



UPM – Sponsorship co-operation and donations

SPONSORSHIP

1. Purpose of sponsorship

UPM's sponsorship activities should be based on UPM's business strategy and those of the appropriate business groups/areas and support them. Sponsorship should be target-oriented, remunerative and long term activity that aims at influencing the selected target groups' image of UPM.

2. Objectives for 2010-2013

To support UPM's frontrunner position as The Biofore Company, the core objective for communications in the short term is to create the desired content and engaged stakeholder activity to underpin the Biofore vision. Biofore will also be the leading theme in the marketing communications of sponsorship projects undertaken during 2010-2013.

In practice, this means that special focus will be paid to selecting sponsorship projects. Chosen projects must communicate the Biofore message of a future-oriented, innovative company that respects the principles of sustainable development and stands out positively from its competitors.

3. Objects of sponsorship

Only a limited number of company-level sponsorship projects will be carried out simultaneously. A larger number of smaller, local projects can be carried out, but this number should also be kept at a reasonable level. Sponsorship activities should be remunerative and target-oriented long term activities.

Some projects can be carried out in co-operation with customers (e.g. promoting the use of wood), whereas others can be aimed at improving the company's image as an employer. Societal projects and especially children's and young people's team sport activities and cultural projects can also be justified choices.

When making decisions, the following criteria must be fulfilled:

a. Compatibility

- With the Biofore message / with selected product messages
- With UPM's corporate responsibility principles

b. Effectiveness

- The object of sponsorship must reach identified target groups
- The object of sponsorship must be sufficiently known among target groups
- It must be possible to achieve media publicity with the object of sponsorship

c. Standing out from competitors

- The object of sponsorship must be original/innovative

d. Stakeholder Benefits

- The object of sponsorship must have ample benefit potential regarding stakeholder relations

e. Risk management

- The risks associated with the object of sponsorship must be manageable (backup plan, dissolving the agreement)

4. Other strategic decisions

When acting as a sponsor, UPM seeks to promote its brand particularly among customers, their customers, the local communities where the company operates and its own personnel. The objective of sponsorship co-operation activities is to also improve the image of UPM as an employer.

UPM aims to take part in sponsorship activities in which it is the lead sponsor or one of the main sponsors.

As a general rule, UPM does not take part in sponsorship projects involving other companies from the same industry sector.

UPM does not sponsor motor sports or political parties or candidates. Nor does the company take part in telephone campaigns or other chain campaigns.

Sponsorship projects with subcontractors are not to cause a conflict of interests to UPM or to impact UPM's business decisions.

5. Implementation in practice

Sponsorship activities are selected and budgets drawn up on an annual basis. Sufficient background information must be gathered to ensure that the choice improves the corporate brand and that it does not conflict with the company's values.

Embarking on sponsorship requires the signing of a written sponsorship agreement. The agreement must specify the object of sponsorship, the duration of the agreement, the amount of sponsorship money involved, and the agreed exposure and other forms of co-operation.

Also included must be the terms for cancelling the agreement and the procedure to be adopted in the event of any violation of the agreement. The agreement must also guarantee return on investment from sponsorship and the independence of the decision-making process.

Every sponsorship co-operation project must have a written benefit plan that takes into account the amount of exposure and media publicity as well as maximising the benefit in stakeholder relations. The overall cost (including benefit) and resource allocation must also be assessed in the plan.

Marketing communications expressing UPM's support (e.g. advertisements) must comply with UPM's corporate image and the company's visual identity. The person in charge of the project must ensure that the media selected are appropriate and that they do not simultaneously contain advertisements authorised by other UPM units.

6. Decision-making, control and supervision

Corporate Communications are in charge of coordinating sponsorship co-operation within the corporation.

Business groups, functions and local units decide on and implement their own plans based on these guidelines.

Sponsorship agreements up to the value of €5,000 can be approved locally. Agreements with a value of less than €20,000 are approved by the business group's head of communications. If the value of the agreement is over €20,000, the business group's head of communications must review the contents of the agreement with Corporate Communications and ensure that return on investment of the agreement is sufficient before signing.

For functions, sponsorship agreements with a value of over €5,000 are approved by the Executive Vice President, Corporate Communications. Corporate Communications archives this information.

Good governance requires regular and systematic monitoring of sponsorship and support sums. This monitoring is carried out by Corporate Communications.

7a. Significant donations

A donation is defined as gratuitous financial support. The General Meeting of Shareholders can decide on giving a significant donation to a cause of public good or to a cause of similar nature and authorize the Board of Directors to decide on the specific terms of the donation. Donations within the normal operations of the company can be approved by members of the Group Executive Team up to €50,000 and by the President and CEO up to €250,000.

7b. Gratuitous support

In addition to sponsorship, UPM can support various communities and smaller projects by donating small sums (maximum of €500, or maximum of €850 in Finland). These donations are not expected to yield commercial benefit. Local units compile and implement their own local and annual plans regarding such support in accordance with these guidelines. The number of supported projects must be restricted. The support is usually targeted at local associations, societies and organisations. Support is not granted to private persons. Support is only granted upon written application. Decisions are made by the director of the unit or by a person authorised by the director. For functions, decisions are made by Corporate Communications.

8. Applying the sponsorship or donation

Please prepare a brief description of the subject to be funded. The description should include your contact details and answers at least to the following questions:

a. A brief description of the sponsorship subject:

- Sponsorship event/target
- Short description of the sponsorship case
- Sponsorship value in euros or needed material
- Applicants background information (for example targets, ways of operating, values)
- Additional information related to application
- How will UPM benefit from the suggested sponsorship

b. A brief description of the donation subject:

- What is the primary mission of the applying organization?
- What issue or problem does the subject address?
- How does this issue relate to UPM?
- What is the scope of the subject? Who is the target audience?
- What is the expected outcome of the subject for which support is requested?
- How will UPM benefit from the suggested donation?

Please send the application via email to communications@upm.com.

These guidelines are approved by the Communications Management Team.