

Prioritising

health and safety

There are still marked differences between countries in safety performance. Four of the eight fatal accidents that occurred in 2004 happened in Russia. Steps are already being taken to improve the situation. New targets have meanwhile been set throughout the Group for key aspects of employee well-being, which is a top priority for Stora Enso.

Safe and healthy workplaces are a basic right for all employees, and help to create a motivating working atmosphere. Stora Enso will continue to focus on employee well-being during 2005. The main challenges concern the need for continuous improvements in safety performance, particularly in Russia, as well as reductions in illness- and accident-related absenteeism, especially in lower-performing units.

The internal safety audits conducted within Stora Enso's North American units have been very successful, and in the future these audits will also be used more widely through the Group's operations, with the aim of establishing a

comprehensive internal safety auditing system.

Safety has been adopted as an important element of the management bonus systems already applied in many units, and this practice is being encouraged by Corporate Human Resources.

One essential step for the development of management practices and working conditions is to extend the coverage of Stora Enso's Employee Satisfaction Surveys to all units. Utilisation of the web-based Stora Enso Survey System in evaluating employee well-being has increased during 2004. The main element of this system is the Stora Enso Employee Satisfaction Survey, which is

based on a standardised 52-item questionnaire available in 15 languages. Four indexes, focusing on different aspects of employee well-being and management practices, are calculated on the basis of respondents' answers to certain sets of questions. These indexes are:

- Employee Satisfaction Index
- Organisational Culture Index
- Competence Index
- Talent Index.

The survey has so far covered units with a total of about 14 000 employees and will eventually be used throughout the Group as a benchmarking tool.

Rolling out targets for employee well-being and OHS

- The rate of the lost-time accidents in each Stora Enso unit should be in the top 25% within the forest industry in the particular country. Where units have already achieved this, their target is to achieve rates in the top 25% within the forest industry world-wide. An accident rate of zero remains the ultimate goal.
- Absenteeism rates in each Stora Enso unit should be lower than the national forest industry average.
- More detailed targets have also been set for accident rates and absenteeism in certain countries, divisions and units.
- At the end of 2004, a Group-wide target was set that by the end of 2007 every production unit should establish a certified OHS management system such as OHSAS 18001.
- Targets have been set for the indexes calculated from Stora Enso's Employee Satisfaction Surveys. After a unit has run its first employee satisfaction survey, subsequent index targets are set higher to help promote improvements on the initial results.



Accident rates in 2004

There was a small increase in average accident rates throughout the Group in 2004. The rate of lost time accidents rose by 2.7% and the rate of all accidents at the workplace increased by 9.5%. The latter increase was partly due to the fact that first-aid injury cases occurring in German units were included in the statistics in a more comprehensive way in 2004. There are still marked differences between the accident rates of different units, however, and special attention has been paid to lower-performing units.

In some countries, accident rates in Stora Enso mills during 2004 were lower than national forest industry averages, but elsewhere there is clearly room for improvement.

In **Germany**, the average rate of accidents causing absenteeism of four days or more was 13.2 per one million worked hours, compared to a national paper industry average of 19.2 in 2003 (the latest available figure).

In **Sweden**, the average lost-time accident rate at the Stora Enso pulp and paper mills was 9.5 per one million worked hours, compared to the national pulp and paper industry average of 13.5 in 2003.

In **Finland**, the average rate of all accidents in the workplace at Stora Enso's pulp, paper and board mills was 51.2 per one million worked hours, compared to a national pulp and paper industry average of 40.0 in 2002. For Finnish sawmill units, the corresponding rates were 78.5 for Stora Enso sawmills and 59.0 for the Finnish sawmill industry as a whole in 2002.

In **North America**, the average rate of lost-time accidents was 7.0 per one million worked hours during 2004. Although this was the best figure within Stora Enso, this rate is still higher than the American Forest and Pulp Association 2003 average of 3.3.

Absenteeism declining

The average absenteeism rate throughout the Group was 0.2 percentage points lower than in 2003, although there are marked differences between absenteeism rates in different units. Special programmes focusing on health promotion and reducing absenteeism have been started up, especially in units with high absenteeism figures.

Accident rates and absenteeism¹⁾

	2001	2002	2003	2004
Accident rates				
Lost-time accidents				
- Number of accidents per million worked hours	26.5	24.0	19.9	20.4
- Number of accidents per 100 employees	4.5	4.0	3.4	3.5
All accidents in the workplace				
- Number of accidents per million worked hours	53.6	52.5	45.1	49.4
- Number of accidents per 100 employees	9.1	8.7	7.6	8.3
Absenteeism				
Absenteeism due to sickness and accidents				
- % of total theoretical working hours	5.0	4.9	4.8	4.6

¹⁾ Stora Enso's employees only.

Learning from good examples

In Austria, the **Bad St. Leonhard Sawmill** has set a good example in improving its safety performance. The unit is the first sawmill company in Austria to implement a certified safety and health management system. This certification was granted in September 2004 by the Austrian Social Insurance for Occupational Risks.

A Zero-Accident Project was started in Finland in 2004, with **Kotka, Oulu and Uimaharju mills** as pilot units. This project involves increasing local management's responsibility for safety, restoring operational safety responsibility in the line organisation, carrying out regular safety audits, giving safety training to all personnel and providing safety information. The Zero-Accident Project will eventually cover all Stora Enso's Finnish units.

At **Kvarnsveden Mill** special emphasis has been given to safety during a large paper machine construction project involving some 700 workers. All contractors' employees were given special safety training before they could start work on the project. Safety inspections have been conducted regularly, and safety performance has remained at a good level.

At **Skoghall Mill** safety procedures have been given prime importance during the construction of a recovery boiler, an evaporation plant, fuel handling systems and other machinery, as part of the mill's Energy 2005 project. This project involved an average of 200 workers during 2004, and will occupy about 550 contractors' employees in the beginning of 2005. All contractors' employees must participate in Skoghall Mill's safety training programme before starting work on the project. No serious accidents had happened in the project by the end of 2004.

From policy into practice

- Stora Enso's Occupational Health and Safety Policy is the basis for health and safety activities throughout the Group's operations.
- The strategic targets within OHS are that the Stora Enso employees are healthy and have good working ability, and that Stora Enso workplaces are free from accidents and work-related illnesses.
- Country-specific, division-specific and unit-specific OHS policies are derived from this corporate policy.
- The main responsibility for implementing these policies lies with the business units, who are supported at corporate level and by national or regional OHS co-ordinators and networks.
- The corporate OHS function is represented in the Corporate Social Responsibility Team.

A bad year for accidents

Seven fatal injuries occurred during Stora Enso's operations in 2004 – including four fatal accidents in Russia. In addition there was one fatal accident at the joint venture Veracel.

There have been full investigations into each of these fatal accidents, and the necessary actions have been taken in order to prevent such incidents in the future.

Four of the fatal accidents during 2004 involved employees of Russian harvesting companies; and two involved contractors' employees at mills.

- There were four fatal accidents at Wood Supply Russia. On **5 January**, an employee of the harvesting company ZAO STF-Strug, a Stora Enso subsidiary operating in the Pskov region, was killed by a falling tree. On **7 May**, an employee of the harvesting company ZAO STF-Gdov, a Stora Enso subsidiary, was killed by a falling tree during logging work in the Pskov region. On **17 June**, a truck maintenance worker employed by the harvesting company OAO Ladenso, a Stora Enso subsidiary, died after being run over by a timber transportation vehicle. An employee of the harvesting company OOO Russkij Les, a Stora Enso subsidiary operating in the Tikhvin region, was hit by a falling tree on **23 November** and died four days later. At Wood Supply Russia, a thorough internal safety audit is to be conducted during spring 2005, and safety training has been intensified, particularly where newly acquired personnel are

concerned. Furthermore, safety culture at Wood Supply Russia is being developed by comparing the safety practices applied by Finnish and Russian loggers, and by investing in modern logging equipment that provides better protection for staff.

- On **12 January**, a contractor's employee was killed at Baienfurt Mill by a high-voltage electric shock during rebuilding work.
- On **15 July**, a bulldozer operator was killed at Kemijärvi Pulp Mill, due to injuries caused by a wheel loader.
- On **29 September**, a contractor's employee was killed at Veitsiluoto Mill when a lever gear door fell on him during maintenance work.
- On **12 May**, a forest surveyor working for Veracel, Stora Enso's joint venture company, died in a traffic accident.

Since August 2004, all Stora Enso units have been required to report any fatal accidents involving Stora Enso's own employees or contractors' employees to the Group management within 24 hours. All other serious accidents have to be reported within 48 hours. Units are also required to run thorough accident investigations, and to make all the necessary improvements indicated during these investigations. ●