

21st September 2022

Dear valued customer,

Since our last price increase letter on 24th June 2022, the ongoing energy crisis in Europe means our industry continues to operate in an inflationary and highly volatile environment. The extremely high energy prices and availability are impacting all our suppliers as well as our internal operations, causing inflation across all product categories. In paper materials higher pulp prices are adding to this raw material inflation. Finally, in addition to the cost of materials, inflation is increasingly also impacting our operating costs.

Our sourcing and operations teams have been working diligently to minimize these inflationary pressures, but unfortunately, we are no longer able to absorb the full cost impact. This means that, in line with our last letter, we hereby give you notice of an essential price increase to help us offset these continued inflationary pressures.

We must therefore increase our selling prices on all deliveries from Friday 21st October 2022 as follows:

- Paper products
 - With paper backing: Minimum 5 Euro cents per square metre
 - With filmic backing: Minimum 3.5 Euro cents per square metre
- Film products
 - PP and PET products with paper backing: Minimum 2.5 Euro cents per square metre
 - PP and PET products with filmic backing: Minimum 1 Euro cent per square metre
 - PE products: Minimum 1.5 Euro cent per square metre

For non-Euro prices, the increase will be the Euro equivalent in your local currency. We will continue to keep you informed in case there would be any direct impacts to our capability to deliver.

As before, to help deal with the unprecedented increase in volatility, we continue to reserve the right to make further corrections to all our selling prices where necessary.

As questions are arising in the label value chain regarding the risk of possible disruptions in supply of energy in Europe, we feel it's important to share our plans on mitigating possible risks to supply.

We use gas and electricity in our production sites but the UPM Raflatac factories in Europe are not dependent on gas supplied from Russia. We are closely monitoring all country specific initiatives should the relevant authorities start to change the current energy supply model. Our global network of factories provides diversification that helps to mitigate any impact of disruptions in any specific country.

We have intensified collaboration with our suppliers to better understand and monitor their dependencies and contingency plans and we continue to undertake supply risk management actions such as securing supply for many raw materials via alternative sources.

Our efforts have been focusing on understanding the risks that a major issue in energy supply in Europe could have on our operations, but we stay equally realistic that because of the uncertainty of the situation, a contingency plan that eliminates all possible risks, in practice, is unrealistic in the current situation.

We will continue to keep you informed in case there would be any direct impacts to our capability to deliver.

We thank you for your valued business and remain at your service.

Yours sincerely,



Alan Wright
Senior Vice President, EMEIA Region