

People

the key to operational excellence

In 2004 Stora Enso defined the key success factors for managing and developing human resources throughout the whole Group. The human resources strategy takes its lead from Stora Enso's vision and longer-term aspirations and creates a framework for people management and development across the whole organisation.

From strategy to action

Stora Enso Human Resources supports the vision of being the world's leading forest products company by recruiting the best people and creating a corporate culture that motivates and enables them to achieve their full potential.

The human resources strategy is based on three key success factors: performance culture (motivation), competence development (skills) and attracting and retaining talent (people magnet). Specific benchmarks and targets to be achieved by 2006 have been set for each of these key success factors.

"We have put a lot of effort into creating standardised means of implementing this strategy and ways of measuring how well we are performing. The target is to achieve the same level of excellence throughout the whole Group," says Christer Ågren, Executive Vice President, Corporate Human Resources and TQM.

One means of implementing the strategy in individual business units is the Stora Enso Excellence 2005 programme, which provides a framework for continuous improvement.

Each unit, division and country has its own human resources action plan based on Group strategy. Stora Enso Human Resources has been developing



and upgrading its systems for monitoring performance and implementation of these plans.

Strongly motivated

Skilled and motivated personnel are crucial to success. The very challenging goals the Group has set for itself will be achieved only by people motivated to perform and deliver exceptional results. Stora Enso encourages its employees to do their best and continuously develop their skills, and rewards their accomplishments.

"We want to establish ourselves as the world's leading forest products company. We understand what it will take to achieve this goal. We need a demanding organisational culture, but we also want to ensure high employee satisfaction," says Christer Ågren.

Leadership and management are crucial in attaining the vision and strategic targets. Managers at all levels within

Stora Enso lead by example. They are responsible for creating a professional environment that promotes teamwork, motivation, health and well-being, and in which people gain personal satisfaction. Vital qualities identified as essential in Stora Enso managers are outstanding:

- Professional expertise
- Leadership
- Ability to utilise management tools

Competence for today and the future

By increasing the capabilities of all its employees, Stora Enso develops the competence of the whole Group and thereby further enhances its competitiveness.

The focus in developing competence is on Stora Enso's long-term requirements, so training is closely linked to business planning in order to develop the capabilities crucial to the future of the business.

Competence development within Stora Enso is divided into programmes at Group level and programmes at prod-

uct area or divisional level. At Group level, Stora Enso organises several management development programmes, including Trainee Programme, Manager Programme and Stora Enso Executive Programme. There is also training in international operations and other special-focus programmes. The programmes developed in co-operation with experts from leading business schools are specifically devised for Stora Enso.

In addition to these programmes, Stora Enso's product areas and divisions provide training at all levels to secure the competence and expertise required for business development.

Change of generation

Stora Enso ensures continuity and the transfer of know-how between generations by recruiting the most talented candidates, retaining them and devel-

oping their skills throughout their career with the Group.

Stora Enso is preparing for change in top management as a number of key persons reach retirement age in the next three years. The managerial change is being carefully planned to ensure a smooth transition. ●

Human Resources indicators

| Key figures | 2002 | 2003 | 2004 |
|-----------------------------------------------------------------------------------|---------|---------|---------|
| Average number of employees | 43 853 | 44 264 | 43 779 |
| Sales/employee, EUR | 291 488 | 274 993 | 283 145 |
| Personnel turnover, %* | 2.8 | 2.2 | 5.2 |
| Training days/employee | 4.9 | 3.8 | 3.4 |
| Absenteeism due to sickness and accidents, % (of total theoretical working hours) | 4.9 | 4.8 | 4.6 |

*) Based on number of outgoing permanent employees who left Stora Enso voluntarily.

| Employees by country | 2002 | 2003 | 2004 | % |
|----------------------|--------|--------|--------|-----|
| Finland | 14 676 | 14 479 | 13 820 | 31 |
| Sweden | 9 187 | 9 068 | 8 848 | 20 |
| Germany | 4 761 | 4 785 | 4 734 | 11 |
| USA | 5 731 | 5 182 | 4 644 | 11 |
| Russia | 581 | 741 | 1 710 | 4 |
| Austria | 1 189 | 1 226 | 1 261 | 3 |
| France | 1 333 | 1 312 | 1 260 | 3 |
| Estonia | 132 | 1 140 | 970 | 2 |
| Netherlands | 858 | 829 | 954 | 2 |
| China | 816 | 811 | 849 | 2 |
| Canada | 850 | 849 | 775 | 2 |
| Belgium | 645 | 623 | 603 | 1 |
| Other countries | 3 094 | 3 219 | 3 351 | 8 |
| Total, average | 43 853 | 44 264 | 43 779 | 100 |
| Total, year-end | 42 461 | 42 814 | 45 307 | |

Education

| | | |
|--------------------------------------|-------|---|
| Basic education | 21.6% | ● |
| High school/Vocational certificate | 45.4% | ● |
| College level | 13.3% | ● |
| Bachelor's degree/Polytechnic degree | 8.3% | ● |
| Master's degree | 4.6% | ● |
| Licentiate/Doctorate | 0.4% | ● |



NEW STUDENTS PAGES FROM STORA ENSO

Stora Enso is targeting students in its communications in a number of ways, including special web pages. The Students section of the Careers part of Stora Enso's website was revised in 2004, adding new pages specially for students in Stora Enso's main countries of operation. Students and graduates in these countries can now obtain helpful information in their own language.

The website provides students with up-to-date information about the forest products industry, the Stora Enso Group, its activities and opportunities for young people, and tips on applying for jobs. It will also include real-life examples of personnel presentations, job descriptions and career paths.

Besides providing helpful information, the new web pages will facilitate recruitment and enhance the Group's image. This demonstrates Stora Enso Human Resources' commitment to innovative and active communication with students.



▶ For further details about employee well-being, diversity and Corporate Social Responsibility, see the separate Sustainability 2004 report.