury shares

At December 31, 2025, the company held 411,653 (411,653) of its own shares, 0.08% (0.08%) of the total number of shares.

Reserves

| € million                                  | 2025  | 2024  |
|--------------------------------------------|-------|-------|
| Fair value reserve                         | 1,574 | 1,661 |
| Hedging reserve                            | 28    | -10   |
| Share-based payments reserve               | 19    | 26    |
| Total other reserves                       | 1,622 | 1,678 |
| Reserve for invested non-restricted equity | 1,273 | 1,273 |
| Translation reserve                        | 15    | 657   |
| Total reserves                             | 2,909 | 3,608 |

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 recognized in OCI. Amounts are recognized 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

The share-based payments reserve is used to recognize 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 recognized, 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.

Hedging reserve

| € million                                                     | Currency cash flow hedges | Electricity purchase and sales hedges | Cost of hedging | Tax | Total |
|---------------------------------------------------------------|---------------------------|---------------------------------------|-----------------|-----|-------|
| 2025                                                          |                           |                                       |                 |     |       |
| Hedging reserve, at January 1                                 | -40                       | 29                                    | 0               | 2   | -10   |
| Amounts reclassified to profit and loss                       | -37                       | -51                                   | 3               | 17  | -68   |
| Change in fair value of hedging instruments recognized in OCI | 99                        | 39                                    | -6              | -26 | 106   |
| Hedging reserve, at December 31                               | 22                        | 16                                    | -2              | -8  | 28    |

| € million                                                     | Currency cash flow hedges | Electricity purchase and sales hedges | Cost of hedging | Tax | Total |
|---------------------------------------------------------------|---------------------------|---------------------------------------|-----------------|-----|-------|
| 2024                                                          |                           |                                       |                 |     |       |
| Hedging reserve, at January 1                                 | 13                        | -120                                  | -3              | 21  | -88   |
| Amounts reclassified to profit and loss                       | 2                         | 2                                     | 3               | -1  | 6     |
| Change in fair value of hedging instruments recognized in OCI | -55                       | 146                                   | -1              | -18 | 72    |
| Hedging reserve, at December 31                               | -40                       | 29                                    | 0               | 2   | -10   |

6. Risk management

6.1 Financial risk management

The objective of financial risk management is to protect the Group from unfavorable 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 recognized 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

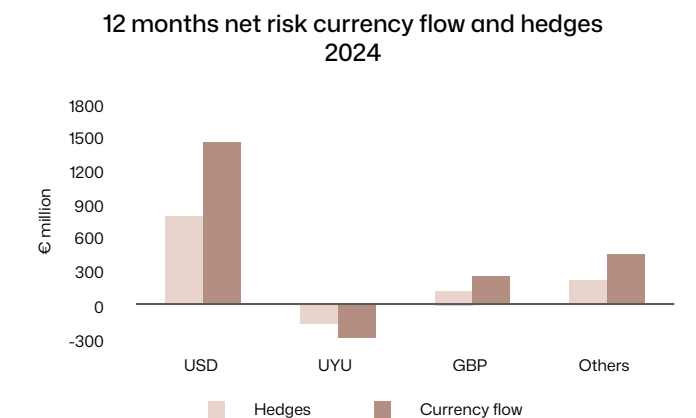
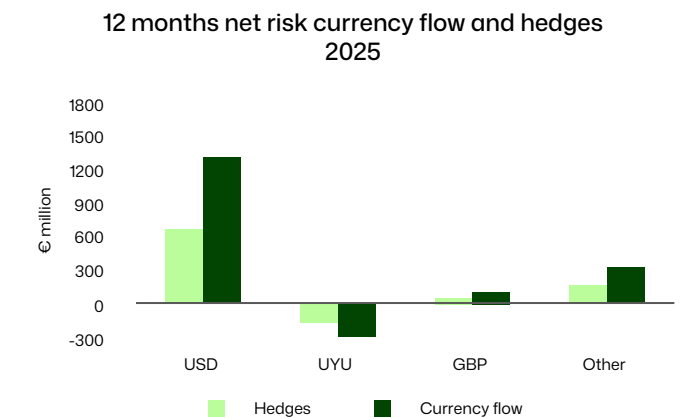
The Group hedges transaction exposure related to highly probable future commercial foreign currency cash flows on a rolling basis over the next 12-month period based on forecasts by the respective business areas. Transaction risk arises from the changes in currency rates of highly probable transactions, 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 December 31, 2025, 52% (52%) 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 recognized through profit and loss immediately.

At the end of 2025, UPM's estimated net risk currency flow for the next 12 months was €1,456 million (1,815 million).

The weighted hedging rate by currency against EUR were USD 1.16, UYU 49.01 and GBP 0.87.

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 2025, the hedged net risk currency flow was €8 million (€2 million).



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 December 31, 2025, the unhedged balance sheet exposures in net of interest-bearing assets and liabilities amounted to €10 million (7 million). Hedge accounting is not applied and all fair value changes of hedging instruments are recognized 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 €242 million (333 million). Hedge accounting is not applied and all fair value changes of hedging instruments are recognized 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 December 31, 2025, 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 8.32 and Uruguay USD 1.14.

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 recognized balance sheet items in foreign currency and the effect to equity arising mainly from foreign currency forwards used to hedge foreign currency flows.

| € million              | Profit before tax |      | Equity |      |
|------------------------|-------------------|------|--------|------|
|                        | 2025              | 2024 | 2025   | 2024 |
| EUR strengthens by 10% |                   |      |        |      |
| USD                    | -3                | 1    | 94     | 102  |
| UYU                    | –                 | –    | -15    | -14  |
| CNY                    | 1                 | 1    | 11     | 13   |
| GBP                    | –                 | –    | 6      | 12   |
| EUR weakens by 10%     |                   |      |        |      |
| USD                    | 3                 | -1   | -94    | -102 |
| UYU                    | –                 | –    | 15     | 14   |
| CNY                    | -1                | -1   | -11    | -13  |
| GBP                    | –                 | –    | -6     | -12  |

- 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 December 31, 2025 the duration of net debt was 24 (30) 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**

| € billion | 2025 | 2024 |
|-----------|------|------|
| EUR       | 2.0  | 1.7  |
| USD       | 0.5  | 0.8  |
| CNY       | -0.2 | -0.3 |
| Others    | -0.1 | -0.2 |
| Total     | 2.2  | 2.1  |

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.

| € million                                         | Profit before tax |      |
|---------------------------------------------------|-------------------|------|
|                                                   | 2025              | 2024 |
| Interest rate of net debt 100 basis points higher | -11               | -12  |
| Interest rate of net debt 100 basis points lower  | 11                | 12   |

- 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 amortized 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 amortized 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 Nordic main exchange futures and bilateral forwards. In January 2025, Euronext and Nasdaq announced that Euronext will acquire Nasdaq’s Nordic power futures business. The change is expected to take place during the first half of 2026. 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, Euronext, EEX and bilateral derivatives would change €/5/MWh throughout the period UPM has derivatives.

| € million                                      | Effect | 2025 | 2024 |
|------------------------------------------------|--------|------|------|
| +/-EUR 5/MWh in electricity forward quotations |        |      |      |
| Effect on profit before tax                    | +/-    | –    | –    |
| Effect on equity                               | +/-    | 27.3 | 31.0 |

## 6.2 Derivatives and hedge accounting

The Group uses financial derivatives to manage currency, interest rate and commodity price risks.

Refer to **» Note 6.1 Financial risk management**.

**Accounting policies**

All derivatives are initially and continuously recognized at fair value in the balance sheet. The fair value gain or loss is recognized 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 recognized 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 recognized 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 recognized in other comprehensive income. Cost of hedging, meaning forward points of derivative forward contracts accounted as cash flow hedges, is recognized 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 recognized when the committed or forecasted transaction is ultimately recognized 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 recognized 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 recognized 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 recognized in other comprehensive income within translation reserve. Any gain or loss relating to the interest portion of forward exchange contracts is recognized 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 amortized 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 recognized 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 minimizes 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.

Net fair values of derivatives

|                                           | Positive fair values | Negative fair values | Net fair values | Positive fair values | Negative fair values | Net fair values |
|-------------------------------------------|----------------------|----------------------|-----------------|----------------------|----------------------|-----------------|
| € million                                 | 2025                 |                      |                 | 2024                 |                      |                 |
| Foreign exchange risk                     |                      |                      |                 |                      |                      |                 |
| Forward foreign exchange contracts        |                      |                      |                 |                      |                      |                 |
| Cash flow hedges                          | 26                   | -5                   | 21              | 16                   | -54                  | -38             |
| Net investment hedge                      | 9                    | -1                   | 8               | 9                    | -25                  | -16             |
| Non-qualifying hedges                     | 8                    | -6                   | 3               | 10                   | -17                  | -7              |
| Cross currency swaps                      |                      |                      |                 |                      |                      |                 |
| Non-qualifying hedges                     | –                    | –                    | –               | –                    | –                    | –               |
| Derivatives hedging foreign exchange risk | 44                   | -12                  | 32              | 35                   | -96                  | -61             |
| Interest rate risk                        |                      |                      |                 |                      |                      |                 |
| Interest rate swaps                       |                      |                      |                 |                      |                      |                 |
| Fair value hedges                         | 15                   | -74                  | -59             | 21                   | -74                  | -53             |
| Non-qualifying hedges                     | –                    | –                    | –               | –                    | –                    | –               |
| Cross currency swaps                      |                      |                      |                 |                      |                      |                 |
| Fair value hedges                         | –                    | -39                  | -39             | –                    | -15                  | -15             |
| Non-qualifying hedges                     | –                    | –                    | –               | –                    | –                    | –               |
| Derivatives hedging interest risk         | 15                   | -113                 | -98             | 21                   | -89                  | -68             |
| Commodity risk                            |                      |                      |                 |                      |                      |                 |
| Electricity sales                         |                      |                      |                 |                      |                      |                 |
| Cash flow hedges                          | 34                   | -22                  | 12              | 18                   | -26                  | -8              |
| Non-qualifying hedges                     | –                    | –                    | –               | –                    | –                    | –               |
| Electricity purchase                      |                      |                      |                 |                      |                      |                 |
| Cash flow hedges                          | –                    | –                    | –               | –                    | –                    | –               |
| Other commodities                         |                      |                      |                 |                      |                      |                 |
| Cash flow hedges                          | –                    | -8                   | -8              | 21                   | –                    | 21              |
| Non-qualifying hedges                     | 0                    | –                    | –               | –                    | –                    | –               |
| Derivatives hedging commodity risk        | 34                   | -30                  | 4               | 39                   | -26                  | 13              |
| Total                                     | 93                   | -155                 | -62             | 95                   | -211                 | -116            |

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 recognized 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

| € million                          | 2025  | 2024  |
|------------------------------------|-------|-------|
| Interest rate futures              | 1,319 | 1,134 |
| Interest rate swaps                | 1,668 | 1,711 |
| Forward foreign exchange contracts | 3,192 | 3,617 |
| Currency options                   | –     |       |
| Cross currency swaps               | 114   | 129   |
| Commodity contracts                | 401   | 551   |

Cash collaterals pledged mainly for exchange traded contracts totaled €32 (108) million of which €31 (107) million relate to commodity contracts and €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 to » [Note 4.6 Working capital](#).

Net fair values of derivatives calculated by counterparty

| € million | Positive fair values | Negative fair values | Net fair values |
|-----------|----------------------|----------------------|-----------------|
| 2025      | 63                   | -125                 | -62             |
| 2024      | 43                   | -159                 | -116            |

| Timing of nominal amounts of derivatives 2025 | Within 1 year | Between 1-5 years | Later than 5 years | Total |
|-----------------------------------------------|---------------|-------------------|--------------------|-------|
| € million                                     | 2025          |                   |                    |       |
| Foreign exchange risk                         |               |                   |                    |       |
| Forward foreign exchange contracts            |               |                   |                    |       |
| Cash flow hedges                              | 1,347         | 1                 | –                  | 1,348 |
| Net investment hedge                          | 696           | –                 | –                  | 696   |
| Non-qualifying hedges                         | 1,147         | 1                 | –                  | 1,149 |
| Cross currency swaps                          |               |                   |                    |       |
| Non-qualifying hedges                         | –             | 114               | –                  | 114   |
| Interest rate risk                            |               |                   |                    |       |
| Interest rate swaps                           |               |                   |                    |       |
| Fair value hedges                             | –             | 1,068             | 600                | 1,668 |
| Cross currency swaps                          |               |                   |                    |       |
| Fair value hedges                             | –             | 114               | –                  | 114   |
| Interest rate futures                         |               |                   |                    |       |
| Non-qualifying hedges                         | 1,319         | –                 | –                  | 1,319 |
| Commodity risk                                |               |                   |                    |       |
| Electricity sales                             |               |                   |                    |       |
| Cash flow hedges                              | 207           | 77                | –                  | 284   |
| Electricity purchase                          |               |                   |                    |       |
| Cash flow hedges                              | 51            | 7                 | –                  | 58    |
| Other commodities                             |               |                   |                    |       |
| Cash flow hedges                              | 40            | 15                | –                  | 55    |
| Non-qualifying hedges                         | 4             | –                 | –                  | 4     |

| Timing of nominal amounts of derivatives 2024 | Within 1 year | Between 1-5 years | Later than 5 years | Total |
|-----------------------------------------------|---------------|-------------------|--------------------|-------|
| € million                                     | 2024          |                   |                    |       |
| Foreign exchange risk                         |               |                   |                    |       |
| 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   |
| Interest rate risk                            |               |                   |                    |       |
| 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 |
| Commodity risk                                |               |                   |                    |       |
| Electricity sales                             |               |                   |                    |       |
| Cash flow hedges                              | 285           | 69                | –                  | 354   |
| Electricity purchase                          |               |                   |                    |       |
| Cash flow hedges                              | 68            | 30                | –                  | 98    |
| Other commodities                             |               |                   |                    |       |
| Cash flow hedges                              | 56            | 17                | –                  | 73    |
| Non-qualifying hedges                         | 26            | –                 | –                  | 26    |

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 2025, tax on profit for the year amounted to €200 million (37 million). The effective tax rate was 28.9% (7.4%). The Group's effective tax rate is affected by the income not subject to tax from subsidiaries operating in tax free zone in Uruguay and by the German tax rate being higher than in Finland. In 2025, the effective tax rate was impacted by the amendment to Germany's corporate income tax legislation, which was enacted in 2025. The change in the applicable tax rate impacted mainly the deferred tax assets and increased tax expenses by €65 million. In 2024, the 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 closure of Kaltenkirchen factory in Germany.

#### Income tax

| € million                | 2025 | 2024 |
|--------------------------|------|------|
| Current tax expense      | 108  | 122  |
| Change in deferred taxes | 92   | -85  |
| Total                    | 200  | 37   |

#### Tax rate reconciliation

| € million                                         | 2025   | 2024  |
|---------------------------------------------------|--------|-------|
| Profit before tax                                 | 690    | 500   |
| Computed tax at Finnish statutory rate of 20%     | 138    | 100   |
| Difference between Finnish and foreign rates      | 10     | -6    |
| Tax-exempt income                                 | -41    | -91   |
| Non-deductible expenses                           | 15     | 37    |
| Withholding taxes                                 | 3      | 2     |
| Tax loss with no tax benefit                      | 18     | 8     |
| Results of associates                             | 0      | 0     |
| Change in tax legislation                         | 65     | –     |
| Change in recoverability of deferred tax assets   | -6     | –     |
| Utilization of previously unrecognized tax losses | -1     | -1    |
| Other items                                       | 0      | -13   |
| Total income taxes                                | 200    | 37    |
| Effective tax rate, %                             | 28.9 % | 7.4 % |



#### 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 recognized in the income statement, unless it relates to items that have been recognized in equity or as part of other comprehensive income. In these instances, the related tax expense is also recognized in equity or other comprehensive income, respectively.



#### Key estimates and judgments

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 judgment. 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 January 1, 2024. The Group applies the IAS 12 exception to recognizing 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 2025 based on the 2025 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 harbors 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

| € million                                              | 2025                  | 2024                  | 2023                  |
|--------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| <strong>Deferred tax assets</strong>                   |                       |                       |                       |
| Intangible assets and property, plant and equipment    | 119                   | 134                   | 66                    |
| Inventories                                            | 61                    | 72                    | 77                    |
| Retirement benefit liabilities and provisions          | 75                    | 95                    | 94                    |
| Other temporary differences                            | 154                   | 192                   | 175                   |
| Tax losses and tax credits carried forward             | 224                   | 276                   | 242                   |
| Offset against liabilities                             | -221                  | -243                  | -224                  |
| <strong>Total</strong>                                 | <strong>413</strong>  | <strong>526</strong>  | <strong>431</strong>  |
| <strong>Deferred tax liabilities</strong>              |                       |                       |                       |
| Intangible assets and property, plant and equipment    | -291                  | -330                  | -265                  |
| Forest assets                                          | -461                  | -440                  | -412                  |
| Retirement benefit assets                              | -1                    | –                     | –                     |
| Other temporary differences                            | -160                  | -145                  | -163                  |
| Offset against assets                                  | 221                   | 243                   | 224                   |
| <strong>Total</strong>                                 | <strong>-692</strong> | <strong>-673</strong> | <strong>-616</strong> |
| <strong>Net deferred tax assets (liabilities)</strong> | <strong>-279</strong> | <strong>-146</strong> | <strong>-185</strong> |

### Movements in deferred tax assets and liabilities

| € million                                              | 2025                  | 2024                  |
|--------------------------------------------------------|-----------------------|-----------------------|
| <strong>Carrying value, at January 1</strong>          | <strong>-146</strong> | <strong>-185</strong> |
| Charged to income statement                            | -92                   | 85                    |
| Charged to other comprehensive income                  | -41                   | -36                   |
| Companies acquired                                     | -15                   | -4                    |
| Exchange rate adjustments                              | 15                    | -6                    |
| <strong>Net deferred tax assets (liabilities)</strong> | <strong>-279</strong> | <strong>-146</strong> |

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.

In addition, the Group has not recognized 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 2029.

In Uruguay, tax credits amounting to €143 million (151 million) have not been recognized due to uncertainty of their utilization.

The Group has not recognized 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 recognized deferred tax liability for the undistributed earnings of Finnish subsidiaries and associates as such earnings can be distributed without any tax consequences.

### 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 utilized 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 realized 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 recognized 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

|                                                     | Before tax            | Tax                  | After tax             | Before tax            | Tax                  | After tax            |
|-----------------------------------------------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|
| <strong>€ million</strong>                          | <strong>2025</strong> |                      |                       | <strong>2024</strong> |                      |                      |
| Actuarial gains and losses on defined benefit plans | 50                    | -18                  | 31                    | 7                     | -2                   | 4                    |
| Financial assets at FVOCI                           | -83                   | -4                   | -87                   | -31                   | -16                  | -47                  |
| Translation differences                             | -724                  | –                    | -724                  | 346                   | –                    | 346                  |
| Cash flow hedges                                    | 48                    | -9                   | 38                    | 98                    | -20                  | 78                   |
| Net investment hedges                               | 46                    | -9                   | 37                    | -16                   | 3                    | -13                  |
| <strong>Total</strong>                              | <strong>-664</strong> | <strong>-41</strong> | <strong>-705</strong> | <strong>403</strong>  | <strong>-35</strong> | <strong>368</strong> |

### Key estimates and judgments

#### Recognized deferred tax assets

The recognition of deferred tax assets requires management judgment as to whether it is probable that such balances will be utilized and/or reversed in the foreseeable future. At December 31, 2025, net operating loss carry-forwards for which the Group has recognized a deferred tax asset amounted to €895 million (904 million in 2024 and €841 million in 2023), of which €845 million (865 million in 2024 and €772 million in 2023) was attributable to German subsidiaries. These losses primarily relate to restructuring activities, mill closures, and profit improvement programs implemented in recent years, as well as non-current asset impairments resulting in as tax losses prior year. In Germany, net operating loss carry-forwards do not expire. The Group expects sufficient future taxable income to be available for the utilization 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 utilized.

The assumptions regarding future realization 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.

#### Unrecognized deferred tax assets and liabilities

The net operating loss carry-forwards for which no deferred tax is recognized due to uncertainty of their utilization amounted to €946 million (873 million) in 2025. 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.

## 8. Group structure

### 8.1 Business acquisitions and disposals

On April 1, 2025, as a result of the exercise of a put option by a third party, UPM became contractually obligated to purchase shares in Kraftwerk Plattling GmbH, the owner of the power plant that had previously been leased by UPM. The acquired company has been included in the Group since the acquisition date. The transaction had no material impact on the balance sheet. The net assets acquired and the effects of the revenues and profit or loss are not considered material for disclosure purposes.

On February 5, 2025, it was announced that UPM Adhesive Materials had acquired Metamark, a UK-based company to further accelerate its growth in the Graphics business. UPM Adhesive Materials' existing Graphics business complemented with Metamark will strengthen UPM Adhesive Materials' overall competitiveness, bring major synergies and make UPM Adhesive Materials a significant player in the fast-growing, high value-added Graphics segment.

If the transaction had occurred on January 1, 2025, UPM's sales for January–December 2025 would have been €9,661 million and profit for the period €491 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiaries to reflect the amortization that would have been charged assuming application of fair value adjustments to intangible assets, property plant and equipment and inventories from January 1, 2025, together with the consequential tax effects.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

| € million                           |            |
|-------------------------------------|------------|
| Cash paid                           | 130        |
| Deferred consideration              | 0          |
| <b>Total purchase consideration</b> | <b>130</b> |

| € million                     |            |
|-------------------------------|------------|
| Other intangible assets       | 60         |
| Property, plant and equipment | 3          |
| Leased assets                 | 4          |
| Inventories                   | 16         |
| Trade and other receivables   | 15         |
| Cash and cash equivalents     | 9          |
| <b>Total assets</b>           | <b>107</b> |

|                          |           |
|--------------------------|-----------|
| Deferred tax liabilities | 15        |
| Non-current debt         | 4         |
| Current debt             | 51        |
| Trade and other payables | 14        |
| Income tax payables      | 0         |
| <b>Total liabilities</b> | <b>85</b> |

|                                          |            |
|------------------------------------------|------------|
| Net identifiable assets acquired         | 22         |
| <b>Goodwill arising from acquisition</b> | <b>107</b> |

The fair value of trade and other receivables included trade receivables with a fair value of €13 million. At the date of acquisition, the gross contractual amount for trade receivables was €13 million, of which €0 million was expected to be uncollectible.

Acquisition-related costs of €3 million are included in other operating expenses and are reported as items affecting comparability in UPM Adhesive Materials 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 the acquisition date, and the effects of the revenues and profit or loss thereof are not considered material for disclosure purposes.

#### Transactions with non-controlling interests

In 2025, UPM had a minor decrease in its non-controlling interests in Uruguay. In 2024, 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 % 2025 | Holding % 2024 |
|-----------------------------------------------|--------------------------|----------------|----------------|
| 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                         | GB                       | 100.00         | 100.00         |
| Grafityp Selfadhesive Products NV             | BE                       | 100.00         | 100.00         |
| LLC UPM Ukraine                               | UA                       | 100.00         | 100.00         |
| Magenta Prime Limited <sup>1)</sup>           | GB                       | 100.00         | —              |
| Metamark (UK) Limited <sup>1)</sup>           | GB                       | 100.00         | —              |
| Metamark Group Holdings Limited <sup>1)</sup> | GB                       | 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 Rafflatac Indonesia                    | ID                       | 100.00         | 100.00         |
| Rhein Papier GmbH                             | DE                       | 100.00         | 100.00         |
| Tebetur S.A.                                  | UY                       | 91.00          | 91.00          |
| Tile Forestal S.A.                            | UY                       | 91.00          | 91.00          |
| Trimwel Limited <sup>1)</sup>                 | IE                       | 100.00         | —              |
| 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 Communication Papers Oy                   | FI                       | 100.00         | 100.00         |
| UPM Energy Oy                                 | FI                       | 100.00         | 100.00         |
| UPM GmbH                                      | DE                       | 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         |

| Subsidiaries                                           | Country of incorporation | Holding % 2025 | Holding % 2024 |
|--------------------------------------------------------|--------------------------|----------------|----------------|
| 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         |
| 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 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 Ticared 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. <sup>2)</sup>                             | UY                       | —              | 93.55          |
| Werla Insurance Company Ltd                            | MT                       | 100.00         | 100.00         |

Above list includes UPM's principal subsidiaries.

<sup>1)</sup> In 2025, UPM acquired Metamark. Refer to » *note 8.1. Business acquisitions and disposals.*

<sup>2)</sup> In 2025, Uruwood S.A. merged to Forestal Oriental S.A.

| Joint operations                                                         | COUNTRY OF INCORPORATION | HOLDING % 2025 | HOLDING % 2024 |
|--------------------------------------------------------------------------|--------------------------|----------------|----------------|
| Oy Alholmens Kraft Ab (Pohjolan Voima Oy, G series and direct ownership) | FI                       | 50.00          | 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                                                   | GB                       | 50.00          | 50.00          |

**Non-controlling interests**

UPM has non-controlling interests mainly in Uruguay companies. Summarized financial information of Uruguay subsidiaries that have non-controlling interests is presented in the following table. The amounts disclosed are before inter-company eliminations.

| € million                                        | 2025  | 2024  |
|--------------------------------------------------|-------|-------|
| Profit for the period                            | 117   | 298   |
| Other comprehensive income for the period        | —     | —     |
| <b>Total comprehensive income for the period</b> | 117   | 298   |
| Share of non-controlling interests               | 10    | 27    |
|                                                  |       |       |
| Non-current assets                               | 3,034 | 3,632 |
| Current assets                                   | 809   | 965   |
| Non-current liabilities                          | 189   | 270   |
| Current liabilities                              | 173   | 132   |
| <b>Net assets</b>                                | 3,481 | 4,195 |
| Share of non-controlling interests               | 313   | 378   |

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 organizations 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 December 31, 2025 or 2024.

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.

| € million                               | 2025 | 2024 |
|-----------------------------------------|------|------|
| Dividends received                      | 2    | 2    |
| Purchases of raw materials and services | 36   | 28   |
| Loan receivables                        | 3    | 13   |
| Trade and other receivables             | 0    | 1    |
| Trade and other payables                | 5    | 4    |

**Subsidiaries and joint operations**

Refer to » *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 €0 million (0 million) to the defined benefit sections of the Scheme in 2025. The fair value of the UK defined benefit fund assets at December 31, 2025 was €266 million (274 million), of which 23% was invested in equity instruments, 53% in debt instruments, 4% in property, 14% money market and 6% in other investments.

8.4 Assets held for sale

No assets or liabilities were classified as held for sale at the end of 2025 or at the end of 2024.

§ 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. Unrecognized 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.

| € million                                                             | 2025 | 2024 |
|-----------------------------------------------------------------------|------|------|
| Other own commitments                                                 |      |      |
| Leasing commitments for the next 12 months in accordance with IFRS 16 | 1    | 1    |
| Other commitments                                                     | 128  | 106  |
| Total                                                                 | 129  | 107  |

The lease commitments for leases not commenced at the end of 2025 amounted to €0 million (€24 million at the end of 2024). The decrease during reporting period is due to the commencement of the 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 2025.

### 9.3 Events after the balance sheet date

On January 2, UPM announced that the strategic partnership agreement between UPM and Versowood has received the necessary regulatory approvals and has entered into force on December 31, 2025.

On January 12, UPM announced that it received leadership scores in CDP 2025 assessment for environmental efficiency and transparent reporting on climate, forest, and water-related actions.

## 10. Other notes

### 10.1 Forthcoming accounting policy changes

#### Change in the composition of reportable segments

The Group will change its reportable segments composition by moving UPM Forest business into UPM Fibres business area as of January 1, 2026. The vast majority of wood used by UPM in Finland is consumed within the UPM Fibres business, and the Finnish forests are therefore considered an integral operational and strategic part of UPM Fibres North operations. In addition, the change improves consistency with UPM Fibre's operations in Uruguay, where forest assets have already been reported as part of the UPM Fibres South operations. Until the end of 2025, UPM Forest was included in Other operations.

#### UPM Fibres (1/1/2026)

| 2025                                                                       | UPM<br>Fibres as<br>published | UPM<br>Fibres<br>restated |
|----------------------------------------------------------------------------|-------------------------------|---------------------------|
| Sales, € million                                                           | 3,407                         | 3,531                     |
| Comparable EBITDA, € million                                               | 511                           | 621                       |
| % of sales                                                                 | 15.0                          | 17.6                      |
| Change in fair value of forest assets and wood harvested, € million        | 65                            | 144                       |
| Share of results of associated companies and joint ventures, € million     | 2                             | 2                         |
| Depreciation, amortization and impairment charges, € million               | -295                          | -295                      |
| Operating profit, € million                                                | 282                           | 472                       |
| % of sales                                                                 | 8.3                           | 13.4                      |
| Items affecting comparability in operating profit, € million <sup>1)</sup> | 0                             | 0                         |
| Comparable EBIT, € million                                                 | 283                           | 472                       |
| % of sales                                                                 | 8.3                           | 13.4                      |
| Capital employed (average), € million                                      | 6,745                         | 8,556                     |
| Comparable ROCE, %                                                         | 4.2                           | 5.5                       |

UPM Biorefining, consisting of UPM Biochemicals and UPM Biofuels and reported as part of Other operations, will be renamed UPM Next Generation Renewables as of January 1, 2026.

Following these changes, Other Operations includes UPM Next Generation Renewables, Wood sourcing, Group services and Technology and forest assets in the U.S..

The change will impact KPIs of UPM Fibres reportable segment and Other Operations. The comparative periods will be restated according to the new reporting principles. The reporting change has no impact on the Group financial result or balance sheet.

#### Other Operations (1/1/2026)

| 2025                                                                       | Other<br>operations<br>as<br>published | Other<br>operations<br>restated |
|----------------------------------------------------------------------------|----------------------------------------|---------------------------------|
| Sales, € million                                                           | 693                                    | 693                             |
| Comparable EBITDA, € million                                               | -25                                    | -136                            |
| Change in fair value of forest assets and wood harvested, € million        | 80                                     | 0                               |
| Share of results of associated companies and joint ventures, € million     | -2                                     | -2                              |
| Depreciation, amortization and impairment charges, € million               | -45                                    | -44                             |
| Operating profit, € million                                                | -8                                     | -197                            |
| Items affecting comparability in operating profit, € million <sup>1)</sup> | -17                                    | -17                             |
| Comparable EBIT, € million                                                 | 9                                      | -180                            |
| Capital employed (average), € million                                      | 3,112                                  | 1,301                           |
| Comparable ROCE, %                                                         | 0.3                                    | -13.8                           |

## 10.2 Forthcoming new standards, amendments and other accounting policy changes

Certain new accounting standard amendments and interpretations have been published that come into effect only after the reporting period started on January 1, 2025. 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.

### 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 recognizes 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 recognized, and the Group is currently evaluating the need for change.
- The Group currently recognizes 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 recognized, 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.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and the comparative information for the financial year ending December 31, 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.

## Parent company accounts

### (Finnish Accounting Standards, FAS)

#### Income statement

| € million                                                    | Note | 2025   | 2024   |
|--------------------------------------------------------------|------|--------|--------|
| Sales                                                        | 1    | 2,470  | 2,599  |
| Change in inventories of finished goods and work in progress |      | -9     | -10    |
| Production for own use                                       |      | 3      | 3      |
| Other operating income                                       | 2    | 116    | 79     |
| Materials and services                                       |      |        |        |
| Raw materials and consumables purchased                      |      | -2,007 | -1,956 |
| Change in inventories                                        |      | 9      | 26     |
| External charges                                             |      | -9     | -9     |
|                                                              |      | -2,007 | -1,938 |
| Personnel expenses                                           |      |        |        |
| Salaries and fees                                            |      | -196   | -206   |
| Indirect employee costs                                      |      |        |        |
| Pension costs                                                |      | -33    | -35    |
| Other indirect employee costs                                |      | -6     | -5     |
|                                                              | 3    | -234   | -247   |
| Depreciation, amortization and impairment charges            |      |        |        |
| Depreciation and amortization                                |      | -95    | -103   |
|                                                              | 4    | -95    | -103   |
| Other operating expenses                                     | 5    | -327   | -287   |
| Operating profit (loss)                                      |      | -82    | 96     |
| Financial income and expenses                                |      |        |        |
| Income from non-current assets                               |      |        |        |
| Dividend income from Group companies                         |      | 1,052  | 479    |
| Interest income from Group companies                         |      | 0      | 8      |
| Other interest and financial income                          |      |        |        |
| Other interest income from Group companies                   |      | 106    | 144    |
| Other interest income from other companies                   |      | 13     | 24     |
| Other financial income from Group companies                  |      | 0      | 39     |
| Other financial income from other companies                  |      | 194    | 130    |
| Impairment charges and reversals on investments              |      | -60    | -226   |
| Interest and other financial expenses                        |      |        |        |
| Interest expenses to Group companies                         |      | -115   | -156   |
| Interest expenses to other companies                         |      | -95    | -102   |
| Other financial expenses to Group companies                  |      | -55    | 0      |
| Other financial expenses to other companies                  |      | -16    | -112   |
|                                                              |      | 1,024  | 228    |
| Profit (loss) before closing entries and tax                 |      | 942    | 323    |
| Closing entries                                              |      |        |        |
| Depreciation difference                                      |      | 21     | 20     |
| Group contributions received                                 |      | 227    | 57     |
| Group contributions granted                                  |      | -17    | -7     |
|                                                              |      | 231    | 70     |
| Income taxes                                                 | 6    | -24    | -12    |
| Profit (Loss) for the period                                 |      | 1,148  | 382    |

Balance sheet

| € million                                         | Note | 2025   | 2024   |
|---------------------------------------------------|------|--------|--------|
| ASSETS                                            |      |        |        |
| Non-current assets                                |      |        |        |
| Intangible assets                                 |      |        |        |
| Intangible rights                                 |      | 21     | 5      |
| Other intangible assets                           |      | 41     | 21     |
| Advance payments                                  |      | 34     | 41     |
|                                                   | 7    | 96     | 67     |
| Tangible assets                                   |      |        |        |
| Land and water areas                              |      | 747    | 747    |
| Buildings                                         |      | 149    | 158    |
| Machinery and equipment                           |      | 350    | 386    |
| Other tangible assets                             |      | 16     | 18     |
| Advance payments and construction in progress     |      | 15     | 17     |
|                                                   | 8    | 1,277  | 1,326  |
| Investments                                       |      |        |        |
| Holdings in Group companies                       |      | 6,561  | 6,968  |
| Holdings in participating interest companies      |      | 15     | 5      |
| Other shares and holdings                         |      | 25     | 3      |
| Receivables from Group companies <sup>1)</sup>    |      | 847    | 1,051  |
| Receivables from participating interest companies |      | 3      | 13     |
|                                                   | 9    | 7,452  | 8,040  |
| Total non-current assets                          |      |        |        |
| Current assets                                    |      |        |        |
| Inventories                                       |      |        |        |
| Raw materials and consumables                     |      | 264    | 256    |
| Finished products and goods                       |      | 24     | 32     |
| Advance payments                                  |      | 31     | 33     |
|                                                   |      | 319    | 321    |
| Receivables                                       |      |        |        |
| Current receivables                               |      |        |        |
| Trade receivables                                 |      | 52     | 48     |
| Receivables from Group companies <sup>1)</sup>    |      | 1,872  | 1,613  |
| Receivables from participating interest companies |      | 9      | 12     |
| Other current receivables                         |      | 41     | 112    |
| Prepayments and accrued income                    |      | 16     | 15     |
|                                                   | 10   | 1,991  | 1,799  |
| Other current financial assets                    |      |        |        |
|                                                   |      | 1      | 1      |
| Cash and cash equivalents                         |      | 594    | 729    |
| Total current assets                              |      |        |        |
| Assets                                            |      |        |        |
|                                                   |      | 11,728 | 12,283 |

<sup>1)</sup> Comparison year figure restated due to classification mistake in revaluation. €100.8 million has been transferred from current receivables from Group companies to non-current receivables.

| € million                                    | Note | 2025   | 2024   |
|----------------------------------------------|------|--------|--------|
| EQUITY AND LIABILITIES                       |      |        |        |
| Equity                                       |      |        |        |
| Share capital                                |      | 890    | 890    |
| Revaluation reserve                          |      | 140    | 140    |
| Reserve for invested non-restricted equity   |      | 1,273  | 1,273  |
| Retained earnings                            |      | 645    | 1,216  |
| Profit (Loss) for the period                 |      | 1,148  | 382    |
| Total equity                                 | 11   | 4,095  | 3,900  |
| Accumulated depreciation difference          |      |        |        |
|                                              |      | 322    | 347    |
| Provisions                                   |      |        |        |
| Termination provisions                       |      | 2      | 4      |
| Other provisions                             |      | 143    | 196    |
|                                              | 12   | 146    | 200    |
| LIABILITIES                                  |      |        |        |
| Non-current liabilities                      |      |        |        |
| Bonds                                        |      | 2,669  | 2,711  |
| Loans from financial institutions            |      | 123    | 154    |
| Payables to Group companies <sup>2)</sup>    |      | 439    | 325    |
| Other non-current liabilities                |      | 114    | 129    |
|                                              | 13   | 3,346  | 3,319  |
| Current liabilities                          |      |        |        |
| Loans from financial institutions            |      | 31     | 31     |
| Advances received                            |      | 1      | 0      |
| Trade payables                               |      | 350    | 357    |
| Payables to Group companies <sup>2)</sup>    |      | 3,282  | 3,985  |
| Payables to participating interest companies |      | 3      | 3      |
| Other current liabilities                    |      | 71     | 50     |
| Accrued expenses and deferred income         |      | 82     | 91     |
|                                              | 14   | 3,819  | 4,517  |
| Total liabilities                            |      |        |        |
|                                              |      | 7,165  | 7,836  |
| Equity and liabilities                       |      |        |        |
|                                              |      | 11,728 | 12,283 |

<sup>2)</sup> Comparison year figure restated due to classification mistake in revaluation. €4.1 million has been transferred from current payables to Group companies to non-current payables.

Cash flow statement

| € million                                            | 2025   | 2024 |
|------------------------------------------------------|--------|------|
| Cash flows from operating activities                 |        |      |
| Profit before closing entries and tax                | 942    | 323  |
| Financial income and expenses                        | -1,024 | -228 |
| Adjustments to operating profit <sup>1)</sup>        | 2      | 279  |
| Change in working capital <sup>2)</sup>              | -116   | 291  |
| Interest received                                    | 123    | 172  |
| Interest paid                                        | -211   | -250 |
| Dividends received                                   | 1,053  | 479  |
| Other financial items                                | 88     | -128 |
| Income taxes paid                                    | -21    | -7   |
| Operating cash flow                                  | 836    | 931  |
| Cash flows from investing activities                 |        |      |
| Investments in tangible and intangible assets        | -146   | -70  |
| Investments in shares and holdings                   | -33    | -611 |
| Proceeds from sale of intangible and tangible assets | 69     | 13   |
| Proceeds from disposal of shares and holdings        | 357    | 4    |
| Change in other non-current receivables              | 103    | 33   |
| Investing cash flow                                  | 350    | -632 |
| Cash flows from financing activities                 |        |      |
| Proceeds from non-current liabilities                | 127    | 650  |
| Payments of non-current liabilities                  | -96    | -29  |
| Change in current liabilities                        | -610   | 60   |
| Purchase of own shares                               | -160   | 0    |
| Dividends paid                                       | -792   | -800 |
| Group contributions, net                             | 210    | 50   |
| Other items                                          | 0      | -1   |
| Financing cash flow                                  | -1,321 | -70  |
| Cash and cash equivalents at beginning of period     | 729    | 500  |
| Change in cash and cash equivalents                  | -135   | 230  |
| Cash and cash equivalents at end of period           | 594    | 729  |

Notes to cash flow statement

<sup>1)</sup> Adjustments to operating profit

| € million                                              | 2025 | 2024 |
|--------------------------------------------------------|------|------|
| Depreciation, amortization and impairment charges      | 90   | 102  |
| Capital gains and losses on sale of non-current assets | 21   | 216  |
| Change in provisions                                   | -108 | -39  |
| Total                                                  | 2    | 279  |

<sup>2)</sup> Change in working capital

| € million                                | 2025 | 2024 |
|------------------------------------------|------|------|
| Inventories                              | 0    | -19  |
| Current receivables                      | -94  | 314  |
| Current non-interest-bearing liabilities | -22  | -4   |
| Total                                    | -116 | 291  |

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 recognized in sales and exchange rate differences on trade payables in purchases. Exchange differences arising from the measurement of other receivables and liabilities are recognized in financial items.

Tangible and intangible assets

Tangible and intangible assets are stated at cost less accumulated depreciation and amortization according to plan and impairments. Emission rights are recognized using net approach. Depreciation and amortization 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 recognized as tangible assets within land and water areas at historical cost and revaluation. No systematic depreciation or changes in value due to felling is recognized.

Investments

Investments are stated at cost less impairments.

Inventories

Inventories are stated at the lower of cost or the 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 recognized 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 realization 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 recognized 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 recognized 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 recognized deferred tax assets and liabilities in the balance sheet, but presents the information in the notes.

**Derivatives**

Realized results of derivative contracts and negative fair value of open derivative contracts are recognized in the income statement. Negative fair value of open derivative contracts that are not settled in cash is recognized 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 recognized in financial items. Income and expenses of commodity derivatives are recognized in operating profit. Income and expenses of commodity derivative contracts of Group companies are recognized 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

| € million        | 2025         | 2024         |
|------------------|--------------|--------------|
| UPM Fibres       | 1,861        | 2,043        |
| Other operations | 609          | 556          |
| <b>Total</b>     | <b>2,470</b> | <b>2,599</b> |

### Sales by destination

| € million          | 2025         | 2024         |
|--------------------|--------------|--------------|
| Finland            | 2,414        | 2,545        |
| Other EU countries | 31           | 34           |
| Other countries    | 25           | 20           |
| <b>Total</b>       | <b>2,470</b> | <b>2,599</b> |

## 2. Other operating income

| € million                           | 2025       | 2024      |
|-------------------------------------|------------|-----------|
| Gains on sale of non-current assets | 44         | 10        |
| Rental income                       | 7          | 7         |
| Other                               | 66         | 62        |
| <b>Total</b>                        | <b>116</b> | <b>79</b> |

## 3. Personnel expenses

| € million                                                                                       | 2025       | 2024       |
|-------------------------------------------------------------------------------------------------|------------|------------|
| Salaries and fees of the President and CEO, and members of the Board of Directors <sup>1)</sup> | 3          | 3          |
| Other salaries and fees                                                                         | 193        | 203        |
| Pension costs                                                                                   | 33         | 35         |
| Other indirect employee costs                                                                   | 6          | 5          |
| <b>Total</b>                                                                                    | <b>234</b> | <b>247</b> |

<sup>1)</sup> Refer to » *Note 3.2 Key management personnel*

### Personnel

|                      | 2025         | 2024         |
|----------------------|--------------|--------------|
| <b>Total average</b> | <b>2,775</b> | <b>2,933</b> |

## 4. Depreciation, amortization and impairment charges

| € million               | 2025      | 2024       |
|-------------------------|-----------|------------|
| Intangible rights       | 8         | 2          |
| Other intangible assets | 12        | 15         |
| Buildings               | 12        | 14         |
| Machinery and equipment | 59        | 70         |
| Other tangible assets   | 2         | 2          |
| <b>Total</b>            | <b>95</b> | <b>103</b> |

## 5. Other operating expenses

| € million                              | 2025       | 2024       |
|----------------------------------------|------------|------------|
| Rents and lease expenses               | 14         | 14         |
| Maintenance expenses                   | 95         | 91         |
| Other operating expenses <sup>1)</sup> | 218        | 181        |
| <b>Total</b>                           | <b>327</b> | <b>287</b> |

<sup>1)</sup> The research and development costs in operating expenses were €33 million (€28 million) and auditor's fee €3.3 million (€2.6 million). In personnel expenses the research and development costs were €10 million (€20 million).

## 6. Income taxes

| € million                            | 2025      | 2024      |
|--------------------------------------|-----------|-----------|
| Tax expense for the period           | 24        | 9         |
| Tax expense for the previous periods | –         | 3         |
| <b>Total</b>                         | <b>24</b> | <b>12</b> |

### Deferred tax assets and liabilities <sup>1)</sup>

| € million                           | 2025       | 2024       |
|-------------------------------------|------------|------------|
| <b>Deferred tax assets</b>          |            |            |
| Provisions                          | 29         | 40         |
| Share-based payments                | 1          | 1          |
| Other temporary differences         | 1          | 2          |
| <b>Total</b>                        | <b>32</b>  | <b>43</b>  |
|                                     |            |            |
| <b>Deferred tax liabilities</b>     |            |            |
| Accumulated depreciation difference | 64         | 69         |
| Revaluations of land areas          | 60         | 60         |
| <b>Total</b>                        | <b>124</b> | <b>129</b> |

<sup>1)</sup> The parent company has not recognized 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

| € million                                | Intangible rights | Other intangible assets | Advance payments | Total     |
|------------------------------------------|-------------------|-------------------------|------------------|-----------|
| <b>2025</b>                              |                   |                         |                  |           |
| Accumulated costs                        | 38                | 333                     | 34               | 405       |
| Accumulated amortization and impairments | -17               | -292                    | –                | -310      |
| <b>Carrying value, at December 31</b>    | <b>21</b>         | <b>41</b>               | <b>34</b>        | <b>96</b> |
| <b>Carrying value, at January 1</b>      | <b>5</b>          | <b>21</b>               | <b>41</b>        | <b>67</b> |
| Additions                                | 49                | 13                      | 13               | 75        |
| Disposals                                | -24               | –                       | –                | -24       |
| Amortization                             | -8                | -12                     | –                | -21       |
| Reclassifications                        | –                 | 19                      | -20              | -1        |
| <b>Carrying value, at December 31</b>    | <b>21</b>         | <b>41</b>               | <b>34</b>        | <b>96</b> |
| <b>2024</b>                              |                   |                         |                  |           |
| Accumulated costs                        | 23                | 302                     | 41               | 367       |
| Accumulated amortization and impairments | -19               | -281                    | –                | -300      |
| <b>Carrying value, at December 31</b>    | <b>5</b>          | <b>21</b>               | <b>41</b>        | <b>67</b> |
| <b>Carrying value, at January 1</b>      | <b>5</b>          | <b>27</b>               | <b>26</b>        | <b>58</b> |
| Additions                                | 2                 | 3                       | 21               | 27        |
| Amortization                             | -2                | -15                     | –                | -17       |
| Reclassifications                        | –                 | 7                       | -7               | –         |
| <b>Carrying value, at December 31</b>    | <b>5</b>          | <b>21</b>               | <b>41</b>        | <b>67</b> |

8. Tangible assets

| € million                                | Land and water areas | Buildings | Machinery and equipment | Other tangible assets | Advance payments and construction in progress | Total  |
|------------------------------------------|----------------------|-----------|-------------------------|-----------------------|-----------------------------------------------|--------|
| 2025                                     |                      |           |                         |                       |                                               |        |
| Accumulated costs                        | 449                  | 569       | 2,263                   | 135                   | 15                                            | 3,430  |
| Accumulated depreciation and impairments | –                    | -420      | -1,913                  | -118                  | –                                             | -2,451 |
| Revaluations                             | 298                  | –         | –                       | –                     | –                                             | 298    |
| Carrying value, at December 31           | 747                  | 149       | 350                     | 16                    | 15                                            | 1,277  |
| Carrying value, at January 1             | 747                  | 158       | 386                     | 18                    | 17                                            | 1,326  |
| Additions                                | 1                    | 2         | 33                      | –                     | 13                                            | 49     |
| Disposals                                | -1                   | –         | –                       | –                     | –                                             | -1     |
| Depreciation                             | –                    | -14       | -82                     | -2                    | –                                             | -98    |
| Reclassifications                        | –                    | 3         | 12                      | –                     | -15                                           | –      |
| Carrying value, at December 31           | 747                  | 149       | 350                     | 16                    | 15                                            | 1,277  |
| 2024                                     |                      |           |                         |                       |                                               |        |
| Accumulated costs                        | 449                  | 577       | 2,299                   | 141                   | 17                                            | 3,483  |
| Accumulated depreciation and impairments | –                    | -419      | -1,913                  | -122                  | –                                             | -2,454 |
| Revaluations                             | 298                  | –         | –                       | –                     | –                                             | 298    |
| Carrying value, at December 31           | 747                  | 158       | 386                     | 18                    | 17                                            | 1,326  |
| Carrying value, at January 1             | 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                                           | –      |
| Carrying value, at December 31           | 747                  | 158       | 386                     | 18                    | 17                                            | 1,326  |

9. Other non-current assets

| € million                       | Holdings in group companies | Holdings in participating interest companies | Other shares and holdings | Receivables from group companies <sup>2)</sup> | Receivables from participating interest companies | Total  |
|---------------------------------|-----------------------------|----------------------------------------------|---------------------------|------------------------------------------------|---------------------------------------------------|--------|
| 2025                            |                             |                                              |                           |                                                |                                                   |        |
| Accumulated costs               | 8,315                       | 15                                           | 25                        | 847                                            | 3                                                 | 9,205  |
| Accumulated value adjustments   | -1,754                      | –                                            | –                         | –                                              | –                                                 | -1,754 |
| Carrying value, at December 31  | 6,561                       | 15                                           | 25                        | 847                                            | 3                                                 | 7,452  |
| Carrying value, at January 1    | 6,968                       | 5                                            | 3                         | 1,051                                          | 13                                                | 8,040  |
| Additions                       | 10                          | 10                                           | 23                        | 100                                            |                                                   | 143    |
| Disposals                       | -357                        | –                                            | –                         | -304                                           | -10                                               | -670   |
| Value adjustments <sup>1)</sup> | -60                         | –                                            | –                         | –                                              | –                                                 | -60    |
| Carrying value, at December 31  | 6,561                       | 15                                           | 25                        | 847                                            | 3                                                 | 7,452  |
| 2024                            |                             |                                              |                           |                                                |                                                   |        |
| Accumulated costs               | 8,662                       | 5                                            | 3                         | 1,051                                          | 13                                                | 9,733  |
| Accumulated value adjustments   | -1,693                      | –                                            | –                         | –                                              | –                                                 | -1,693 |
| Carrying value, at December 31  | 6,968                       | 5                                            | 3                         | 1,051                                          | 13                                                | 8,040  |
| Carrying value, at January 1    | 6,587                       | 5                                            | 3                         | 993                                            | 3                                                 | 7,590  |
| Additions                       | 611                         | –                                            | –                         | 102                                            | 10                                                | 723    |
| Disposals                       | -4                          | –                                            | –                         | -44                                            | –                                                 | -48    |
| Value adjustments <sup>1)</sup> | -226                        | –                                            | –                         | –                                              | –                                                 | -226   |
| Carrying value, at December 31  | 6,968                       | 5                                            | 3                         | 1,051                                          | 13                                                | 8,040  |

<sup>1)</sup> Value adjustments are shown in financial expenses

<sup>2)</sup> Comparison year figure restated due to classification mistake in revaluation. €100.8 million has been transferred from current receivables from Group companies to non-current receivables.

10. Current receivables

| € million                                    | Receivables from group companies <sup>3)</sup> | Receivables from participating interest companies | Receivables from others | Total |
|----------------------------------------------|------------------------------------------------|---------------------------------------------------|-------------------------|-------|
| 2025                                         |                                                |                                                   |                         |       |
| Trade receivables                            | 385                                            | 9                                                 | 52                      | 446   |
| Loan receivables <sup>1)</sup>               | 1,259                                          | –                                                 | –                       | 1,260 |
| Prepayments and accrued income <sup>2)</sup> | –                                              | –                                                 | 16                      | 17    |
| Other current receivables                    | 227                                            | –                                                 | 41                      | 268   |
| Carrying value, at December 31               | 1,872                                          | 9                                                 | 109                     | 1,991 |
| 2024                                         |                                                |                                                   |                         |       |
| Trade receivables                            | 462                                            | 12                                                | 48                      | 521   |
| Loan receivables <sup>1)</sup>               | 1,094                                          | –                                                 | –                       | 1,094 |
| Prepayments and accrued income <sup>2)</sup> | 1                                              | –                                                 | 15                      | 16    |
| Other current receivables                    | 57                                             | –                                                 | 112                     | 168   |
| Carrying value, at December 31               | 1,613                                          | 12                                                | 174                     | 1,799 |

<sup>1)</sup> There were no loans granted to the company's President and CEO and members of the Board of Directors at December 31, 2025 and 2024.

2)Prepayments and accrued income

| € million                      | 2025 | 2024 |
|--------------------------------|------|------|
| Interest income                | 10   | 12   |
| Income taxes                   | –    | –    |
| Other items                    | 7    | 4    |
| Carrying value, at December 31 | 17   | 16   |

3) Comparison year figure restated due to classification mistake in revaluation. €100.8 million has been transferred from current receivables from Group companies to non-current receivables.

11. Equity

| € million                             | Share capital | Revaluation reserve | Reserve for invested non-restricted equity | Retained earnings | Profit/loss for the period | Total shareholder's equity |
|---------------------------------------|---------------|---------------------|--------------------------------------------|-------------------|----------------------------|----------------------------|
| 2025                                  |               |                     |                                            |                   |                            |                            |
| Carrying value, at January 1          | 890           | 140                 | 1,273                                      | 1,216             | 382                        | 3,900                      |
| Transfer of profit from previous year | –             | –                   | –                                          | 382               | -382                       | –                          |
| Profit for period                     | –             | –                   | –                                          | –                 | 1,148                      | 1,148                      |
| Dividend distribution                 | –             | –                   | –                                          | -792              | –                          | -792                       |
| Changes in revaluations               | –             | –                   | –                                          | –                 | –                          | –                          |
| Other changes                         | –             | –                   | –                                          | -161              | –                          | -161                       |
| Carrying value, at December 31        | 890           | 140                 | 1,273                                      | 645               | 1,148                      | 4,095                      |
| 2024                                  |               |                     |                                            |                   |                            |                            |
| Carrying value, at January 1          | 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                       |
| Changes in revaluations               | –             | –                   | –                                          | –                 | –                          | –                          |
| Other changes                         | –             | –                   | –                                          | -1                | –                          | -1                         |
| Carrying value, at December 31        | 890           | 140                 | 1,273                                      | 1,216             | 382                        | 3,900                      |

| € million                                  | 2025  | 2024  |
|--------------------------------------------|-------|-------|
| Distributable funds                        |       |       |
| Reserve for invested non-restricted equity | 1,273 | 1,273 |
| Retained earnings from previous years      | 645   | 1,216 |
| Profit (Loss) for the period               | 1,148 | 382   |
| Total distributable funds at December 31   | 3,066 | 2,871 |

12. Provisions

| € million                           | Restructuring | Termination | Environmental | Other 1) | Total |
|-------------------------------------|---------------|-------------|---------------|----------|-------|
| 2025                                |               |             |               |          |       |
| Provisions at January 1             | –             | 4           | 8             | 188      | 200   |
| Provisions made during the year     | 1             | 3           | –             | 10       | 14    |
| Provisions utilized during the year | -1            | -3          | –             | -63      | -67   |
| Unused provisions reversed          | –             | -1          | –             | –        | -2    |
| Carrying value, at December 31      | –             | 2           | 8             | 135      | 146   |
| 2024                                |               |             |               |          |       |
| Provisions at January 1             | 2             | 1           | 9             | 155      | 167   |
| Provisions made during the year     | –             | 3           | –             | 59       | 63    |
| Provisions utilized during the year | –             | -1          | –             | -23      | -24   |
| Unused provisions reversed          | -2            | –           | -1            | -3       | -6    |
| Carrying value, at December 31      | –             | 4           | 8             | 188      | 200   |

1) Other provisions are attributable to onerous contracts and negative fair values of financial derivatives. At the end of 2025, the negative fair value loss in other provisions of €5 million (€5 million) is attributable to one Group internal cross currency swap.

13. Non-current liabilities

| € million                         | 2025  | 2024  |
|-----------------------------------|-------|-------|
| Bonds                             | 2,669 | 2,711 |
| Loans from financial institutions | 123   | 154   |
| Payables to Group companies 1)    | 439   | 325   |
| Other non-current liabilities     | 114   | 129   |
| Carrying value, at December 31    | 3,346 | 3,319 |

1) Comparison year figure restated due to classification mistake in revaluation. €4.1 million has been transferred from current payables to Group companies to non-current payables.

Bonds

| Fixed rate period              | Interest rate, % | Currency | Nominal value issued, million | Carrying value | Carrying value |
|--------------------------------|------------------|----------|-------------------------------|----------------|----------------|
|                                |                  |          |                               | 2025           | 2024           |
|                                |                  |          |                               | € million      | € million      |
| 1997-2027                      | 7.450            | USD      | 375                           | 319            | 361            |
| 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            | 600            |
| Carrying value, at December 31 |                  |          |                               | 2,669          | 2,711          |
| Non-current portion            |                  |          |                               | 2,669          | 2,711          |

Maturity in 2031 (in 2030) or later

| € million                         | 2025  | 2024  |
|-----------------------------------|-------|-------|
| Bonds                             | 1,100 | 1,100 |
| Loans from financial institutions | –     | 31    |
| Other non-current liabilities     | –     | –     |
| Total                             | 1,100 | 1,131 |

14. Current liabilities

| € million                                          | Payables to group companies <sup>2)</sup> | Payables to participating interest companies | Payables to others | Total |
|----------------------------------------------------|-------------------------------------------|----------------------------------------------|--------------------|-------|
| 2025                                               |                                           |                                              |                    |       |
| Loans from financial institutions                  | –                                         | –                                            | 31                 | 31    |
| Advances received                                  | –                                         | –                                            | 1                  | 1     |
| Trade payables                                     | 84                                        | 3                                            | 350                | 437   |
| Accrued expenses and deferred income <sup>1)</sup> | 2                                         | –                                            | 82                 | 83    |
| Other current liabilities                          | 3,197                                     | –                                            | 71                 | 3,268 |
| Carrying value, at December 31                     | 3,282                                     | 3                                            | 534                | 3,819 |
| 2024                                               |                                           |                                              |                    |       |
| 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                          | 3,905                                     | –                                            | 50                 | 3,954 |
| Carrying value, at December 31                     | 3,985                                     | 3                                            | 529                | 4,517 |

<sup>1)</sup> Accrued expenses and deferred income

| € million                      | 2025 | 2024 |
|--------------------------------|------|------|
| Personnel expenses             | 59   | 70   |
| Interest expenses              | 21   | 20   |
| Exchange gains and losses      | –    | –    |
| Income taxes                   | 3    | 1    |
| Carrying value, at December 31 | 83   | 91   |

<sup>2)</sup> Comparison year figure restated due to classification mistake in revaluation. €4.1 million has been transferred from current payables to Group companies to non-current payables.

15. Commitments

| € million                                     | 2025 | 2024 |
|-----------------------------------------------|------|------|
| Guarantees                                    |      |      |
| Other guarantees on behalf of Group companies | 15   | 23   |
| Other commitments                             |      |      |
| Leasing commitments, due within 12 months     | 24   | 25   |
| Leasing commitments, due after 12 months      | 79   | 95   |
| Other commitments                             | 80   | 52   |
| Total                                         | 199  | 196  |

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 to » *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 to » *Note 3.2 Key management personnel*.

Related party transactions

Refer to » *Note 8.3 Related party transactions*.

16. Off-balance sheet assets

| tonnes                                                             | 2025      | 2024      |
|--------------------------------------------------------------------|-----------|-----------|
| Emission allowances                                                |           |           |
| Emission allowances at January 1                                   | 1,090,737 | 1,132,472 |
| Allocated allowances                                               | 221,714   | 52,571    |
| Purchased allowances                                               | 50,000    | –         |
| Discontinued allowances                                            | -139,197  | -94,306   |
| Sold allowances                                                    | -570,000  | –         |
| Emission allowances at December 31                                 | 653,254   | 1,090,737 |
| Emission allowance corresponding to actual emissions               |           |           |
| Emission allowance surplus at December 31                          | -177,560  | -192,689  |
| Emission allowance surplus at December 31                          | 475,694   | 898,048   |
| The market value of emission allowances at December 31 (€ million) |           |           |
|                                                                    | 42        | 59        |

17. Shares and holdings owned by the 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    |
| 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 Netherlands B.V.                                   | NL                       | 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    |

| Subsidiaries                           | Country of incorporation | Holding % |
|----------------------------------------|--------------------------|-----------|
| 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                       | FI                       | 38.65     |
| Perkaus Oy                       | FI                       | 33.33     |
| Rönnäsin Kiinteistöhuolto Oy     | FI                       | 28.41     |
| Steveco Oy                       | FI                       | 48.40     |

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 Corporation

### 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, 2025. 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><br/><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 31.12.2025 amounted to 2 605 million euro representing 15 % of total assets and 25 % 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><br/><i>We refer to the note 4.3 Financial Assets at FVOCI in the consolidated financial statements</i></p> <p>The value of energy shareholdings at the balance sheet date 31.12.2025 amounted to 2 160 million euro representing 12 % of total assets and 21 % 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> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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, and our appointment represents a total period of uninterrupted engagement of 2 years.

### 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 statements based on law

Our responsibility is to, based on our audit, express an opinion on the registration and publication of the income tax report required in Chapter 7 b of the Accounting Act.

The Board of Directors and the Managing Director are responsible for the registration and the publication of the income tax report.

In our opinion, the company has not been obliged to register and publish an income tax report referred to in Chapter 7 b of the Accounting Act for the financial year immediately preceding the financial year.

### 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 12.2.2026

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 213800EC6PW5VU4J9U64-2025-12-31-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 31.12.2025.

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 213800EC6PW5VU4J9U64-2025-12-31-fi.zip for the financial year ended 31.12.2025 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 31.12.2025 has been expressed in our auditor's report 12.2.2026. With this report we do not express an opinion on the audit of the consolidated financial statements nor express another assurance conclusion.

Helsinki 3.3.2026

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 reporting period 1.1.–31.12.2025.

#### 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), and
- 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).

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 requirement in the absence of requirements for the tagging of sustainability information in 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 Authorized 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.

#### Authorized 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 Authorized Group Sustainability Auditor applies International Standard on Quality Management ISQM 1, which requires the Authorized 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,
- 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; and for
- 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 the fact that reporting of this type of information involves estimates and assumptions, as well as measurement and assessment 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.

When reporting future-related information in accordance with the ESRS standards, the company's management must present assumptions regarding possible future events and disclose the company's potential future actions related to these events, as well as prepare future-related information based on these assumptions. The actual outcome is likely to differ, as predicted events often do not occur as expected.

### Responsibilities of the Authorized 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 management of the group as well as key personnel responsible for collecting and reporting of 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 in relation to the requirements of the ESRS standards, as well as whether the information provided from the double materiality assessment is in material respects in accordance with the ESRS standards.
- We assessed whether the group sustainability statement in material respects meets the requirements of the ESRS standards regarding 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 to the documentation and records prepared by the company and assessed whether they support the information included in the group sustainability statement.
  - We have on a sample basis performed analytical assurance procedures and related inquiries, recalculations and inspected documentation, as well as tested data aggregation to assess the accuracy of the group sustainability statement.
- We conducted site visits at selected locations.
- Regarding the EU Taxonomy data, we gained an understanding of the process by which a company has defined taxonomy-eligible and taxonomy-aligned economic activities, and we assessed the compliance of the information provided.

Helsinki 12.2.2026

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 reporting period 1.1.–31.12.2025.

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 1.1-31.12.2025 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 requirement in the absence of requirements for the tagging of sustainability information in 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 Authorized 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.

Authorized 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 Authorized Group Sustainability Auditor applies International Standard on Quality Management ISQM 1, which requires the Authorized 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 the fact that reporting of this type of information involves estimates and assumptions, as well as measurement and assessment 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 Authorized 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 12.2.2026

Ernst & Young Oy  
Authorized Sustainability Audit Firm

Heikki Ilkka  
Authorized Sustainability Auditor

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, amortization 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, €                                     | 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 unrealized 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 €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                                   | Capitalized 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, €                      | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

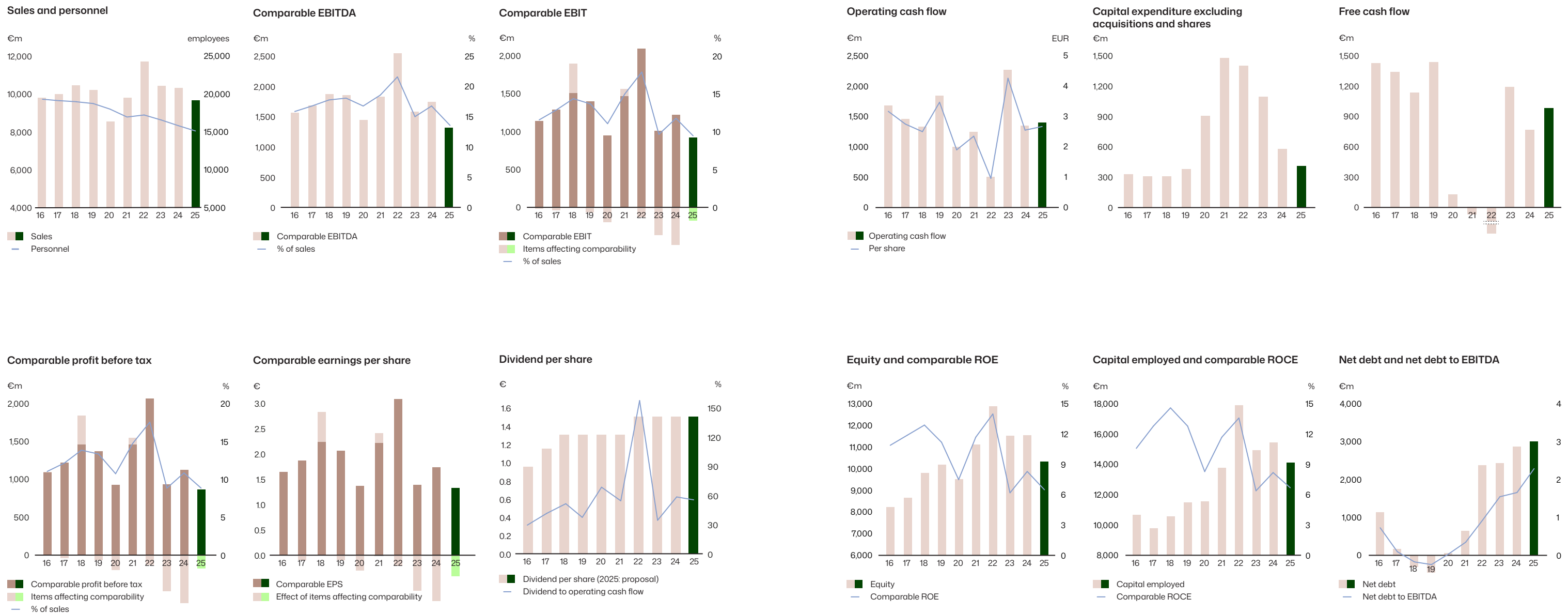
Reconciliation of key figures to IFRS (Quarterly key figures are unaudited)

| € million, or as indicated                                                                       | Q4/25       | Q3/25       | Q2/25       | Q1/25       | Q4/24       | Q3/24       | Q2/24       | Q1/24       | Q1–<br>Q4/25 | Q1–<br>Q4/24 |
|--------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| <b>Items affecting comparability</b>                                                             |             |             |             |             |             |             |             |             |              |              |
| Impairment charges                                                                               | -10         | -35         | -3          | -11         | -516        | 11          | -44         | –           | -59          | -549         |
| Restructuring charges                                                                            | 9           | -71         | -16         | -72         | -18         | -3          | -83         | 2           | -151         | -103         |
| Change in fair value of unrealized cash flow and commodity hedges                                | -1          | 1           | 0           | -1          | 8           | 12          | -10         | -3          | -1           | 7            |
| Capital gains and losses on sale of non-current assets                                           | 48          | 7           | –           | –           | 1           | –           | 5           | 22          | 55           | 29           |
| Other non-operational items                                                                      | -10         | –           | 0           | -4          | 3           | -6          | –           | –           | -15          | -4           |
| Total items affecting comparability in operating profit                                          | 35          | -99         | -19         | -89         | -523        | 14          | -132        | 21          | -171         | -620         |
| Items affecting comparability in financial items                                                 | –           | –           | -1          | –           | –           | 0           | -3          | –           | -1           | -3           |
| Tax provisions                                                                                   | -68         | –           | –           | 3           | –           | –           | –           | –           | -65          | –            |
| Taxes relating to items affecting comparability                                                  | -10         | 14          | 3           | 7           | 100         | -3          | 37          | 0           | 13           | 133          |
| Items affecting comparability in taxes                                                           | -77         | 14          | 3           | 10          | 100         | -3          | 37          | 0           | -51          | 133          |
| <b>Items affecting comparability, total</b>                                                      | <b>-42</b>  | <b>-85</b>  | <b>-17</b>  | <b>-79</b>  | <b>-423</b> | <b>11</b>   | <b>-98</b>  | <b>21</b>   | <b>-224</b>  | <b>-490</b>  |
| <b>Comparable EBITDA</b>                                                                         |             |             |             |             |             |             |             |             |              |              |
| Operating profit (loss)                                                                          | 390         | 55          | 107         | 198         | -105        | 305         | 50          | 354         | 749          | 604          |
| Depreciation, amortization and impairment charges excluding items affecting comparability        | 130         | 126         | 138         | 140         | 147         | 144         | 151         | 147         | 535          | 590          |
| Change in fair value of forest assets and wood harvested excluding items affecting comparability | -104        | -28         | -6          | -6          | -130        | 16          | 27          | 8           | -144         | -80          |
| Share of result of associates and joint ventures                                                 | 1           | 0           | 0           | 0           | 0           | -1          | -1          | 1           | 0            | -1           |
| Items affecting comparability in operating profit                                                | -35         | 99          | 19          | 89          | 523         | -14         | 132         | -21         | 171          | 620          |
| <b>Comparable EBITDA</b>                                                                         | <b>382</b>  | <b>251</b>  | <b>257</b>  | <b>421</b>  | <b>436</b>  | <b>450</b>  | <b>359</b>  | <b>489</b>  | <b>1,311</b> | <b>1,734</b> |
| % of sales                                                                                       | 16.5        | 10.9        | 10.7        | 15.9        | 16.5        | 17.9        | 14.1        | 18.5        | 13.6         | 16.8         |
| <b>Comparable EBIT</b>                                                                           |             |             |             |             |             |             |             |             |              |              |
| Operating profit (loss)                                                                          | 390         | 55          | 107         | 198         | -105        | 305         | 50          | 354         | 749          | 604          |
| Items affecting comparability in operating profit                                                | -35         | 99          | 19          | 89          | 523         | -14         | 132         | -21         | 171          | 620          |
| <b>Comparable EBIT</b>                                                                           | <b>355</b>  | <b>153</b>  | <b>126</b>  | <b>287</b>  | <b>418</b>  | <b>291</b>  | <b>182</b>  | <b>333</b>  | <b>921</b>   | <b>1,224</b> |
| % of sales                                                                                       | 15.3        | 6.7         | 5.2         | 10.8        | 15.9        | 11.5        | 7.2         | 12.6        | 9.5          | 11.8         |
| <b>Comparable profit before tax</b>                                                              |             |             |             |             |             |             |             |             |              |              |
| Profit (loss) before tax                                                                         | 406         | 26          | 85          | 173         | -131        | 271         | 28          | 332         | 690          | 500          |
| Items affecting comparability in operating profit                                                | -35         | 99          | 19          | 89          | 523         | -14         | 132         | -21         | 171          | 620          |
| Items affecting comparability in financial items                                                 | –           | –           | 1           | –           | –           | 0           | 3           | –           | 1            | 3            |
| <b>Comparable profit before tax</b>                                                              | <b>370</b>  | <b>125</b>  | <b>105</b>  | <b>262</b>  | <b>392</b>  | <b>257</b>  | <b>163</b>  | <b>311</b>  | <b>863</b>   | <b>1,123</b> |
| <b>Comparable ROCE, %</b>                                                                        |             |             |             |             |             |             |             |             |              |              |
| Comparable profit before tax                                                                     | 370         | 125         | 105         | 262         | 392         | 257         | 163         | 311         | 863          | 1,123        |
| Interest expenses and other financial expenses                                                   | 33          | 30          | 29          | 34          | 31          | 37          | 29          | 28          | 124          | 126          |
|                                                                                                  | 403         | 155         | 134         | 296         | 423         | 294         | 192         | 339         | 987          | 1,249        |
| Capital employed, average                                                                        | 14,210      | 14,343      | 14,421      | 14,951      | 15,262      | 14,831      | 14,809      | 14,972      | 14,791       | 15,184       |
| <b>Comparable ROCE, %</b>                                                                        | <b>11.3</b> | <b>4.3</b>  | <b>3.7</b>  | <b>7.9</b>  | <b>11.1</b> | <b>7.9</b>  | <b>5.2</b>  | <b>9.1</b>  | <b>6.7</b>   | <b>8.2</b>   |
| <b>Comparable profit for the period</b>                                                          |             |             |             |             |             |             |             |             |              |              |
| Profit (loss) for the period                                                                     | 258         | 18          | 71          | 143         | -95         | 246         | 33          | 279         | 491          | 463          |
| Items affecting comparability, total                                                             | 42          | 85          | 17          | 79          | 423         | -11         | 98          | -21         | 224          | 490          |
| <b>Comparable profit for the period</b>                                                          | <b>300</b>  | <b>103</b>  | <b>89</b>   | <b>223</b>  | <b>328</b>  | <b>236</b>  | <b>131</b>  | <b>258</b>  | <b>714</b>   | <b>953</b>   |
| <b>Comparable EPS, €</b>                                                                         |             |             |             |             |             |             |             |             |              |              |
| Comparable profit for the period                                                                 | 300         | 103         | 89          | 223         | 328         | 236         | 131         | 258         | 714          | 953          |
| Profit attributable to non-controlling interest                                                  | -1          | -2          | -1          | -6          | -4          | -10         | -6          | -7          | -11          | -27          |
|                                                                                                  | 299         | 101         | 88          | 216         | 324         | 226         | 125         | 251         | 704          | 926          |
| Average number of shares basic (1,000)                                                           | 527,324     | 527,324     | 527,391     | 532,245     | 533,324     | 533,324     | 533,324     | 533,324     | 528,554      | 533,324      |
| <b>Comparable EPS, €</b>                                                                         | <b>0.57</b> | <b>0.19</b> | <b>0.17</b> | <b>0.41</b> | <b>0.61</b> | <b>0.42</b> | <b>0.23</b> | <b>0.47</b> | <b>1.33</b>  | <b>1.74</b>  |
| <b>Comparable profit for the period</b>                                                          | <b>300</b>  | <b>103</b>  | <b>89</b>   | <b>223</b>  | <b>328</b>  | <b>236</b>  | <b>131</b>  | <b>258</b>  | <b>714</b>   | <b>953</b>   |
| Total equity, average                                                                            | 10,362      | 10,359      | 10,458      | 11,064      | 11,356      | 11,134      | 11,451      | 11,669      | 10,937       | 11,535       |
| <b>Comparable ROE, %</b>                                                                         | <b>11.6</b> | <b>4.0</b>  | <b>3.4</b>  | <b>8.1</b>  | <b>11.5</b> | <b>8.5</b>  | <b>4.6</b>  | <b>8.9</b>  | <b>6.5</b>   | <b>8.3</b>   |

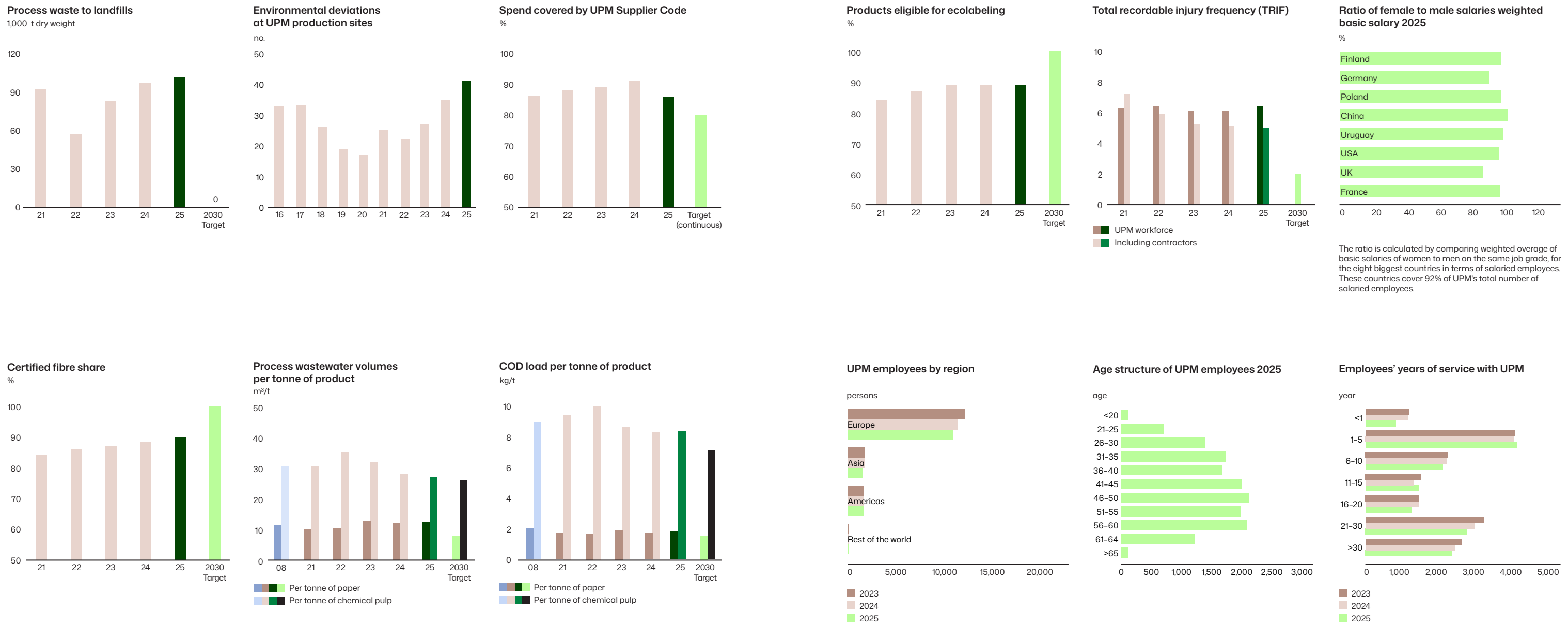
Financial information 2016–2025

| € million, or as indicated                            | 2025   | 2024   | 2023   | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   | 2016   |
|-------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Income statement</b>                               |        |        |        |        |        |        |        |        |        |        |
| Sales                                                 | 9,656  | 10,339 | 10,460 | 11,720 | 9,814  | 8,580  | 10,238 | 10,483 | 10,010 | 9,812  |
| Comparable EBITDA                                     | 1,311  | 1,734  | 1,573  | 2,536  | 1,821  | 1,442  | 1,851  | 1,868  | 1,677  | 1,560  |
| % of sales                                            | 13.6   | 16.8   | 15.0   | 21.6   | 18.6   | 16.8   | 18.1   | 17.8   | 16.8   | 15.9   |
| Operating profit                                      | 749    | 604    | 608    | 1,974  | 1,562  | 761    | 1,344  | 1,895  | 1,259  | 1,135  |
| % of sales                                            | 7.8    | 5.8    | 5.8    | 16.8   | 15.9   | 8.9    | 13.1   | 18.1   | 12.6   | 11.6   |
| Comparable EBIT                                       | 921    | 1,224  | 1,013  | 2,096  | 1,471  | 948    | 1,404  | 1,513  | 1,292  | 1,143  |
| % of sales                                            | 9.5    | 11.8   | 9.7    | 17.9   | 15.0   | 11.1   | 13.7   | 14.4   | 12.9   | 11.6   |
| Profit before tax                                     | 690    | 500    | 464    | 1,944  | 1,548  | 737    | 1,307  | 1,839  | 1,186  | 1,080  |
| % of sales                                            | 7.1    | 4.8    | 4.4    | 16.6   | 15.8   | 8.6    | 12.8   | 17.5   | 11.9   | 11.0   |
| Comparable profit before tax                          | 863    | 1,123  | 934    | 2,066  | 1,457  | 924    | 1,367  | 1,457  | 1,218  | 1,089  |
| % of sales                                            | 8.9    | 10.9   | 8.9    | 17.6   | 14.8   | 10.8   | 13.4   | 13.9   | 12.2   | 11.1   |
| Profit for the period                                 | 491    | 463    | 394    | 1,556  | 1,307  | 568    | 1,073  | 1,496  | 974    | 880    |
| % of sales                                            | 5.1    | 4.5    | 3.8    | 13.3   | 13.3   | 6.6    | 10.5   | 14.3   | 9.7    | 9.0    |
| Comparable profit for the period                      | 714    | 953    | 755    | 1,679  | 1,204  | 737    | 1,119  | 1,194  | 1,004  | 879    |
| % of sales                                            | 7.4    | 9.2    | 7.2    | 14.3   | 12.3   | 8.6    | 10.9   | 11.4   | 10.0   | 9.0    |
| <b>Balance sheet</b>                                  |        |        |        |        |        |        |        |        |        |        |
| Non-current assets                                    | 13,337 | 14,062 | 13,913 | 14,977 | 12,420 | 10,149 | 10,140 | 9,501  | 9,144  | 9,715  |
| Inventories                                           | 1,886  | 2,104  | 1,948  | 2,289  | 1,594  | 1,285  | 1,367  | 1,642  | 1,311  | 1,346  |
| Other current assets                                  | 2,309  | 2,930  | 2,612  | 4,941  | 3,662  | 3,424  | 3,215  | 2,853  | 2,612  | 2,850  |
| Total assets                                          | 17,532 | 19,096 | 18,473 | 22,207 | 17,676 | 14,858 | 14,722 | 13,996 | 13,067 | 13,911 |
| Total equity                                          | 10,335 | 11,540 | 11,531 | 12,879 | 11,106 | 9,513  | 10,175 | 9,797  | 8,663  | 8,237  |
| Non-current liabilities                               | 4,961  | 5,162  | 4,501  | 5,807  | 4,102  | 3,606  | 2,730  | 2,194  | 2,254  | 3,364  |
| Current liabilities                                   | 2,237  | 2,395  | 2,441  | 3,522  | 2,468  | 1,740  | 1,818  | 2,005  | 2,150  | 2,309  |
| Total equity and liabilities                          | 17,532 | 19,096 | 18,473 | 22,207 | 17,676 | 14,858 | 14,722 | 13,996 | 13,067 | 13,911 |
| Capital employed at year end                          | 14,129 | 15,452 | 14,916 | 17,913 | 13,759 | 11,555 | 11,474 | 10,575 | 9,777  | 10,657 |
| Capital expenditure                                   | 621    | 550    | 1,122  | 1,555  | 1,483  | 903    | 378    | 303    | 329    | 325    |
| % of sales                                            | 6.4    | 5.3    | 10.7   | 13.3   | 15.1   | 10.5   | 3.7    | 2.9    | 3.3    | 3.3    |
| Capital expenditure excluding acquisitions and shares | 409    | 527    | 1,094  | 1,399  | 1,477  | 902    | 378    | 303    | 303    | 325    |
| % of sales                                            | 4.2    | 5.1    | 10.5   | 11.9   | 15.1   | 10.5   | 3.7    | 2.9    | 3.0    | 3.3    |
| <b>Cash flow and net debt</b>                         |        |        |        |        |        |        |        |        |        |        |
| Operating cash flow                                   | 1,405  | 1,352  | 2,269  | 508    | 1,250  | 1,005  | 1,847  | 1,330  | 1,460  | 1,686  |
| Free cash flow                                        | 977    | 766    | 1,193  | -1,077 | -74    | 126    | 1,432  | 1,131  | 1,336  | 1,424  |
| Net debt                                              | 3,004  | 2,869  | 2,432  | 2,374  | 647    | 56     | -453   | -311   | 174    | 1,131  |
| <b>Key figures</b>                                    |        |        |        |        |        |        |        |        |        |        |
| Return on capital employed (ROCE), %                  | 5.5    | 4.1    | 3.5    | 12.8   | 12.4   | 6.7    | 12.3   | 18.4   | 12.5   | 10.5   |
| Comparable ROCE, %                                    | 6.7    | 8.2    | 6.4    | 13.6   | 11.7   | 8.3    | 12.8   | 14.6   | 12.8   | 10.6   |
| Return on equity (ROE), %                             | 4.5    | 4.0    | 3.2    | 13.0   | 12.7   | 5.8    | 10.7   | 16.2   | 11.5   | 10.9   |
| Comparable ROE, %                                     | 6.5    | 8.3    | 6.2    | 14.0   | 11.7   | 7.5    | 11.2   | 12.9   | 11.9   | 10.9   |
| Gearing ratio, %                                      | 29     | 25     | 21     | 18     | 6      | 1      | -4     | -3     | 2      | 14     |
| Net debt to EBITDA                                    | 2.29   | 1.66   | 1.55   | 0.94   | 0.35   | 0.04   | -0.24  | -0.17  | 0.10   | 0.73   |
| Equity to assets ratio, %                             | 59.0   | 60.5   | 62.5   | 58.1   | 62.9   | 64.1   | 69.2   | 70.1   | 66.6   | 59.4   |
| <b>Personnel</b>                                      |        |        |        |        |        |        |        |        |        |        |
| Personnel at year end                                 | 15,127 | 15,827 | 16,573 | 17,236 | 16,966 | 18,014 | 18,742 | 18,978 | 19,111 | 19,310 |
| <b>Deliveries</b>                                     |        |        |        |        |        |        |        |        |        |        |
| Pulp (1,000 t)                                        | 5,163  | 4,945  | 4,139  | 2,761  | 3,724  | 3,664  | 3,715  | 3,468  | 3,595  | 3,419  |
| Electricity (GWh)                                     | 11,141 | 11,328 | 12,059 | 9,442  | 9,300  | 9,168  | 8,619  | 8,608  | 8,127  | 8,782  |
| Papers, total (1,000 t)                               | 4,291  | 4,692  | 4,935  | 6,135  | 7,486  | 7,062  | 8,326  | 8,996  | 9,430  | 9,613  |
| Plywood (1,000 m3)                                    | 458    | 482    | 429    | 616    | 738    | 683    | 739    | 791    | 811    | 764    |
| Sawn timber (1,000 m3)                                | 1,113  | 1,202  | 1,524  | 1,538  | 1,610  | 1,604  | 1,741  | 1,719  | 1,728  | 1,751  |

# Financial information 2016–2025



## More on sustainability



# Contact us

## Group Head Office

|                                                                                                                            |                                                                    |                                                                        |                                                                              |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------|
| <b>UPM</b><br>Alvar Aallon katu 1<br>PO Box 380<br>FI-00101 Helsinki, Finland<br>Tel. +358 2041 5111<br>upm.com/contact-us | <b>Investor relations</b><br>Tel. +358 2041 50033<br>ir@upm.com    | <b>Responsibility</b><br>Tel. +358 2041 5111<br>sustainability@upm.com | <b>Innovation</b><br>Tel. +358 2041 5111<br>communicationsinnovation@upm.com |
|                                                                                                                            | <b>Communications</b><br>Tel. +358 2041 5111<br>upm.com/contact-us | <b>Media relations</b><br>Tel. +358 40 588 3284<br>media@upm.com       |                                                                              |

## Businesses

|                                                                                                                                                      |                                                                                                                                                                                     |                                                                                                                                                                              |                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Decarbonization solutions</b>                                                                                                                     | <b>Advanced materials</b>                                                                                                                                                           | <b>Renewable fibres</b>                                                                                                                                                      | <b>Communication papers</b>                                                                                                                       |
| <b>UPM Biochemicals</b><br>Am Haupttor, Bau 4614<br>D-06237 Leuna, Germany<br>Tel. +49 3461 5195000<br>biochemicals@upm.com<br>upmbiochemicals.com   | <b>UPM Adhesive Materials</b><br>Alvar Aallon katu 1<br>PO Box 380<br>FI-00101 Helsinki, Finland<br>Tel. +358 2041 5111<br>adhesivematerials@upm.com<br>adhesivematerials.upm.com   | <b>UPM Fibres</b><br><b>UPM Pulp</b><br>Alvar Aallon katu 1<br>PO Box 380<br>FI-00101 Helsinki, Finland<br>Tel. +358 2041 5111<br>pulp@upm.com<br>upmpulp.com                | <b>UPM Communication Papers</b><br>Georg-Haindl-Strasse 5<br>D-86153 Augsburg, Germany<br>Tel. +49 821 31090<br>paperinfo@upm.com<br>upmpaper.com |
| <b>UPM Biofuels</b><br>Alvar Aallon katu 1<br>PO Box 380<br>FI-00101 Helsinki, Finland<br>Tel. +358 2041 5111<br>biofuels@upm.com<br>upmbiofuels.com | <b>UPM Specialty Materials</b><br>Alvar Aallon katu 1<br>PO Box 380<br>FI-00101 Helsinki, Finland<br>Tel. +358 2041 5111<br>specialtymaterials@upm.com<br>upmspecialtymaterials.com | <b>UPM Timber</b><br>Peltokatu 26 C<br>PO Box 203<br>FI-33101 Tampere, Finland<br>Tel. +358 2041 5113<br>timber@upm.com<br>upmtimber.com                                     |                                                                                                                                                   |
| <b>UPM Energy</b><br>Alvar Aallon katu 1<br>PO Box 380<br>FI-00101 Helsinki, Finland<br>Tel. +358 2041 5111<br>info.energy@upm.com<br>upmenergy.com  | <b>UPM Plywood</b><br>Askonkatu 9 C<br>PO Box 203<br>FI-15100 Lahti, Finland<br>Tel. +358 2041 5113<br>plywood@upm.com<br>wisaplywood.com                                           | <b>UPM Forest</b><br>Peltokatu 26 C<br>PO Box 85<br>FI-33100 Tampere, Finland<br>Tel. +358 2041 6121<br>metsaviestinta@upm.com<br>metsaymparisto@upm.com<br>upmmetsa.fi (fi) |                                                                                                                                                   |

## Other UPM business hubs

|                                                                                                    |                                                                                                                                           |                                                                                                             |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>UPM Business Hub Tampere</b><br>Peltokatu 26<br>FI-33100 Tampere, Finland<br>upm.com/contact-us | <b>UPM HR Service Center</b><br>Eximius Business Park<br>ul. Krakowska 280<br>32-080 Zabierzów (Krakow),<br>Poland<br>hr.services@upm.com | <b>UPM Business Hub Wroclaw</b><br>CU Office<br>Jaworska 11-13<br>54-204 Wrocław, Poland<br>wro.bsh@upm.com |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|

Follow us online at [upm.com](#)

-  Subscribe to our releases: [upm.com/media](#)
-  YouTube: [UPMGlobal](#)
-  LinkedIn: [UPM – A material solutions company](#)
-  Instagram: [@upmwold](#)



# Annual General Meeting

The Annual General Meeting of UPM-Kymmene Corporation will be held on Thursday, April 9, 2026 at 14:00 EEST at the Congress Wing of Helsinki Expo and Convention Centre, Rautatietäisenkatu 3, Helsinki, Finland. Helsinki, Finland. Detailed instructions for shareholders are available on the corporate website at

 [upm.com/AGM2026](#)

## Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of €1.50 per share be paid for the financial year 2025. The Board of Directors proposes that the dividend be paid in two installments. The first dividend installment of €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 installment, April 13, 2026. The Board proposes that the payment date for the first dividend installment be April 21, 2026.

The second dividend installment of €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 second dividend installment, October 30, 2026. The Board proposes that the payment date for the second dividend installment be November 6, 2026.

## Financial reports in 2026

UPM will publish the following financial reports in 2026

- UPM Interim Report for January–March (Q1) on April 29, 2026
- UPM Half Year Financial Report for January–June (Q1–Q2) on July 23, 2026
- UPM Interim Report for January–September (Q1–Q3) on October 28, 2026



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