



KEY AREA OF RESPONSIBILITY

MEASURE

TARGET

ACHIEVEMENT 2010

ECONOMIC

PROFIT Shareholder value creation	<ul style="list-style-type: none"> Operating profit margin Return on equity Gearing ratio 	<ul style="list-style-type: none"> Operating profit margin exceeding 10% Return on equity at least 5 percentage points above the yield of a 10-year risk-free investment Gearing ratio to be kept below 90% 	<ul style="list-style-type: none"> Operating profit margin 8.2% Return on equity, excl. special items, 7.5% Gearing ratio 46%
GOVERNANCE Accountability and compliance	<ul style="list-style-type: none"> Group Management System Code of Conduct 	<ul style="list-style-type: none"> Code of Conduct training and monitoring further developed 	<ul style="list-style-type: none"> Global training programme under development

SOCIAL

LEADERSHIP Responsible leadership	<ul style="list-style-type: none"> High employee engagement Behaviour in line with company values and Code of Conduct Change management practices in place 	<ul style="list-style-type: none"> Continuous improvement in Employee Engagement Index 	<ul style="list-style-type: none"> 5 percentage point improvement in Employee Engagement Index
PEOPLE DEVELOPMENT High performing people	<ul style="list-style-type: none"> Personal performance reviews with employees and target setting Development of key competencies 	<ul style="list-style-type: none"> Continuous improvement in Change Management and Innovation Indices 	<ul style="list-style-type: none"> 4 percentage point improvement in Change Management Index 5 percentage point improvement in Innovation Index
WORKING CONDITIONS Safe and encouraging working environment	<ul style="list-style-type: none"> Ensuring human rights Equal opportunities Good employee/employer relations Zero accidents goal and continuous actions to reduce absenteeism End-to-end responsibility throughout the supply chain 	<ul style="list-style-type: none"> 10% annual improvement in safety (2009–2011) Global absenteeism below 3.5% (2009–2011) 	<ul style="list-style-type: none"> A long term positive development in accident frequency continued but UPM targets for improvements were not met Reduced absenteeism in line with the target
COMMUNITY INVOLVEMENT Local commitment	<ul style="list-style-type: none"> Employment opportunities Co-operation and initiatives with local stakeholders Responsible restructuring 	<ul style="list-style-type: none"> Continuous sharing of best practices of local stakeholder initiatives 	<ul style="list-style-type: none"> Local stakeholder initiatives further developed. Global alignment under development.

ENVIRONMENTAL

PRODUCTS Products which are sustainable over their lifecycle	<ul style="list-style-type: none"> Renewable raw materials Recyclable or biodegradable products High share of certified products Third-party environmental eco-labels Lifecycle assessment 	<ul style="list-style-type: none"> Environmental management systems certified in 100% of production units by 2020 Environmental declarations for 100% of product groups by 2020 25% growth in the share of eco-labeled products by 2020** 	<ul style="list-style-type: none"> Certification of five additional production units Environmental declarations developed for pulp and plywood products Growth in the share of eco-labeled products in line with the target
CLIMATE Best-in-class* carbon footprint	<ul style="list-style-type: none"> Improve energy efficiency Maximise use of carbon-neutral energy Increase biobased energy 	<ul style="list-style-type: none"> 15% reduction in fossil CO₂ by 2020 	<ul style="list-style-type: none"> Reduction in fossil CO₂ in line with the target
WATER Sustainable use of water resources	<ul style="list-style-type: none"> Best-in-class* water footprint and effluent quality Net water consumption 	<ul style="list-style-type: none"> 15% reduction in waste water volume by 2020*** 15% reduction in COD load by 2020*** 	<ul style="list-style-type: none"> Target for the reduction in waste water volume was not met Reduction in COD load in line with the target
FOREST Sustainable forest management	<ul style="list-style-type: none"> Maximise share of certified fibre and meet UPM biodiversity programme targets for managed forests 	<ul style="list-style-type: none"> 80% share of certified fibre by 2020 	<ul style="list-style-type: none"> 78% share of certified fibre reached
WASTE Minimal waste	<ul style="list-style-type: none"> Minimise solid waste to landfill Reuse waste 	<ul style="list-style-type: none"> 25% reduction in waste to landfill by 2020 	<ul style="list-style-type: none"> Reduction in landfill waste in line with the target

* Best-in-class = leading the industry sector

** Includes paper, timber, plywood

*** Numerical targets relevant for pulp and paper production