



Group Policy

UPM HUMAN RESOURCES RULES





GROUP POLICY
UPM Human Resources Rules

No.
UPM-GP-0250

Valid as of
01.01.2019

Classification
Public

Owner
Human Resources

Approved by
Group Executive Team

Contents

1. Purpose	3
2. Applicability	3
3. Commitments to international agreements and human rights	3
4. Diversity, equality and non-discrimination	3
5. Forced labor and child labor	4
6. Freedom of association	4
7. Terms of employment and working conditions	5
8. Leadership culture and development	5
9. Responsible restructuring	5
10. Implementation	5
11. Access to remedy and disciplinary measures	6



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These Human Resources Rules ("Rules") were adopted by the Group Executive Team of UPM-Kymmene Corporation on 6 November 2018 and are valid as of 1 January 2019. References in the Rules to "UPM" or the "Company" are to UPM-Kymmene Corporation and its group companies. The Rules replace Human Resources Rule adopted 18 September 2002 and Equality Rule adopted in February 2005.

1. Purpose

The management of human resources in UPM is based on the Company's values and is an important part of UPM's corporate social responsibility. The purpose of these Rules is to complement the UPM Code of Conduct by defining in more detail the principles of working conditions, labor practices and decent work as described by the International Labor Organization (ILO); what UPM is committed to and what is expected of our employees.

2. Applicability

These Rules are applicable to all UPM employees and executives ("UPM Employees"). These Rules do not directly apply to suppliers and other third parties and their representatives as they are bound to similar principles by the UPM Supplier and Third Party Code.

UPM Human Resources function may give more detailed rules and instructions under these Rules.

Health and safety topics are covered in UPM Safety Rules. Privacy topics are handled in UPM Information Security and Personal Data Protection Rules.

3. Commitments to international agreements and human rights

UPM complies with international, national and local rules and regulations and international agreements, including:

- UN Declaration of Human Rights
- Fundamental conventions of the International Labor Organization (ILO)
- 10 principles of United Nations Global Compact
- OECD Guidelines for Multinational Enterprises

In the event that these prove to be insufficient or open to various interpretations, the Company acts in accordance with its operating principles and best practices.

4. Diversity, equality and non-discrimination

All UPM Employees are responsible for developing the working environment so that it is diverse and inclusive. It is important to employ people with different competencies, backgrounds and experiences



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and of different genders, ages and nationalities, in order to bring together multiple views and improve decision-making and business success. We all are expected to build and encourage a culture that allows different views and where everyone has an opportunity to contribute. UPM is committed to a European-wide diversity charter initiative to develop diverse and inclusive workplace.

UPM promotes equal opportunities and does not tolerate direct or indirect discrimination towards anyone based on gender, age, ethnicity, race, nationality, family ties, religion, political opinion, trade union affiliation, disability, sexual orientation or other similar aspects relating to a person.

There shall be no direct or indirect discrimination in relation to selection criteria in resourcing. In personnel planning and recruiting the focus will be on person's skills and competences. Application and recruitment processes shall be open and transparent whenever applicable. Work environment and staff facilities shall be developed so that they do not prevent equality between employees. All employees shall have a chance to develop in their work. Employees are given equal career opportunities based on their qualifications and the business needs.

Sexual harassment or other harassment – whether verbal, physical or visual -, harsh or inhumane treatment is not tolerated. We do not engage in behavior that could be characterized as offensive, intimidating, threatening, malicious or insulting.

5. Forced labor and child labor

UPM does not use or tolerate the use of forced labor. Our employees are not required to deposit their ID papers when the employment starts and they are free to leave their employment as provided in local laws and their employment contract or equivalent document. We do not use or tolerate the use of involuntary prison labor.

UPM respects children's rights and does not use or tolerate the use of child labor. UPM follows International Labor Organization's (ILO) definition of minimum age or local laws if the minimum age is higher according to them. Employment of young persons shall not jeopardize their education or development.

6. Freedom of association

UPM respects the freedom of association and abides by legally binding collective agreements. Employees have the right to form and join an association and bargain collectively. Where such rights are restricted by local laws, or if no legally recognized union exists in the area, UPM encourages employees to engage in open dialogue with the management.

UPM promotes active employee participation and consultation, organized in accordance with international and national rules and regulations.



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7. Terms of employment and working conditions

UPM Employees have the right to have written and understandable information specifying their terms of employment.

UPM observes minimum wages set by legislation and collective agreements. We strive to provide employees a remuneration that meets at least basic needs and provides some discretionary income. Wages are paid directly to employees. UPM remuneration philosophy is specified further in internal HR Rule for Pay and Benefits.

Deductions from basic salary as a disciplinary measure are not allowed unless otherwise regulated.

UPM complies with legislation and collective bargaining agreements with regard to working hours. Overtime is voluntary and compensated to employees according to legislation and collective bargaining agreements.

Workplace practices are developed so that where possible, attention can be paid to individual needs to combine work and family.

8. Leadership culture and development

UPM fosters a leadership culture that includes value-based leadership and integrity. It actively promotes employee inclusion, engagement and wellbeing and provides opportunities for development. UPM expects continuous development of workplace safety.

9. Responsible restructuring

UPM organises extensive re-employment programmes beyond the mandatory requirement for employees affected by permanently closed operations and restructurings. The central elements of UPM's activities are typically retraining, re-employment and relocation within the Company, supporting entrepreneurship, and severance payments. Different kinds of outplacement programmes providing group and individual guidance services for re-employment are offered. Active measures promoting employment and retraining are carried out in close co-operation with various authorities and other third parties.

10. Implementation

These Rules are implemented throughout the Company at all levels and activities.

Line management and HR are responsible for the implementation of these Rules throughout the Company. Managers have an important role in implementing these Rules in their daily activities.

All UPM Employees are responsible for complying with these Rules and related rules and instructions.



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11. Access to remedy and disciplinary measures

All UPM Employees must report any violation of these Rules to their managers, a representative of HR function or where necessary, use UPM's Report Misconduct -channel. Any person who in good faith reports misconduct will not be retaliated against for making such a report.

Violation of these Rules may lead to disciplinary action, from verbal note up to termination of employment. Other possible consequences of misconduct are defined by local law.