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Appendix

## UPM REQUIREMENTS FOR SUPPLIERS OF WOOD

### **Purpose**

Supplementary instruction to be attached to wood delivery contracts.

### **Compliance with applicable Laws**

Operations shall be conducted in line with applicable local, national and international legislation regarding silviculture, use of wood, wood harvesting, harvesting rights, rights of the forest owner, rights of the other stakeholders and trading of wood. Special attention must be paid to authorities' instructions concerning environment, biodiversity, protection of nature and species, waste management, employees and operational health and safety. Business activities must be based in the principles of sustainability, responsibility and ethicality. The suppliers shall ensure by legally binding agreements and by other means, if necessary, that its subcontractors and the entire supply chain operate according to these same principles.

### **Requirements for Origin of Wood**

The origin of the supplied wood must be legal and harvested in line with the respective legislation. The supplier shall be aware of the origin of the wood, be able to verify the origin of the wood and identify all the operators in the entire supply chain. The supplier shall inform UPM about the species and the country of origin of the wood and on request more specific information and documentation verifying that the wood fulfils the requirements of the EU timber regulation (EU no. 995/2010) and other related legal requirements (EU no. 607/2012), Regulation on deforestation-free products (EU) 2023/1115 as well as requirements from the authorities responsible for monitoring the compliance of operators.

Wood must not be harvested in conflict with traditional rights of the local inhabitants. The activities of the entire supply chain must be conducted in the spirit of the ILO Declaration on Fundamental Principles and Rights at Work (1998).

The supplier must guarantee that all wood comes from legal and acceptable sources and wood deliveries do not contain wood that is defined as unacceptable in the FSC™ Controlled Wood Requirements (FSC–STD-40-005 V3-1) or originate from controversial sources according to PEFC CoC requirements (PEFC ST 2002:2020) or contradict with the Regulation on deforestation-free products (EU) 2023/1115.

Forest conversion (i.e. deforestation in other than justified circumstances, see FSC unacceptable and PEFC controversial sources lists below) must not have occurred, and wood must not origin from activities where the capability of forests to produce a range of wood and non-wood forest products and services on a sustainable basis is not maintained or harvesting levels exceed a rate that cannot be sustained in the long term. In case it is possible that high conservation values (HCV) occur in the procurement area, the

special regulations for forest management set by the conservation values must have been taken into account in the logging activities.

Among the supplied wood there are neither species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), nor genetically modified (GMO) wood.

In case of biofuels, bioliquids and biomass fuels the wood must comply with EU sustainability requirements for biomass from Renewable Energy Sources (Directive (EU) 2018/2001 (RED II) (recast of the Directive 2009/28/EC (RED I)). The supplier shall be able to verify the origin of the wood and its compliance with Renewable Energy Directive (RED II) either by a certification system or by other credible means.

### **Compliance with the obligations**

*Information related to wood deliveries must be kept available for at least five (5) years after delivery. UPM has a right to make audits or issue 3<sup>rd</sup> party to make audits in order to verify that the supplier operates according to these requirements. UPM has the right to terminate the contract or suspend the deliveries that do not comply with the requirements set in this appendix.*

### **Glossary**

**CITES** Convention on International Trade in Endangered Species of wild flora and fauna. CITES-act (EC Regulation 338/97) is implemented in the EU by means of a set of regulations known as the EU wildlife trade regulations. EU countries apply rules for the import and export of endangered species of animals and plants, and products derived from them.

**Controversial sources (PEFC ST 2002:2020)** Forest and tree-based material sourced from:

- a) Activities not complying with applicable local, national or international legislation on forest management, including but not limited to forest management practices; nature and environmental protection; protected and endangered species; property, tenure and land-use rights for indigenous peoples, local communities or other affected stakeholders; health, labour and safety issues; anticorruption and the payment of applicable royalties and taxes.
- b) Activities where the capability of forests to produce a range of wood and non-wood forest products and services on a sustainable basis is not maintained or harvesting levels exceed a rate that can be sustained in the long term.
- c) Activities where forest management does not contribute to the maintenance, conservation or enhancement of biodiversity on landscape, ecosystem, species or genetic levels.
- d) Activities where ecologically important forest areas are not identified, protected, conserved or set aside.
- e) Activities where **forest conversions** occur, in other than justified circumstances where the conversion:
  - i. is in compliance with national and regional policy and legislation applicable for land use and forest management, and
  - ii. does not have negative impacts on ecologically important forest areas, culturally and socially significant areas, or other protected areas, and
  - iii. does not destroy areas of significantly high carbon stock, and
  - iv. makes a contribution to long-term conservation, economic, and/or social benefits.
- f) Activities where the spirit of the ILO Declaration on Fundamental Principles and Rights at Work (1998) is not met.
- g) Activities where the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) is not met.
- h) Conflict timber.
- i) Genetically modified trees.

**Conflict timber** *“Timber that has been traded at some point in the chain of custody by armed groups, be they rebel factions or regular soldiers, or by a civilian administration involved in armed conflict or its representatives, either to perpetuate conflict or take advantage of conflict situations for personal gain. (...) Conflict timber is not necessarily illegal.”* The exploitation of timber may itself be a direct cause of conflict. Note: Definition in quotations as used by UNEP.

**Deforestation (EUDR)** conversion of forest to agricultural use, whether human-induced or not.

**Due Diligence System (DDS)** A framework of procedures and measures, namely information gathering, risk assessment and risk mitigation, implemented by an organization to reduce the risk that forest and tree-based material originates from controversial or unacceptable sources.

**Forest conversion** Direct human-induced change of forest to non-forest land or forest plantation./ Removal of natural forest by human activity, without subsequent regeneration.

**Forest degradation (EUDR)** structural changes to forest cover, taking the form of the conversion of primary forests or naturally regenerating forests into plantation forests or into other wooded land and the conversion of primary forests into planted forests.

**FSC-STD-40-005 V3-1** refers to the FSC "Controlled Wood" standard, setting requirements for a **due diligence system** for FSC Chain of Custody certified organizations to avoid material from **unacceptable sources**. Chain of Custody certified organizations can apply this standard to verify non-FSC-certified material as acceptable for the purpose of producing and selling FSC Controlled Wood and/or FSC Mix products.

**Unacceptable sources** (FSC controlled wood categories):

- 1) Illegally harvested wood;
- 2) Wood harvested in violation of traditional and human rights;
- 3) Wood from forests in which high conservation values are threatened by management activities;
- 4) Wood from forests being converted to plantations or non-forest use; and
- 5) Wood from forests in which genetically modified trees are planted.

**PEFC ST 2002:2020** Chain of Custody of Forest and Tree Based Products – Requirements. PEFC chain of custody certification is based on this standard. The standard delivers confidence that forest and tree-based material in products with the PEFC claim or label originates in PEFC certified sustainably managed forests, recycled material and/or **PEFC controlled sources**.

**PEFC controlled sources** Material category covering forest and tree-based material for which an organization has determined through its Due Diligence System that there is "negligible risk" that the material is from **controversial sources**.

**Regulation on deforestation-free products (EU) 2023/1115 (EUDR)** Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

**Renewable Energy Directive (RED II)** Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast). Also establishes sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids and biomass fuels.

**Wood.** Products as listed in the EU Timber Regulation (EU 995/2010) and Regulation (EU) 2023/1115 on deforestation-free products (EUDR).