

# UPM-KYMMENE CORPORATION

## Disclosure Policy

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UPM's Disclosure Policy has been adopted by the Board of Directors on 26 May 2016 with entry into force as of 3 July 2016. Its purpose is to secure fair disclosure of information to the public and to make sure that disclosure is timely, non-selective and consistent.

## Legal obligations

The shares of UPM-Kymmene Corporation ("UPM" or the "Company"), the parent company of the UPM group of companies (the "Group"), are listed on Nasdaq Helsinki Ltd. ("Nasdaq Helsinki"). In its communication and disclosure, UPM complies with the applicable EU and Finnish legislation, the rules of Nasdaq Helsinki, the regulations and guidance of European Securities Markets Authority ("ESMA") and the Finnish Financial Supervisory Authority, as well as its internal policies and guidelines.

## Disclosure principles

The Company's external communication and disclosure follows the principle of disclosing relevant and accurate information in a timely manner and non-selectively to all participants in the market. Any information disclosed must be correct, consistent, reliable and timely and it must not be misleading.

## Disclosure Committee

To ensure the fulfilment of the Company's disclosure obligations, UPM has established a Disclosure Committee to monitor and set guidelines for external disclosure. The Disclosure Committee addresses the general content of external disclosure, including periodic and ongoing releases of financial and other information, their timely disclosure and their compliance with regulatory requirements.

The Disclosure Committee comprises of the Chief Financial Officer (chair), EVP of Stakeholder Relations, the head of Investor Relations and the General Counsel (members). The Disclosure Committee meets on a quarterly basis and otherwise when needed.

The Disclosure Committee reports to the President and CEO and seeks to

- ensure that all information disclosed is accurate and fair in content;
- ensure that public releases are made timely and non-selectively to all parties in the market;
- participate in the monitoring of the internal financial reports and, if needed, give recommendation to the President and CEO as to the need to disclose a profit warning or take other action;
- review regularly draft quarterly reports and any outlook included therein for the ongoing financial period;
- assess the relevant sensitivity factors impacting the Company's profitability and financial position, their development and the related guidance in the quarterly reports;
- assess and give recommendations to the relevant decision-making body as to (a) whether a set of circumstances, an event or arrangement would qualify as inside information (should the Company decide to proceed with the preparations), (b) whether an insider project needs to be established, and (c) whether the conditions for delaying the disclosure are met;

- assess the need and process to monitor the continued existence of the conditions for delaying disclosure in connection with insider projects,
- resolve, in case of urgency and with at least two members present, on
  - the establishment of an insider project and related insider list,
  - delay of disclosure,
  - the appointment of person(s) responsible for monitoring conditions for delay, and/or
  - the release of a stock exchange release when conditions to delay disclosure are not met or no longer exist (or when immediate disclosure is otherwise deemed required taking into account the Company's best interests);
- initiate and monitor the development and implementation of controls and procedures necessary to provide accurate, fair and timely disclosures.


Issues related to assessment of significance of information and potential disclosure obligations (including matters possibly requiring a resolution to delay disclosure) shall be referred to the Disclosure Committee or – upon the designation of the committee – to selected members of the committee.

## Financial reporting

The financial year of UPM is the calendar year. UPM publishes three quarterly reports and a financial statements release, which are the primary sources of information on the financial performance, balance sheet and financial position, outlook, and other related information on UPM. UPM also publishes an annual report, which includes an overview of UPM and its operations and performance, a review of UPM's strategy and the execution thereof, a review of UPM's businesses, stakeholder relations and governance matters, as well as the annual financial information.

The financial statements release and the quarterly reports are published according to a previously announced schedule. The schedule is published before the end of the previous financial year and is available on the corporate website.





The Group as a whole and the reportable business segments of UPM (currently UPM Biorefining, UPM Energy, UPM Raflatac, UPM Paper ENA, UPM Specialty Papers, UPM Plywood) are the only units that externally report financial information and key figures.

The following is regarded by UPM as proprietary and confidential business information (and is consequently not disclosed):

- mill specific capacity utilization
- profit/loss data pertaining to individual countries or business units
- sales prices or specified production costs
- market share data for individual products or countries
- sales figures of individual business units.

## Outlook

In its financial statements release, annual report and quarterly reports, UPM presents a verbal assessment of the development of profitability and earnings for the ongoing financial year, as well as provides general guidance on the key factors and risks affecting future development. Given the nature of UPM's business and main sensitivity factors, quarterly variations are normal. Currently, no numeric estimates or quarterly outlook are given by UPM.

## Profit warning

UPM constantly monitors the Group's financial performance, position and outlook. If there is information to indicate that the Group's profitability or financial position changes more than estimated, the deviation and the underlying reasons are promptly analysed. A profit warning is disclosed when the Company reasonably expects that the outlook changes from the previously released guidance or the Company's profitability or financial position improves or weakens more than can be reasonably be expected (taking into account normal quarterly and other variance and sensitivity factors) and such deviation is likely to have a significant effect on the price of the Company's financial instruments. A profit warning (also reiterating the previous outlook) is disclosed by a stock exchange release.

## Public releases: stock exchange releases, investor news and press releases

**Stock exchange releases** are published to provide information simultaneously to all parties in the market on facts, matters and circumstances that UPM believes are likely to have a significant effect on the price of the Company's shares and other financial instruments. A stock exchange release is also used to publish regulated information that is required to be disclosed by means of a stock exchange release (such as management transactions, notices to general meeting and resolutions of the same), even if such releases do not normally include price-sensitive information.

In general, the following events, if significant to UPM, are regarded by UPM as price-sensitive information:

- acquisitions, divestitures, joint ventures, mergers and demergers;
- investment projects;
- reorientation of business;
- restructuring schemes, profit improvement programs;
- anticipated materialisation of significant risks;
- litigations and regulatory proceedings;
- issues of shares or other financial instruments of UPM, public tender offers, share splits.

Issuing a stock exchange release generally follows the review and determination of an obligation of disclosure by the Disclosure Committee. This review is conducted simultaneously with the process of assessing the prerequisites to delay disclosure, if relevant. In such review, the appropriate measure of significance for each of the above event types is applied. Generally, UPM has determined levels below which an event is never considered price-sensitive and a range in which the possible price-sensitivity of the event (and consequently possible obligation of disclosure) is assessed by reviewing a number of other factors. Such factors include, among others, cash impact, newly identified risk factors, strategic or long-term impact, previous disclosures and guidance as well as market expectations.

*UPM Stakeholder Relations* is responsible for filing the stock exchange releases with Nasdaq Helsinki and distributing them through the newswire distribution network.

In addition, news that do not meet the requirements set for stock exchange releases but are nonetheless regarded by UPM as being newsworthy or of general interest to its stakeholders are published as **investor news** or **press releases** and on the corporate website.

## Distribution and availability of releases; dissemination of information

UPM's stock exchange releases are simultaneously published to Nasdaq Helsinki, disseminated through a newswire distribution network in accordance with the rules of Nasdaq Helsinki and automatically filed in the Central Storage Facility of Regulated Information (in case of a stock exchange release), key media, and on the corporate website. The Company also uses a variety of other means and channels for dissemination of information, including investor news and press releases, magazines and publications, interviews, public presentations, public conference calls and web casts. The corporate website [www.upm.com](http://www.upm.com) is the principal source of up-to-date information on UPM. UPM Stakeholder Relations is responsible for the website and for the production, publication and distribution of UPM releases. All releases and financial reports are available on the website for at least five years.

## Reporting languages

The Company's official reporting language is Finnish. All material relating to the fulfilment of the Company's disclosure obligation is published in English as well.



## Meetings with investors, analysts and media representatives

All meetings with equity analysts and investors are centrally co-ordinated. UPM Investor Relations coordinates meetings with equity investors and analysts whereas UPM Treasury co-ordinates meetings with credit analysts, fixed-income investors and rating agencies. UPM Stakeholder Relations co-ordinates the meetings with representatives of the financial and other media. Communication at these meetings is based on information that has already been published by the Company or is generally available to the market. New potentially price-sensitive information is not presented at these meetings. Investor presentations are available on the corporate website.

## Spokespersons

The authority to make public statements on behalf of UPM as a group entity rests with the President and CEO, EVP of Stakeholder Relations, other members of the Group Executive Team, the head of Investor Relations, and with other corporate staff members designated by any of the afore mentioned members of the corporate management.

For individual business areas, the spokesperson is the head of the business area, or a designated other senior executive.

## Silent period

UPM observes a silent period prior to publication of its financial results. UPM's silent period begins at the end of each reporting period and ends at the publication of the quarterly report or financial statements release. During the silent period, UPM spokespersons will neither discuss nor comment on the Group's financial performance with capital market representatives or the media. Exceptions to this rule are the annual general meeting of shareholders (if held during the silent period) and the publishing of a stock exchange release regarding a significant business event and the related communication; however, such communication will be limited to the relevant event only.

## Rumours, market speculations and information leaks

As a general policy, the Company does not comment on market rumours, speculation by the media, share price development, actions of competitors or customers or analyst forecasts, unless the Company deems it necessary to correct clearly incorrect specific information that is likely to have a significant effect on the price of its financial instruments. Neither will the Company comment on unpublished and unfinished business transactions, as long as the conditions for delaying disclosure are fulfilled.

If the Company learns that information that is likely to have a significant effect on the price of the Company's financial instruments has leaked prior to a public disclosure, the Company publishes a stock exchange release on the matter as soon as possible.

## Insider guidelines

UPM has adopted an insider policy, which applies to all its employees, executives and directors. Description of the Company's insider administration is available on the corporate website.

## Crisis communications

UPM has a Group crisis management team chaired by the Chief Financial Officer. In addition, each UPM business unit/area has a crisis management team and guidelines which specify the crisis management organisation, roles and responsibilities, crisis communications guidelines and a crisis management plan.

The crisis management team together with designated communications specialists are responsible for both internal and external communications during the crisis. The team's task is to ensure that information is readily available and that it is consistent and reliable.

Any significant and escalating crisis situations are reported immediately to the head of stakeholder relations of each business area and the EVP of Stakeholder Relations.

