UPM-Kymmene Oyj is the Dow Jones Sustainability Indices (DJSI) Industry Leader*, based on its S&P Global ESG Score as of 13 Nov 2020. This report provides an overview of the performance of the Paper & Forest Products industry and the relative positioning of UPM-Kymmene Oyj at the dimension and criteria level.

Company Information

Country: Finland
Index market cap ($M): 16,800
Source: S&P Global BMI, 11 Nov 2020

2020 Assessment Results

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Industry Best Score</th>
<th>Industry Average Score</th>
<th>Company Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance &amp; Economic</td>
<td>81</td>
<td>81</td>
<td>41</td>
</tr>
<tr>
<td>Environmental</td>
<td>95</td>
<td>95</td>
<td>48</td>
</tr>
<tr>
<td>Social</td>
<td>88</td>
<td>88</td>
<td>37</td>
</tr>
<tr>
<td>Total</td>
<td>88</td>
<td>88</td>
<td>42</td>
</tr>
</tbody>
</table>

Industry Drivers

Companies in the paper and forest products industry offer timber, wood products, and paper. Responsible management of plantations and sourcing of wood fibers is demonstrated through certification of forest management and chains of custody schemes. These certifications provide assurance and traceability of the preservation of biodiversity and land rights. Engaging with local stakeholders remains essential in maintaining access to land and a social license to operate. Management of water-related risks is crucial to having productive plantations and reliable production, as droughts have impacted the supply of timber. The priorities for paper production include: operational eco-efficiency, climate strategy, and occupational health and safety. Innovations, such as biomass to bioplastics or enzyme-based processes, continue to present new market opportunities and new sources of revenue. As the result of COVID-19, some regions have seen timber prices collapse due to closures of sawmills, plus lumber demand drop due to economic uncertainty. At the same time, demand for pulp wood has spiked.

Company Performance

S&P Global has selected the most relevant criteria in each sustainability dimension based on their weight in the assessment and their current or expected significance for the industry. The spider chart below visualizes the performance of the industry leader against the best score achieved in each criterion and the average industry score.
Corporate Sustainability Assessment

The Corporate Sustainability Assessment (CSA) is a comprehensive annual evaluation of companies' sustainability practices and performance, with a coverage of over 7,300 companies representing approximately 95% of global market capitalization. The CSA is one of the longest standing ESG rating methodologies worldwide, dating back to 1999. The CSA assesses companies on the basis of 80–120 industry-specific questions across 61 industries. S&P Global ESG Scores, calculated from the CSA, are from 1 to 100 (best).

In SustainAbility’s Rate the Raters 2019 report, companies rated the CSA as the most useful ESG assessment thanks to its high level of transparency, its sector-specific view of material ESG issues, and its forward-looking incorporation of emerging sustainability risks and opportunities. In the 2020 report, which looked at the investor perspective, the CSA came out top among the highest-quality ratings and was cited as a “strong signal of sustainability.”

The CSA focuses on financially material economic, environmental, and social factors that are relevant to companies’ success, but that are underresearched in conventional financial analysis. Every year, the CSA undergoes rigorous methodological review in order to ensure that the most current material sustainability topics, as well as emerging, long-term sustainability themes often of interest to investors are reflected, and companies are challenged on topics that lack disclosure today.

As of January 2020 the CSA is issued by S&P Global, where it forms the foundation of company ESG disclosure to S&P Global for financially material ESG factors and will underpin the ESG research across all our different divisions (S&P Global Ratings, S&P Dow Jones Indices and S&P Global Market Intelligence).

For over 20 years the results of the CSA are used for the annual rebalancing of the iconic Dow Jones Sustainability Indices (DJSI). CSA scores are used in numerous other S&P Dow Jones indices including the S&P 500 ESG.

S&P Global ESG Scores are made available to the global Financial markets via S&P Global Market Intelligence platforms, robustly linked to financial and industry data, research and news, providing integral ESG intelligence to make business and financial decisions with conviction.

Companies’ data and benchmarks from the CSA can now feed seamlessly into the analysis for S&P Global Ratings ESG Evaluation should companies want a forward-looking long-term opinion of their ability to handle future risk and opportunities.

Learn all about S&P Global’s ESG Solutions: www.spglobal.com/ESG