

## **ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS**

(Agenda item 12)

The Board of Directors' Nomination and Governance Committee proposes to the Annual General Meeting of UPM-Kymmene Corporation to be held on 5 April 2018 that the following incumbent directors be re-elected to the Board: Berndt Brunow, Henrik Ehrnrooth, Piia-Noora Kauppi, Jussi Pesonen, Ari Puheloinen, Veli-Matti Reinikkala, Suzanne Thoma, Kim Wahl and Björn Wahlroos. The committee further proposes that Ms Marjan Oudeman be elected as a new director to the Board. The directors are elected for a one-year term and their term of office will end upon closure of the next Annual General Meeting. All director nominees have given their consent to the election.

Ms. Wendy E. Lane, UPM's director since 2005, has informed that she will not stand for re-election. Having served as a non-executive director for 13 years and played a part in UPM's remarkable transformation from a global paper producer to a versatile Biofore company, she feels the Board would benefit from some refreshment and she will, in turn, focus on other engagements.

The new director nominee Ms Marjan Oudeman (born 1958) is a Dutch citizen and holds master's degrees in law (LL.M.) and business administration (MBA). Ms Oudeman has extensive professional experience in leading multinational business operations for AkzoNobel NV, Tata Steel Europe, Corus Group Plc. and Hoogovens Group NV. During her over 30-year career in these corporations she has also gained valuable experience in performance improvement, financing and financial reporting, restructurings, strategic planning, organisational development and corporate governance. She ended her professional career as President of the Executive Board of the Utrecht University in 2017 in order to concentrate on her non-executive director positions in Statoil ASA (Norway), SHV Holdings NV (the Netherlands), Solvay SA (Belgium) and Aalberts Industries NV (the Netherlands), where she also chairs the Audit Committee. Ms Oudeman has also been a Supervisory Board member of ABN AMRO Bank (2009–2015) and the Dutch Railways (2005–2013), and is currently a member of the Supervisory Boards in Concertgebouw NV and Het Rijksmuseum.

According to Björn Wahlroos, Chairman of UPM's Board of Directors and the Nomination and Governance Committee, Ms Oudeman contributes to the Board's competence base and diversity and helps the Board to implement its refreshment strategy. "I have full confidence that Ms Oudeman will augment the Board's ability to address the needs of UPM's evolving businesses and strategy with her versatile expertise and long professional experience", says Mr Wahlroos.

The Board of Directors has assessed the director nominees' independence based on the Finnish Corporate Governance Code's independence criteria and other factors and circumstances to be taken into account in the overall evaluation from both the standpoint of the company and the nominees. The Board has also taken into account information provided by the nominees.

According to the evaluation carried out by the Board, all director nominees are independent of the Company's significant shareholders as none of the Company shareholders holds more than 10 percent of the Company's shares or votes attached thereto. In addition, according to the Board's director-specific overall evaluation, all non-executive director nominees are independent of the Company including Berndt Brunow, Veli-Matti Reinikkala and Björn Wahlroos, although they have been, if re-elected, non-executive directors for 10 consecutive years or more. Based on the Board's overall evaluation of these director nominees' independence, their independence is not compromised due to their long service history, and no other factors or circumstances have been identified that could impair their independence. As the President and CEO of the Company, Jussi Pesonen is not independent of it.



Helsinki, 31 January 2018

UPM-Kymmene Corporation

BOARD OF DIRECTORS