UPM Pulp
Fibers for a Sustainable Future

Sustainability Today and Tomorrow Webinar

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UPM**BIOFORE**−**BEYOND** FOSSILS

UPM

Global megatrends drive demand

GLOBAL MEGATRENDS

GROWING MIDDLE CLASS	RESOURCE SCARITY	CLIMATE CHANGE

DRIVERS FOR DEMAND

HIGHER LIVING STANDARDS	CHANGING CONSUMER BEHAVIOR	DIGITALISATION & E-COMMERCE	URBANISATION &^MOBILITY	TIGHTENING REGULATION

OUR SUSTAINABLE SOLUTIONS

RENEWABLE RAW MATERIALS	CLEANER TRAFFIC FUELS	LOW CARBON ENERGY	CIRCULARITY	CLIMATE-POSITIVE FORESTY

UPM**BIOFORE–BEYOND** FOSSILS

We are committed to climate actions

WE ACT THROUGH FORESTS
We are committed to climate-positive forestry and enhancing biodiversity.

WE ACT THROUGH EFFICIENCY AND EMISSIONS
Our target is to reduce our CO_2 emissions by 65%.

WE ACT THROUGH PRODUCTS
We innovate novel products, and our aim is to scientifically verify the climate impacts of all our products.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR **1.5°C** OUR ONLY FUTURE

THE CLIMATE PLEDGE Paris... 10 years Early
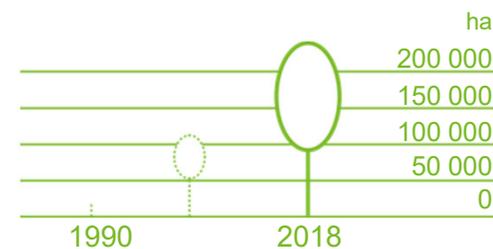
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UPM in brief

SALES 2020
EUR 8.6 BILLION

UPM

Wood based raw-materials

Low carbon energy

BUSINESS AREAS:

UPM BIOREFINING

UPM ENERGY

UPM RAFLATAC

UPM SPECIALTY PAPERS

UPM COMMUNICATION PAPERS

UPM PLYWOOD

NEW BUSINESSES

51 production plants

18,000 employees in 46 countries

RENEWABLE AND RECYCLABLE PRODUCS FOR:

PACKAGING

LABELLING

TRANSPORTATION

ELECTRIFICATION

CONSTRUCTION

COMMUNICATION

TISSUE AND HYGIENE PRODUCTS

MANUFACTURING

BIOPLASTICS

BIOMEDICALS

13,400 customers

200 million end-users globally

UPM Pulp

- **4** pulp mills in Finland and Uruguay – and a new **2.1** million t/a pulp mill under construction in Uruguay to start-up in H2 of 2022

  ➢ current **3.7** million t/a pulp capacity to increase to **5.8**

3 MILLS IN FINLAND
- Pietarsaari
- Kymi
- Kaukas

Mannheim
GERMANY

Shanghai
CHINA

SOON 2 MILLS IN URUGUAY
Fray Bentos
+ Paso de los Toros in H2/2022

- Pulp mill
- Sales
- Technical customer service and R&D

6

Growth outlook for pulp is based on solid, long-term megatrends

Global megatrends…

- Population growth, urbanization, middle class expansion
- Resource scarcity, role of renewables
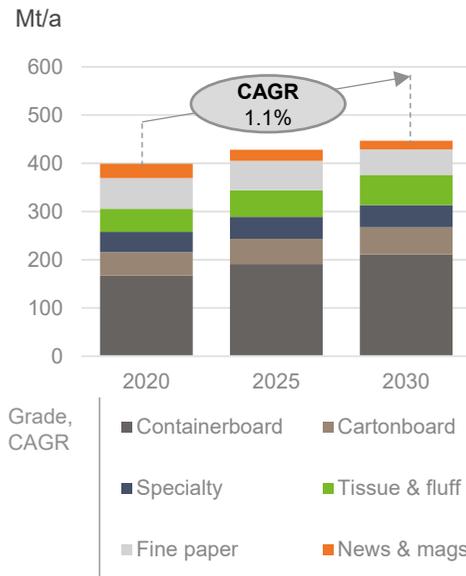- Digitalisation, e-commerce
- Wood-based textiles

…drive demand for tissue, paper and board…

Paper and board consumption

Mt/a

CAGR 1.1%

Grade, CAGR

- Containerboard
- Cartonboard
- Specialty
- Tissue & fluff
- Fine paper
- News & mags

…which in turn drive the demand for fibre (incl. pulp)

Fibre consumption

Mt/a

CAGR 1.2%

Grade, CAGR

- Market pulp
- Integrated BKP (incl. fluff)
- RCP White
- Mechanical pulp
- Other virgin
- Unbl. Pulp
- RCP brown

Source: RISI, Afry, UPM estimate

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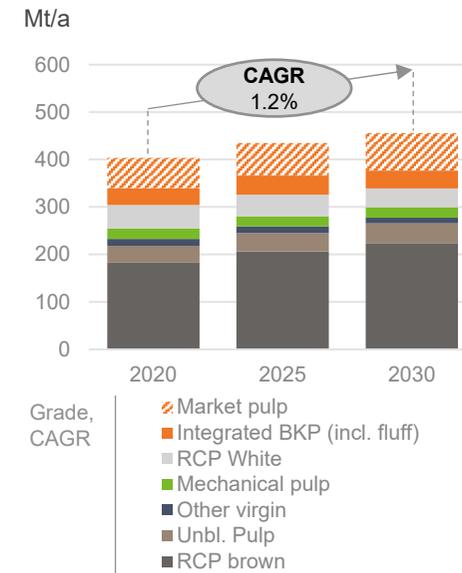
Sustainable growth in Uruguay

- Over 30 years of experience
- Two mills with 3.4 MTA production capacity (2022)

UPM in Uruguay

- UPM manages 459,000 ha of plantations including own and leased land

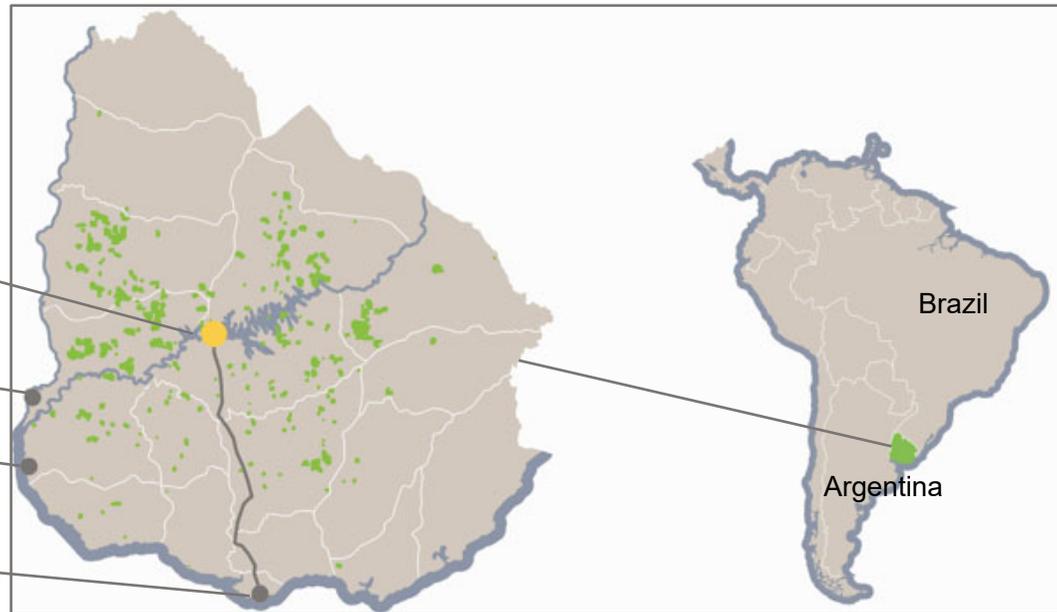UPM eucalyptus plantations are certified with FSC™ and PEFC

UPM Paso de los Toros

UPM Fray Bentos

Nueva Palmira port

Pulp terminal in Montevideo port

Uruguay

South America

Brazil

Argentina

UPM Paso de los Toros – expansion in 2022

USD 3 billion investment 〉

USD 2.7 billion
for a world-class pulp mill with an annual production capacity of 2.1 million tonnes of eucalyptus pulp

USD 280 million
for deep sea port terminal in Montevideo

USD 70 million
in the local community in Paso de los Toros

The State of Uruguay is constructing 273 km of new railroad connecting the mill to the port of Montevideo.

Significant boost to the local economy and regional development

10,000 permanent jobs
4,000 are direct jobs from UPM and its contractors

USD 200 million
in wages and salaries per year

600 small and medium size
local companies

USD 170 million
in taxes and social security payments per year

Free trade zone fixed annual cannon
USD 7 million

USD ~1,100 million
in exports
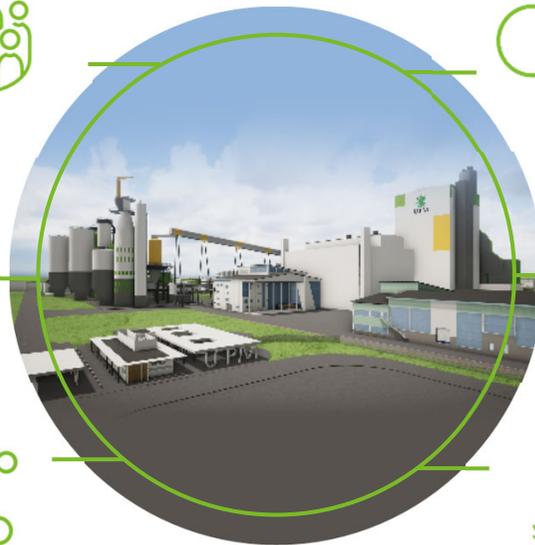
Increase of **2% in GDP** once the mill is operating

UPM Paso de los Toros mill site

Long term commitment to sustainability

CDP A LIST 2020 — CLIMATE FORESTS WATER

Member of Dow Jones Sustainability Indices — Powered by the S&P Global CSA

UN GLOBAL COMPACT — Global Compact LEAD 2021 PARTICIPANT

PLATINUM Top 1% 2021 ecovadis Sustainability Rating

MSCI ESG RATINGS — AAA
| CCC | B | BB | BBB | A | AA | AAA |

= Bloomberg Gender-Equality Index 2021

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