

# UPM-Kymmene Finland

**Sectors:** forestry - pulp and paper

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**By:** Mandy Haggith – Environmental Paper Network

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## Contact:

Environmental Paper Network, [Merel van der Mark](#)

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## About UPM-Kymmene

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UPM-Kymmene is a Finnish company which operates in the sectors of pulp and paper, timber and energy. It was created in 1996 from the merger of Kymmene with Repola Ltd and its subsidiary United Paper Mills. It subsequently expanded its operations to China and Uruguay, among others. It now owns four pulp mills with a total pulp capacity of 3.7 million tonnes. Three of these mills are located in Finland, one in Uruguay ([Botnia](#)). In China the company owns the Changsu paper mill. UPM has paper mills in Austria, Estonia, Finland, France, Germany, UK, Russia, Uruguay and in the USA. UPM also owns 574,000 hectares of certified forest in [Finland](#), 76,030 ha of forest land [Minnesota USA](#) as well as 255,000 hectares of plantation forests in Uruguay. It further sources wood from [12 other countries](#). The company has done a major rebranding effort to transform from paper and pulp to the “bioeconomy” by renaming its business sector of pulp and forestry as biorefinery and by adapting the slogan “The Biofore Company”.

<b>Headquarters</b>	Alvar Aallon katu 1 FI-00100 Helsinki Finland
<b>CEO/chair</b>	Jussi Pesonen CEO
<b>Website</b>	<a href="http://www.upm.com">http://www.upm.com</a>
<b>Ownership</b>	<i>listed on Helsinki Stock Exchange</i> <a href="#">UPMs shares</a> are held almost 100% as free float. In 2018, the largest shareholder was Varma Mutual Pension Insurance Company, with 2.29% of the shares.
<b>Subsidiaries</b>	

## Issues

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### Social issues

UPM has been involved in several controversies and conflicts:

The Fray Bentos (ex-[Botnia](#)) pulp mill in Uruguay was the target of massive protests and caused a diplomatic dispute between Uruguay and Argentina. This mill was inaugurated in 2007, under massive protests from residents and environmental groups and faced huge opposition from the Government of Argentina, which led to the escalation of a bilateral conflict between two otherwise friendly neighbours. Local residents feared for the pollution of their drinking water and Argentina complained about the pollution of one of its prime tourist beaches, located just opposite the mill. Botnia failed to consult or address the concerns of local stakeholders and affected communities. It downplayed the [impacts of the pollution](#). In 2009 UPM bought the operations from Metso-Botnia in Uruguay, including the [Fray Bentos mill](#).

Until 2009, UPM's Changsu paper mill in China was supplied with [pulp from APRIL](#) in Indonesia. But following widespread criticism of the Indonesian pulp industry, UPM announced that it would stop sourcing pulp from [APRIL](#) and instead source from its Fray Bentos [pulp mill in Uruguay](#).

In 2017 UPM signed an agreement with the Republic of Uruguay for the construction of a new pulp mill in Paso de los Toros. In the agreement, Uruguay commits to a series of serious legislative changes and investments worth between USD one and 1.8 billion, without any commitment from UPM's side, apart from deciding in 2020 if it will invest in a new pulp mill in [Paso de los Toros](#). Critics have pointed out that the agreement is not beneficial for the people of Uruguay, that it was signed before an Environmental Impact Assessment was made, and that it is not legal, as it was not approved by congress. UPM will decide in 2020 if it will proceed with its plans. The EIA for this project does not cover the impact of the plantations that will be required to feed the mill. There are also strong concerns about the pollution of the relatively small Rio Negro with the effluents of the mill. Other problems include water shortage, impact of migrant workers, health impacts, among others. For more details see the Paso de los Toros [Dodgy Deal profile](#).

### Environmental issues

**No Environmental Impact Assessment for plantations** [Neither the EIA](#) for the Botnia mill nor that for the Paso de los Toros mill address the

impacts caused by the plantations.

**Conversion of natural grasslands into plantations** UPM's plantations in Uruguay are mostly established on natural grasslands. Though this does not lead to deforestation, which is a common problem in the sector, it does cause the conversion of a natural habitat into monoculture plantations, which impact the biodiversity of the ecosystem. One of the problems associated with the plantations in Uruguay is an increase in wild boars, foxes and venomous snakes. For sheep farmers this is a serious problem. The snakes have also killed pigs, calves, **cows and even horses**.

**Water shortage** UPM's plantations for the Botnia mill in Uruguay have caused water shortage, which has seriously impacted communities **in rural Uruguay**. It is expected that the plantations for the Paso de los Toros mill will have similar impacts.

**Logging of high-conservation value forests in Finland** Though UPM has received recognition by the **Carbon Disclosure Project** for its efforts of deforestation-free supply chain, the company has been involved in the logging of high-conservation value forests in Finland, contributing to the deep crisis of Finland's forests, according to **Greenpeace**. Several endangered habitats are located within UPMs forests, which are at risk of **being logged**. For example, in 2016 UPM was criticised for logging on the island of Ärjänsaari, located in a Natura 2000 area with repeated demonstrations **against the logging**, in 2015 for logging in Haariko between two protected areas which provide critical habitat for **endangered species**.

## Human rights

**Labour rights** The MoU that UPM signed in 2017 with the government intends to limit the power of unions and the right of workers to strike. **A report by WRM** from 2008 stresses the importance of unions, as it found that working conditions in the pulp sector had improved since 2005, when a new government came into power which allowed workers to form unions.

## Governance

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### Applicable norms and standards

[AFLEG Declaration and Action Plan](#)

[FSC Principles and Criteria](#)

[ILO Guidelines for labour inspection in forestry](#)

[ILO Safety and health in forestry work](#)

[Land Use, Land-Use Change, and Forestry \(LULUCF\) Guidance for GHG Project Accounting](#)

[Soft Commodities Compact](#)

[St. Petersburg Declaration](#)

[WWF Guidelines for Investment in Operations that Impact Forests](#)

## Updates

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## Financiers

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Between 2011 and 2017 UPM-Kymmene was funded through corporate loans and underwriting totalling USD 576 million. See below for a specified overview of the financial institutions involved.

### Banks

#### BNP Paribas France [profile](#)

[Details](#) ▼

Debt – corporate loan USD 32 million 2011 - 2017  
Loans and underwriting between 2011 and 2017  
*source: Profundo, 2017*

#### Bank of America United States [profile](#)

[Details](#) ▼

Debt – trade finance USD 32 million 2011 - 2017  
Loans and underwriting between 2011 and 2017  
*source: link*

#### Bank of China China [profile](#)

[Details](#) ▼

Debt – corporate loan USD 32 million 2011 - 2017  
Loans and underwriting between 2011 and 2017  
*source: link*

<b>Barclays United Kingdom <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>Citigroup - international - <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>Commerzbank AG Germany <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>Credit Suisse Group Switzerland <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>Crédit Agricole France <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>Danske Bank Denmark <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>Deutsche Bank Germany <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>DnB NOR Norway <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>JPMorgan Chase United States <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>Mitsubishi UFJ Trust and Banking</b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>Morgan Stanley United States <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>Nordea Finland <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
Equity – share owner/manager	USD 4.645 billion		
Dated April 30th 2019 <i>source: UPM-Kymmene</i> <a href="#">link</a>			

<b>OP Financial Group Finland <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>Royal Bank of Scotland Group (RBS) United Kingdom <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>Skandinaviska Enskilda Banken (SEB)</b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
Equity – share owner/manager	USD 3.456 billion		
Dated April 30th 2019 <i>source: UPM</i> <a href="#">link</a>			
<b>Svenska Handelsbanken Sweden <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
Equity – share owner/manager	USD 47 million		
Dated April 30th 2019 <i>source: UPM</i> <a href="#">link</a>			
<b>UBS Switzerland <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			
<b>UniCredit Group Italy <a href="#">profile</a></b>			<a href="#">Details</a> ▼
Debt – corporate loan	USD 32 million	2011 - 2017	
Loans and underwriting between 2011 and 2017 <i>source: Profundo, 2017</i>			

## Related Dodgy Deals

### Projects

<b>Paso de los Toros pulp mill</b> Uruguay <i>forestry - pulp and paper</i>	<b>Active</b>
There are no projects active for UPM-Kymmene now.	
<a href="#">[ Show on record project files ]</a>	
<b>Botnia pulp and paper mill</b> Uruguay <i>forestry - pulp and paper</i>	<b>On record</b>