



STATUS REPORT

Investment Agreement implementation

April 26, 2018

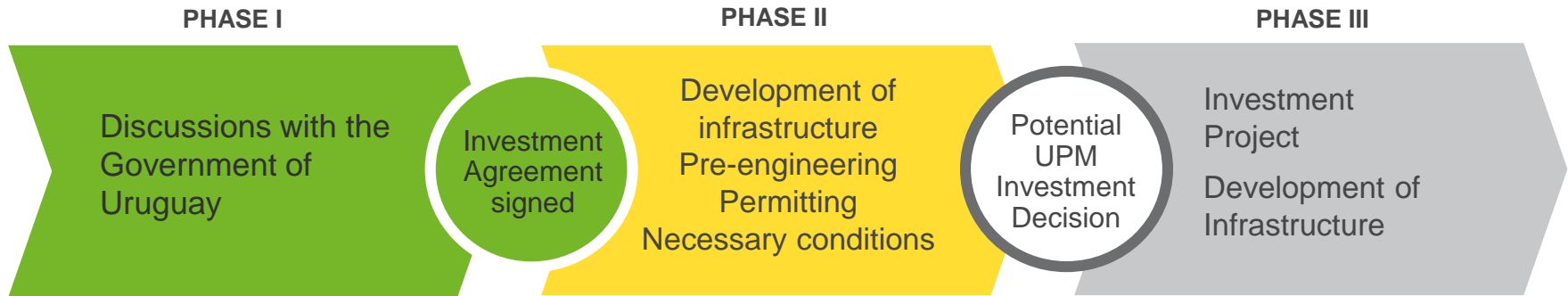
Regular updates of implementation of Investment Agreement (IA)

Target of the Info session concept is

- To inform on the development of topics agreed in the IA signed by the Government of Uruguay and UPM regarding the prerequisites for long-term industrial development in Uruguay November 7, 2017
- In addition, UPM's topical themes related to the project and current operations can also be presented
- Updates are based on factual information and done regularly

The second preparation phase

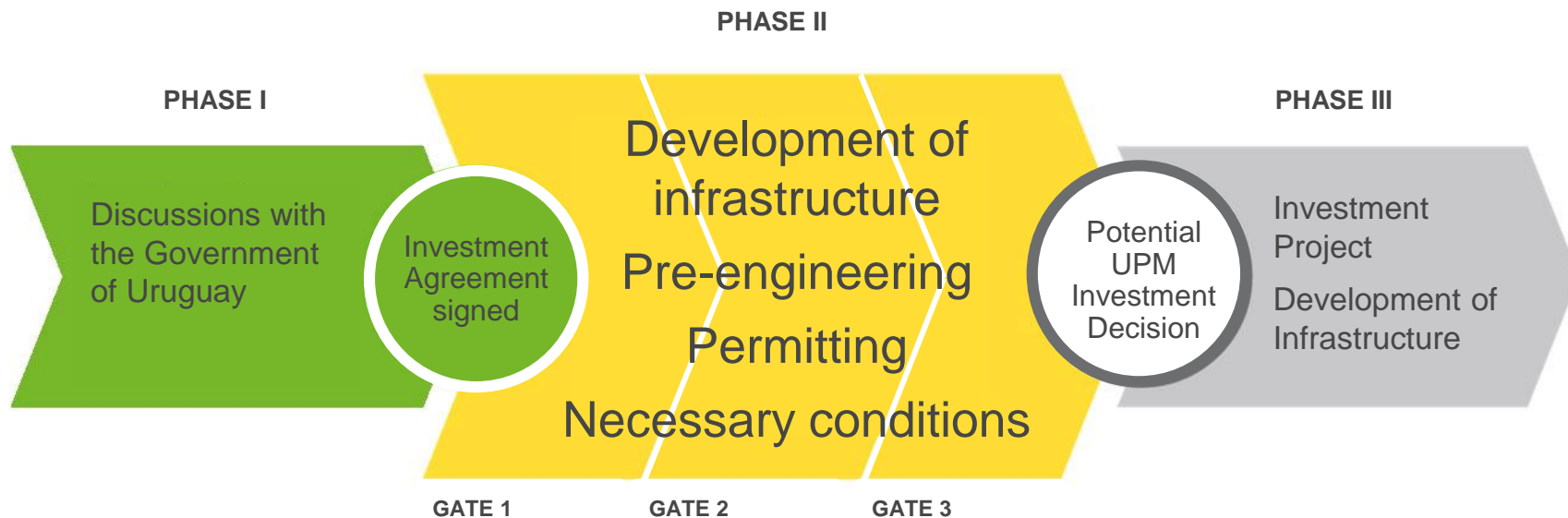
UPM's process for the possible new pulp mill consist of three phases





The second preparation phase

This phase consists of three gates for the implementation of the IA



STATUS REPORT ON INVESTMENT AGREEMENT




Current situation on the IA implementation

- Gate I has been implemented mainly as planned
- We are contented with the current progress of streams and execution
- Now we are entering to Gate II - the main items are related to progress of rail, port and labour protocols

Status report on Investment Agreement

- Following graph is showing the status of the implementation of the IA
- The content is based on the IA and mainly Annex 2
- Each arrow describe main actions
- Implementation is described by colours

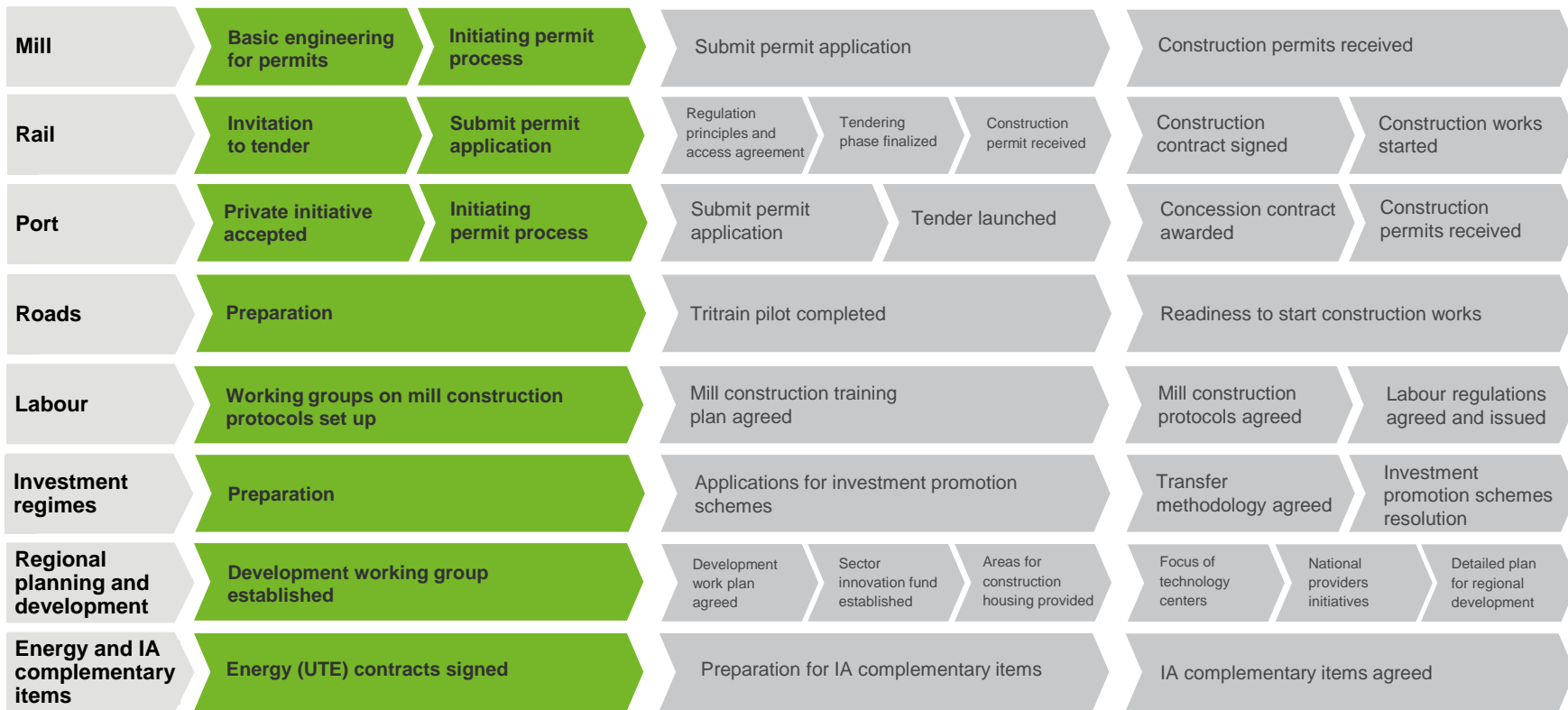
Implementation is described by colours

-  Green: implemented
-  Yellow: in progress
-  Grey: not started

GATE 1
Nov 2017 – April 2018

GATE 2
April 2018 – Sept 2018

GATE 3
Sept 2018 – Mar 2019



Not started

In progress

Implemented

ENVIRONMENTAL IMPACT ASSESMENT FOR POTENTIAL NEW PULP MILL

Responsibility is good business



UPM's global responsibility work covers environmental, economic and social dimensions

Transparency and continuous development recognized by third parties

Excellence in environmental performance based on BAT reference levels

Fray Bentos is the most monitored pulp mill in the world

Monitoring started in 2005 two years before start-up

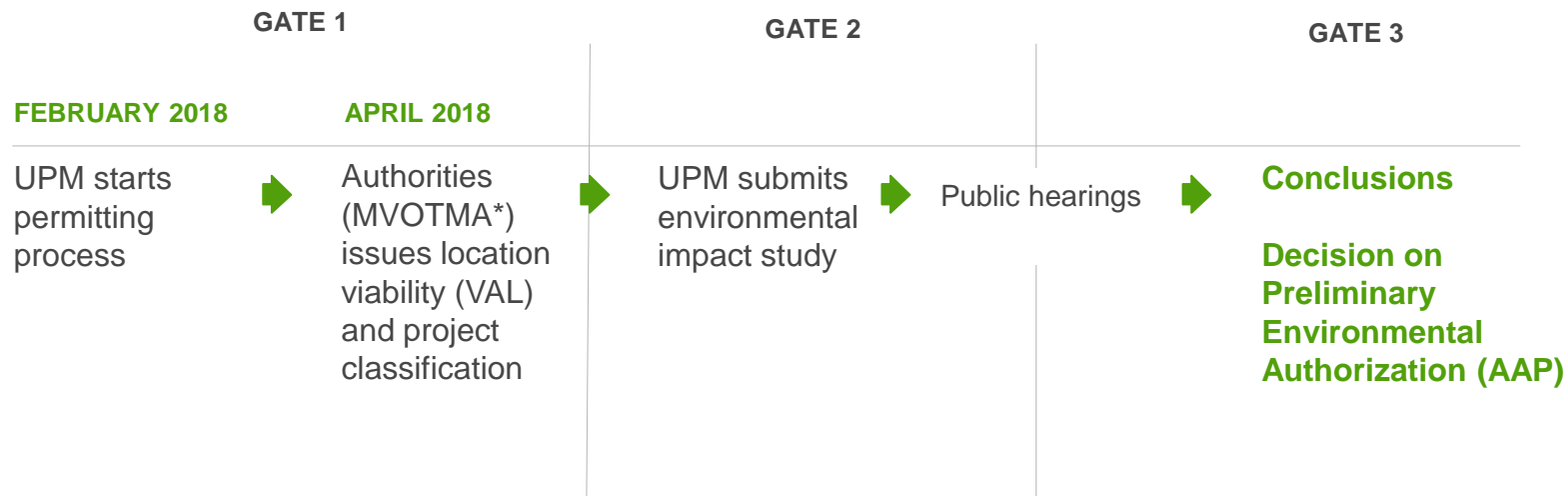
Solid track record shown by empirical data of 10 years of operations



www.mvotma.gub.uy

www.upm.uy

UPM starts environmental authorization process for the potential pulp mill project in Uruguay



* Ministry of Housing, Land Planning and Environment of Uruguay

SAFETY CULTURE AT UPM

Safety culture at UPM

Safety is a top priority in UPM



Target

Ensure safe and healthy working environment and wellbeing of employees and contractors

Zero accidents

Safety rule

To us at UPM, the health, safety and security of employees, visitors and all other people impacted by our operations are of importance

Our aim is to be the industry leader in safety



Safety principles

Safety first

Safety starts with me

All accidents can be prevented

Safety culture at UPM

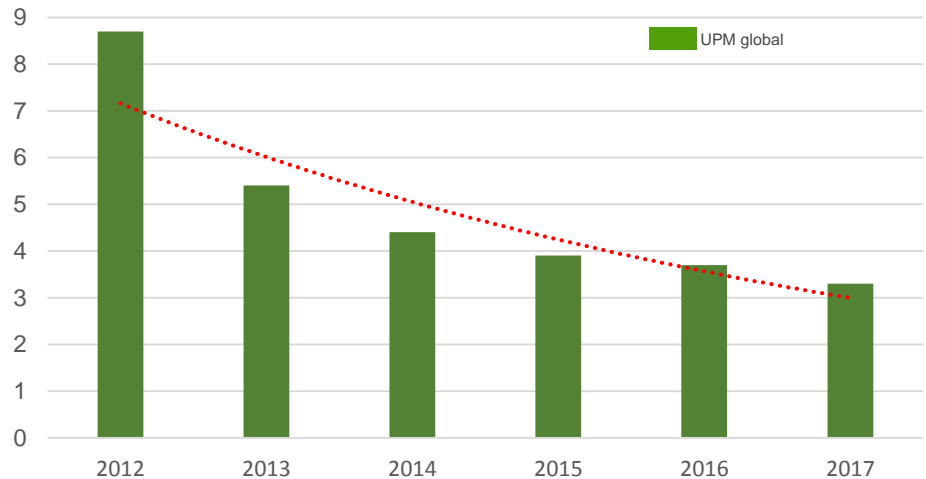
Strong safety leadership in all operations

OUR WAY OF WORKING

- All actions based on safety rule, life-saving standards and local guidance
- Development of preventive safety culture
- Training of personnel and contractors on safe working practices
- Regular audits and evaluations

- LTAF= lost time accidents /1 million working hours

Continuous improvement of safety results

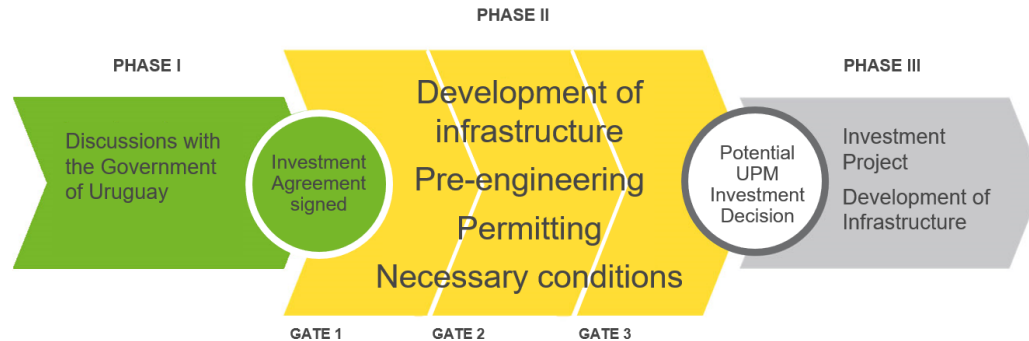


Development of UPM accident frequency (LTAF) 2012 - 2017

The second preparation phase

Summary and next steps

- Gate 1 closed with planned progress
- Now we are entering to Gate 2 followed by Gate 3
- The main items during Gate 2 are related to progress of rail, port and labour protocols



Web-page for up-to-date information

OPORTUNIDAD DE CRECIMIENTO CON UNA NUEVA PLANTA DE CELULOSA



La demanda global de celulosa de eucalyptus continúa creciendo de forma sostenida y UPM está buscando oportunidades para crecer en el negocio de la celulosa. Por ello UPM y el gobierno de Uruguay han firmado un Contrato de Inversión que establece los requisitos locales para una potencial inversión en una planta de celulosa en el centro del país.

El Contrato de Inversión, firmado el 7 de noviembre de 2017, define los roles, compromisos y plazos de ambas partes. Además, describe la hoja de ruta para una posible decisión de inversión por parte de UPM.

Si todo avanza de acuerdo al plan, Uruguay podría ser una alternativa competitiva para UPM para atender las oportunidades del mercado de celulosa en la década del 2020.

→ Contrato de Inversión (resumen)

→ Contrato de Inversión (versión completa)

- ↓ Impactos de una potencial nueva planta de celulosa en Uruguay
- ↓ Desarrollo de infraestructura como factor fundamental
- ↓ Potencial planta de celulosa con tecnología de vanguardia
- ↓ Estableciendo un marco operativo competitivo
- Preguntas frecuentes



Website with all public information related to the project at

<http://www.upm.uy/crecimiento>

Contents

- Link to the Investment Agreement
- Impacts of a potential new pulp mill
- Follow-up of the progress



UPM

The Biofore
Company