



UPM Clean Run Standard - Summary

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1. Objective

Clean Run shall be applied to all UPM's production activities including industrial production, forestry and nursery operations as well as energy generation and UPM Raflatac's slitting terminals (hereafter Operations). Line management is responsible for implementing the standard in the Operations including sufficient training and integrating its requirements into local instructions.

This is a short version of official internal standard and acts not as official version of the standard.

2. Introduction to Clean Run standard

UPM Code of Conduct sets the basic requirements to address and manage our environmental impact, requires compliance with all applicable environmental laws and keeping in mind the principle of continuous improvement. UPM Sustainability Policy Statement complements the Code of Conduct and provides that the Clean Run Concept must be implemented in all operations.

Clean Run is a global, holistic concept to manage the environmental performance in all UPM Operations. The Clean Run Standard:

- defines roles and responsibilities of various internal stakeholders in terms of the Clean Run
- promotes continuous improvement of environmental performance and the attainment of UPM's long-term environmental targets
- aims for full environmental compliance and the zero-deviation target
- sets ISO 14001 certified environmental management system as the foundation of managing environmental performance and compliance in UPM Operations
- is a tool to manage environmental risks
- encourages sharing best practices
- ensures minimum level of training as regards environmental topics
- establishes framework for handling of incidents and deviations
- includes a review concept to ensure the implementation of the Standard and monitoring and reporting of the compliance status.

Clean Run serves as an environmental compliance program for UPM Operations and as a tool for monitoring the environmental risks and compliance status of the UPM Operations globally.

3. Roles and responsibilities

Clean Run Standard defines detailed roles and responsibilities for the Group Responsibility Team, the Mill General Manager, the Unit Head or equivalent, Manager and individual Employee.

4. Compliance with environmental permits and other regulatory requirements

4.1 Scope

The foundation of UPM's Code of Conduct is that we comply with the laws and regulations in all countries where we operate. The Clean Run Standard ensures that we comply with all applicable regulatory environmental requirements, such as

- a) international, national, and local laws and regulations
- b) requirements specified in permits, licenses, or other forms of authorization
- c) orders, rules, or binding guidance from regulatory agencies
- d) requirements from governmental entities or other relevant authorities
- e) judgements of courts or administrative tribunals
- f) any other applicable mandatory regulatory obligation
- g) contract-based obligations (hereinafter "Regulatory Environmental Requirements").

4.2 Environmental compliance management

4.2.1 Identification of the applicable Regulatory Environmental Requirements

To ensure full compliance, all applicable Regulatory Environmental Requirements pertaining to Operations must be identified and documented. As the applicable regulatory environmental requirements vary depending on the location and type of Operation this identification must be carried out at the local level.

4.2.2 Environmental compliance assessment

The necessary measures, controls and processes that are in place or need to be established to ensure and monitor compliance with and avoid deviations from the Regulatory Environmental Requirements shall be defined and documented in the compliance assessment. Persons or roles responsible for assuring compliance with each obligation shall be designated and documented in the compliance assessment.

The compliance status and sufficiency of established controls shall be reviewed at least once a year and revisited also in between the annual reviews whenever there is an indication of a non-compliance, a threat thereof or relevant changes in the Operation, personnel, or the applicable Regulatory Environmental Requirements.

If deviations from Regulatory Environmental Requirements are detected, a plan to reach or restore a compliant situation shall be established and documented as part of the compliance assessment.

4.3 Environmental compliance as part of management of change

Different kinds of changes in the Operations, such as increase in the production capacity or emissions, change of equipment / machinery, change in the product portfolio, raw materials, chemicals, location or processes may have implications on the compliance with Regulatory Environmental Requirements

When any changes and especially larger scale investments are being prepared the needed permits, amendments to the existing ones, notifications to authorities or other stakeholders, duty to carry out an environmental and social impact assessment or zoning or registration or a need to initiate and complete any other kind of procedures required by the local laws shall be mapped in an early stage of the project.

4.4 Permit management

Various permits, approvals, registrations, notifications, and other kind of authorizations create the basis for UPM's Operations and are an essential part of UPM's assets.

The line management shall ensure that all permits, approvals, registrations, notifications, and other kind of authorizations required to carry out each Operation are always maintained valid.

The line management shall ensure that all permits are renewed and reviewed in the given timeframe and so that there are no interruptions in Operations.

5. ISO 14001 certified management systems

ISO 14001 environmental management system certification is required for all UPM Operations apart from UPM Raflatac's slitting terminals. In case of establishing or acquiring a new Operation the certification shall be acquired as soon as practicable. If the certification is lost it must be re-acquired as soon as practicable.

6. Risk management

According to the Code of Conduct, the direct and indirect environmental risks are assessed on an ongoing basis. The risk management process aims to identify foreseeable hazards related to normal, abnormal, and emergency situations, and to evaluate possible related risks and risk levels for the environment. The level of identified risks shall be reduced to as low as reasonably practicable (ALARP) with effective control measures. In case of a high risk, preventive or mitigating controls are mandatory. Risk assessments are reviewed regularly.

Based on review of a site's risk assessment collection, site management creates a risk management plan. The findings of the risk assessment shall be communicated to relevant employees and contractors, for example by means of implementing them in the working instructions and training.

7. Environmental target setting and voluntary commitments

To guide UPM's actions globally, company has defined a set of focus areas, performance indicators and targets for 2030. The long-term environmental targets support the UN's Sustainable Development Goals (SDGs). The target areas are economic, social, and environmental. Six goals out of total 17 SDGs and thereunder 12 targets have been selected the most relevant for UPM. The prioritization has been made based on where the company can have the greatest impact, either by minimizing its negative impacts or by increasing positive impacts on people, societies, and the environment. The environmental targets are described in a greater detail on upm.com. The targets are set at UPM-level, and in most cases, they apply directly to each operational site. However, there are some exceptions, e.g., water-related targets, where the final allocation depends on the business specificity.

Progress towards attainment of the targets is followed up annually on Group level by the UPM Responsibility Team. Each Operation together with the Business Area is responsible for developing and updating a roadmap to reach the long-term environmental targets and taking the actions accordingly. The progress of Operation's plan is assessed in the Clean Run and 2030 targets reviews.

8. Sharing best practices

Sharing best practices between the Operations is an essential part of the Clean Run. A best practice can be a good or even exemplary practice, worth sharing with others who could benefit from knowing and when feasible, implementing it.

The Environmental Manager of each site shall discuss locally the relevance and possible implementation of the proposed best practice as well as potential development needs.

9. Ways of working, awareness, communication, and training

The Code of Conduct requires all UPM's employees to be aware of the environmental impact and legal requirements of our work and workplace. Such impacts and requirements vary depending on the location and Operation in question. Therefore, it is essential that local management ensures that all employees and contractors receive sufficient training to understand the job- and site-specific environmental impacts and legal requirements, identify likely emergency situations and react accordingly.

The training shall be included as a part of the new employees' induction program, and provided always when an employee assumes new tasks, responsibilities, or role.

Additionally, a refresher training shall be organized at appropriate intervals and whenever the relevant environmental impacts, risks or Regulatory Environmental Requirements change.

10. Clean Run and long-term environmental targets reviews

The Clean Run and long-term environmental targets reviews are carried out by the UPM Environmental Team complemented by other relevant participants, if needed. The review follows a fixed agenda with the following points:

- awareness and commitment to environmental targets
- management of abnormal events and learning from incidents
- benchmarking and certificates
- environmental risk management
- status of environmental compliance and anticipated changes
- best practices
- status of the attainment of the long-term environmental targets and roadmap for reaching the targets.

The default frequency for the reviews is once in every three years, per site.

A follow-up meeting to monitor the progress of the agreed actions takes place approximately six months after the review.

In addition to the Clean Run reviews, the Operations are subject to internal and external audits pertaining to the 14001 certified management system or EMAS (EU Eco-Management and Audit Scheme) registration.

11. Incidents and deviations

Environmental incidents and deviations shall be addressed in accordance with UPM's internal guidelines and instructions how to notify, investigate, assign preventive and corrective actions, report the findings, and share the lessons learned to other UPM organizations to ensure an effective investigation process.

The environment-related incidents are categorized by severity to categories 0 – 5:

- Category 0: environmental walks, discussions, and observations
- Categories 1 – 2: near misses
- Categories 3 – 5 deviations

UPM's target is to have zero environmental deviations (Cat 3-5). Monitoring the attainment of the target and continuous improvement requires transparent investigation and reporting of all incidents.

Each site shall carry out thorough analysis of Cat 0-2 recordings to identify the main risks and needed actions proactively.

In case of misconduct, UPM procedures relating to misconduct investigation will also be followed, and there might be disciplinary consequences.