Date: 28th June 2023
Classification: Public

UPM Slavery and human trafficking statement 2022

This slavery and human trafficking statement ("Statement") has been issued by UPM-Kymmene (UK) Ltd and UPM Raflatac (UK) Ltd ("UPM UK entities") pursuant to Section 54 of the Modern Slavery Act 2015. The Statement has been adopted by the Board of Directors of each of the entities on 28th June 2023 and signed by one of the directors respectively. The Statement describes the steps taken during the financial year 2022 to ensure that slavery and human trafficking are not taking place in UPM UK entities' business or supply chains.

1. Organisational structure and supply chains

The UPM UK entities, both 100% owned by UPM-Kymmene Corporation ("UPM"), are responsible for the provision of specific manufacturing, sales support and supply chain services in the United Kingdom in accordance with formal business operating models of UPM. The UPM UK entities manufacture and sell graphic papers and labelling solutions respectively. Sourcing of goods and services needed for the production and sales by the UPM UK entities takes place in the UK, Europe and from countries outside Europe.

For more information on UPM business please visit: www.upm.com

2. Policies in relation to slavery and human trafficking

UPM group level policies are applicable to all activities of its subsidiaries globally, including the UPM UK entities.

The UPM Code of Conduct sets out UPM's general principles of business integrity and outlines UPM's respect for human rights, in accordance with the UN Guiding Principles on Business and Human Rights. It is expressly stated in the UPM Code of Conduct that UPM does not tolerate the use of forced labour under any conditions. UPM Code of Conduct is applicable to all UPM employees worldwide and available at: Code of Conduct | UPM.COM

The UPM Code of Conduct is complemented by UPM Human Resources Rules available at: Working conditions | UPM.COM. Aligned with the UPM Code of Conduct the UPM Human Resources Rules explain in more detail UPM's stance on forced labour and fair working conditions. UPM Human Resources Rules are applicable for all UPM employees worldwide.

UPM is in its Code of Conduct committed to responsible sourcing practices. All UPM suppliers and third-party intermediaries need to comply with the standards of the UPM Supplier and Third-Party Code or demonstrate their compliance with similar standards. UPM's Supplier and Third-Party Code defines the minimum level of performance that UPM requires from all its suppliers. This includes commitment to respect people and human rights, including to ensure no form of forced labour is used or tolerated in any of the supplier's operations or activities. UPM expects its suppliers to promote the requirements of the UPM Supplier and Third-Party Code or similar standards in their supply chain. The UPM Supplier and Third-Party Code is complemented with a Practical Guide explaining the requirements in more detail. Both UPM Supplier and Third-Party Code and the Practical Guide are available at: UPM Supplier and Third-Party Code | UPM.COM

UPM Responsibility Statement summarises UPM's commitment to responsible business practices. It is available at: UPM Responsibility Statement | UPM.COM

3. Due diligence processes

UPM has together with external experts defined working conditions and forced labour, amongst others, as its salient human rights issues within its sphere of influence. Read more about our salient human rights issues at: Salient human rights issues | UPM.COM

As part of its on-going human rights due diligence UPM has identified groups of people that are at a higher risk of experiencing potential adverse human rights impacts: migrant workers, women, young workers, and temporary and contractor workers.

UPM's efforts in terms of human rights due diligence focus on the salient human rights issues and vulnerable groups. UPM addresses risk of modern slavery through due diligence processes in its own operations and supply chain.

For UPM's own operations an ongoing human rights due diligence process has been defined for assessing UPM's actual and potential impacts on people and the actual and potential risks. In investments and mergers and acquisitions made by UPM, due attention is paid to legal compliance, safety, environmental, social, and human rights aspects. The respective impacts are evaluated in line with UPM's internal criteria.

In terms of human rights due diligence in its supply chain UPM has a risk-based approach that consists of various elements (see section 4.) applied in onboarding of new suppliers and monitoring the business partners.

4. Risk assessment and management

UPM identifies high risk suppliers and high-risk value chains by looking at three dimensions: the country of origin (based on Corruption Perception Index by Transparency International), commodity specific risk and supply chain complexity. Risk assessments can be extended to several tiers, especially when commodities are originating from forestry, agriculture, and mining. High-risk suppliers are assessed either by a third party (Ecovadis) or internally by UPM.

Before UPM enters a contract with its supplier, it ensures a prospective supplier's commitment to the UPM Supplier and Third-Party Code.

Moreover, all wood and pulp sourced by UPM are either FSC- or PEFC-certified or comply with the FSC Controlled Wood standard or Due Diligence requirements for PEFC. FSC Controlled Wood requirements include wide criteria related to the legality of the wood, respecting social and traditional rights (incl. indigenous and tribal peoples' rights) and safeguarding areas of high conservation values.

Read more about our supplier requirements at: Requirements | UPM.COM

UPM monitors its business partner portfolio, including suppliers, against several official data sources by using an automated screening tool. In case of an alert actions are taken to mitigate the identified risk.

Supplier audits are used to verify a supplier's conformance with UPM's supplier requirements, including UPM Supplier and Third-Party Code. In recent years, the focus of such audits has been on social responsibility issues. Supplier audits are regularly conducted by UPM's Sourcing function in co-operation with qualified auditors.

UPM is a member of the Together for Sustainability (TfS) initiative that has established a standard approach for evaluating and improving the sustainability performance of suppliers.

UPM uses the standard to assess the human rights and environmental supplier risks further and to scale up the coverage of our risk assessments.

Any concerns about forced labor, human trafficking or slavery can be reported through UPM's Report Misconduct channel, which is accessible online by both UPM employees and people outside the company. The channel is operated in a system called SpeakUp by an external service provider People Intouch. The service is available in multiple languages, and it can be accessed 24 hours a day, 7 days a week. Submitting a report is fully confidential and can also take place anonymously. Read more: Report misconduct | UPM.COM. Local stakeholders can also raise their concerns directly to UPM representatives at the operating sites and mills and via locally provided channels such as e-mail and phone.

5. Key performance indicators to measure effectiveness of steps being taken

UPM follows the Global Reporting Initiative's (GRI) Sustainability Reporting Standards in its corporate responsibility reporting. In 2021, UPM renewed its social responsibility targets to strengthen the social commitment. This is also reflected in corresponding updates of the non-financial key performance indicators. UPM's Biofore strategy guides the company in achieving its responsibility targets for 2030 and in contributing to the Sustainable Development Goals (SDG) of the 2030 Agenda for Sustainable Development published by the UN. Read more from our Annual Report 2022 (p. 28-31): upm-annual-report-2022.pdf

UPM reports in its Annual Report cases raised through the misconduct channel or brought to its attention by other means and recorded in our misconduct case management system. In 2022, there were 25 (19) recorded cases falling under the category of "Respect people and human rights". None of them related to alleged forced labour. Read more from our Annual Report 2022 (p. 76): upm-annual-report-2022.pdf

6. Training on modern slavery and trafficking

All UPM employees receive training on UPM Code of Conduct. Moreover, there is a separate training covering UPM Supplier and Third-Party Code targeted for UPM employees dealing with business partners. Connection between human rights violations and corruption is also handled in UPM Anti-Corruption training that is mandatory for all salaried employees. UPM Supplier and Third-Party Code video is used to communicate our expectations to suppliers. The video is available at: Responsible sourcing | UPM.COM

UPM Sourcing function arranges additional training for their personnel on responsibility principles and supplier requirements. In addition, UPM Sourcing co-operates continuously with suppliers to ensure compliance with the UPM Supplier and Third-Party Code.

Signatures





Bryan McMurdo
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Shaun Johnson
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UPM Raflatac (UK) Ltd