

**FOR PUBLIC RECORD**  
**SECTION A**  
**COMPANY STRUCTURE AND OPERATIONS**

**A-1 Identity and communication**

Please nominate a person within your company who can be contacted for the purposes of this investigation:

*UPM (China) Co., Ltd.*

*Name: Wendy Weng*

*Position in the company: Legal Counsel, APAC*

*Address: F23, Tower 2, Grand Gateway, No. 3, Hongqiao Rd., Shanghai, China*

*Telephone: 86-21-64485560*

*Facsimile number: 86-21-64485512*

*E-mail address of contact person: [hairong.weng@upm.com](mailto:hairong.weng@upm.com)*

*Factory: UPM (China) Co., Ltd.*

*Address: No.2, Xing Ye Rd., Changshu Economic and Technology Development Zone, Jiangsu Province, China*

*Telephone: 86-21-64485560*

*Facsimile number: 86-21-64485512*

*E-mail address of contact person: [hairong.weng@upm.com](mailto:hairong.weng@upm.com)*

*UPM Asia Pacific Pte Ltd*

*350 Orchard Road*

*# 15.05.06 Shaw House*

*Singapore 238868*

**A-2 Representative of the company for the purpose of investigation**

If you wish to appoint a representative to assist you in this investigation, provide the following details:

*Name: John Cosgrave. Minter Ellison Lawyers*

*Address: Level 3, 25 National Circuit, Forrest, Canberra, Australian Capital Territory, 2603*

*Telephone: +61 2 6225 3781*

*Facsimile/Telex number: +61 2 6225 1781*

*E-mail address of contact person: [john.cosgrave@minterellison.com](mailto:john.cosgrave@minterellison.com)*

**A-3 Company information**

1. What is the legal name of your business? What kind of entity is it (eg. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

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*There are three limited liability companies involved in the production and sale of the GUC. UPM (China) Co., Ltd. ("UPM-China") is a manufacturing company incorporated in Jiangsu Province, China. UPM-China manufactures the GUC for sale in China and [REDACTED] [internal role of company] for export to countries in Asia and the Middle East including Australia.*

*UPM Asia Pacific Pte Ltd ("UPM-AP") is a Singapore based company that [REDACTED] [internal role of the company] exports to the markets mentioned above. UPM-Kymmene Pty Ltd (UPM-Aus) is the UPM sales company in Australia [REDACTED] [internal role of company] representing UPM-AP, in Australia and New Zealand.*

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

*Please see Confidential Appendix 1 illustrating the relationships between the UPM group of companies.*

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

*Please see major shareholder details in Appendix 2.*

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

*Not applicable*

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

*Please see Confidential Appendix 1.*

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

Yes, [REDACTED]

*[Management fee details] Details of these charges during the period of investigation are set out in Confidential Appendix 3.*

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

UPM-China manufactures and sells [REDACTED] various paper, paper board and other paper products; In addition [REDACTED] it [REDACTED] provide UPM-AP with finished paper products for export.[sales details]

8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:

- produce or manufacture
- sell in the domestic market
- export to Australia, and
- export to countries other than Australia.

*Please see A-3.1 above*

[REDACTED]

[REDACTED]

[REDACTED] Confidential Appendix 5 (a) & (b) [REDACTED] Confidential Appendix 5 (c). [inter-company operating arrangements]

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

*Please see Organisation charts in Confidential Appendix 6 (a) & (b).*

10. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

*No annual report is produced.*

*Please see UPM-China brochures in Appendix 7.*

#### **A-4 General accounting/administration information**

1. Indicate your accounting period.

*UPM applies 1<sup>st</sup> January – 31<sup>st</sup> December fiscal year for the accounting period.*

2. Indicate the address where the company's financial records are held.

Shanghai

the Mill in Changshu.

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts;

*Please see Chart of accounts for UPM-China in Confidential Appendix 8.*

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

*Please see Confidential Appendix 9 (a) and 9 (b) for Audited statements for 2011 and 2012.*

*[English translations of audited statements will be forwarded to the Commission shortly]*

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under consideration.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under consideration, and
- the company.

*Please see Confidential Appendix 10 for Financial Statements.*

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

*Not Applicable*

5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

*No*

6. Describe:

The significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (eg last in first out –LIFO, first in first out- FIFO, weighted average);

*Raw materials:*



*Work-in-process:*

*Finished goods:*

*The inventory value*

*Allocation of fixed production overheads*

*The normal capacity utilisation rates are defined based on . The utilisation rates are normally updated*

*. Allocation of fixed production overheads*

*Cost is determined by the method most appropriate to the particular nature of inventory [corporate accounting policies]*

- costing methods, including the method (eg by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

- [redacted] [costing methodology]

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

*Damaged goods are* [redacted]

- valuation methods for scrap, by products, or joint products;

[redacted]

- valuation and revaluation methods for fixed assets;

*An item of property, plant and equipment* [redacted]

- [redacted] will flow to the enterprise; and [redacted]

*Capitalization of property, plant and equipment* [redacted]

[redacted]. Land is to be capitalized [redacted]

*Expenditure on new plant, new machinery, equipment and other tangible assets in existing plants, and replacement of major pieces of such assets are generally capitalized* [redacted].

*The preconditions for capitalizing are the following within UPM:*

- [redacted]

*In certain circumstances, it is appropriate to allocate the total expenditure of an asset* [redacted]

*For example, when acquiring a paper machine,* [redacted]

[redacted] [valuation and capitalisation policies]

*Exchange rate differences*

[REDACTED]

[REDACTED] *[treatment of exchange rate differences]*

average useful life for each class of production equipment and depreciation method and rate used for each;

*Depreciation is calculated*

[REDACTED]  
[REDACTED] *in Confidential Appendix 11.[depreciation methodology]*

- treatment of foreign exchange gains and losses arising from transactions;

[REDACTED]

treatment of foreign exchange gains/losses arising from the translation of balance sheet items;

*Exchange rate gains and losses*

[REDACTED]

inclusion of general expenses and/or interest;

*General expenses and interest are booked* [REDACTED].

provisions for bad or doubtful debts;

*The amount of the debtors*

[REDACTED]

*The doubtful debts are*

[REDACTED] *[treatment of bad & doubtful debts]*

- expenses for idle equipment and/or plant shut-downs;

*The expenses for idle equipment and/or normal plant shut-downs for the operation will be booked* [REDACTED]

[REDACTED] *[expense treatment]*

- costs of plant closure;

*We have not had any experience of plant closure;* [REDACTED]

restructuring costs;

*No restructuring costs during the investigation period.*

by-products and scrap materials resulting from your company's production process; and

*Scrap paper or WIP* [REDACTED]; *scrap iron or wire* [REDACTED]

- effects of inflation on financial statement information.

*Inflation* [REDACTED]

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

*No change*

## **A-5 Income statement**

Please fill in the following table. It requires information concerning all products produced and for the goods under consideration ('*goods under consideration*' (the goods) is defined in the Glossary of Terms in the appendix to this form). You should explain how costs have been allocated.

Prepare this information on a spreadsheet named "**Income statement**".

*Please see 'Income statement' tab in Attachment A.* [REDACTED]

[REDACTED] *[Basis of income statement]*

**A-6 Sales**

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept


Prepare this information in a spreadsheet named "TURNOVER".

**Please see 'Turnover' tab in Attachment A.**

[basis of turnover statement]

## SECTION B

### SALES TO AUSTRALIA (EXPORT PRICE)

- B-1** For each customer in Australia to whom you shipped goods in the investigation period list: (AUS Sales)

<i>Customer</i>	<i>Address</i>	<i>Contact Name</i>	<i>Contact Number</i>
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- B-2** For each customer identified in B1 please provide the following information.

- (a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

*Delivery terms for goods* [REDACTED]

[REDACTED]

[REDACTED] *[confidential delivery terms]*

*The goods are produced in Changshu and containerised at the Mill, then orders are shipped from the mill jetty via barge to export port in Shanghai. Shipping lines then deliver all orders to Australia to the pre-determined port* [REDACTED]

*[delivery arrangements to customers]*

- (b) Identify each party in the distribution chain (including agents) and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale. Where commissions are not paid, describe how the costs of the party are covered.

*Please see response to A-3. 1 above.*

[REDACTED]

*[commission details]*

- (c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of DDP sales, explain who retains ownership when the goods enter Australia.

*Please see response to A-3 8 above.* [REDACTED]

- (d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

*UPM-Aus represents UPM-AP [REDACTED]. [representation details] Please see the agency agreement 2012 & 2013 in Confidential Appendix 12 (a) and 12 (b).*

- (e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.

*The sale process commences with [REDACTED]*

*[price, order, delivery and payment processes]*

- (f) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (eg free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

*None of the UPM companies are related to any of the Australian customers. Financial arrangements with Australian customers are addressed in B-6 below.*

- (g) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

*Please see Confidential Appendix 13, for forward orders.*

- B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

*No*

- B-4** Prepare a spreadsheet named "Australian sales" listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the investigation period. You must provide this list in electronic format.

*Please see "Australian Sales" tab in Attachment A*

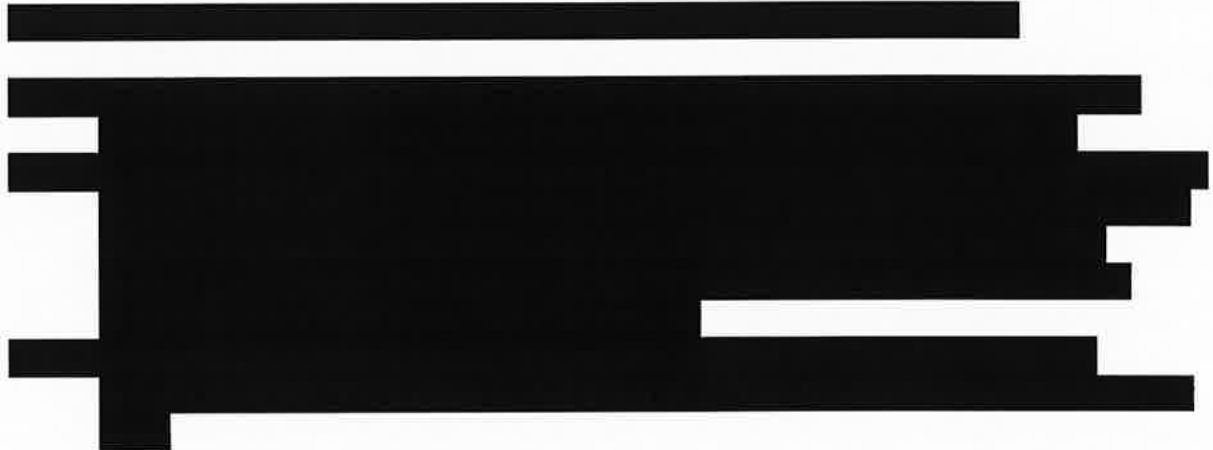
- B-5** If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see "other factors" in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia

*Additional columns have been added to account for [REDACTED]  
[REDACTED] [additional costs]*

- B-6** For each type of discount, rebate, allowance offered on export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.



*[Rebate details]*

*All rebate amounts have been listed in the Australian Sales tab in Attachment A*

- B-7** If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

 *[credit note details]*

- B-8** If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (eg. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

 *[delivery term details]*

- B-9** Select two shipments, in different quarters of the investigation period, and provide a complete set of all of the documentation related to the export sale. For example:

- the importer's purchase order, order confirmation, and contract of sale;
- commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.



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The Commission will select additional shipments for payment verification at the time of the visit.

*The following Australian orders have been selected;*

[REDACTED]

*Please see Confidential Appendix 14 (a) for order [REDACTED] documentation and Confidential Appendix 14 (b) for order [REDACTED] documentation.*

## SECTION C

### EXPORTED GOODS & LIKE GOODS

- C-1** Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.



- C-2** List each type of goods exported to Australia (these types should cover all types listed in spreadsheet **"Australian sales"** – see section B of this questionnaire).



- C-3** If you sell like goods on the domestic market, for each type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically;



- and provide a detailed explanation of the differences where those goods sold domestically (ie. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

EXPORTED TYPE	DOMESTIC TYPE	IDENTICAL?	DIFFERENCES
Product code of each model of the goods exported to Australia	Product code of comparable model sold on the domestic market of the country of export	If goods are identical indicate "YES". Otherwise "NO"	Where the good exported to Australia is not identical to the like goods, describe the specification differences. If it is impractical to detail specification differences in this table refer to documents which outline differences

Supply this information in spreadsheet file named "Like Goods"

*Please see the "Like Goods" tab in Attachment A.*

- C-4** Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

*[confidential technical and illustrative material]:*

## SECTION D DOMESTIC SALES

**D-1** Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

*In its domestic market, UPM-China distributes the products through its regional sales offices (i.e. Shanghai, Beijing, Guangzhou, Wuhan) to independent customers.*

*The following distributor agreements and contracts are selected. Please see Confidential Appendix 15 (a) and (b) for [REDACTED] contract and 15 (c) and (d) for [REDACTED] contract.*

*UPM-China is the producer and supplier and issues invoices to customers. Regional sales offices within the company play a coordination role in negotiating the key terms of the sales contract. Distributors purchase the paper from the company and use their own distribution networks to sell the product.*

**D-2** Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

*No.*

**D-3** Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and
- whether price includes the cost of delivery to customer.

If sales are in accordance with price lists, provide copies of the price lists.

[REDACTED] [domestic sales process]

[Schematic of domestic pricing processes]

The orders are

[REDACTED]

[ordering, production and delivery processes]

[REDACTED] [delivery terms] Please see UPM list price in Confidential Appendix 16.

- D-4** Prepare a spreadsheet named "**domestic sales**" listing **all** sales of like goods made during the investigation period. The listing must be provided on a CD-ROM.

*Please see "domestic sales" tab in Attachment A*

- D-5** If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a column for each item (see "other factors"). For example, certain other selling expenses incurred.

*Additional columns have been added*

- D-6** For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*[Confidential discount and rebate details]*

- D-7** Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales. (Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, bank documentation showing proof of payment.)

The Commission will select additional sales for verification at the time of our visit.

*The following distributor agreements and contracts in the domestic market are selected. Please see Confidential Appendix 17 (a) and (b) for [REDACTED] order [REDACTED] and Appendix 17 (c) and (d) for [REDACTED] order [REDACTED].*

*Please see the freight contracts in Confidential Appendix 18 (a) and (b).*

## SECTION E

### FAIR COMPARISON

#### E-1 Costs associated with export sales

(These cost adjustments will relate to your responses made at question B-4, 'Australian sales')

##### 1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale ("**Inland transportation costs**"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

*Inland transportation costs for exports are* [REDACTED]

[REDACTED]  
[cost details]

##### 2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified ("**Handling, loading & ancillary expenses**"). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

*Terminal handling, port charges and other ancillary charges* [REDACTED]

*These charges* [REDACTED]

*have been* [REDACTED]

[REDACTED] *inserted in a separate column,[details of charges]*

##### 3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales eg, short term borrowing in the currency concerned.

UPM-China and UPM-AP [REDACTED] and the central bank rate was 6% p.a. for this period. [borrowing details]

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

*Not applicable.*

#### 4. **Packing costs**

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed '**Packing**'.

*Normal pallet: pallet cover + base, carton lid + base, ream wrapper, carton strap, interleaf (a piece of grey board between box layers to prevent boxes from collapse), PE film, PET strap, pallet label*

*Slip sheet pallet: slip sheet, paper board, carton lid + base, ream wrapper, carton strap, interleaf (a piece of grey board between box layers to prevent boxes from collapse), PE film, pallet label*

*Carton:*

- For AU products, there are 3 kinds of cartons: 1. Offset printing lid + Offset printing base. 2. Flexo printing lid + Flexo printing base. 3. Offset printing lid + Flexo printing base; and for domestic products only Offset printing lid + Flexo printing base

*Carton strap: A4 (AU: single strap. Domestic: 2 straps, cross), A3 (AU: 2 straps, parallel. Domestic: 2 straps, cross)*

*Packing cost is accounted for as [REDACTED] and is included in both the Australian sales tab and domestic sales tab of Attachment 1. There is [REDACTED] between packaging and associated costs for domestic and export markets. [cost treatment details]*

#### 5. **Commissions**

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed '**Commissions**'. Identify the general ledger account where the expense is located.



[Redacted]  
[Commission details]

**6. Warranties, guarantees, and after sales services**

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ("**Warranty & guarantee expenses**" and "**Technical assistance & other services**"), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

*Not applicable.*

**7. Other factors**

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed "**Other factors**". For example, other variable or fixed selling expenses, including salesmen's salaries, salesmen's travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

*No other factors apart from those referred to in section B-5 above*

**8. Currency conversions**

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a 'sustained' movement during the period of investigation (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect 'sustained' movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

*All conversions [Redacted] and the rate used is specified in the relevant spreadsheets.[treatment of currency conversions]*

**E-2 Costs associated with domestic sales**

(These cost adjustments will relate to your responses made at question D-4, "**domestic sales**")

*The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.*

**1. Physical characteristics**

The adjustment recognises that differences such as quality, chemical composition, structure or design, mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (S G & A) plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

*There are no physical differences between products supplied to domestic and export markets. UPM supplies standard global products*

## **2. Import charges and indirect taxes**

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

[REDACTED] UPM-AP's  
exports are [REDACTED]. [application of  
internal taxes and duties]

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;

*Not applicable*

- the amount of the duties and taxes refunded upon *exportation* and an explanation how the amounts were calculated and apportioned to the exported goods;

*Not applicable.*

- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold *domestically* but is not borne by the exports to Australia;

*The imported materials for use in the production of copy paper are pulp and various chemicals. The Customs Duty rate for pulp is zero and for chemicals it varies based on customs classification (i.e. HS code). (Please refer to Confidential Appendix 19 for China import Customs Duty filing to China Customs authority with key information translated into English)*

[redacted] *[details of duty liability]. Consequently an adjustment is required for the additional Customs Duty costs for copy paper sold domestically in China compared to exports.*

*The additional Customs Duty cost for copy paper sold domestically in China is [redacted]  
[redacted] It is calculated based on [redacted]*

*[redacted] [duty calculation] Please refer to the details in Confidential Appendix 20. This additional cost is included in an additional column in the domestic sales tab of attachment 1.*

### Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: "Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs"

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

*Not applicable.*

### **3. Level of trade**

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

- (a) *costs arising from different functions:* the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.

or

- (b) *level discount:* the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

*Not applicable*

#### 4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowing's by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

[REDACTED] *the central bank rate is 6% p.a. for this period.[borrowing details]*

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system<sup>1</sup>, the average credit period may be determined as follows:

*1. Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable. (It is a measure of how many times the average receivables balance is converted into cash during the year).

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

[REDACTED] *[accounts receivable details]*

*2. Calculate the average credit period*

---

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

*Domestic DSO 2012: - 43.61 days; 2012 Q3-2013Q2:- 44.86 days; AU DSO 2012 52.92 days; - 2012 Q3-2013Q2: - 52.7*

**5. Transportation**

Explain how you have quantified the amount of inland transportation associated with the domestic sales ("**Inland transportation Costs**"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

*It's based on transportation type [REDACTED]*

*Please see the details in [REDACTED] Confidential Appendix 21 (a) and (b) and [REDACTED] in Confidential Appendix 21 (c) and (d).*

*Please see the details [REDACTED] in Confidential Appendix 18 (a) and (b). [Inland Transportation Cost Details]*

**6. Handling, loading and ancillary expenses**

List all charges that are included in the domestic price and explain how they have been quantified ("**Handling, loading and ancillary Expenses**"). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

*Ledger account [REDACTED] applies to handling costs and they are included in 'inland transport' in spreadsheet D-4.*

**7. Packing**

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed "**Packing**".

*Refer to E-1 (4) for packing method*

*Packing costs are separately listed in D-4*

**8. Commissions**

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed "**Commissions**". Identify the general ledger account where the expense is located.

*No commissions*

*[selling cost details]*

**9. Warranties, guarantees, and after sales services**

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ("**Warranty & Guarantee expenses**" and "**Technical assistance & other services**"), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

*Not applicable*

**10. Other factors**

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed "**Other factors**". List the factors and show how each has been quantified in per unit terms. For example:

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;
- *advertising*; and
- *bad debt*.

*Warehousing costs are identified in D-4*

**E-3 Duplication**

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson's salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

**SECTION F**  
**EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA**  
**(THIRD COUNTRY SALES)**

- F-1 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.**  
Supply this information in spreadsheet file named "Third country"

*Please see "Third country" tab in Attachment A*

- F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.**

*Delivery terms for some third country sales differ from [REDACTED] terms to Australia*



## SECTION G COSTING INFORMATION AND CONSTRUCTED VALUE

### G-1. Production process and capacity (CSU Mill)

1. Describe the production process for the goods. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

- *Please see the production process flowchart in Appendix 22.*

*[Product details]*

### G-2. Provide information about your company's total production

Provide this information on a spreadsheet named "**Production**".

*Please see "production" tab in Attachment A*

### G-3. Cost accounting practices

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

[REDACTED] [MAS  
details]

2. Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (ie differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

*No, Standard costs are not used in our company*

3. Provide details of any significant or unusual cost variances that occurred during the investigation period.

*No significant variances occurred*

4. Describe the profit/cost centres in your company's cost accounting system.

*Please see Confidential Appendix 23 for a list of profit centre.*

- 5 For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.

*Direct material costs are allocated* [REDACTED].

*Indirect material costs and other costs are allocated* [REDACTED]

[REDACTED]

*Period expense and capital expenditure are allocated* [REDACTED]

[REDACTED] *[allocation methodology]*

- 6 Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.

[REDACTED] *[specificity detail]*

- 7 List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

*No production costs are valued differently*

- 8 State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

*No start-up operations*

- 9 State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

*Not applicable.*

#### **G-4 Cost to make and sell on domestic market**

*This information is relevant to testing whether domestic sales are in the ordinary course of trade.<sup>2</sup>*

1. Please provide (in the format shown in the table below) the actual unit cost to make and sell each model/type\* (identified in section C) of the like goods sold on the domestic market. Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

\* You should provide separate costs for at least untreated and treated structural timber. Costs should be provided for lower levels of product type if these are normally calculated by your company.

<sup>2</sup> The Commission applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.

<sup>3</sup> Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

2. Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

Prepare this information in a spreadsheet named "**Domestic CTMS**".

*Please see "Domestic CTMS" in Attachment A.*

## **G-5 Cost to make and sell goods under consideration (goods exported to Australia)**

Prepare this information in a spreadsheet named "**Australian CTMS**".

*Please see Australian CTMS tab in Attachment A.*

*The Australian CTMS* [REDACTED]  
[basis of preparation]

- 1 Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

*The main cost differences* [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [description of major cost differences]

	<i>Australian customers</i>	<i>Domestic customers</i>
<b>Approximate Average Annual Purchases (tonnes)</b>	[REDACTED]	[REDACTED]
<i>Marketing/Promotion</i>	[REDACTED]	[REDACTED]
<i>Customer base maintenance and development</i>	[REDACTED]	[REDACTED]

Stock holding		
Product		

- 2 Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

*No significant difference*

- 3 In calculating the unit cost to make and sell, provide an explanation if the allocation method used (eg number, or weight etc) to determine the unit cost differs from the prior practice of your company.

*No difference from the prior practice*

## G-6 Major raw material costs

List major raw material costs, which individually account for 10% or more of the total production cost.

*Pulp*

For these major inputs:

- identify materials sourced in-house and from associated entities;

*[sources of inputs]*

- identify the supplier; and

*[supplier details]*

- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (eg market prices, transfer prices, or actual cost of production).

*[valuation basis]*

**SECTION H  
EXPORTER'S DECLARATION**

☒ I hereby declare that UPM (China) Co. Ltd (company) did, during the period of investigation export the goods under consideration and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

☐ I hereby declare that.....(company)  
did not, during the period of investigation, export the goods under consideration  
and therefore have not completed the attached questionnaire.

**Name** :.....Hairong Weng.....

**Signature** :..........

**Position in**

**Company** :.....Group Legal Counsel, APAC.....

**Date** :.....27November, 2013.....

## SECTION I CHECKLIST

*This section is an aid to ensure that you have completed all sections of this questionnaire.*

Section	Please tick if you have responded to all questions
Section A – general information	✓
Section B – export price	✓
Section C – like goods	✓
Section D – domestic price	✓
Section E – fair comparison	✓
Section F – exports to third countries	✓
Section G – costing information	✓
Section H – declaration	✓

Electronic Data	Please tick if you have provided spreadsheet
<b>ATTACHMENT A</b>	
<b>INCOME STATEMENT</b>	✓
<b>TURNOVER</b> – sales summary	✓
<b>AUSTRALIAN SALES</b> – list of sales to Australia	✓
<b>DOMESTIC SALES</b> – list of all domestic sales of like goods	✓
<b>THIRD COUNTRY</b> – third country sales	✓
<b>DOMESTIC COSTS</b> – costs of goods sold domestically	✓
<b>AUSTRALIAN COSTS</b> – costs of goods sold to Australia	✓
<b>PRODUCTION</b> – production figures	✓
<b>LIKE GOODS</b>	✓
<b>APPENDICES – All Confidential, with the exception of Appendix 2 &amp; 7</b>	
1. Organisation Charts	
2. Major Shareholders	
3. Global Service Charge	
4. [REDACTED]	
5. (a) [REDACTED]	
5. (b) [REDACTED]	
5. (c) [REDACTED]	
6. (a) UPM Paper Asia Organisation Chart	
6. (b) UPM Paper Asia Sales Organisation Chart	
7. Changshu mill brochure	
8. Chart of Account	
9. (a) Audit Reports 2011	
9. (a) Audit Reports 2012	
10. Financial Statement	
11. Fixed Assets-Useful life list	
12.(a) Agency Agt. btw UPM-Aus & UPM-AP 2012	
12.(b) Agency Agt. btw UPM-Aus & UPM-AP 2013	
13. Forward Orders	
14.(a) Documentation for order [REDACTED]	
14.(b) Documentation for order [REDACTED]	

**FOR PUBLIC RECORD**

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15.(a) Sales Contracts-		
15.(b) Sales Contracts-		
15.(c) Sales Contracts-		
15.(d) Sales Contracts-		
16. Price Lists for Domestic Market		
17.(a) Documentation for order		
17.(b) Documentation for order		
17.(c) Documentation for order		
17.(c) Documentation for order		
18. (a) Freight Agreement (Chinese)		
18. (b) Freight Agreement (English)		
19. China import Customs Duty filing		
20. Customs Duty Cost		
21. (a) Road transport Agreement (Chinese)		
21. (b) Road transport Agreement (English)		
21. (c) Rail Transport Agreements (Chinese)		
21. (d) Rail Transport Agreements (English)		
22. Production Process		
23. Cost Accounting System		

## Order information

Subscriber:	UPM-KYMMENE OYJ
Ordered data:	Major shareholders
Issuer:	UPM-KYMMENE OYJ

Order status:	Done
Time of order:	01.10.2013 02:02
Reference of order:	KUUKAUSITILAU
Order type:	Process monthly
Run date:	01.11.2013

Sort order:	Order of number of book-entry securities
Report type:	Short
Book-entry securities:	UPM1V
Record date:	31.10.2013

How many major shareholders will be shown? 100

Customer ID will be shown in report: No

Nominee registered holdings:	The data will contain all types of holdings
------------------------------	---



**Book-entry securities**

UPM1V UPM-KYMMENE OYJ

Book-entry security	Shareholders register, pc	Waiting list, pc	Nominee registered, pc	Issuer account, pc	Subscription rights, pc	New shares, pc	Number of issued	% of shares issued
UPM1V	98 139 843	0	304 038 131	-	-	-	528 704 962	76,068508

**Summary**

Number of owners	100
In addition participants in joint ownership	0
Number of votes	402 177 974
Share of votes	76,068508
Total number of votes	528 704 962
Total number of book-entry securities	528 704 962



Customer Id	Name	Book-entry security	Amount	%	Votes	%
1	NORDEA PANKKI SUOMI OYJ	Nominee registered UPM1V	140 630 119	26,598978	140 630 119	26,598978
		Total	140 630 119	26,598978	140 630 119	26,598978
2	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINGIN SIVUKONTTORI	Nominee registered UPM1V	134 193 792	25,381603	134 193 792	25,381603
		Total	134 193 792	25,381603	134 193 792	25,381603
3	SVENSKA HANDELSBANKEN AB (PUBL) FILIAL VERKSAMHETEN I FINLAND	Nominee registered UPM1V	13 615 270	2,575211	13 615 270	2,575211
		Total	13 615 270	2,575211	13 615 270	2,575211
4	CLEARSTREAM BANKING S.A.	Nominee registered UPM1V	13 013 675	2,461425	13 013 675	2,461425
		Total	13 013 675	2,461425	13 013 675	2,461425
5	KESKINÄINEN TYÖELÄKEVAKUUTUSYHTIÖ VARMA	UPM1V	10 210 000	1,931134	10 210 000	1,931134
		Total	10 210 000	1,931134	10 210 000	1,931134
6	KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ILMARINEN	UPM1V	9 869 552	1,866741	9 869 552	1,866741
		Total	9 869 552	1,866741	9 869 552	1,866741
7	MANDATUM HENKIVAKUUTUSOSAKEYHTIÖ	UPM1V	9 531 219	1,802748	9 531 219	1,802748
		Total	9 531 219	1,802748	9 531 219	1,802748
8	VALTION ELÄKERAHASTO	UPM1V	4 751 661	0,898736	4 751 661	0,898736
		Total	4 751 661	0,898736	4 751 661	0,898736
9	SVENSKA LITTERATURSÄLLSKAPET I FINLAND RF	UPM1V	3 868 600	0,731712	3 868 600	0,731712
		Total	3 868 600	0,731712	3 868 600	0,731712
10	KEVA	UPM1V	3 736 794	0,706782	3 736 794	0,706782
		Total	3 736 794	0,706782	3 736 794	0,706782
11	SCHWEIZERISCHE NATIONALBANK	UPM1V	3 469 088	0,656148	3 469 088	0,656148
		Total	3 469 088	0,656148	3 469 088	0,656148
12	ELÄKE-FENNIA KESKINÄINEN VAK.Y	UPM1V	3 450 600	0,652651	3 450 600	0,652651
		Total	3 450 600	0,652651	3 450 600	0,652651
13	KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ETERA	UPM1V	2 917 539	0,551827	2 917 539	0,551827
		Total	2 917 539	0,551827	2 917 539	0,551827
14	FOLKETRYGDFONDET	UPM1V	2 751 319	0,520388	2 751 319	0,520388
		Total	2 751 319	0,520388	2 751 319	0,520388
15	SKAGEN GLOBAL VERDIPAPIRFOND	UPM1V	1 796 493	0,339791	1 796 493	0,339791
		Total	1 796 493	0,339791	1 796 493	0,339791
16	SUOMEN KULTTUURIRAHASTO	UPM1V	1 716 818	0,324721	1 716 818	0,324721
		Total	1 716 818	0,324721	1 716 818	0,324721
17	KYMIN OSAKEYHTIÖN 100-VUOTISSÄÄTIÖ	UPM1V	1 696 122	0,320807	1 696 122	0,320807
		Total	1 696 122	0,320807	1 696 122	0,320807



Customer Id	Name	Book-entry security	Amount	%	Votes	%
18	KESKINÄINEN VAKUUTUSYHTIÖ KALEVA	UPM1V	1 673 491	0,316526	1 673 491	0,316526
		Total	1 673 491	0,316526	1 673 491	0,316526
19	KANSANELÄKELAITOS	UPM1V	1 603 690	0,303324	1 603 690	0,303324
		Total	1 603 690	0,303324	1 603 690	0,303324
20	SIJOITUSRAHASTO NORDEA FENNIA	UPM1V	1 550 000	0,293169	1 550 000	0,293169
		Total	1 550 000	0,293169	1 550 000	0,293169
21	SIGRID JUS LIUS STIFTELSE	UPM1V	1 401 882	0,265154	1 401 882	0,265154
		Total	1 401 882	0,265154	1 401 882	0,265154
22	SAMFUNDET FOLKHÄLSAN I SVENSKA FINLAND RF	UPM1V	1 296 872	0,245292	1 296 872	0,245292
		Total	1 296 872	0,245292	1 296 872	0,245292
23	GÖSTA SERLACHIUS KONSTSTIFTELSE - GÖSTA SERLACHIUKSEN TAIDESÄÄTIÖ	UPM1V	1 286 292	0,243291	1 286 292	0,243291
		Total	1 286 292	0,243291	1 286 292	0,243291
24	EUROCLEAR BANK SA/NV	Nominee registered UPM1V	1 158 662	0,219151	1 158 662	0,219151
		Total	1 158 662	0,219151	1 158 662	0,219151
25	SIJOITUSRAHASTO AKTIA CAPITAL	UPM1V	1 100 000	0,208056	1 100 000	0,208056
		Total	1 100 000	0,208056	1 100 000	0,208056
26	ETOLA OY	UPM1V	1 000 000	0,189141	1 000 000	0,189141
		Total	1 000 000	0,189141	1 000 000	0,189141
27	STIFTELSEN FÖR ÅBO AKADEMI	UPM1V	968 948	0,183268	968 948	0,183268
		Total	968 948	0,183268	968 948	0,183268
28	POHJOLA PANKKI OYJ	Nominee registered UPM1V	948 768	0,179451	948 768	0,179451
		Total	948 768	0,179451	948 768	0,179451
29	LAKKONEN MIKKO	UPM1V	930 400	0,175977	930 400	0,175977
		Total	930 400	0,175977	930 400	0,175977
30	SR DANSKE INVEST SUOMI OSAKE	UPM1V	833 032	0,157561	833 032	0,157561
		Total	833 032	0,157561	833 032	0,157561
31	SIJOITUSRAHASTO SELIGSON & CO OMX HELSINKI 25 PÖRSSINOTEERATTU RAHASTO	UPM1V	820 961	0,155278	820 961	0,155278
		Total	820 961	0,155278	820 961	0,155278
32	FOLKHÄLSAN I SVENSKA FINLAND RF INEZ OCHJULIUS POLINS FOND	UPM1V	775 986	0,146771	775 986	0,146771
		Total	775 986	0,146771	775 986	0,146771
33	MANDATUM LIFE UNIT-LINKED	UPM1V	686 569	0,129859	686 569	0,129859
		Total	686 569	0,129859	686 569	0,129859
34	SR DANSKE INVEST SUOMI YHTEISÖSAKE	UPM1V	659 360	0,124712	659 360	0,124712
		Total	659 360	0,124712	659 360	0,124712
35	SIJOITUSRAHASTO NORDEA PRO SUOMI	UPM1V	659 000	0,124644	659 000	0,124644



Time of order 01.10.2013 02:02

Customer Id	Name	Book-entry security	Amount	%	Votes	%
		Total	659 000	0,124644	659 000	0,124644
36	SIJOITUSRAHASTO TAALERITEHDAS ARVO MARKKA OSAKE	UPM1V	650 000	0,122942	650 000	0,122942
		Total	650 000	0,122942	650 000	0,122942
37	SKAGEN GLOBAL II VERDIPAPIRFOND	UPM1V	582 488	0,110173	582 488	0,110173
		Total	582 488	0,110173	582 488	0,110173
38	ELLA OCH GEORG EHRNROOTHS STIFTELSE	UPM1V	567 024	0,107248	567 024	0,107248
		Total	567 024	0,107248	567 024	0,107248
39	INGMAN FINANCE OY AB	UPM1V	565 000	0,106865	565 000	0,106865
		Total	565 000	0,106865	565 000	0,106865
40	ODIN FINLAND	UPM1V	546 318	0,103331	546 318	0,103331
		Total	546 318	0,103331	546 318	0,103331
41	VEIKKO LAINE OY	UPM1V	530 000	0,100245	530 000	0,100245
		Total	530 000	0,100245	530 000	0,100245
42	ORIONIN ELÄKESÄÄTIÖ	UPM1V	522 121	0,098755	522 121	0,098755
		Total	522 121	0,098755	522 121	0,098755
43	DANSKE BANK OYJ	Nominee registered UPM1V	477 845	0,090380	477 845	0,090380
		Total	477 845	0,090380	477 845	0,090380
44	LIVRÄNTEANSTALTEN HEREDITAS	UPM1V	472 500	0,089369	472 500	0,089369
		Total	472 500	0,089369	472 500	0,089369
45	DANSKE BANK A/S, HELSINGFORS FILIAL	UPM1V	459 452	0,086901	459 452	0,086901
		Total	459 452	0,086901	459 452	0,086901
46	ASIPEX OY AB	UPM1V	454 500	0,085965	454 500	0,085965
		Total	454 500	0,085965	454 500	0,085965
47	JENNY JA ANTTI WIHURIN RAHASTO	UPM1V	452 640	0,085613	452 640	0,085613
		Total	452 640	0,085613	452 640	0,085613
48	INDEKSIRAHASTO NORDEA SUOMI SIJOITUSRAHASTO	UPM1V	450 661	0,085239	450 661	0,085239
		Total	450 661	0,085239	450 661	0,085239
49	SIJOITUSRAHASTO ALFRED BERG FINLAND	UPM1V	449 056	0,084935	449 056	0,084935
		Total	449 056	0,084935	449 056	0,084935
50	SAASTAMOISEN SÄÄTIÖ	UPM1V	440 000	0,083222	440 000	0,083222
		Total	440 000	0,083222	440 000	0,083222
51	SELIGSON & CO SUOMI -INDEKSIRAHASTO	UPM1V	430 081	0,081346	430 081	0,081346
		Total	430 081	0,081346	430 081	0,081346
52	LAAKKONEN HANNU MARKUS	UPM1V	417 304	0,078929	417 304	0,078929
		Total	417 304	0,078929	417 304	0,078929
53	SVENSKA FOLKSKOLANS VÄNNER R.F.	UPM1V	412 338	0,077990	412 338	0,077990
		Total	412 338	0,077990	412 338	0,077990



Customer Id	Name	Book-entry security	Amount	%	Votes	%
54	BJÖRNBERG EMELIE MARINA	UPM1V	400 000	0,075657	400 000	0,075657
		Total	400 000	0,075657	400 000	0,075657
55	BJÖRNBERG GUSTAF JOHAN RICARDO	UPM1V	400 000	0,075657	400 000	0,075657
		Total	400 000	0,075657	400 000	0,075657
56	NORDEA HENKIVAKUUTUS SUOMI OY	UPM1V	397 667	0,075215	397 667	0,075215
		Total	397 667	0,075215	397 667	0,075215
57	SIJOITUSRAHASTO SEB FINLANDIA	UPM1V	395 800	0,074862	395 800	0,074862
		Total	395 800	0,074862	395 800	0,074862
58	MAGNUS EHRNROOTHS STIFTELSE	UPM1V	388 100	0,073406	388 100	0,073406
		Total	388 100	0,073406	388 100	0,073406
59	SÄÄSTÖPANKKI KOTIMAA -SIJOITUSRAHASTO	UPM1V	385 000	0,072819	385 000	0,072819
		Total	385 000	0,072819	385 000	0,072819
60	MERIMIESELÄKEKASSA	UPM1V	382 896	0,072421	382 896	0,072421
		Total	382 896	0,072421	382 896	0,072421
61	WILLIAM THURINGS STIFTELSE	UPM1V	371 964	0,070354	371 964	0,070354
		Total	371 964	0,070354	371 964	0,070354
62	OP-DELTA -SIJOITUSRAHASTO	UPM1V	350 000	0,066199	350 000	0,066199
		Total	350 000	0,066199	350 000	0,066199
63	NORVESTIA OYJ	UPM1V	336 752	0,063694	336 752	0,063694
		Total	336 752	0,063694	336 752	0,063694
64	OP-HENKIVAKUUTUS OY	UPM1V	335 280	0,063415	335 280	0,063415
		Total	335 280	0,063415	335 280	0,063415
65	BJÖRNEBORGS SVENSKA SAMSKOLAS AKTIEBOLAG	UPM1V	327 720	0,061985	327 720	0,061985
		Total	327 720	0,061985	327 720	0,061985
66	HAARLA EERO JUKKA	UPM1V	308 650	0,058378	308 650	0,058378
		Total	308 650	0,058378	308 650	0,058378
67	ETOLA ERKKI OLAVI	UPM1V	300 000	0,056742	300 000	0,056742
		Total	300 000	0,056742	300 000	0,056742
68	BRUNOW BERNDT HARALD	UPM1V	296 867	0,056150	296 867	0,056150
		Total	296 867	0,056150	296 867	0,056150
69	FONDITA EQUITY SPICE PLACERINGSFOND	UPM1V	284 354	0,053783	284 354	0,053783
		Total	284 354	0,053783	284 354	0,053783
70	HOLDING MANUTAS OY	UPM1V	280 000	0,052960	280 000	0,052960
		Total	280 000	0,052960	280 000	0,052960
71	SALTAN MAKSIM	UPM1V	276 750	0,052345	276 750	0,052345
		Total	276 750	0,052345	276 750	0,052345
72	HISINGER-JÄGERSKIÖLD EVA	UPM1V	269 041	0,050887	269 041	0,050887
		Total	269 041	0,050887	269 041	0,050887



Customer Id	Name	Book-entry security	Amount	%	Votes	%
73	TALLBERG CARL JOHAN	UPM1V	252 952	0,047844	252 952	0,047844
		Total	252 952	0,047844	252 952	0,047844
74	BJÖRNBERG FREDRIK	UPM1V	248 716	0,047042	248 716	0,047042
		Total	248 716	0,047042	248 716	0,047042
75	UDVARDY MONICA	UPM1V	244 969	0,046334	244 969	0,046334
		Total	244 969	0,046334	244 969	0,046334
76	HISINGER-JÄGERSKIÖLD BARBARA MARIA	UPM1V	244 213	0,046191	244 213	0,046191
		Total	244 213	0,046191	244 213	0,046191
77	WAHLROOS BJÖRN ARNE CHRISTER	UPM1V	242 654	0,045896	242 654	0,045896
		Total	242 654	0,045896	242 654	0,045896
78	SVENSKA KULTURFONDEN I BJÖRNEBORG, STIFTAD 19 7/10 19 AV HJALMAR WIDBOM	UPM1V	242 372	0,045843	242 372	0,045843
		Total	242 372	0,045843	242 372	0,045843
79	SOINI HEIKKI	UPM1V	240 000	0,045394	240 000	0,045394
		Total	240 000	0,045394	240 000	0,045394
80	ÅLANDS ÖMSESIDIGA FÖRSÄKRINGSBOLAG	UPM1V	239 000	0,045205	239 000	0,045205
		Total	239 000	0,045205	239 000	0,045205
81	TEOLLISUUDEN JA TYÖNANTAJAIN (TT)-SÄÄTIÖ	UPM1V	237 048	0,044836	237 048	0,044836
		Total	237 048	0,044836	237 048	0,044836
82	FAZER MAJLEN	UPM1V	234 369	0,044329	234 369	0,044329
		Total	234 369	0,044329	234 369	0,044329
83	HISINGER-JÄGERSKIÖLD CLAES-JOHAN KP	UPM1V	233 640	0,044191	233 640	0,044191
		Total	233 640	0,044191	233 640	0,044191
84	UPM-KYMMENE OYJ	UPM1V	230 737	0,043642	230 737	0,043642
		Total	230 737	0,043642	230 737	0,043642
85	BJÖRNBERG CARL GUSTAF	UPM1V	230 100	0,043521	230 100	0,043521
		Total	230 100	0,043521	230 100	0,043521
86	LAAKKONEN YRJÖ ILMARI	UPM1V	230 000	0,043503	230 000	0,043503
		Total	230 000	0,043503	230 000	0,043503
87	SIJOITUSRAHASTO EQ SUOMI	UPM1V	226 400	0,042822	226 400	0,042822
		Total	226 400	0,042822	226 400	0,042822
88	YLEISRADION ELÄKESÄÄTIÖ S.R.	UPM1V	226 199	0,042784	226 199	0,042784
		Total	226 199	0,042784	226 199	0,042784
89	DE LA CHAPELLE CHRISTINA SOFIA MARGARETA	UPM1V	225 191	0,042593	225 191	0,042593
		Total	225 191	0,042593	225 191	0,042593
90	PLACERINGSFONDEN HANDELSBANKEN AKTIE	UPM1V	215 200	0,040703	215 200	0,040703



Time of order 01.10.2013 02:02

Customer Id	Name	Book-entry security	Amount	%	Votes	%
		Total	215 200	0,040703	215 200	0,040703
91	EMIL AALTOSEN SÄÄTIÖ	UPM1V	214 200	0,040514	214 200	0,040514
		Total	214 200	0,040514	214 200	0,040514
92	SUOMEN EKONOMILIITTO - FINLANDS EKONOMFÖRBUND - SEFE RY	UPM1V	213 500	0,040382	213 500	0,040382
		Total	213 500	0,040382	213 500	0,040382
93	WREDE SOPHIE	UPM1V	211 862	0,040072	211 862	0,040072
		Total	211 862	0,040072	211 862	0,040072
94	FOLKHÄLSANS FORSKNINGSSTIFTELSE - KANSANTERVEYDEN TUTKIMUSSÄÄTIÖ	UPM1V	204 620	0,038702	204 620	0,038702
		Total	204 620	0,038702	204 620	0,038702
95	YKSITYISYRITTÄJÄIN SÄÄTIÖ	UPM1V	199 100	0,037658	199 100	0,037658
		Total	199 100	0,037658	199 100	0,037658
96	THERMAN MARKUS	UPM1V	196 136	0,037097	196 136	0,037097
		Total	196 136	0,037097	196 136	0,037097
97	PESONEN JUSSI HEIKKI	UPM1V	195 280	0,036936	195 280	0,036936
		Total	195 280	0,036936	195 280	0,036936
98	SALTAN IGOR	UPM1V	190 035	0,035943	190 035	0,035943
		Total	190 035	0,035943	190 035	0,035943
99	LAAKKOSEN ARVOPAPERI OY	UPM1V	190 000	0,035937	190 000	0,035937
		Total	190 000	0,035937	190 000	0,035937
100	SUOMALAISEN KIRJALLISUUDEN SEURA RY	UPM1V	180 738	0,034185	180 738	0,034185
		Total	180 738	0,034185	180 738	0,034185

The Biofore Company



# Welcome to UPM Changshu Mill





# Welcome to UPM

A wide-angle photograph of a large industrial paper mill. In the foreground, a yellow overhead crane is visible. Below it, there are large green industrial machines, likely part of the paper production process. The floor is a light-colored, polished concrete that reflects the overhead lights. The background shows the high ceiling of the mill with various pipes and structural elements.

We are happy to show you the mill and present our modern paper production processes.

UPM Changshu Mill is an environmentally friendly integrated mill site that produces paper. We minimize all direct and indirect impacts on nature caused by our activities including the procurement of raw materials, production and other stages of the product life cycle.

Our main products include woodfree coated and uncoated office and graphic paper.

Have a safe visit!

# Changshu Mill

A wide-angle photograph of the interior of the UPM Changshu Mill. The image shows a vast, brightly lit industrial space with a high ceiling supported by a complex network of steel trusses. The floor is highly polished and reflects the overhead lights, with green safety lines painted on it. On the left side, there is a large green industrial machine, likely a paper mill component, with a large roll of white paper. The perspective leads the eye down a long, straight aisle towards the far end of the facility.

## UPM Changshu – a conveniently located mill site

UPM Changshu mill is located by the Yangtze River and next to Changshu port. The mill is about 100 kilometres from Shanghai and its integrated site consists of:

- Paper Mill (two paper machines, super calender, 15 pockets and 8 pockets copy paper sheeters)
- Power plant
- Jetty
- Biological effluent treatment plant
- Asia Research & Development Centre
- UPM Raflatac Changshu (labelstock factory)

# A safe and attractive workplace

UPM Changshu Paper Mill employs about 600 people. The majority of the employees live in the Changshu area. The average age of the employees is about 33 years.

UPM aims to be a safe, fair and responsible employer. Safety is the first priority of the mill and special attention is paid to employee safety and well-being.

UPM Changshu Mill encourages employees in career development. Employees are provided with a wide range of training and individual learning is strongly supported. Through smooth communication channels between management and employees, we ensure high employee engagement.



UPM was officially certified by the CRF institute as one of China's Top employers in 2012 & China's Top employers in 2013.





# Corporate Responsibility

UPM Changshu Mill is a responsible company focusing on sustainable development. Economic, social and environmental responsibilities are taken into account in all activities.

The mill's environmental objectives are:

- Improving energy efficiency
- Reducing water consumption
- Reducing air emissions and effluent discharge

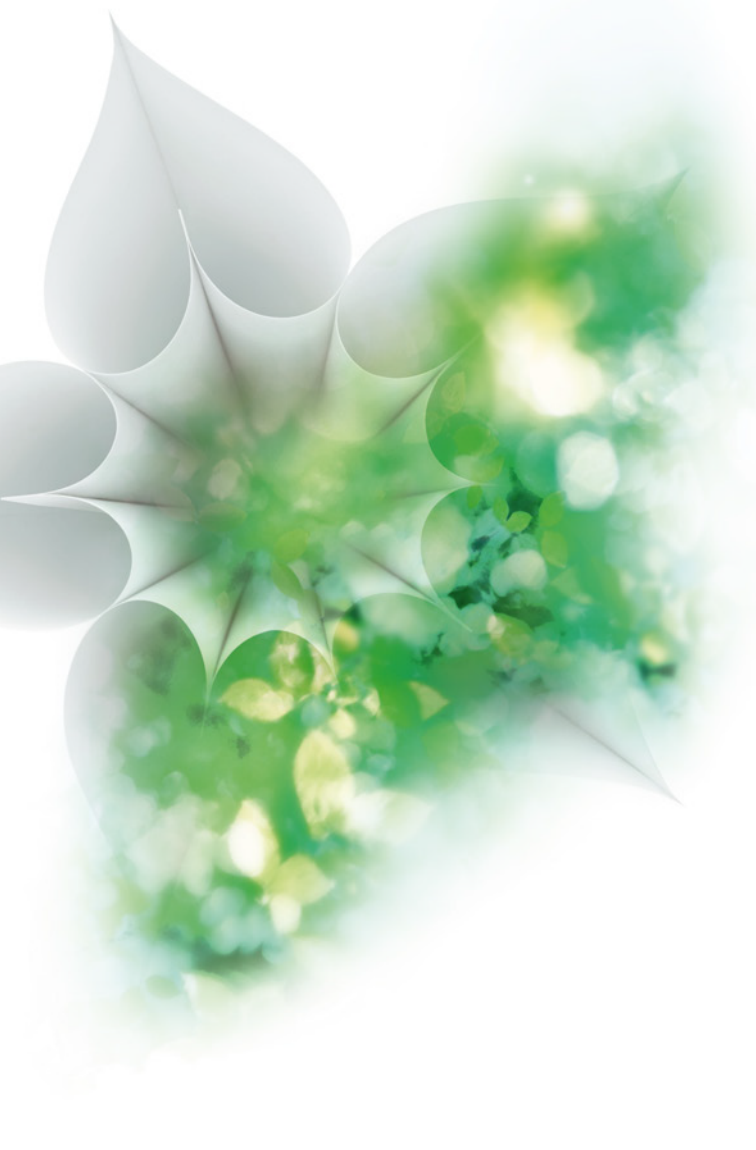


The mill contributes to the local community by arranging different environmental and social activities as well as sponsoring various local events. UPM Changshu mill also has scholarship programs with different universities.



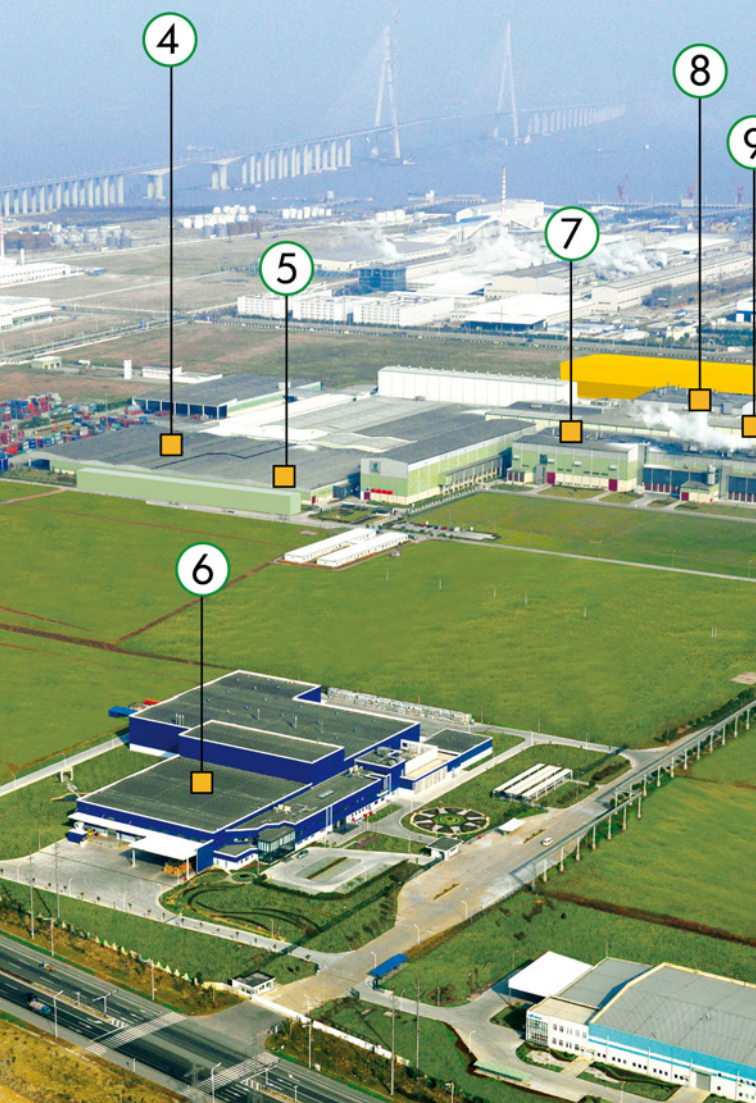
## Responsible supplier selection and auditing

- UPM suppliers are selected according to UPM Global Sourcing Rules. The selection criteria include CSR, environmental and safety aspects.
- Annual reviews with key suppliers are conducted on environmental, quality and safety issues.





1. UPM Asia R&D Centre
2. Living area
3. Container yard
4. Finished goods storage
5. Converting
6. UPM Raflatac CSU



- 7. PM 1
- 8. PM 2
- 9. APAC Supply Chain Centre
- 10. IT Centre
- 11. PM 3 project under construction
- 12. Effluent treatment facility





13. Power plant






14. Pulp storage

15. Coal yard

16. Jetty



## Instructions for visitors

-  Comply with the safety regulations and use protective equipment
-  In an emergency situation, follow instructions given by your host
-   Permission is needed for photographing and video recording
-  Smoking is only allowed in designated areas



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## Production

The paper mill produces woodfree coated and uncoated office paper and graphic paper with the help of two paper machines and other facilities. The paper is finished using the mill's own sheeting lines. The fine paper produced at Changshu mill is made from 100% ECF chemical pulp.

### Mill capacity

- PM 1 produces approximately 450,000 tonnes of office paper per year
- PM 2 produces approximately 350,000 tonnes of graphic paper per year
- Cutsite capacity is 450,000 tonnes per year
- Folio sheeting capacity is 320,000 tonnes per year

### Changshu mill and product certificates:

- |  |             |
|--|-------------|
| ● Quality management                               | ISO 9001    |
| ● Environmental management                         | ISO 14001   |
| ● Occupational health and safety management system | OHSAS18001  |
| ● Chain of Custody                                 | FSC<br>PEFC |

# Products

UPM Changshu paper mill is a large-scale production plant producing fine graphic paper and office paper. The paper manufactured at the mill has various end uses including magazines, catalogues, advertising materials as well as office and writing papers.

Graphic paper produced at Changshu mill covers a wide range of low and media grammage, including woodfree coated paper (UPM Finesse classic gloss and Finesse classic matt), and woodfree uncoated paper (UPM Fine and UPM Fine Preprint). Office paper includes the brands 'Yes', 'Future' and 'UPM Office'.



# Services

UPM's Asia Pacific sales and supply chain network is responsible for selling and delivering products manufactured at Changshu Mill as well as providing the following services.

## Training and Information Services

- UPM paper and printing school
- Paper and printing seminars
- Printing simulator training
- UPM Flash customer magazine
- Mill visits for customers
- Visits for paper and printing exhibitions

## Paper Sample Services

- Unprinted paper samples
- Printed sample books



## Supply Chain and Logistics Services

- Warehousing and warehouse management service
- UPM cargo handling manual
- Stock management
- Customer Online

## Technical Customer Services

- Customer feedback
- Paper and printing technical consulting, trouble shooting, on-site service
- Consulting for printing start-up



# Milestones of UPM Changshu Mill

- |      |   |
|------|---|
| 1999 | PM 2 start-up   |
| 2000 | "Environmental Enterprise of Jiangsu Province"  |
| 2001 | "Green Enterprise" of Changshu, received since 2001 for many consecutive years  |
| 2003 | Certified with the ISO 14001 Environmental Management System  |
| 2004 | Certified with the ISO 9001 Quality Management System<br>"Environmentally Friendly Enterprise of Jiangsu Province"  |
| 2005 | PM 1 start-up<br>"State Environmentally Friendly Enterprise" awarded by the State Environmental Protection Administration of China<br>Certified with the OHSAS 18001 Occupational Health and Safety Management System   |
| 2007 | Honoured in the "2006 Red List of Import & Export Enterprises" ,<br>"High Creditability Enterprise" recognized by the General Administration of Customs of China<br>Honoured in the "AA management enterprise" issued by the General Administration of Customs of China |

- 2008 The first office paper manufactory certified with the "China Environmental Labelling"  
"Top 30 Pulp & Paper Manufacturer of China"  
awarded by the China Paper Association
- 2009 "Enterprise of Guaranteed Quantity Measurement" issued by the Quality and Technical Supervision of Jiangsu Province
- 2010 & 2011 "Environment Friendly Enterprise"  
awarded by the China Paper Association
- 2012 China's Top Employers 2012 certified by the CRF institute  
8 pockets-A4 copy paper sheeter started up  
Honoured in "Hi-tech enterprise" certificate
- 2013 China's Top Employers 2013 certified by the CRF institute

