

# Paper Works

– *naturally*

SUSTAINABILITY REVIEW 2009

Every choice  
can make a difference *p. 1*

Managing sustainability  
throughout the supply  
chain *p. 29*

Social Responsibility  
is about relationships *p. 40*



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Every choice can make a difference. //



O

ne of the lessons learned from the past years' economic instability is how interconnected our world of today is. Sustainability, in its broadest sense, is also about coexistence. Every company has considerable influence on the economic, social and environmental well-being of its living environment through the raw materials, energy, transportation and countless other choices related to its business operations.

A prerequisite for responsible business operations is to have a comprehensive approach to the company's activities, and to recognise and identify the environmental and social impacts of the operations. For us at Myllykoski, a family company since 1892, responsible business conduct means focusing not only on our own operations but on the whole publication paper value chain, and finding sustainable business solutions in active dialogue with our customers, suppliers and partners. I am thus pleased to present to you in this review not only Myllykoski's own work and performance in sustainability, but also what some of our customers and suppliers are doing for a more sustainable world. Every decision counts and can make a difference.

It is also important that the companies in the paper, print and publishing industry work together to strengthen the sustainability credentials of print and paper. Co-operation is also especially important when comparing the sustainability of printed products with other materials. The fact that paper is made of renewable raw materials, that it is fully recyclable and that the forest-based industry as a whole is part of the solution to mitigate climate change needs more recognition and awareness.



2009 was an exceptionally difficult year due to the global recession and the severe repercussions it had on our customers, advertising, the print media as a whole – and on us. The production curtailments and restructuring measures called for flexibility from our staff in many ways. The short term focus was on cost savings and performance improvement programmes, but we also worked actively in many strategic areas. New paper grades were launched as a result of product development achievements together with our customers, more efficient energy generation capacity was commissioned, which helps to curb CO<sub>2</sub> emissions, and occupational health and safety continued to be our top priority.

Myllykoski's revised strategy incorporates sustainability down to the core. The UN's Global Compact initiative, which Myllykoski joined in 2008, is an important benchmark in our quest for continuous improvement.

We believe in paper and print because paper works – naturally.

*Sverre Norrgård*  
President and CEO

MYLLYKOSKI IN BRIEF

# It's all about



*Myllkoski is a family-owned international paper group with manufacturing sites in Germany, Finland and the United States. The Finnish roots of the parent company date back to 1892.*

Myllkoski specialises in the development, marketing and production of high-quality publication papers. It operates seven paper mills in Plattling (Bavaria), Ettringen (Bavaria) and Albbbruck (Baden-Württemberg) in Germany, in Kouvola, Finland, and in Madison in the State of Maine in the United States. The mills have a total annual capacity of close to 3 million tonnes. Myllkoski employs 2,700 people.

As the third largest producer of SC papers globally and among the top five in coated mechanical grades, Myllkoski is known for its creative paper products as well as for its flexible and reliable customer service.

**Operations and governance**

The Myllkoski Group is comprised of subsidiaries and affiliate companies: among others, the mills (Lang Papier, Madison [Myllkoski 60%], Myllkoski Paper [Myllkoski 65%], MD Albbbruck and MD Plattling) and the Myllkoski Sales network. The alliance partner Rhein Papier GmbH (Rhein Papier and Plattling Papier) is a company that operates independently but is owned directly by the shareholders of Myllkoski Corporation and organisationally managed by Myllkoski.

Myllkoski Corporation, the Finnish parent company of the Myllkoski Group, is a holding company and parent company of the Myllkoski Group companies (excl. Alliance partner Rhein Papier GmbH). It offers management services to its subsidiaries as well as to the alliance partner. Myllkoski Corporation's headquarters is located in Kouvola, Finland, with an office in Helsinki.

Myllkoski's "MY" brand papers are a varied range of wood-containing and recovered fibre based uncoated and coated publication papers for products such as magazines, newspapers, catalogues, brochures, direct mail, school books and outdoor posters. The international sales network, present through its own local offices and agencies in over 50 countries, is the key contact for publishers, printers, retailers and catalogue producers worldwide.

In 2009, the net sales of the Myllkoski Group (excl. Alliance Partner Rhein Papier GmbH) amounted to EUR 1.2 billion.

**Scope and objective of this review**

The Myllkoski Sustainability Performance Review 2009 covers Myllkoski Group's and its alliance partner Rhein Papier's produc-

tion units and other functions in operation throughout 2009. Myllkoski sold the Utzenstorf newsprint mill in June 2009 and the Alsip coated magazine paper mill in November 2009. Thus, their environmental performance data is included neither in the 2009 consolidated environmental facts and figures nor in the occupational health and safety and other personnel data of 2009. Sales offices and corporate functions are not included. The data on environmental emissions is based on the reporting practices in the country and locality concerned.

The review presents Myllkoski's business operations from the perspective of corporate responsibility, covering economic, environmental and social performance. The Global Reporting Initiative's reporting framework and indicators (GRI/G3) have been used as a guideline, and the main structure of the review follows the division into economic, environmental and social responsibility. The review has not been externally assured, but Tofuture Oy, specialised in corporate sustainability, has checked the publication and confirms that it conforms to GRI Guidelines. Adherence to GRI indicators is illustrated and explained in a separate GRI index.



Mill	Country	Management systems						Paper machines	Total annual capacity, tonnes	Paper grades
		ISO 14001	EMAS	ISO 9001	OHSAS 18001	PEFC CoC	FSC CoC			
Lang Papier	Germany	❄️	❄️	❄️	❄️	❄️	❄️	3 <sup>1)</sup>	615,000	SC, newsprint
Madison	USA	❄️					❄️	1	220,000	SC
MD Albbbruck	Germany	❄️	❄️	❄️	❄️	❄️	❄️	3	320,000	LWC
MD Plattling	Germany	❄️	❄️	❄️	❄️	❄️	❄️	2 <sup>1)</sup>	400,000	LWC
Myllkoski Paper	Finland	❄️	❄️	❄️	❄️	❄️	❄️	3	600,000	SC, LWC
Plattling Papier	Germany	❄️	❄️	❄️	❄️	❄️	❄️	1	380,000	SC
Rhein Papier	Germany	❄️	❄️	❄️	❄️		❄️	1 <sup>1)</sup>	310,000	newsprint

<sup>1)</sup> Deinking plant

- ISO 14001 an international standard for environmental management
- EMAS European Eco-Management and Audit Scheme, relevant only within the European Union
- ISO 9001 an international standard for quality management
- OHSAS 18001 an international specification for occupational health and safety management systems
- PEFC Programme for the Endorsement of Forest Certification schemes. SFI and the CSA SFM programmes are also endorsed by PEFC
- FSC Forest Stewardship Council
- CoC a certified Chain of Custody system confirms the amount of wood raw material originating from certified forests
- SC Super Calendered, uncoated magazine paper
- LWC Light Weight Coated magazine paper

The objective of this publication is to enhance the dialogue between Myllkoski and its stakeholders. The responsible production and use of print and paper and sustainable business solutions are the common goals of the entire Graphic Communications Supply Chain, including forestry, pulp, paper, inks and chemicals, pre-press, press, finishing, publishing and printing. This review seeks to illustrate what Myllkoski has done to ensure the sustainability of paper manufacturing and to highlight the main focal areas and activities of Myllkoski's current and future sustainability work.

The review is published in English and German, and is also available on Myllkoski's website at [www.myllkoski.com](http://www.myllkoski.com). Myllkoski has published joint Environmental and Sustainability Reports since 2002. The Myllkoski mills in Europe publish unit-specific Environmental Reports, which follow the principles of EMAS reporting. These publications can be found on Myllkoski's website. ❄️

## EVERY DECISION COUNTS

**IN OUR DAILY LIVES, WE ALL HAVE OPPORTUNITIES TO MAKE CHOICES THAT CAN HAVE A SIGNIFICANT IMPACT ON THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT. MYLLYKOSKI WORKS CLOSELY WITH ITS CUSTOMERS, SUPPLIERS AND PARTNERS TO FOSTER A SUSTAINABLE LIFE CYCLE FOR PRINT MEDIA. Every choice can make a difference.**

In the Myllkoski Sustainability Review, Jean Denault from Transcontinental »page 13, Vincent Dupuis from Prisma Presse »page 16, Guy Gleysteen from Time Inc »page 20, Andreas Henrichs from Mohn media »page 36, Peter Sommerville from Denmaur »page 38, Helmut Struchtrup from Amberger Kaolinwerke »page 45 and Eva Thuresson from Södra Cell »page 49 discuss how their companies strive to make a difference.



# Myllykoski's Paper Cycle 2009



Myllykoski's Paper Cycle sums up the total material, energy and emission flows to and from the Myllykoski paper mills in Germany, Finland and the United States. For mill-specific data, please refer to the Environmental Reports published by the mills, available at [www.myllykoski.com](http://www.myllykoski.com).



## CLIMATE CONCERN

# Climate politics required to achieve a low-carbon society

*“What is needed now is climate politics, not just carbon dioxide politics,” says Atte Korhola, professor of environmental change. Urgent measures are required to combat climate change, but it is also essential to choose means that genuinely improve the state of the atmosphere and make sense from the overall environmental and national economy standpoints. The time has come to re-evaluate climate politics.*

Professor Atte Korhola heads the multidisciplinary Environmental Change Research Unit at the University of Helsinki, and is a member of the Environment Panel of the European Academies Science Advisory Council (EASAC). The unit’s work is currently largely focused on climate change and its impacts on ecosystems and society as well as on surveys to seek efficient mitigation and adjustment measures.

Climate change has been identified as the biggest environmental challenge of our time, and human activity is considered to have a major impact on it. While agreeing on the significance of the challenge, Korhola is concerned about the environmental debate becoming increasingly one-sided.

“In a way, the debate on climate change claims all problems as its own, which is leading to the misconception that reducing emissions is the solution to every environmental problem that our planet is facing. This is definitely not the case. It is very sad if people start to forget the huge problems con-

nected to overgrazing, overfishing, erosion, biodiversity loss, habitat fragmentation and land use issues, to name a few. These are all problems in their own right, even though they are currently often being treated as if they were some sort of by-problems linked to climate change and the only thing people talk about is to what extent climate change worsens these problems,” Korhola says.

In Korhola’s view, this kind of thinking can, at its worst, serve as a pretext for not taking any immediate action whatsoever. “Even if we were to eliminate all CO<sub>2</sub> emissions at once, we would not be able to escape the problems caused by climate change: floods, hurricanes, heavy rains and dryness will not just disappear. We need to help the people affected and improve their living conditions right now and right here and we must strive to build societies that are capable of withstanding variations in weather conditions a lot better than they currently can.”

**Climate change has been identified as the biggest environmental challenge of our time.**





Professor Atte Korhola heads the Environmental Change Research Unit at the University of Helsinki.

### The fateful link between climate policy and science

The debate on climate change became particularly polarised and politicised before the Copenhagen Climate Summit in December 2009. “At the time, people simplified things and drew drastic conclusions from results based on short time spans,” Korhola says.

In Korhola’s opinion, climate change is too complicated an issue to be solved through behemoth processes such as the Copenhagen Summit. He also thinks that the structures and practices of the international climate panel IPCC should urgently be revised. According to him, the reports published at six-year intervals and the exorbitant expectations that are being placed on them fail to meet current standards of climate change research. Solutions should be sought through more targeted approaches, with less bureaucracy and in smaller units.

“Rather than uncertainties, politicians expect researchers and IPCC to provide ‘accurate’ figures and ready formulas which can be put into action. But in fact, uncertainty is constantly increasing as the models grow more complex with an increasing number of climate-impacting factors – which are partly still unknown to us – being incorporated into them,” Korhola points out.

Nevertheless, there is already enough information available to build a long-term policy. “The time has come to adopt a gen-

uine climate policy instead of just a carbon dioxide policy. We need to invest in technology and innovations to put the carbon intensity of national economies and energy production on a downward trend. Unfortunately, however, carbon intensity is on the rise in many emerging countries. The world’s energy consumption is growing at a tremendous pace and the use of coal is increasing by more than 4 per cent annually – by up to 18 per cent from last year until now. In addition, we have over 800 million people with no access to electricity, so the first priority should be to secure affordable and clean energy to cater for their needs. The challenge thus lies in both the carbon footprint resulting from the creation of well-being and in the carbon intensity of energy generation,” Korhola sums up.

### True effectiveness is paramount

According to Korhola, urgent measures are required to combat climate change, but it is essential to choose means that genuinely improve the state of the atmosphere and make sense from both the overall environmental and the national economy standpoints. There is a need for both short-term measures that facilitate the adjustment to the changing climate and long-term solutions aimed at a profound reform of energy generation systems.

Korhola stresses that it is paramount to target these long-term measures in a way to meet three essential criteria:

“First, the mitigation measures must genuinely improve the state of the atmosphere. I think that we have many symbolic measures like this internal emissions trading within the EU. In practice, the EU is only making the situation of the atmosphere worse, since by imposing an additional cost burden on its own energy-intensive companies it faces the risk of its industry moving elsewhere, which leads to no real improvement for the atmosphere. The emissions trading scheme was based on the EU’s self-indulgent belief that when you show an example, others will follow. This theory ultimately proved wrong in Copenhagen,” says Korhola.

The second criterion to be met by climate measures according to Korhola is that they need to make ecological and social sense and be fair. “Many of the current solutions, for example those based on the use of bio-fuels, do not necessarily make any ecological sense at all, as they create other environmental problems.”

The third criterion is for the measures to be cost-efficient from the national economy standpoint. “Climate measures will not enjoy support from citizens if energy bills just keep rising but people are not sure where the benefits are.”

## ATTE KORHOLA'S CLIMATE THESES

Measures to mitigate climate change should:

# 1.

**Improve** genuinely the state of the atmosphere, whereby the only effective indicator is the carbon dioxide released per energy unit produced.

# 2.

**Make** overall ecological and social sense and be fair.

# 3.

**Be** cost-efficient from a national economy standpoint.

### Towards a low-carbon society

“The overall reform of energy generation and the reduction in carbon intensity is an incremental process which requires long-term efforts to be put into the development of technology,” Korhola points out. “A key question is to find a clean solution for the use of coal – either through technologies related to the capture and storage of carbon dioxide or through solutions based on new energy concepts, such as the hydrogen economy and fusion power, which compensate for the use of coal.”

Efficient solutions already exist. “A good example is the combined production of heat and power, which can also include air conditioning and cooling based on Finnish technology, enabling triple production. The worldwide implementation of measures like this would substantially reduce emissions in real terms,” Korhola says.

It always makes sense to save energy and use energy efficiently, provided that the resources saved are not used for production or consumption in other areas.

In addition to carbon dioxide emissions, Korhola thinks that there are other topics that need to be discussed, such as particulate matter: “It is much easier to reduce soot emissions than carbon dioxide emissions, and according to recent estimates, taking action on soot emissions could immediately cut the climate change effects of

global warming by up to 30 per cent. Then there are land use issues – the urban heat islands can be cooled down through various measures having an impact on reflection – for example by painting all roofs white.”

Forests play a central role in the world’s carbon cycle, so it is important to foster the sustainable management and use of forests. Tropical forests in particular take up carbon dioxide efficiently. “Wood is intrinsically an excellent raw material which needs to be utilised in full. It is insane to use an unprocessed material directly for energy production,” Korhola concludes. ☒

**Forests play a central role in the world’s carbon cycle, so it is important to foster the sustainable management and use of forests. //**

FOREST CERTIFICATION

# Wood

from certified sources – a sustainable choice

*Forest-based industries occupy a significant role in promoting sustainable development. Responsible paper procurement starts with the origin of the fibre. Certified wood from local forests makes both ecological and economical sense.*

Knowing the origin of wood is a fundamental prerequisite for responsible wood sourcing. The rigorous forest certification schemes and standards under the auspices of the PEFC and FSC forest certification schemes guarantee that the wood fibre originates from legal and sustainable sources. Certified Chain of Custody (CoC) systems provide mechanisms of traceability, an information link between the wood fibre included in the paper and its origin.

The publication in your hands is printed on PEFC-certified MY VOLUME paper produced at MD Albruck. This means that the wood fibre therein originates from PEFC-certified forests, that Myllykoski's wood procurement is PEFC CoC certified, and, last but not least, that the MD Albruck mill has a certified tracking system in place that meets the criteria of the PEFC CoC standard.

Moreover, the PEFC logo on the report shows that through the PEFC CoC certification of the printing house, H. Heenemann GmbH & CO KG, the chain of custody from the printed product to PEFC certified forests is known and recorded.

### Wood from local forests

In 2009, the Myllykoski mills in Germany, Finland and the United States consumed about 2.1 million cubic metres of spruce and fir pulpwood. The company's own wood teams in Germany and the United States and the subsidiary Harvestia in Finland are responsible for supplying wood to the mills. The wood is purchased from private forest owners as well as from communities and state-owned forests.

In Germany, over 90 per cent of the certified forests are certified according to the PEFC standard, in line with the PEFC's international Sustainability Benchmarks and adapted to local conditions in Germany through extensive multi-stakeholder dialogues. "The PEFC is the dominant forest certification system in Germany and in many of our neighbouring countries", says **Stefan Späth**, Manager, Wood Sourcing for the German mills. "The forest-rich states of Bavaria and Baden-Württemberg are 75 and 82 per cent, respectively, PEFC certified, and they are the main wood procurement areas of our mills."

The wood delivered to Myllykoski's German mills comes mainly from forests

within a radius of some 100 to 150 kilometres from the production units. From a wood sourcing point of view, the mills are geostrategically well situated. Especially the biggest wood consumer Plattling benefits from its location amid Central Europe's largest continuous forest area. This extensive forest area covers the Bavarian Forest, the Bohemian Forest and the Upper Palatinate Forest and enjoys the largest wood reserves per hectare in Europe. Myllykoski also buys wood from southern Hessen, southern Thuringia and Upper Austria. MD Albruck receives wood from the forests of eastern France and Baden-Württemberg and Lang Papier from the Bavarian Swabia and western Upper Bavaria.

### Chain of custody links the origin of wood to the paper

All of Myllykoski's seven paper mills are certified according to the PEFC and/or FSC CoC standards. The traceability and certified Chain of Custody systems ensure that the origin of the wood is always known, the wood originates from legal and sustainable sources, the amount of certified wood fibre is properly documented, and that the →

The wood raw material for MY VOLUME originates from PEFC-certified forests.

MD Albruck delivers MY VOLUME to H. Heenemann GmbH & CO KG, both are PEFC CoC certified.



### How does forest certification work?

- ✓ Forest certification systems with rigorous standards cover the forest products chain from the forest to the end-use.
- ✓ Chain of custody (CoC) creates an information link between the raw material included in a product and its origin.
- ✓ Each participant along the chain must be CoC certified to ensure traceability.

## PEFC and FSC

- advocates of sustainable forest management worldwide

- The two main global forest certification schemes that certify the origin of wood are PEFC (Programme for the Endorsement of Forest Certification) and FSC (Forest Stewardship Council).
- Both the PEFC and FSC are international, non-profit, non-governmental organisations dedicated to promoting legal and sustainable forest management through independent third-party certification to ensure that timber is produced with respect for the highest ecological, social and ethical standards.
- The PEFC, established in 1999, is an umbrella organisation that functions by endorsing national forest certification systems developed through multi-stakeholder processes and tailored to local conditions. Each national forest certification system undergoes rigorous third-party assessment against the PEFC's Sustainability Benchmarks to ensure consistency with international requirements. The PEFC is based on internationally recognised, ongoing and long-term intergovernmental processes and guidelines for the promotion of sustainable forest management to ensure compliance with globally agreed requirements.
- The FSC, established in 1993 by timber users, traders and representatives of environmental and human-rights organisations in response to concerns over deforestation especially in the tropics, is a certification system that provides standard-setting based on its 10 principles and criteria against which any national FSC standard is assessed. Each national forest FSC-certification standard is based on these 10 principles and criteria, which are elaborated by national indicators.
- The PEFC forest certification system covers 220 million hectares and the FSC 117 million hectares of certified forests (by January 2010). In total, about 9% of the world's forests are certified.
- For more information, please visit [www.pefc.org](http://www.pefc.org) and [www.fsc.org](http://www.fsc.org).



Rudolf Freidhager (right), Chairman of the Board of Bavarian State Forests, and Stefan Späth, Manager, Wood Sourcing, meet frequently to discuss matters in wood procurement. Here they are in the wood yard of the Plattling mills.

wood raw material complies with Myllykoski's Sustainability Policy.

Myllykoski supports PEFC and FSC, which are both international in scope, have internationally agreed principles and rest on third-party, independent certification. Both PEFC and FSC are widely acknowledged to indicate legality and sustainability of forestry activities. Myllykoski would welcome the mutual recognition of these two systems.

### Sustainable forest management secures carbon stocks

Reliable forest certification schemes are also efficient tools for combating illegal logging.

However, the sustainability challenge is huge: globally, only about 9 per cent of the world's forests are certified. Deforestation continues at an alarming rate with serious consequences – deforestation alone currently accounts for almost one fifth of global carbon dioxide emissions.

Forests are increasingly important for the well-being of our planet and its people. Mitigating climate change, combating poverty, protecting water reservoirs and biodiversity – these are just a few of the challenges that our planet and societies are faced with and where the forest ecosystems play a vital role.

Biodiversity forms the foundation for the forest industry's activities. The industry depends on wood, the renewable raw material of forests. Attending to biodiversity is an inherent part of forest industry companies' operations and sustainable forestry.

"In Europe, a lot has already been done in the past to preserve and increase biodiversity," says Späth. "Forest inventories carried out show higher percentages of forests that are managed close to nature, and the most valuable forest areas are under total protection. It has been established that the amount of old-growth forests and decaying wood, which is paramount for biodiversity, have

increased. In addition to legislation, both certification systems – PEFC and FSC – also ensure compliance with environmental regulations." ❄

EVERY CHOICE can make a difference



JEAN DENAULT,  
VP, Procurement and Technology,  
Transcontinental, Canada

Transcontinental is firmly on the path of sustainable development. We are more than ever convinced of the business case for sustainable development based on the efficiencies it creates and the opportunities it allows companies to seize.

As the VP of Procurement and Technology, and Chair of our Sustainable Development Steering Committee, I am leading a journey that is by definition a team effort. Thinking, planning and implementing in the context of social, environmental, and financial considerations is something that we are continually striving to make 'business as usual' in the company's culture and performance.

Sustainable development needs to be driven by all employees, and includes contributions to the degree that is appropriate from suppliers, customers, facility neighbours and civil society partners. Targets, timelines and key performance indicators are necessary to set tangible, meaningful objectives and to measure the progress made in reaching them.

Many sustainable development initiatives have already been imple-

mented, including reducing GHG emissions by 11 per cent from 2008 to 2009, significantly greening the procurement of our main raw material, paper, eliminating hazardous substances such as solvents and heavy metals from our inks and production processes, and developing recycling programmes.

We aim to improve our environmental performance both as a printing company and as a player who can influence the environmental impacts of its products and services further up the supply chain and post-use. The choices made when purchasing paper significantly alter the environmental footprint of a printed product.

To encourage and support these efforts, Transcontinental has developed a Paper Purchasing Policy, publicly stating preferences for recycled fibre and fibre from sustainably managed forests. To this end, Transcontinental has defined a hierarchy of environmental papers and now tracks the types of papers purchased by class."



# Lean development with renewable resources

– assessing sustainability in the print value chain

*Fibre-based print products are both renewable and recyclable, which provides several sustainability opportunities. But how can the sustainability of a print product be assessed?*

Sustainability is a widely used concept with diverse meanings. In general, a sustainability approach combines the assessment of environmental, economic and social impacts, so when evaluating the sustainability of a product, all three aspects are to be considered.

A fundamental principle behind the concept of sustainability is life-cycle thinking. A life-cycle approach means that the producer is aware of the impacts of a product along the whole supply chain. Life-cycle thinking is gaining importance, as the principles are included in e.g. many recent EU policies, such as the Integrated Product Policy Communication, the Prevention and Recycling of Waste, and the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan.

Life-cycle assessment (LCA) is a research method that entails the evaluation of actual and potential environmental impacts over the entire life span of a product. It includes all life-cycle stages: the sourcing and manufacturing of raw materials, manufacturing of the product, use phase and disposal, recycling or reusing. Transport between the different life-cycle stages is also included.

In Finland, VTT (Technical Research Centre of Finland) is co-ordinating a national-level industry consortium project called Lean Development with Renewable Resources (LEADER 2007–2010). The project is studying the environmental impacts that occur during the life cycle of print products. Life-cycle assessments and carbon footprints are the main tools applied in the project.

## Working towards sustainable value chains

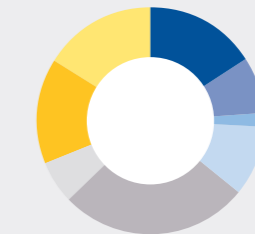
Print media is based on renewable raw materials and its recyclability is good. The usage phase of print media does not require energy or cause additional GHG emissions.

However, sustainability is not only about reducing emissions or improving recycling. It is based on a holistic view of environmental, social and economic issues throughout the value chain. Because of this diversity, the evaluation of sustainability impacts can sometimes be challenging. Different aspects of sustainability are interconnected and changing one thing may have an impact on another. For example, measures to improve resource efficiency can provide both cost savings and environmental benefits. On the other hand, changes in the production process might affect product perform-



## CARBON FOOTPRINT OF A MAGAZINE

Example of emission-based constituents of a magazine's carbon footprint from 'cradle to grave'. The results are based on a case study conducted in VTT's LEADER project.



■	Fossil fuels for pulp and paper making 16%
■	Fossil fuels for printing 8%
■	Fibre supply 2%
■	Chemicals, materials and fuels 10%
■	Purchased energy paper mills 27%
■	Purchased energy printing 6%
■	Transport 15%
■	End of life 16%

ance in the subsequent life-cycle stages. Assessing the sustainability of products thus requires active data gathering and continuous performance monitoring.

Climate change is an example of an issue that has impacts on all three dimensions of sustainability and requires concrete action from all actors in the print media's value chain. The sustainability of a product should not be evaluated based solely on its carbon footprint, though. Other environmental impacts that should be considered include acidification, eutrophication, use of fresh water resources, depletion of mineral and fossil resources, origin of wood fibre, land use and impacts on biodiversity.

The total amount of water used in a product's life cycle is becoming the next big concern in the sustainability discussion. The 'water footprint' is a new tool that guides the development of water-saving products and processes. The preparation of a new ISO standard related to the calculation of the water footprint has already started. Since water is used in many processes throughout the life cycle of print products, interest in the water footprint is likely to increase the information demands on producers.

## Carbon footprints in the spotlight

Carbon footprinting is a useful tool for evaluating the climate change impacts of products. The concept of the 'carbon footprint' refers to the amount of greenhouse gases (GHG) produced during

a product's life cycle. There are still many open questions related to the calculation rules and interpretation of the results.

In carbon footprint calculation, magazines and other fibre-based products have their own special features, since wood raw material is part of the natural, biogenic carbon cycle.

Currently, a carbon footprint includes greenhouse gas emissions from fossil sources. Including biogenic carbon in the calculations introduces additional challenges to the method, since time dependency of the carbon flows makes them difficult to allocate for the product life cycle. Wood-based products store carbon, but indicating only the biogenic carbon stored in the product is not transparent and may be misleading. If the carbon stored in a product is included, it is recommended that all bio-based carbon, i.e. the carbon removal from the atmosphere and the release in the manufacturing phase, be reported. In addition, harvesting affects the carbon balance of the forest, but there are several opinions and open questions on how this impact should be integrated in the product-based calculations.

The comparison of carbon footprints is challenging and should be done only in the case of similar calculation procedures. The results are significantly affected by methodological issues, such as system boundaries and assumptions. Thus it is important that both results and underlying assumptions are reported as transparently as possible. The indirect emissions from purchased energy cannot always



be controlled by companies, putting them in an unequal position to reduce their carbon footprint. Moreover, comparisons between different products, such as printed and electronic media, pose difficulties due to the totally different life cycles of the two. One of the challenges is to determine a comparable and suitable reference unit for both products. Should it be the time of reading, the weight of the product, the size of the product or the extent of the contents?

In print media, news can be read without additional reading devices, but many of the electronic devices can be used for several purposes. Both products can be used by several people. Print manufacturing requires raw materials but the use of electronic devices requires electricity, and the manufacturing of the devices also needs to be considered. The editorial work is needed in both cases, but the infrastructure, supply chain and delivery of the product is totally different. These questions cause many methodological challenges that require further study. ✱

EVERY CHOICE can make a difference



VINCENT DUPUIS,  
Sustainability Manager, Prisma Presse, France

“The graphic chain and especially paper producers must actively promote the environmental credentials of print and paper and demonstrate what we are doing all along the print media's value chain to improve the sustainability of print. In my opinion, we should highlight more the importance of sustainable forest management, and its vital role in safeguarding biodiversity, a highly important environmental challenge of the 21st century.

At Prisma Presse, our focus is currently on three issues in the sustainability work: combating climate change, preserving natural resources, and our corporate social responsibility.

Several actions have been put forward to improve our sustainability performance: For example, Prisma Presse is committed to only purchase paper that originates from PEFC or FSC certified forests in order to ensure that the paper we buy does not contribute to deforestation. Our magazines thus now carry either the PEFC or FSC logo. Prisma Presse was the first magazine publisher in France to achieve the PEFC and FSC chain of custody certificates.

### Studying environmental impacts of print products

The LEADER (Lean Development with Renewable Resources) project (2007–2010) is coordinated by VTT Technical Research Centre of Finland. The research partners include FinnMedia (VKL), the Finnish Environment Institute (SYKE), Metropolia University of Applied Sciences, several Finnish printing companies, printing process suppliers, logistics and paper recycling companies and paper manufacturers. The project is funded by the Graphic Industry Research Foundation (GTTS), Stora Enso, UPM, Myllykoski, Metsäliitto and the Finnish Funding Agency for Technology and Innovations (TEKES). The project's steering group is led by Eeva-Liisa Heinaro from Myllykoski.



We are also conducting carbon footprint assessments covering all the operations of Prisma Presse, and emission reduction targets will be set based on these analyses. The office paper we use is based on recovered fibres, and we are already carbon offsetting the CO<sub>2</sub> emissions incurred from our business flights.

Prisma Presse is a signatory company of the UN's Global Compact initiative, which illustrates that Prisma Presse is in a continuous process of improvement towards sustainability. We support non-governmental organisations fighting for education in developing countries. Awareness and understanding of the sustainability challenges that lie ahead is important, so we have invited personalities like Jean-Marc Jancovici, a specialist in global warming, and the world-famous photographer Yann Arthus-Bertrand to meet and hold a dialogue with our journalists.”

## MYLLYKOSKI AND RESPONSIBILITY

# Responsibility is everyone's business

*“The key drivers of our sustainability work are the growing concern over climate change, global energy issues, new regulative requirements and technological opportunities, not to mention increasing customer and stakeholder expectations,” says Erkki Peltonen, Director, Sustainability at Myllykoski.*

Erkki Peltonen has an active role in the day-to-day corporate responsibility work and in the strategic development of sustainability work. “As a family company, Myllykoski has long traditions in corporate responsibility. Issues related to globalisation and our shared living environment require a common language and goals, and a systematic approach everywhere we operate.”

Myllykoski joined the UN's Global Compact initiative in 2008 to highlight the company's commitment to universally accepted principles related to, among others, human rights, labour, safety and responsible business practices. “The background and support for Myllykoski's operations has always been strong legislation in the countries where we operate. Since our operations, however, extend much farther due to our current customer and supply relationships, there developed a need for a clear-cut agreement-based reference with which we could prove our commitment to accepted principles.”

Traditionally, the most important area within a paper industry company has been long-term work on environmental issues. There as well, development has progressed from local to global issues – with climate change being a good example. At the same time, the work has become more challenging.

### Awareness, commitment and dialogue

Peltonen stresses that being aware of the impacts of operations is key. “Every Myllykoski employee can promote sustainable development in their own position. It is precisely during such challenging times that a company's commitment to its ethical, social and environmental obligations is measured. We at Myllykoski see these matters as important elements in building our long-term competitiveness. That is how it has always been and we will ensure it stays that way.”

Dialogue within the company increases the initiative of the personnel and allows



**We at Myllykoski see these matters as important elements in building our long-term competitiveness. //**

ERKKI PELTONEN,  
DIRECTOR, SUSTAINABILITY AT MYLLYKOSKI



Corporate Responsibility Goals for 2010

ECONOMIC RESPONSIBILITY

- To strengthen Myllykoski's long-term profitability through efficient and sustainable use of assets and resources.

ENVIRONMENTAL RESPONSIBILITY

- To develop responsible use of natural resources with special attention to fibre certification, water use and recycling.
- To decrease specific carbon dioxide emissions and to increase energy efficiency as well as the share of renewable energy in accordance with the EU climate policy.
- To reduce noise emissions at mill sites.

SOCIAL RESPONSIBILITY

- To encourage and sustain a culture of safety and health.
- To select and retain the best people for Myllykoski by promoting an attractive work environment.
- To strengthen and make the best use of individual and collective performance and the ability to change.
- To implement the Myllykoski Code of Conduct in all operations.

GOVERNANCE

- To develop Corporate Responsibility governance and issue management in accordance with the Myllykoski sustainability strategy.
- To strengthen the integration of the sustainability objectives both on corporate and mill level.

for the creation of new and better solutions. "We are one link in a long value chain that generates income not just for us, but also for our suppliers and partners. Only a financially prosperous company can successfully respond to new challenges," says Peltonen.

The supply of materials, services and energy is essential for Myllykoski. Equal sustainability requirements are applied to all players in the supply chain. The baseline for procurement is set in Myllykoski's Sustainability Policy and the Code of Conduct.

Suppliers are being constantly assessed, rated and audited, since qualified suppliers are important in order to maintain the sustainability and quality of Myllykoski's products.

Climate and water on the agenda

Climate change issues are the strongest common denominator in the regulatory environment, especially in Europe. The European Union climate policy and the Emission Trading Scheme will guide industry activi-



ties in this respect. "Technology requirements will be described in the best available technology reference document (BAT/Bref), which will be an important part of the

upcoming Industrial Emissions directive. The European Community Regulation on chemicals and their safe use (REACH) is currently being implemented and will pay more attention to the chemical safety of production processes as well as product safety," Peltonen outlines.

In the climate dialogue, carbon footprinting has become an important means of evaluating and communicating the effects of operations on the climate. Carbon footprint analyses have been included in the planning of energy production and use and logistics.

Water issues, including the concept of the water footprint, have recently become an essential part of the sustainability discussion. "For Myllykoski, water is considered to be part of the responsible use of natural resources. Fibre and other raw materials, together

with water, energy and recycling, form the common basis for a responsible natural resource policy," Peltonen explains.

Stakeholder dialogue essential

Myllykoski's main stakeholders include customers, personnel, owners, suppliers, business partners, financial institutions, neighbouring communities, industry and business associations, official bodies and authorities.

Sustainability issues are an essential part of Myllykoski's customer contacts. "Climate change, carbon footprints and general corporate responsibility issues have received primary interest. Myllykoski has provided product-based data on carbon footprints for its customers and participated in the discussion on the various ways to mitigate climate change with customers and the industry associations," Peltonen explains.

"The world-wide financial crisis has also made it necessary to reinforce the position of the fibre-based communication and to improve efficiency throughout the whole value chain."

The Myllykoski mills are important members of their local communities, where both the direct and indirect impacts →



Recovered paper is an important fibre material for Myllykoski.

Sustainability work is steered by the Corporate Responsibility Committee

Corporate responsibility issues at Myllykoski are the direct responsibility of the President and CEO of Myllykoski Corporation. The practical work is guided and controlled by the Corporate Responsibility Committee, which consists of executive level representatives. The committee is chaired by **Tuomo Tuomela**, Executive Vice President Technology, who is also a member of the Executive Board. The Sustainability Function led by **Erkki Peltonen**, Director Sustainability, is responsible for the operative work on the corporate level. Co-operation with the mills and various functions is facilitated by the Sustainability Core Group and Working Groups.

The Myllykoski values, the Myllykoski Code of Conduct and Myllykoski Sustainability Policy form the basis for the corporate responsibility work of the whole corporation. The Myllykoski Code of Conduct pays special attention to rules of competition and the principles of the UN's Global Compact. The operative functions and the mills adhere to local regulations as well as international treaties in their operations. Environmental activities at mills are supported by third party certified environmental management systems.

Corporate Responsibility Performance 2009

Goals and focus areas for 2009	Achievements
To continue the work involving management systems.	<ul style="list-style-type: none"> <li>The integration of the Plattling mills' management systems was carried out.</li> <li>The group certification process of the German mills was extended.</li> </ul>
To further fortify responsible fibre sourcing and expand product offerings with PEFC and FSC certifications.	<ul style="list-style-type: none"> <li>PEFC and/or FSC certified round wood supply was 63% in Germany (60% in 2008), 88% in Finland (95%) and 36% in USA (46%). Lang Papier doubled its certified paper sales.</li> </ul>
To address and mitigate climate change through further development and utilisation of carbon footprint analyses.	<ul style="list-style-type: none"> <li>Carbon footprint analyses of the main Myllykoski paper grades were updated. Energy audits were continued at mills.</li> <li>More efficient energy generation capacity was commissioned at the Myllykoski Paper and MD Albbrock mill sites.</li> </ul>
To raise awareness and understanding of sustainability and corporate responsibility throughout the Myllykoski corporation.	<ul style="list-style-type: none"> <li>Myllykoski's updating process of the sustainability strategy was initiated with the objective to involve and engage all key functions and contributors and cover the CR issues more holistically than earlier.</li> <li>Concrete measurable corporate targets are being developed in accordance with the strategy.</li> <li>The Myllykoski Code of Conduct and the UN's Global Compact were communicated and made familiar through internal and external media.</li> </ul>
To develop customer and other stakeholder communication with respect to sustainability and corporate responsibility.	<ul style="list-style-type: none"> <li>Internal tools and procedures serving customer communication and information needs on CR issues were developed.</li> <li>The targets set for expanding dialogue with other stakeholders were not achieved and will remain a subject for further development.</li> </ul>

EVERY CHOICE can make a difference



**GUY GLEYTEEN,**  
Senior Vice President, Production, Time Inc., United States

// Time Inc. is focusing on sustainable forestry, lowering carbon emissions, and finding ways to improve the final fate of magazines through recycling programmes.

Sustainable forestry is the single largest focal issue – although a supplier's overall commitment to sustainability is a baseline requirement for our doing business with any paper supplier. We have a philosophy of focusing on continuous improvement as it relates to the supplier's overall performance.

In 2004, Time Inc. set a target according to which 80 per cent of the fibre used to make paper for our magazines would come from chain-of-custody certified sources by the end of 2009. Working together with our suppliers, we achieved that goal and will meet it in 2010 as well. In 2009, Time Inc. launched a pilot programme that will add over 1 million acres to the certified forests of Maine.

In 2007, Time Inc. started Remix (recycling magazines is excellent), a programme designed to raise consumer awareness and drive improved recycling rates in major municipalities. The recycling

rates improved by as much as 19 per cent and in New York City by 26 per cent.

In order to make progress on carbon emission reduction, we have asked our major suppliers to agree to formal targets to be accomplished by 2012. Depending on the chosen base year, the suppliers have options ranging from 20 to 30 per cent for cutting emissions along their supply chains.

The message that a well-managed forest is one of the few renewable resources is a powerful one, and one that does not receive enough attention. There will always be critics, and cutting down trees seems to be something people find inherently undesirable. Through promotion of good forestry practices some of those common concerns can be addressed. As the focus increasingly turns to energy and the possible use of forest products as a feedstock for biofuels, the strong track record of forest products companies and their good stewardship of forests should be highlighted."

on employment and the economic well-being of the local communities are significant. Through its membership in industrial associations, Myllykoski also participates in various ways in the dialogue with authorities concerning regulations on both the national and EU level.

#### Sustainability strategy work

In 2009, work on updating Myllykoski's Sustainability Strategy was started. Myllykoski's previous strategy was drawn up in 2006. "It was definitely time for a re-evaluation. Especially the climate issue and several international projects were in the forefront, and a particular goal was to bring energy matters strongly into the fold. We are also increasingly seeing ourselves as an active part of the paper products' strong environ-

mentally sound value chain. The basis is renewable, sustainably produced wood fibre and the recyclability of the products connected to it," says Peltonen, clarifying the grounds for revising the strategy.

The new sustainability strategy endeavours to cover economic, environmental and social performance more holistically. The focus is on long-term opportunities, profitability, competitive advantage and value creation. The process is parallel with the Myllykoski energy and business strategy updates, which facilitate the incorporation of focal objectives.

The Myllykoski sustainability strategy process also provides an opportunity to raise awareness, know-how, interest, and commitment to the CR issues within the company.

#### A long way to go

"Our work is not done yet. Many issues are still under development. It is amazing, however, how much has happened during the span of my over thirty-year-long career. Systematisation, agreements and standardisation have become everyday tools and even today we still carry out work in order to develop the measurability of things," Peltonen concludes. ❄️

## Myllykoski SUSTAINABILITY POLICY

For us at Myllykoski, sustainability is an integral part of our business, and it guides all our actions.

In our operations and throughout the value chain we take into consideration economic, environmental and social issues and adhere to international and local laws and regulations. We strive for continuous improvement and pursue transparent disclosure and open dialogue. We ask our partners and suppliers to comply with these principles.

For us, profitability is the indispensable prerequisite to providing wellbeing for our stakeholders and the society in which we live. In all our operations we seek an optimal balance of economic, environmental and social issues.

Sustainable development and care for the environment are the cornerstones of our company. In the development of products and production processes, we strive for energy efficiency, efficient use

of materials, minimised environmental impacts, including recycling and the safe disposal of solid residues.

We promote sustainable forestry, forest certification and verification of the origin of fibre. We monitor emissions, assess environmental impacts, measure our progress and use third-party verified environmental management systems.

At Myllykoski, innovation and creativity are encouraged throughout the organisation. We recognise differences among individuals and respect each person's rights. We comply with ethical conduct in everything we do. We provide a safe working environment. Our highest aim is for every person to return home safely every day.

Myllykoski's Sustainability Policy expresses our company-wide commitment to sustainable business practices. This work is guided by the Myllykoski Sustainability Function. Responsibility rests with each mill and each Myllykoski employee to implement these principles locally in our everyday business life.

## Two Sides encourages candid discussion about print and paper

'Two Sides' is an industry-wide initiative launched by companies in the graphic communications supply chain, including forestry, pulp, paper, inks and chemicals, pre-press, press, finishing, publishing and printing. The common goal of the initiative is to promote the responsible production and use of print and paper, to discuss paper's sustainability credentials, and in particular to show how, in a world of scarce resources, print and paper's unique recyclable and renewable qualities are fundamentally valuable.

'Two Sides' has created a forum for the industry to work together and share experiences, improve standards and practices, and strengthen consumer confidence in paper

products. It is committed to ensuring that print and paper also remain a versatile, effective and powerful means of marketing and communication, stretching the imagination and imparting knowledge by providing users with versatile and verifiable information on print and paper.

'Two Sides' draws its membership from all sectors of the graphic communications supply chain, and there are close to 100 members. Myllykoski has been a participant since 2009.

For more information, please visit [www.twosides.info](http://www.twosides.info)

Print and Paper  
have a great  
environmental  
story to tell



[www.twosides.info](http://www.twosides.info)

# Focus on future in challenging times

*2009 was a challenging year in the paper market. The main focus under the exceptional circumstances was on cost savings and result improvement programmes. Major strategic restructuring measures were taken.*

The continuation of the recession for over a year was reflected in the paper industry as a reduction in advertising and as a decrease in both the number of printed publications and the number of pages in them. As a consequence of the decreased demand, production curtailments were common throughout the year at the Myllykoski mills. Paper prices increased in the beginning of 2009, but due to the challenging market situation, they decreased during the second half of the year.

The prices of the main raw materials increased during the second half of the year, particularly for pulp and recovered paper.

Myllykoski continued to develop its organisation and processes. Several projects aimed at reducing energy consumption and increasing efficiency. Operations were reorganised at the mills to enhance competitiveness. Significant personnel arrangements were made, especially at Myllykoski Paper and MD Plattling. At MD Plattling, negotiations to reduce the workforce by approximately 100 positions began in October. Due to the low demand for paper, one paper machine at MD Plattling was idled indefinitely at the end of July. This allowed higher utilisation rates on other paper machines.

In 2009, Myllykoski introduced restructuring measures aimed at streamlining the organisation based on company strategy. Myllykoski sold the Utzenstorf newsprint

mill and the Alsip coated magazine paper mill, as well as its minority share in the Sunila pulp mill.

The Myllykoski Group publishes a separate Annual Report that provides a review on the company's financial results. The alliance partner Rhein Papier is not included in the figures.

### Economic benefits to stakeholders

Myllykoski's operations have a significant direct and indirect economic impact on the well-being of local and national communities where the company operates. Myllykoski is a family-owned company that sells a varied range of wood-containing and recovered fibre based uncoated and coated publication papers to publishers, printers and retailers in over 70 countries and buys materials and services from its suppliers. Myllykoski pays salaries to local employees and taxes for the benefit of local communities and economies.

### Customers

Myllykoski mainly serves business-to-business customers through its international marketing and sales network. Most of the mills are situated in Germany, close to the Central-European customers. In 2009, the total sales of the Myllykoski Group amount-

ed to EUR 1,212 (EUR 1,471) million. Deliveries to Europe accounted for 78 per cent of the Group sales, and to North America 17 per cent.

### Suppliers

Myllykoski provides a reliable source of income to and plays an important role in the success of many contractors and supplier companies. Many functions, e.g. maintenance and IT, have been fully or partly outsourced to external partners, which in turn offers job opportunities. In 2009, the Myllykoski Group acquired materials and services for EUR 936 (EUR 1,172) million. Total investments of the Myllykoski Group amounted to EUR 35 (EUR 88) million. The biggest investment was a new high-efficiency steam turbine, which started up at MD Albrbruck in October.

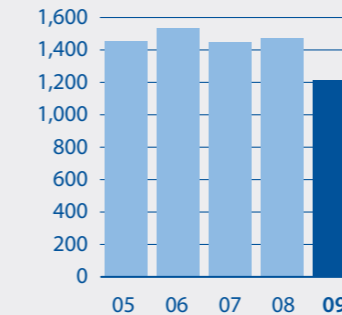
### Employees

The Myllykoski Group employs 2,500 (3,000) people in Europe and the United States. The salaries paid by the Myllykoski Group directly affect the employees' purchasing power, and consequently also the economic vitality of the local community or region. Most of the Myllykoski paper mills are situated in regions where Myllykoski plays a central role as one of the biggest private employers in the area. In →

MYLLYKOSKI GROUP \*)

### NET SALES

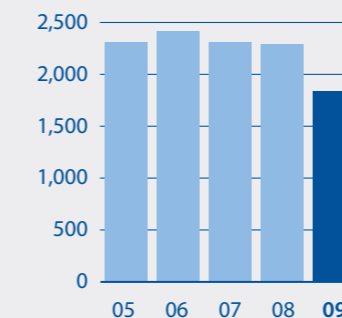
FAS until 2005, IFRS from 2006 onwards  
EUR million



MYLLYKOSKI GROUP \*)

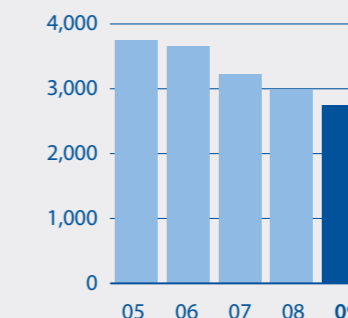
### PRODUCTION

1,000 tonnes



MYLLYKOSKI GROUP \*)

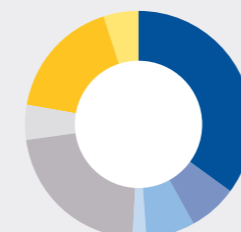
### NUMBER OF PERSONNEL, AVERAGE



MYLLYKOSKI GROUP \*)

### NET SALES BY DESTINATION, 2009

(EUR 1,212 million)

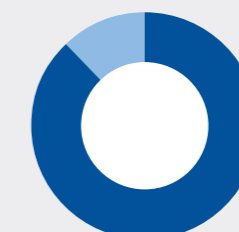


- Germany 35%
- France 7%
- UK 7%
- Finland 2%
- Other EU 22%
- Other Europe 5%
- North America 17%
- Other 5%

MYLLYKOSKI GROUP \*)

### PRODUCTION BY PAPER GRADE, 2009

%



- Magazine 88%
- Newsprint 12%

\* The alliance partner Rhein Papier is not included in these figures.



**Myllykoski's operations have a significant economic impact on the well-being of communities where the company operates.**

**153**  
Operating  
cash flow in MEUR

## Myllykoski Group

### - Financial facts and figures 2009

- Net sales of the Myllykoski Group in 2009 were EUR 1,212 million, which is 17.6 per cent less than in 2008 (EUR 1,471 million).
- Operating loss for 2009 was EUR 18 million (profit of EUR 11 million). Operating profit without non-recurring items was EUR 10 million (profit of EUR 13 million).
- Operating loss for October–December 2009 was EUR 55 million (profit of EUR 2 million). Operating loss without non-recurring items for October–December 2009 was EUR 11 million (profit of EUR 2 million).
- The loss for the year 2009 was EUR 68 million (loss of EUR 17 million). The loss without non-recurring items was EUR 7 million (loss of EUR 16 million).
- Operating cash flow in 2009 was EUR 153 million (EUR 98 million).
- Low delivery quantities and production curtailments decreased the profitability.

The Myllykoski Group publishes a separate Annual Report that provides a review of the company's financial results. The alliance partner Rhein Papier is not included in the figures.

2009, personnel expenses totalled EUR 180.5 (EUR 199.7) million, of which EUR 139.2 million was paid in wages and salaries (EUR 160.1 million), including incentive bonuses based on profitability and the achievement of key targets. The wages and salaries paid in Europe totalled EUR 116.9 (EUR 134.2) million, while the corresponding figure for North America was EUR 22.3 (EUR 25.9) million. The decrease in personnel expenses was mainly related to the sale of the Alsip and Utzenstorf paper mills, but also to temporary layoffs which took place during 2009 as a consequence of production curtailments.

The Myllykoski Group has established a number of pension plans for its operations. Pension plan arrangements are made according to local regulations and practice. The Myllykoski Group has defined benefit plans in Germany and the United States. In 2009 there were defined benefit plans for 3,200 present and former employees. The defined benefit plans covered 59.5 per cent of the present employees at the end of 2009.

### Public sector

Corporate taxes are a major source of income for local and national communities. In 2009, net taxes paid by the Myllykoski Group to local and national communities in which Myllykoski operates totalled EUR 5.1 (EUR 3.8) million.

### Compliance and internal control related to financial reporting

In addition to financial measures, Myllykoski also views compliance issues as a significant part of the general corporate responsibility network.

The Myllykoski Group's reporting has been carried out according to the International Financial Reporting Standards (IFRS) since 2007. With the reporting under IFRS, the Myllykoski Group provides its stakeholders with timely, transparent and accurate financial information.

In addition to IFRS reporting, the Group works in line with all international and local legislation relevant to business in general and finance in particular. The Group

endorses all relevant international tax legislation. Business transactions between the Group companies as well as with related parties are carried out in accordance with the international transfer pricing principles, and coherent transfer pricing documentation is duly maintained annually.

At Myllykoski, internal control activities are performed in different business processes to ensure that potential errors in financial reporting are identified and corrected. The company's governance model defines the roles, responsibilities, authorities and reporting lines of Myllykoski management and employees. In order to identify potential errors in financial reporting, the income statement and balance sheet items are frequently analysed and compared with earlier reports, budgets and forecasts at various levels in the organisation.

The Myllykoski Group publishes a separate Corporate Governance Statement ([www.myllykoski.com](http://www.myllykoski.com)). ❖

## FROM AGRICULTURAL VILLAGE TO INDUSTRIAL SITE: ETTRINGEN

"Ettringen is a classic industrial village," says Mayor **Robert Sturm**, describing his municipality. This town of 3,400 inhabitants situated in Allgaeu, at the heart of the Bavarian Swabia, owes its industrial hallmark to Lang Papier. **Michael** and **Georg Lang**, the two brothers who founded the company in 1896 with the idea to produce pulp for the area's emerging paper industry, were the instigators of Ettringen's metamorphosis from a pure country village to an industrial site.

### Economic prosperity

Today, Lang Papier employs around 550 people. This is a huge opportunity for the inhabitants and a challenge for the municipality: "Lang Papier offers many people an opportunity to work in their hometown, which is why we need an environment that provides a good quality of life to our citizens," explains Sturm, who has been the mayor of Ettringen since 1996.

"Following the takeover by Myllykoski, Lang Papier has proved a reliable partner in this respect. Lang Papier's investments in effluent treatment, for example, measures to reduce emissions and shifting to rail in transports as well as its commitment to local associations, cultural events and social facilities have all contributed to good neighbourly relations. Another important area is the fire department, which requires open co-operation from both sides."

However, the mayor points out that conflict cannot always be avoided between neighbours. Should conflicts arise, a willingness to reach a compromise is required, as in the case of the company's most recent investment decision concerning the construction of a combined heat and power plant on the mill site. This decision was not without controversy among the local residents.

"From my point of view, Lang Papier communicated openly and fairly with the municipality and was ready to work out a compromise. This also very much depends on the people involved in the talks and holding negotiations. This is the way we want projects to be dealt with in the future as well. Lending an ear to the needs of the other party builds trust and creates a basis for sustainable compromises."

### A pace setter for the area

"Of course, Ettringen is not just about Lang Papier, but by involving the municipality in many projects, Lang Papier certainly is a pace setter," Sturm admits. As an example, he mentions the construction of a bypass road and the development of a town centre for Ettringen.

"The expansion of the mill and the heavy truck traffic called for a new traffic concept as there were no bypass roads. In the framework of the general transport planning, this would not have been feasible until 2015. So the municipality took over the special construction obligation and the project could be carried out in 2005. The company benefited from improved infrastructure and the town inhabitants saw a substantial decrease in traffic volumes," says the mayor, thinking back.

Many think that the municipality's operations are based on business tax, but for the mayor, Lang Papier has the big plus of providing local jobs. He says this with particularity the younger generations in mind: "Providing local training opportunities to young people is close to my heart. Lang Papier has a lot to offer and I am convinced that the current co-operation with our school can be expanded further."

The company also reverberates into other sectors. Lang Papier is a significant source of employment for the local handicrafts businesses and the area's gastronomic sector profits from being located next to an international industry group.



**Lang Papier offers many people an opportunity to work in their hometown. //**

ROBERT STURM,  
MAYOR OF ETTRINGEN





Richard Böhm from Lang Papier's technology laboratory takes a water sample.

## ENVIRONMENTAL RESPONSIBILITY

- Combating climate change: focus on energy efficiency and conservation
- Managing sustainability throughout the supply chain
- Complying with best environmental practices and legislation
- Environmental impact of operations
- Making progress in environmental performance
- Ensuring responsible products

### ↳ Combating climate change: focus on energy efficiency and conservation

*The key elements in sustainable energy management are improved energy efficiency, switching to fuels with low CO<sub>2</sub> emissions and increasing the share of combined heat and power generation.*

#### Energy sources and efficiency

Energy is a key production factor in the paper industry, and its significance has also led to increasingly efficient energy solutions. Regional differences in the availability of energy and in types of energy have steered local solutions. For example, bio-energy solutions have been available in different forms in Finland and Central Europe. Similarly, there are major regional differences in the origins of the electricity purchased from outside the mills.

Myllykoski's operations and strategy concerning energy are actively developed to respond to both economic and environmental challenges. The goals of the EU climate and energy package are congruent with Myllykoski's operations. The Commission's targets are to reduce CO<sub>2</sub> emissions by 20 per cent of 1990 levels by the year 2020, to improve energy efficiency by 20 per cent, and to increase the use of renewable energy sources to 20 per cent of total energy production.

The primary way to use natural resources sensibly and sparingly, and to combat climate change, is to increase energy efficiency. More efficient use of energy means, overall, fewer emissions resulting from production. Thus, low-emission forms of energy can cover an increasing part of consumption.

Along the path to continuous development, good results have been achieved in improving the mills' energy efficiency, and the company's energy intensiveness is on a solid downward trajectory. In 2009, several small-scale savings measures were implemented at the mills. The operations of a company-wide working group focusing on energy efficiency were broadened within the company. The group's goal is to ensure the extensive adoption of new operating models that will increase energy efficiency in production.

As a result of the general economic situation, demand was low, which led to exceptional short-term and longer shutdowns in paper production in 2009; it was a production year marked by exceptionally irregular

mill operations. This was inevitably reflected in energy efficiency, but due to continuous development, energy efficiency did not collapse even during such a particularly tough season.

Energy efficiency is affected not only by efficient consumption, but also by efficient production, which means that the power plants connected to the paper mills are increasingly important. Myllykoski has made considerable investments in recent years towards developing combined heat and power production.

In 2009, a new steam turbine was started up at MD Albbbruck. A new steam turbine was also started up by Myllykoski Paper's energy partner Vamy Oy's mill power plant. The new turbines allow for more back-pressure power to be produced at a high operating efficiency in the combined production of heat and power (CHP).

Construction work on the power plant that serves the Plattling Papier and MD Plattling mills progressed according to →

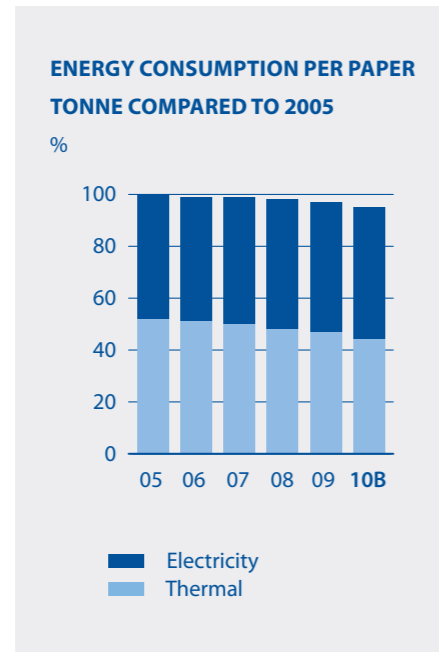
schedule in 2009. A trial run of the power plant, which is being realised together with the mills' energy co-operation partner, was started at the end of the year. Previously, all electricity was bought from the grid, but in future the new, high efficiency natural gas combined power plant will produce most of the electric power required by the Plattling mills. The efficiency of the electric power production in combined production is considerably better than that of condensation power plants producing grid electricity.

**Climate change related activities**

Increasing energy efficiency creates a basis for lower energy consumption and for reducing the emissions arising from energy. This has been realised by improving processes and by discontinuing the use of old production machinery and mills, and by building new, more efficient paper machines and modern paper mills to replace them.

Major changes have also been made to paper mills' power plants over the years. Where suitable, the fuels used for power plants have switched from coal and oil to biofuel and natural gas. The new steam tur-

bines at MD Albruck and Myllykoski Paper will also reduce the CO<sub>2</sub> emissions generated in the production of electricity, as operating



efficiency in back-pressure production is especially high. Although the MD Albruck power plant operates on coal, the carbon intensity of back-pressure power is lower than that of the same power purchased from Germany's national grid.

Myllykoski Paper's new turbine is connected to the biofuel boiler that was built in the early 2000's. In this way, all the benefits of biofuel are achieved.

The use of renewable energy is to a great extent linked to local opportunities. In 2009, Myllykoski Paper made the greatest use of renewable energy among Myllykoski mills. Renewable biofuels, hydro or wind power accounted for 56 per cent of the heat and 50 per cent of the electricity used. Due to various environmental factors, such extensive use of renewable energy sources is not possible at all mill locations. ❄️



The carbon intensity of the electricity produced at the natural-gas CHP plant built in Plattling is considerably lower than that of electricity purchased from the grid.

➔ **Managing sustainability throughout the supply chain**

*The most important raw materials in papermaking are fibres – either fresh fibres from certified forests or recovered fibres obtained mainly from municipal-based household collection.*

**Wood procurement**

In 2009, the total amount of roundwood delivered to the Myllykoski mills totalled 2.1 million cubic metres (solid o.b.). The mills in Germany consumed about 1.2 million cubic metres, Myllykoski Paper in Finland about 570,000 cubic metres, and Madison in the United States about 350,000 cubic metres.

Myllykoski's own wood-sourcing teams in Germany and the United States are responsible for supplying pulpwood to the mills. In Finland, Harvestia Oy, a joint venture company of Myllykoski Corporation and Powerflute Oyj, handles wood procurement for Myllykoski Paper and Powerflute's Savon Sellu mill. All Myllykoski mills are certified according to the PEFC and/or FSC CoC standards.

The main timber assortment and thus raw material of the groundwood pulp production is spruce and fir pulpwood. In 2009, the average haul distance for the mills in Germany totalled 130 kilometres, in Finland 138, and in the United States some 145 kilometres.

In 2009, about 63 per cent of pulpwood supplied to the mills in Germany originated from PEFC and/or FSC certified forests; in Finland the share was 88 per cent. At the Madison mill in Maine, United States, 36 per cent of the pulpwood came from PEFC (incl. SFI, ATFS, CSA) and/or FSC certified forests.

**Recovered paper**

Myllykoski is one of the largest users of recovered paper among the European producers of wood-containing publication papers. Recovered paper consumption at Lang Papier, Rhein Papier and the Plattling mills totalled about one million tonnes in 2009. Myllykoski, together with the other contributors along the recovered paper supply chain, thus plays an important role in promoting a recycling society.

Myllykoski uses recovered paper mainly in the form of collected or sorted newspaper and magazine paper. The design of collection

systems has a major impact on the availability and quality of recovered paper. The recovered paper grades that Myllykoski purchases originate mainly from sorting sites that process paper from municipal-based household collection. The rest are sourced directly from printers and unsold newsprint and magazine paper from retailers.

Lang Papier's newsprint and SC paper grades have, on average, a recovered fibre content of 85 to 100 per cent. At Rhein Papier, the fibre base is 100 per cent recovered newsprint. Plattling's DIP plant is one of the few special facilities in Europe that can process and recycle the fibres of wet strength labels from the beverage industry. Recovered fibres have been used at MD Plattling's lines 10 and 11 and now also Plattling Papier's line 1 is working on increasing the use of recovered fibres.

Paper recovery in Europe (EU 27, Switzerland and Norway) has grown to about 60 million tonnes (2008). The recycling rate target of 66 per cent of paper by 2010 set by CEPI (Confederation of European Paper Industries), together with other organisations involved in the paper recycling chain, was achieved and even exceeded already in 2008 (66.6 per cent). Over 83 per cent of the paper collected in Europe is also recycled in Europe. National and EU-level initiatives are important in diverting more paper from landfill to separate collection for recycling.

**Chemical pulp**

Chemical pulp is purchased from selected pulp producers under long-term contracts in Europe and North America.

Myllykoski requires that its chemical pulp suppliers comply with Myllykoski's Sustainability Policy and meet stringent supplier criteria. All Myllykoski mills are PEFC and/or FSC Chain of Custody certified, and thus all wood

fibre must verifiably originate from legal and sustainable sources. Myllykoski requires that its chemical pulp suppliers are Chain of Custody certified or committed to working towards certification. In addition to the origin of wood and Chain of Custody information, the chemical pulp suppliers are monitored based on their environmental performance.

**Only approved chemicals are used**

In addition to fibres, a variety of chemicals and inorganic fillers and pigments are important raw materials in paper making. Minerals such as kaolin clay and calcium carbonate are needed to smoothen the surface and improve the printing properties of paper. Chemicals are used in stock preparation, bleaching, process control and cleaning. Suppliers of chemicals go through a detailed assessment process with regards to environmental, safety and social issues.

The industry is responsible for assessing and managing the risks posed by chemicals, as regulated by REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals). Myllykoski confirms that it complies with the requirements set out in REACH. No chemicals from REACH's list of "Substances of Very High Concern (SVHC)" are used in paper making processes at Myllykoski. ❄️

**HARVESTIA'S YEAR OF ACTIVITY**

Responsibility for Myllykoski Paper's wood supply was transferred to Harvestia Oy in the beginning of 2009. Harvestia, established in 2008, is a wood procurement company owned by Myllykoski Corporation and Powerflute Oyj. In 2009, approximately one third of the timber required was procured by Harvestia itself, and the remainder Harvestia procured via its co-operation partners. Harvestia has built a fibre chain-of-custody system that was certified according to the PEFC system in December 2008 and according to the FSC system in June 2009. Harvestia primarily procured its timber from southern and central Finland and the province of Savo in eastern Finland.



## Complying with best environmental practices and legislation

*The Myllykoski Sustainability Policy defines the prerequisites for the work, and environmental management systems translate them into practice.*

### Continuous improvement

Myllykoski's environmental work is based on the principle of continuous improvement. The Myllykoski Sustainability Policy defines the prerequisites for the work. Company-wide goals are set on an annual basis, defining the focus areas for everyday work. In addition, each mill sets its own individual targets to manage material environmental issues such as climate change, the lean use of energy, water and materials, and responsible sourcing of wood raw material. The mills are committed to minimising environmental impacts through target-setting, and are responsible for ensuring that paper is manufactured in compliance with environmental permits and national and local regulations.

### Management systems

Continuous improvement is supported by the implementation of management systems. All Myllykoski mills are covered by ISO 14001 environmental management systems, and EMAS in Europe. All European operations have a certified ISO 9001 quality system and occupational health and safety management system, OHSAS 18001, in place. Management systems are assessed regularly by external and internal audits.

### Environmental risk management

All Myllykoski mills have carried out specific actions to identify and manage environmental risks that are involved in daily operations. The most significant environmental risks in paper production are connected to chemical handling and process malfunctions.

In 2009, Myllykoski completed a Crisis Communication policy, which gives detailed guidelines on how to communicate in various situations, such as a serious environmen-

tal threat. Lang Papier and MD Albrbruck improved their risk management by training personnel in crisis management.

Myllykoski Paper trained its staff for improved control of emissions in waste water treatment plant operations. Madison implemented a training system for site visitors in order to ensure that all parties comply with the environmental procedures.

### Environmental expenditures

The mills are intensely working on a number of environmental protection initiatives and improvement projects. In 2009, activities focused on energy conservation programmes and developing new combined heat and power capacity. The largest environmental investment was made at MD Albrbruck for higher energy efficiency and lower emissions. Power plant turbines were modernised to comply with BAT (best available techniques) requirements and the share of bio-fuels was increased.



### Key figures for the Myllykoski Group's\* environmental activities

Mill	2007	2008	2009
Environmental expenditures, incl. depreciation, EUR million	39.0	38.5	33.9
% of net sales	2.7	2.6	2.8
Environmental investments, EUR million	6.7	21.8	2.9
Environmental provisions, EUR million	2.5	13.0	11.8

**Environmental expenditures** include costs for waste water treatment, waste management, environmental administration and training.

**Environmental investments** include investment costs related to emissions treatment and prevention, e.g. new equipment.

**Environmental provisions** are made to provide for the possible costs for e.g. emissions trading and discontinued use of industrial landfills in future.

\* The alliance partner Rhein Papier is not included in these figures.

### PLATTLING R&D: FOCUS ON INCREASED USE OF RECOVERED PAPER

Plattling's paper machine 1 currently uses more de-inked pulp than ever, close to 1,000 tonnes monthly. This record is the result of a continuous improvement process and successful development cooperation between various departments within the mill. DIP replaces ground wood pulp and part of the chemical pulp in the papermaking process. MD Plattling's recovered paper plant is one of the few facilities in Europe which can process and recycle also moisture-resistant labels recovered from the beverage industry into de-inked pulp.



Helmut Primbs is responsible for the handling of recovered paper delivered to the Plattling deinking plant.

### Compliance

No serious deviations from the environmental permit conditions took place among the Myllykoski mills in 2009. Temporary deviations were reported as presented below.

### Permit activities

All Myllykoski mills have valid environmental permits. By a decision of the Finnish Highest Administrative Court, Myllykoski Paper's environmental permit issued in 2005 remained unchanged. Rhein Papier is apply-

ing for a new environmental permit due to a projected production increase.

Lang Papier is applying for a permit for a new power plant. The application documents were intensely discussed in a public hearing. Lang Papier voluntarily committed to 50 per cent lower limits for NO<sub>x</sub> and dust for the planned residual boiler.

Madison facility's Waste Discharge Licenses were renewed and the Industrial Users Permit for waste water treatment at the District's wastewater treatment plant was modified. ❄️

Mill	Status	Note
Lang Papier	COD limit for effluent was exceeded on one occasion due to process stage breakdown.	✓ Corrective measures taken.
Madison	Suspended solids discharges into nearby river caused by a storage tank overflow.	✓ Corrective measures taken by installing overflow piping.
MD Albrbruck	Full compliance with environmental permit.	
MD Plattling	COD and phosphorus limits for effluent were exceeded. Violations were caused by long standstills in production, which weakened the biological system at the waste water treatment plant.	✓ R&D activities were focused on lowering the COD load to treatment plant e.g. by pre-treatment of high COD loaded waste water streams.
Myllykoski Paper	Oil leakage to river caused by a seal flaw at ground wood pulp mill.	✓ Corrective actions taken. Task group nominated for oil management and pollution response.
Plattling Papier	COD limit for effluent was exceeded due to standstills, high COD load and disturbance in the biological system.	✓ Focus on R&D activities, see above MD Plattling.
	AOX limit was exceeded.	✓ The use of chlorine containing biocides was discontinued.
Rhein Papier	Full compliance with environmental permit.	



## Environmental impact of operations

Paper making affects the environment in many ways. Energy and material efficiency, modern technologies and responsible sourcing play a key role in reducing environmental impacts.

Aspect	Comes from...	...and has this impact	Measures to reduce the impact
Wood raw material	Wood procurement	Use of managed forests (biodiversity, products and services from forest ecosystems, land use aspects)	Chain of custody verification, adherence to forest and nature conservation legislation and sustainable forestry guidelines, chemical pulp suppliers monitored.
Non-wood raw materials	Supplier's activities	Environmental impacts related to raw material production (use of energy, natural resources etc.)	High standards for partners in accordance with Myllykoski Sustainability Policy, supplier audits, selection of sustainable raw materials.
Air emissions	Energy production	Climate change (fossil CO <sub>2</sub> , CH <sub>4</sub> ), acidification (SO <sub>2</sub> , NO <sub>x</sub> ), eutrophication (NO <sub>x</sub> ), dust (particulates)	Improved energy efficiency, use of best available techniques, increased use of renewable fuels.
Water emissions	Paper production	Oxygen demand (COD, BOD) and eutrophication (N,P)	Optimised processes, efficient effluent treatment, reduced use and maximised re-circulation of process water.
Solid waste	Paper production, energy production	Disposal at landfills, risk of soil and groundwater contamination	Material-efficient processes, re-use of by-products and waste.
Noise	Paper production, energy production	Disturbance in the neighbourhood	Best available techniques, noise control measures and monitoring.
Odour	Anaerobic microbial activity in e.g. effluent treatment or sludge handling	Disturbance in the neighbourhood	Process optimisation at effluent treatment plant and paper mill, oxidative treatments as necessary.
Logistics	Rail, truck and ship transports of raw materials and products	Air emissions, noise	Optimisation of the use of transport capacity, use of modern equipment, high standards for logistics partners.
Soil pollution	Accidental spills, use of landfills	Risk of soil and groundwater contamination	Best practices in storage and handling of chemicals, compliance with landfill permits and legislation (landfill insulation, gas collection and treatment, leachate water treatment).



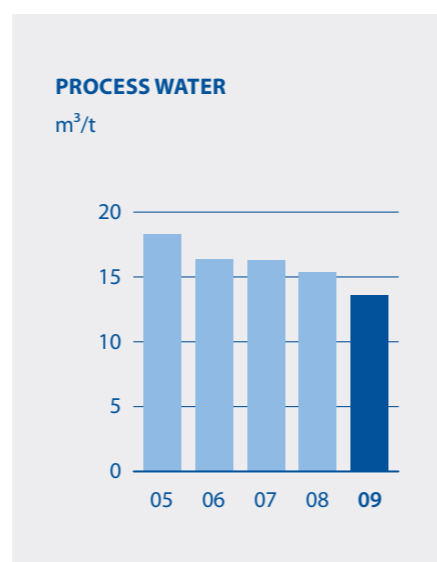
Udo Neuschl (left), Veit Seidel and Hermann-Josef Heise are operators at Rhein Papier.

## Making progress in environmental performance

Most of Myllykoski's discharges into water and air continued to develop favourably. At the same time the total usage of water decreased.

**Downward trend in water usage**  
The mills are continuously working to reduce the fresh water demand of their processes and to carry out improvements to optimise their water use. Since 2005, the specific usage of process water has decreased by 25 per cent.

fresh water has no longer been used in stock preparation. A large part of the required water is circulated back into the process from the paper machines. The current water demand is eight litres per kilogram of finished paper, which puts Rhein Papier among the forerunners in the paper industry. MD Plattling is taking steps to decrease its fresh water



Rhein Papier's newsprint production is leading the way in water usage. Since 2008,

### Main fresh water sources

Mill	Location	Water source	Note
Lang Papier	Ettringen, Bavaria, Germany	70% River Wertach, 30% groundwater	Groundwater levels are continuously monitored.
Madison	Madison, Maine, USA	100% River Kennebec	Withdrawal is minimal compared to the typical flow of 140 m³/s of the River Kennebec.
MD Albruck	Albruck, Germany	88% River Alb, 12% groundwater	Groundwater levels are continuously monitored.
MD Plattling/ Plattling Papier	Plattling, Bavaria, Germany	99% River Isar, 1% groundwater	Withdrawal is minimal compared to the typical flow of 174 m³/s of the River Isar.
Myllykoski Paper	Kouvola, Finland	100% River Kymi	Withdrawal is minimal compared to the typical flow of 291 m³/s of the River Kymi.
Rhein Papier	Hürth, North Rhine-Westphalia, Germany	100% groundwater sourced from GbR Wasserwerk Dirmersheim	Filtrates replace the use of fresh water completely in the de-inking process and partly in the paper machine.

demand by developing the use of biologically treated waste water in the process.

**Water emissions**

The mills' effluents are purified in biological waste water treatment plants. Myllykoski Paper, Lang Papier and MD Albruck operate their own treatment plants, whereas MD Plattling, Plattling Papier, Madison and Rhein Papier have outsourced the function to external operators.

The effects of treated effluent on the recipient water course are monitored according to environmental permits and reviewed both internally and by relevant environmental authorities. MD Plattling, Plattling Papier and Lang Papier monitor the effects using a bioaccumulation pool with a population of carp. No heavy metal accumulation was recorded in 2009.

**Improved storm water control and soil protection**

Improvements were carried out to enhance storm water management. Myllykoski Paper developed wood yard water collection and piped the collected waters to the waste water treatment plant.

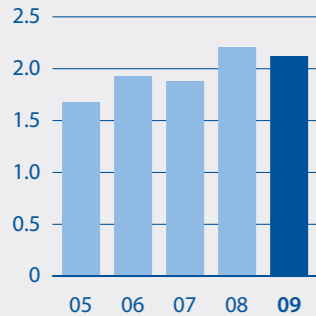
Madison established best management practices to control erosion and contamination in the log storage area, which led to good results in storm water quality. Madison and its partnering railroad company focused on minimising the effects of oil releases to soil from idling railroad engines by installing a fabric in the rail area to capture any oil released.

**MADISON EMPLOYEES VOLUNTEER IN FISH STOCKING PROGRAMMES**

The State of Maine operates a fish rearing station, located approximately 16 km from the Madison mill. Employees of Madison volunteer their time in the early spring and late fall to assist the hatchery staff in stocking local ponds and rivers with trout and salmon. These volunteers are critical to the success of the stocking programme, as tight fiscal budgets have resulted in employee layoffs in the State of Maine's programmes. The volunteers carry buckets full of fish and release them into the stream or lake. Children of employees are often among the volunteers and gain an appreciation of the stocking programme and the value of nature.

**COD**

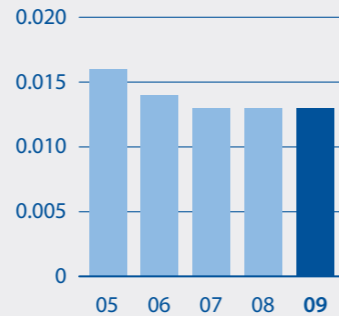
kg/t



Specific COD discharges have slightly increased due to the switch to higher value added products in production. Higher brightness demand increases the dosages of bleaching chemicals and consequently dissolves organic material from wood.

**P**

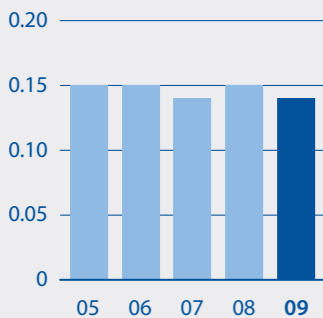
kg/t



The company's specific phosphorus emissions were reduced by 19 per cent between 2005 and 2009. Lang Papier implemented new guidelines for the dosage of phosphoric acid as a nutrient for bacteria in waste water treatment, leading to a 15 per cent reduction in phosphorus emissions in 2008, and 20 per cent in 2009, respectively.

**BOD**

kg/t

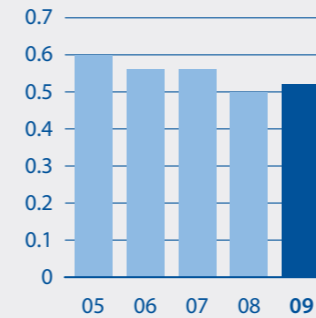


The company's BOD discharges per tonne of final product have remained steady.

**Air emissions**

**CO<sub>2</sub>**

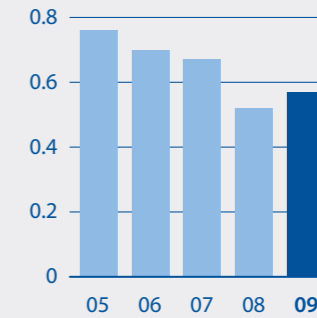
t (fossil)/t



Since the beginning of the EU emissions trading scheme in 2005, Myllykoski's specific fossil CO<sub>2</sub> emissions per tonne of produced paper have fallen by 13 per cent.

**NO<sub>x</sub>**

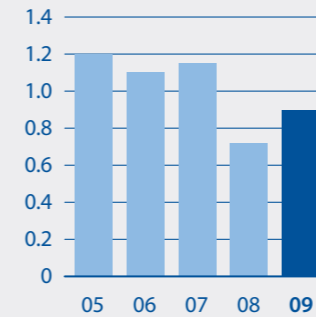
kg/t



Long-term energy conservation projects and lower production have resulted in reductions of 25 per cent in the company's specific nitrogen oxides emissions between 2005 and 2009.

**SO<sub>2</sub>**

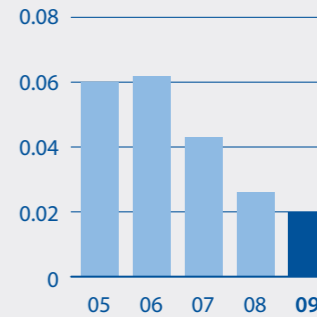
kg/t



The emissions of sulphur dioxide per tonne of end product in 2009 were 25 per cent lower than in 2005. The long-term decrease is partly due to the combustion of fuels with lower SO<sub>2</sub> emissions, such as fuel oil, as well as energy conservation projects.

**PARTICLES**

kg/t



The company's specific particles emissions fell slightly compared to 2008, partly due to MD Plattling shutting down two bark incineration boilers and Madison reducing combustion of fuel oil.

**FISH SWIMMING FREELY AGAIN IN RIVER WERTACH**

Lang Papier opened a new fish pass in a creek where the mill's small water turbine is located. The new fish pass together with another pass constitute a significant ecological improvement for the fish swimming in the creek and in the parallel main river. Several fish species listed in the IUCN Red List of Threatened Species live here, i.e. the grayling (*Thymallus thymallus*), barbel (*Barbus barbus*), and Danube salmon (*Hucho hucho*). The fish pass construction, 250 metres in length, has a height difference of about 4 metres and fits well in its surroundings.

**NO-FLY-MONTHS: KEEPING FEET ON THE GROUND IN MARCH AND SEPTEMBER**

Reducing the impact of climate change and indirect energy consumption has been made a task for all Myllykoski employees. The company has launched no-fly-months to save the environment, time and money. Every March and September other ways of networking besides flying are encouraged. Instead of travelling to internal face-to-face meetings, wider use of modern communication systems will be put to good use. The optimal use of e.g. web and video conferences is hoped to contribute to achieving the target level of zero flights in March and September in the future.



Waste types	Utilisation
Effluent sludge	Energy production, soil construction, composting
Fibre sludge from de-inking	Energy production, raw material for building products industry
Ash from power plant	Raw material for concrete industry, land construction

**Waste management aims at effective reuse**

The key objective of waste management at all mills is to reduce the amount of waste that is generated. Several mills have reduced their amount of waste by improving the material efficiency of their processes. Rhein Papier continued to increase the fibre yield at the de-inking plant. Improved screening in stock preparation at Lang Papier and improved bleaching effluent filtering at MD Albbbruck brought remarkable reductions in waste water solids levels at both mills.

Developing the utilisation of by-products and waste plays an important role in waste management at all Myllykoski mills. By-products and waste are valuable raw materials or a source of energy. All residual solids, such as ashes, sludges and rejects from Lang Papier, Rhein Papier, Plattling Papier and MD Plattling are directed to reuse.

All waste cannot be re-utilised. Residual solid waste, mainly ash or waste water treatment plant sludge, is disposed at landfills operated by mills themselves (Myllykoski Paper) or external operators (Madison, MD Albbbruck).

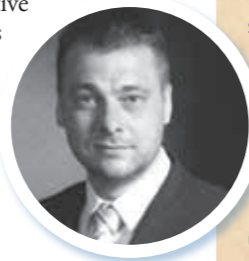
Lang Papier and MD Albbbruck have closed their landfills. At Madison, two-thirds of the sludge landfill's surface area is being permanently closed to reduce the operating face and volume of the surface water that must be treated.

All landfills, both operative and closed ones, are being monitored for environmental impacts in accordance with permits and regulations issued by the relevant authorities. Local commercial or civic landfills are utilised to dispose of the regular municipal solid waste.

**Noise and odour under observation**

Environmental permits set limits for noise emitted by the production facilities during both day and night time. Compliance is monitored through regular noise level measurements. Madison received noise complaints from the local residents and installed new silencers at its power plant, satisfying the residents. Noise abatement measures were also taken at Myllykoski Paper, where an air compressor investment reduced noise levels. Plattling Papier organised successful information exchange meetings with the local residents and local administrators concerning the site's noise abatement measures.

For odours, there are no set limit values in the environmental permits, but it can have an adverse effect on the neighbourhood. Occasional odour problems in the vicinities of some of the Myllykoski mills are caused by anaerobic microbial activity releasing malodorous compounds such as reduced sulphuric compounds. Notifications by the local residents regarding unpleasant odours are taken seriously. Processes are optimised continuously to manage the incidental odours, and oxidative treatments of waste waters are carried out as necessary.



EVERY CHOICE can make a difference



**ANDREAS HENRICHS,**  
*Environmental Affairs  
Coordinator, Mohn media,  
Germany*

As a printing and service company, Mohn media is committed to linking business success to sustainable business operations. Business and respectful use of the environment are by far not a contradiction in terms; on the contrary. The current discussion on climate change should not be seen as a threat, but rather as a chance to adapt to new challenges towards energy efficiency and sustainable use of raw materials.

From design and pre-press, print and finishing to logistics and distribution, efficient technical management systems and professionally analysed processes result in significant energy savings, conservation of resources, and reduced emission exposure for our employees.

Our customers, from a variety of industries such as mail order, publishing, advertising, tourism and fashion, also want to be more and more informed about the environmental effects of their own catalogues, mailings, prospectuses, magazines, books and directories.

We began to consider the environmental impacts of our operations at a very early stage, and started to improve our performance with the environmental management schemes EMAS and ISO 14001. In 2003, Mohn media was also one of the first companies to receive certification according to the chain-of-custody criteria of the Forest Stewardship Council (FSC).

Energy efficiency and the reduction of CO<sub>2</sub> emissions are key aspects that we focus on. Carbon dioxide balance sheets for single products are common today and a good way of influencing decision-making processes. As part of our demanding environmental programme we have run a combined heat and power generation unit on site since 1994. Due to the high efficiency rate of 85 per cent, the power unit CO<sub>2</sub> emissions have been reduced by more than 50 per cent in comparison to conventional methods in Germany."

Ensuring responsible products

The MY papers are based on renewable natural raw materials and are recyclable. They fulfil the criteria for the main environmental labels.

**Product safety**

All of the purchased raw materials have an impact on the quality of the end product. In the same way, they have an impact on the environmental aspects and safety of the product.

The Myllykoski wood-containing and recovered fibre-based products are based on natural raw materials. Manufacturing conforms to established technology and involves the use of generally accepted chemicals. No substances of very high concern (SVHC as defined by REACH) are used in manufacturing. The chemical pulp is ECF (Elemental Chlorine Free) or TCF (Totally Chlorine Free), which means that no chlorine gas is used in bleaching.

Myllykoski products are used for publication papers, including newsprint, in which the effects on human health are not elevated. In the United States, the focus in 2009 was on compliance with the Child Safety Act. MY SYMMETRY was analysed for lead and phthalate levels in order to demonstrate that the concentrations of these chemicals are below the thresholds set in the Child Safety Act.

**Recycling**

Myllykoski products are well suited for recycling. Paper is the most recycled product in Europe, with a recycling rate of 66.6 per cent (2008). The paper industry has played an important role in achieving that level. CEPI (Confederation of European Paper Industries) is working to achieve a better balance in policies that would favour the use of recovered paper as an energy source. In order not to distort the recycling market, it is important to incinerate used paper only when it can no longer be recycled.



Recovered fibre is a major fibre raw material for Myllykoski, one of Europe's largest users of recovered paper among publication paper producers.

**Environmental labels and product declarations**

The Blue Angel eco-label is awarded for certain products of Lang Papier and Rhein Papier. Myllykoski Paper's products have



In spring 2010, the group of labelled Myllykoski products grew as Rhein Papier's MY NEWS was awarded the Blue Angel eco-label. Guido Clemens (left), Manager R&D, and Bernd Weikopf, Representative Management Systems, present the label.

been approved for use in Nordic Swan eco-labelled print products. Both are voluntary, third-party-verified environmental labels that set strict environmental and sustainability criteria for paper producers and promote environmentally sound products.

Myllykoski continued using Paper Profile environmental product declarations with updated datasheets to communicate the environmental performance of its main MY-grades. The North American operations continued to belong to EPAT, a paper assessment tool to determine the environmental impacts of the manufacturing operations of paper.

Carbon footprint assessments were updated for the main Myllykoski products in 2009.

The Myllykoski mills are covered by ISO 14001 environmental management systems, and EMAS in Europe. All mills apply either the PEFC or FSC certified chain of custody systems, or both. ❄️

EVERY CHOICE can make a difference



**PETER SOMMERVILLE,**  
Marketing Director, Denmaur Independent Papers Limited,  
United Kingdom

“The majority of our business is publishing related, so whether the issue is a paper quality property or environmental credential, we endeavour to inform customers accurately and offer a choice. In the UK, paper purchasing attitudes have been influenced by the UK government and NGOs. It is apparent that the environmental impact of our actions and processes are becoming increasingly important to our customers.

Denmaur has begun creating a corporate responsibility policy. We promote PEFC and FSC chain-of-custody certification systems, the EU Ecolabel, recovered fibre content, lighter paper options, and European sourcing together with efficient distribution. We measure and record the CO<sub>2</sub> emissions of our own distribution, have improved working efficiencies and reduced travelling by enabling sales personnel to work off-site. In the new CR policy these actions will be developed into a holistic approach to the company's sustainability.

The NAPM (National Association of Paper Merchants) has created the Two Sides initiative to promote paper in the face of the digital age and environmental challenges – this is a late but helpful start to dispel the negative myths surrounding fibre and paper production and an opportunity to put forward the industry's environmental arguments.

However, these actions alone are not enough. We experience very differing demands from our publishing customers, with some only interested in price and others wishing to know more about the paper source and chain of supply. My view is for the mills, merchants and publishers to further develop a system like 'Paper Profile', something akin to the energy ratings system that exists with electrical white goods. The idea is that there would be a standard template for all papers which can be contrasted and compared, and which suits all users – avoiding the duplication of efforts and resources. If the industry doesn't jump ahead now, it will soon be tripped up again by the next environmental wave.”

# Transport

*In 2009, Myllykoski shipped nearly 2.5 million tonnes of paper products worldwide. Intelligent reloading concepts and the high share of rail transport improved the carbon footprint of the mills.*

**Distribution logistics**

Myllykoski is attempting to devise and implement alternative transport concepts, especially in the field of distribution logistics. Strategically, the focus for many years has been on rail transport, despite the fact that rail normally requires longer transport and response times and a higher handling risk for the transported goods.

Nonetheless, in 2009 Myllykoski managed to maintain its high share of rail transport in most mills. This high proportion is very pleasing since it improved the CO<sub>2</sub> balance of Myllykoski's plants in Europe by approx. 3,800 tonnes.

Myllykoski's reloading concepts are another important contribution towards avoiding greenhouse gases that harm the environment. The intelligent interlinking of incoming and outgoing transport means was further optimised and expanded in 2009. As a result, almost all wagons bringing pulp to the mill are used directly to ship paper out. Similarly, trucks delivering recovered paper are used more and more to transport paper on the outgoing run.

In the choice of logistics providers, Myllykoski makes absolutely certain that the freight companies hired can present suitable certificates and are equipped with modern vehicles. Meanwhile, the total percentage of EURO V trucks operating for Myllykoski has topped 60 per cent. Compared to 2008, this is an increase of 5 per cent.

Due to cost pressures and the high price of diesel fuel, over 70 per cent of haulier companies working for Myllykoski have reduced the top speed of their trucks. As a result, the average diesel fuel consumption per 100 km has dropped by about two litres. Compared with the volumes transported, this means savings of around 274,000 litres of diesel, or, in other words, over 720 tonnes of CO<sub>2</sub>.

Speed reductions are also applied to shipping, and the majority of shipping companies

employed by Myllykoski have lowered their fuel consumption considerably.

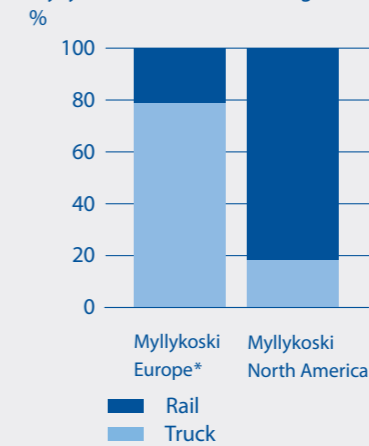
For Myllykoski, vehicle loads and optimisation of vehicle capacity utilisation is also an important topic. Optimised vehicle loading combined with intelligent route planning not only saves costs, but also reduces environmental pollution. For this reason, Myllykoski has started a cross-corporate project with the aim of increasing average payload per truck to a theoretical maximum at all mills.

**Wood shipped by rail**

Incoming wood is now shipped increasingly by rail. About 30 per cent of wood is now delivered to Myllykoski's largest location in Plattling in rail cars. Modern equipment and an excellent rail infrastructure permit the rapid and safe unloading of railroad freight. ❄️

**MODAL SPLIT, 2009**

Myllykoski mills' outbound logistics



\* Myllykoski Paper ex Lübeck, Antwerp

**From waste to raw material: New bark recycling concept for Plattling**

Approx. 150,000 tonnes of bark accrue every year from paper production at the Plattling location. Bark used to be a by-product that was costly to dispose of. Now it has been turned into a valuable raw material, suited for a wide variety of end uses. Composting factories and biological waste incineration facilities have shown a particular interest in bark products.

Since one of the major purchasers is based near the river Danube, Myllykoski decided to transport this product by inland waterway vessels. This means only a short distance (around 10 km) from the mill to the port of departure in Deggendorf by truck. The bark is stored temporarily at the port and transported by inland ship to the recipient in batches of approx. 800 tonnes.

These freight movements alone relieved the road infrastructure by over 551 truck movements in the year 2009.



## SOCIAL RESPONSIBILITY

# Social Responsibility is about relationships

*Responsible management of Human Resources in a difficult economic environment was, according to Werner Manzinger, Director Human Resources, HR's biggest challenge in 2009. He is also a member of the Corporate Responsibility Committee that steers and controls corporate-wide activities in the fields of corporate responsibility and sustainability.*

### How does social responsibility work at Myllykoski?

Concern about the company's continuous success is a natural part of our social responsibility. The financial well-being of our employees ultimately depends on our company's success. Social responsibility also entails that we view ourselves as part of society, recognise the legislative and regulatory framework in place and operate accordingly. Myllykoski's joining the Global Compact initiative, for example, bears testament to this. We fully abide by the Global Compact principles which apply to our relationships with our employees, customers, suppliers and other business partners alike. We are in the fortunate position that the Global Compact principles are already part of the general social consensus in the localities in which Myllykoski has paper mills: all of these localities apply the general principles of equality, they have labour standards in place and they have adopted regulations governing co-determination practices. We take the implementation of these principles very seriously and train and keep our managers and employees up to date accordingly. For example, a training session concerning

the law on equal treatment was once again organised for the managers of the German mills in 2009.

### What were the priorities of the HR work in 2009 and what do the targets for 2010 look like?

Our priorities are based on the HR strategy drawn up in 2009, because the Human Resources function at Myllykoski is understood to be a leader and catalyst of continuous change, working towards the goal of ensuring profitability and thus the success of the company. This boils down to three targets for HR: encouraging and sustaining a culture of safety and health; selecting the best people, i.e. the right employees for Myllykoski, and retaining them by promoting an attractive work environment as well as strengthening and making best use of the individual and collective performance of our employees. These targets challenge us on a permanent basis. In concrete terms, we needed to ensure the implementation of responsible HR management, adjusted to the challenging situation where necessary cost-cutting measures also unavoidably affected personnel.

### How was the personnel affected by the strong decline in demand that hit Myllykoski and the entire paper industry as a result of the general global recession in 2009?

We were forced to temporarily shut down production lines. Along with Myllykoski Paper, the most affected mill was MD Plattling, where PM 10 was indefinitely idled in July 2009. Together with the Works Council, we worked out a model under which some of the employees concerned were temporarily integrated into the PM 11 crew through a rotation system and could participate in training. The shutdowns in Germany could largely be compensated for through the use of working time accounts and holiday planning. In addition, reduced working hour arrangements were applied. In Finland, temporary lay-offs were implemented under the so called Cooperation Procedure. All this took place with the constructive participation of the employee representation bodies.

In order for us to ensure the sustainability of our competitiveness and secure jobs, we also needed to carry out adjustment measures in the personnel structure. We re-



Werner Manzinger leads Myllykoski's Human Resources function and is also a member of the Corporate Responsibility Committee.

duced the number of jobs by 44 at Myllykoski Paper in 2009 and made the decision to downsize personnel at MD Plattling by 82 as part of the Phoenix project. In implementing this, we have acted and are still complying in accordance with appropriate social responsibility practices for example by involving the participation of employee representation bodies and an employment agency. At Myllykoski Paper, the employees concerned were actively supported in finding new jobs.

### Does Myllykoski have metrics in place to measure the well-being and motivation of employees?

So far, we have not had an all-encompassing system in place to measure the work satisfaction of our employees on a broad scale. However, employee surveys were conducted

at some mills in 2009 and their results have been integrated into the team development processes. Globally, this is certainly an issue to be included in our future agenda to gain a better picture of the well-being, motivation and work satisfaction of our employees and to develop appropriate HR measures.

### What are the main short-term challenges for Myllykoski's HR?

The main challenge obviously consists of surviving these tough times together. It is our conviction that this requires willingness to change. If we expect our employees to think and act in a customer-oriented way and show an entrepreneurial spirit, then we as a company and our managers must give the employees enough room to take on more responsibility while promoting communication and dialogue. We also need to

adjust to the demographic change. The average age of our employees is rising in pace with the overall trend in society. In 2009, 28 per cent of our employees were aged over 51. We need to adjust to this development in a positive way by adapting our working environment. ✪



# Occupational health and safety

*Occupational health and safety is one of the three main pillars in Myllykoski's HR strategy. Minimising accidents at work and promoting a healthy lifestyle are primary goals.*

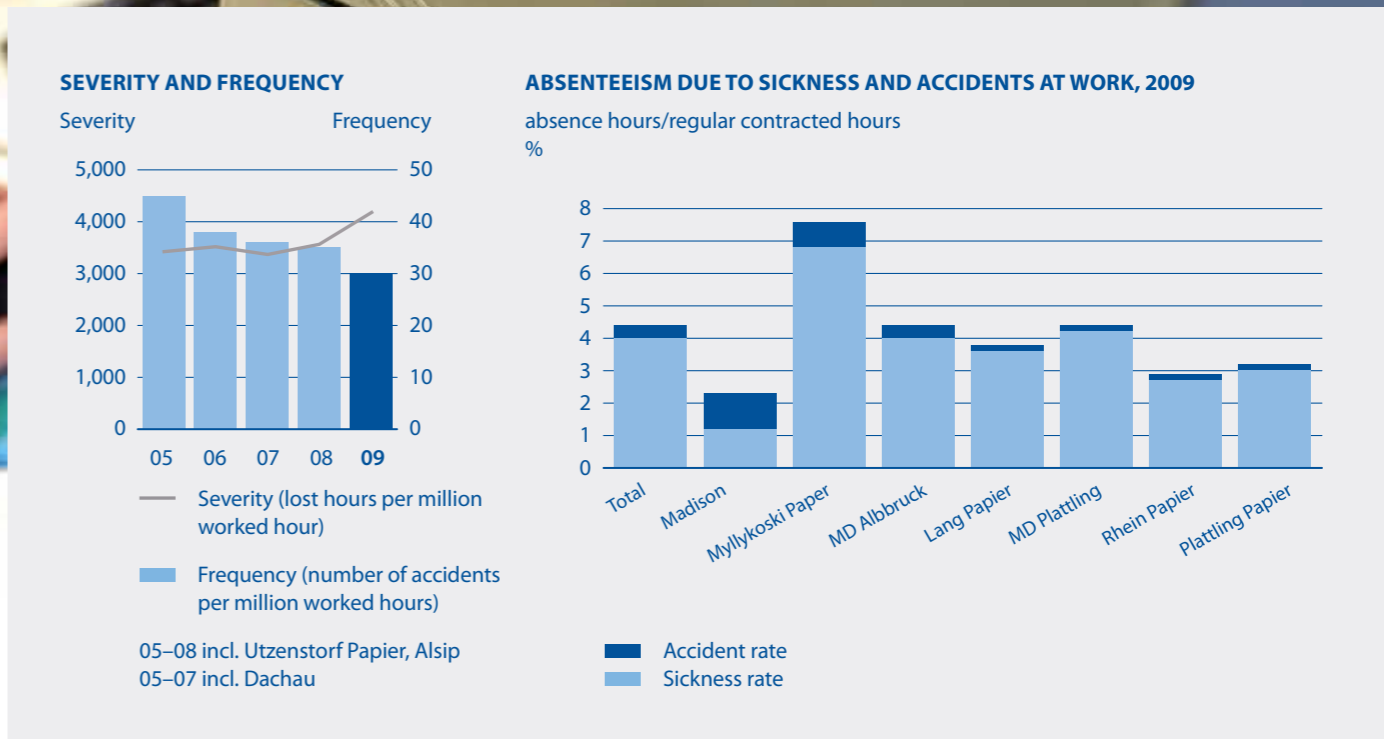
Following the certification of Plattling Papier, which started in 2009 and was completed in spring 2010, all of the mills of Myllykoski in Europe now have an OH-SAS-certified occupational health and safety management system in place.

### Frequency rate down, severity rate up

The number of occupational accidents continued to decline in 2009 across the company. The accident frequency rate decreased from 35 (per million hours worked) to 31.

This positive development was, however, overshadowed by an overall increase of 20 per cent in the severity rate indicating lost hours per million worked hours. Owing to the Myllykoski mills' systems for collecting and analysing accident data, the reasons for the increase in the severity rate could be analysed and measures could be taken to remedy them. In 2009, MD Albrbruck drew up a new strategy to reduce accidents and started to implement the measures defined in it, such as providing managers with training concerning their responsibility in occupational health and safety and informing all suppliers about the safety regulations in force at the mill.

Myllykoski's high quality is supported by extensive competence and special expertise. Tiina Sakkara is an operation controller at Myllykoski Paper.



### Achieving continuous improvement

The annual Safety Improvement Visits (SIV) adopted in 2006 are a major tool in ensuring continuous improvement. The goal set for 2009 was to assess and further develop the internal audits to control and monitor the effectiveness of occupational safety measures.

### For a safe working environment

Measures were implemented at all mills particularly to raise awareness of occupational safety issues with the motto "Keeping Safety Fresh". Each month, dangerous work situations were identified and employees were

informed about the appropriate rules to be followed.

### Responsibility for one's own safety

In 2009, a series of measures was launched at the mills under the theme of road traffic safety. MD Albrbruck, for example, sponsored employees who bought bicycle helmets. Lang Papier and Rhein Papier organised a training event for the drivers of company cars.

Some mills also offered first aid courses in 2009. The company paramedics' team, active at Lang Papier for many years already, was strengthened by eight more members who received extensive training.

### Staying healthy, looking ahead

Myllykoski wishes to actively encourage its employees to lead a healthy life. In 2009, this involved initiatives such as "Biking to work" which was carried out in co-operation with the local health insurance fund at Lang Papier. In addition, general flu vaccinations and preventive check-ups to combat skin cancer took place. A pandemic plan was drawn up for the whole company in anticipation of the swine influenza pandemic expected in 2009. Pandemic teams were set up at the mills and emergency plans and hygiene rules were drawn up.

# Personnel

*Myllykoski's success depends on the input, competence and knowledge of its employees. Employees contribute to the added value generated by the company and in return, their performance is valued.*

At the end of 2009, Myllykoski had 2,673 employees, which was 12.5 per cent less than in the previous year. This decline mainly resulted from the divestment of the Utzensdorf mill in Switzerland and the Alsip mill in the United States and, to a minor extent, from adjustments to the organisational structure.

Against this background, it is all the more important to promote the commitment and know-how of the employees. Skilled professionals strengthen the company and enable innovation, efficiency and quality. This is why, despite the cuts made to the training and development budget, Myllykoski invested 461 euro per capita in targeted development measures in 2009.

## Vocational qualification

Training and development measures, especially those targeted at new employees, aim at maintaining a high level of expertise among employees. Madison mill requires all new recruits to participate in the pulp and paper training programme provided by Kennebec Valley Community College to make sure the new employees master the basics of paper making.

In addition, Myllykoski offers its employees training and further education opportunities to develop their vocational skills and competences. Production personnel from the mills in Germany are offered courses such as "paper technologist" or "paper-making master", which enable employees to meet the necessary requirements for pro-

## CHAIRMAN'S SAFETY AWARD 2009 TO LANG PAPIER: PEOPLE ARE KEY

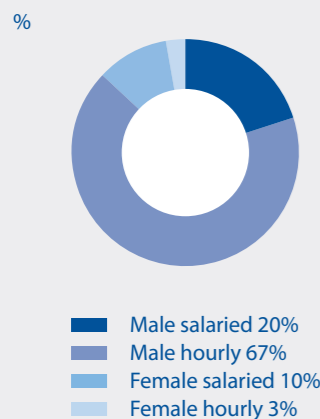
Myllykoski wishes to promote safe work practices and create a high level of awareness for occupational safety through its programme recognising good performance in occupational safety. The much sought after Chairman's Award recognises the year's best overall performance in occupational safety: absolute number of accidents, improvement in accident figures from the previous year, innovations concerning practices and processes, outstanding successes and performances, involvement of employees and commitment to occupational safety. In 2009, the Chairman's Award went to Lang Papier.

motion. These measures were carried out according to need in 2009.

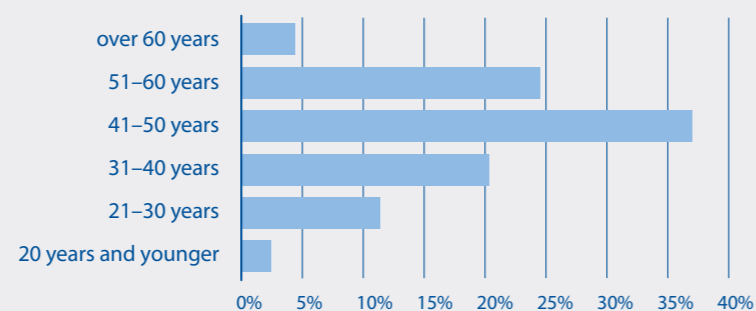
## Facing new challenges

At Myllykoski, a number of projects and measures were implemented at various levels to raise efficiency, improve product quality and lower operating costs. In 2009, several extensive training programmes were organised in connection with the roll-out of the Total Productive Maintenance approach to prepare employees for their new tasks in the maintenance process.

PERSONNEL GENDER DISTRIBUTION, 2009



AGE DISTRIBUTION, 2009



Eeva-Liisa Heinaro, Managing Director of Myllykoski Sales Nordic, speaking at the MYLLYKOSKI SUMMIT in September 2009.



Esa Porvari is a machine operator at Myllykoski Paper.



Lori Christopher is an engineering administrative assistant at Madison.

The modernisation of the power plant was completed in 2009 at MD Albrück, including the start-up of a new power plant turbine. The employees were acquainted with the new technology through appropriate training events.

For the Plattling mills, the year 2009 marked the launch of the Phoenix project, which aims at creating a high-performance corporate culture shared by the entire site.

## Future managers

Myllykoski's HR strategy also gives a high priority to the development of current and future managers to reach the defined goal of filling two-thirds of the company's open positions with present Myllykoski employees. The succession planning will be continued and implemented in 2010.

The second round of the company-wide management development process MY

College was completed in 2009. It has once again proved to be a successful concept. Most of the 50 employees from the mills, sales offices and staff functions who have so far successfully completed the programme took on new, more challenging managerial positions even while taking part in the programme or immediately after having completed it.

This was complemented in 2009 by a number of mill-level management develop-

EVERY CHOICE can make a difference



HELMUT STRUCHTRUP, Plant Manager, Amberger Kaolinwerke, Germany

The principle of sustainability and finding a balance between economy, ecology and social issues is an important part of Amberger Kaolinwerke's (AKW) mission statement.

Economic development is essential to any long-term company policy. AKW invests in constant improvements to plants and mining operations to secure the supply and quality of kaolin pigments for its customers in the paper industry.

The extracting and processing of minerals has its cost to the environment. Process improvements therefore have considerable environmental importance. Responsible operations start with an automatically working dust control system in our process filters, followed by accurate planning of mining operations with a minimum of land use, and a sustainable concept of restoring nature, also involving the neighbours and local authorities.

AKW has recently modified the process water circuits and installed measurement and control equipment with the result of a 40 per cent reduction (by weight) in the use of chemical reagents. The waste water quality improved as well.

One major contribution of AKW towards mitigating climate change was an investment in a CHP plant, which resulted in the reduction of annual CO<sub>2</sub> emissions by nearly 18 per cent. For us, saving energy is a matter of course. Due to our yearly improvement programmes, we increase the plants' energy efficiency.

Open dialogue with our surrounding neighbourhood lays the foundation for our social responsibility, which consists of responsibility for the entire social environment in which we operate, as well as for our employees. We set out clearly defined leadership principles and place value on training and education programmes. Health protection is given a high priority. AKW's occupational safety management system was audited this year by the Quarry Employees' Industrial Compensation Society, and the fact that occupational accidents were below the industry average illustrates that we are on the right track."



ment programmes, such as the imPuls programme implemented at Rhein Papier and the Plattling paper mills to foster a harmonised leadership concept and improve the exchange of information and transfer of knowledge.

### Investing in young talent

The commitment of Myllykoski mills in Germany to provide vocational training to young people leads to a win-win situation: recruiting skilled professionals for the company and offering young people future prospects through high-quality vocational training. The apprenticeship programme covers seven different professions in paper production, maintenance and administration. Dual training is also on offer, combining theoretical studies and apprenticeship. In 2009, more than 80 young people participated in vocational training at Myllykoski mills in Germany, bringing Myllykoski's share of all mills providing training to 5 per cent. To make it easier for the new trainees to enter working life, an introduction week, including a workshop of several days, is organised annually. In 2009, the number of participants at the introduction week was 23.

In addition to the vocational training provided by the mills, Myllykoski and its mills are also actively involved in various associations and educational institutions to foster concepts for high-quality education that meets the industry's needs. Madison has,

since the early 1990s, actively participated in a pulp and paper technology training programme at Kennebec Valley Community College. The students can choose between a one- or two-year curriculum. In co-operation with the college, Madison grants scholarships to talented students for the two-year curriculum. Also in 2009, seven students once again completed their internships at Madison and will be offered the opportunity to work at the mill after completing their studies.

### Attracting the best potential

Another major goal of Myllykoski's personnel strategy is to attract the best potential and commit them to the company in the long term. For this purpose, Myllykoski co-operates with schools, colleges and universities. The mills regularly host student and school visits. Students are offered the opportunity to complete their mandatory internships and graduation theses at Myllykoski. Trainees can expect fair employment conditions, as Myllykoski applies the principles laid down in its initiative "We are a fair company" to trainees.

### Involvement

The employees' ideas are a valuable asset to the company's success. Initiative systems and their continuous development play a major role at Myllykoski mills in achieving sustainable success. MD Albbbruck revised its initiative system in 2009 with the objec-

tive of capitalising on the co-operative effort and innovation of the whole personnel to enhance profitability as well as good understanding, work safety, quality and self-identification in the company while ensuring adequate recognition of everyone's performance. The initiative award is therefore calculated based on the measurable savings achieved through the initiative.

During the 15th Myllykoski Days organised by Myllykoski Paper, management and employees discussed the company's current situation and the challenges resulting from the difficult financial environment in securing sustainable success for the company. Events such as the Myllykoski Days are a part of the company's official communication activities.

### Appraising performance

During the past few years, Myllykoski has increasingly worked towards modernising its leadership concept. This also includes the introduction of performance review discussions and performance evaluation systems. In 2009, Myllykoski Paper revised and livened up its existing performance evaluation system, extended it from the managerial level to cover all employees, and conducted performance review discussions. Once the roll-out at Myllykoski Paper is completed, the other mills should follow and have the system in place by 2011. The sales offices also began the introduction of performance evaluation and development discussions with employees in 2009.

The results of the employee survey conducted in 2009 at Rhein Papier concerning work satisfaction were incorporated into the team and management development programme that is planned to be launched in 2010.

The well-being of employees was a focal area in the employee survey conducted at Myllykoski Paper. The response rate was pleasingly high, at 86 per cent. During 2010, the results of the survey will be discussed and analysed in the various departments and put into action to maintain work capacity and to develop co-operation.

### Co-determination

Myllykoski applies the principle of co-determination in undertakings according to national regulations. The year 2009 was very challenging in terms of trustful co-operation with local employee representation bodies. The effects of

### COMMUNICATION TRAINING

In February 2009, Myllykoski agreed on a common set of company-wide crisis communication guidelines. These guidelines are binding on everyone and lay down detailed instructions on who has to be informed in situations of crisis and how.

In the autumn, Myllykoski organised internal communication training sessions for supervisors and managers at all German mills, at Myllykoski Corporation and at Myllykoski Sales Headquarters. Their objective was to improve the local communication in and between the mills, units and offices and to enhance personal communication skills. According to plans, the training will be extended to other levels and the sales offices in 2010.



the weakened demand in the paper industry led to temporary production shut-downs and restructurings. Solutions were negotiated together with the Works Councils, including measures such as working time accounts, holiday planning and reduced working hours.

On the international level, the European Works Council (EWC) defends the interests of the employees. It operates, according to the provisions of the EU's directive, as a forum for cross-border communication and

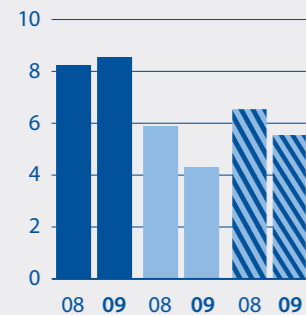
co-operation. In 2009, employee representatives from the mills in Finland and Germany met at MD Albbbruck, where the mill management informed them about the current business situation and the outlook for the coming year. The impacts of the economic and financial crisis were on the agenda, as well as occupational safety and health care as well as information concerning on-going or planned investment projects. ✱

Read more  
about this topic:

[www.karriere.de/fair-company](http://www.karriere.de/fair-company)

### PERSONNEL TURNOVER

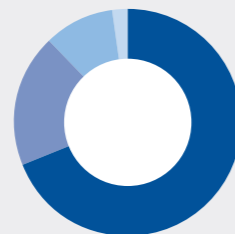
%



■ Salaried  
■ Hourly  
■ Total

### PERSONNEL BY COUNTRY, 2009

%



■ Germany 69%  
■ Finland 19%  
■ United States and Canada 10%  
■ Other Europe 2%

## Social commitment

*Myllykoski is actively involved in the communities surrounding its mills. Myllykoski views itself as part of society and is committed to promoting its development and values to the best of its ability.*

Myllykoski supports social projects and initiatives in the localities of its mills and elsewhere. This commitment shows the close bond that Myllykoski has with the local communities. The company sponsors local initiatives and associations, and a high number of employees serve as coaches in sports associations or perform other voluntary work.

### Myllykoski employees helping others

Lang Papier employees presented the ancient art of paper making at the 'Medieval Festival' and donated the proceeds to the children's hospice St. Nikolaus in the neighbouring town Bad Grönenbach. The mill management topped up the sum raised by the employees. The Plattling mills also par-

ticipated in a social initiative: in the beginning of 2009, they donated the proceeds of a raffle organised during a Family Day event in 2008 to a child protection agency in the nearby municipality of Stephansposching.

Since the establishment of the street magazine BISS more than 15 years ago, Myllykoski has been one of the sponsors of this social project. MD Albbbruck →



**Mylykoski sponsors the Finnish football club MYPA that promotes both the athletic performance and social development of children and youth and plays in the top division of Finnish football.**

supports the magazine by donating paper for it.

#### **Fostering children and youth**

Mylykoski also supports cultural initiatives that enhance literacy and media competence among children and youth. In 2009, Rhein Papier was one of the sponsors of a literacy project in the Rhine-Main area.

#### **Local sponsorships**

An exhibition on the theme "Paper art – global paper" was organised in the town of Deggendorf near Plattling in spring 2009. The Plattling mills sponsored this cultural event by organising mill tours and donating

paper for the children's art project accompanying the exhibition.

The Finnish football club MYPA links Mylykoski Paper to its town of origin. MYPA's first team, which plays in the top division of Finnish football and also is internationally active, is an idol in particular for youngsters pursuing a career in football. In addition to their athletic performance, the association also promotes the social development of children and youth and offers adults a wide variety of opportunities to look after young athletes by engaging in voluntary activities.

Mylykoski supports the work of the GreenLife Society, a network committed to

#### **Mylykoski also supports cultural initiatives that enhance literacy and media competence among children and youth. //**

sustainable development through many local projects around the world. The goals of the GreenLife Society are to work on environmental and human-related issues to preserve the natural balance between humans and nature. The emphasis is on wildlife conservation but the work is related to the local populations' need to manage their own natural resources and at the same time preserve their precious natural resources. ✳

EVERY CHOICE can make a difference



**EVA THURESSON,**  
*Manager, Quality and Environmental Information, Södra Cell, Sweden*

## Close involvement with technology

*Mylykoski conducts product and production process research and development work independently as well as in collaboration with customers, suppliers, research organisations and universities.*

Basic research is carried out in co-operation projects within Finnish Forest Cluster Ltd, in which Mylykoski is a shareholder. Several ongoing research programmes, such as 'Intelligent and Resource-efficient Production Technologies', 'Future Biorefinery', and 'Customer Solutions for the Future', attain improved and sustainable material and resource usage.

During the past decades the emissions and environmental impact of paper manufacturing have been significantly reduced through "end-of-pipe" technology, e.g. more efficient waste water treatment plant technology and flue gas filters. Today the focus is on total optimisation of the paper products, raw material input and selection, and the production process.

Mylykoski is a long-time member of Ingede, the International Association of the Deinking Industry. Ingede supports R&D projects that target the increased use of recovered paper. Improved deinkability (i.e. the easy removal of printing inks) of printed paper is of highest priority, especially with modern printing processes. By applying optimised mechanical and chemical processes in deinking, screening and centrifugal cleaning stages, material losses have been reduced.

The effects of energy savings in the production process on paper quality are studied and applied carefully. The quality of mechanical pulp is interconnected with the applied energy. High quality printing papers contain a considerable proportion of mineral constituents. Tailor-made pigments and fillers are used for the highest possible filler and coating pigment content, which leads

to lower total energy consumption and superior optical and printing properties.

The mills are continuously working to reduce the fresh water consumption of their processes. Fresh water consumption, e.g. for shower waters, pump seal water and chemicals dilution and dosage, determines how much waste water is generated. Dissolved organic material from ground wood pulping, recovered paper deinking and peroxide bleaching of the pulps determine the waste water oxygen demand. By using innovative bleaching recipes Mylykoski has achieved a 20 per cent reduction in COD in some production lines, and projects for other lines are ongoing.

The safe use of functional chemicals in the production process is an essential part of the R&D work as well as of the health and safety development. New, more environmentally safe chemicals are being sought and tested continuously. One example is the ongoing exchange from conventional biocides for water loop treatment to less toxic oxidising systems. ✳



// Södra Cell focuses on environmental issues all the way from the forest to the customer. Södra is an economic association with a membership of 50,000 forest owners – mainly small farmers in southern Sweden. Most of the wood is sourced from our members' forests less than 100 kilometres from the pulp mills.

Sustainability related qualities and features are important for Södra when making purchasing decisions along our supply chain. Our wood suppliers are contract bound to follow our nature conservation policy. For big purchases and investments, environmental and energy evaluations are made. Timber harvested from certified forests allows us to produce PEFC and FSC certified pulp

We continuously invest to improve our mills. Södra's pulp mills have a highly closed loop in the process water system, which is facilitated by the TCF and ECF bleaching methods. All Swedish mills and one of the Norwegian mills have biological effluent treatment for the process water effluent.

Södra's haulage fleet is, on average, less than three years old, and our modern engines cause lower emissions. We require all vehicles to run on eco-diesel, use biodegradable hydraulic oil and not contain HAV oil in the tyre tread. More than 80 per cent of the market pulp deliveries are shipped by sea or rail. Södra's three long-term charter vessels were the world's first cargo vessels to be fitted with catalytic cleaners.

Södra has relatively low emissions of greenhouse gases, as 95 per cent of the energy in the production process is renewable. Södra Cell is currently Sweden's largest bio-energy supplier. Taking into account carbon sequestration in forest, district heating and electricity production, all in all Södra is more than 'carbon neutral!'



## Mylykoski is participating in the UN Global Compact initiative

*Since 2008, Mylykoski has been a signatory of the United Nations Global Compact initiative, a global network of businesses and other stakeholders from around the world committed to sustainability and responsible business practices.*



The UN Global Compact, launched in 2000, is rooted in the belief that responsible business practices and cross-sector partnerships are critical to strengthening the global economy and ensuring environmental and social well-being. The core values of the Global Compact are presented as ten principles in the areas of human rights, labour standards, the environment and anti-corruption.

The Global Compact has two main objectives: it aims to mainstream the ten principles in business activities around the world as well as to catalyse actions in support of broader UN goals, including the Millennium Development Goals.

A comparison between Mylykoski's reporting and the Global Reporting Initiative's (GRI) guidelines and the Global Compact principles is presented in the table at the end of the publication.

For more information, please visit:

[www.unglobalcompact.org](http://www.unglobalcompact.org)

### *The* TEN PRINCIPLES OF THE UN GLOBAL COMPACT

#### Human Rights

*Businesses should:*

1. support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

#### Labour Standards

*Businesses should uphold:*

3. the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in employment and occupation.

#### Environment

*Businesses should:*

7. support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

## Comparison with the GRI guidelines and Global Compact principles

Mylykoski Sustainability Review 2009 follows the framework and indicators of the Global Reporting Initiative's (GRI) reporting guidelines (G3). The index below shows how and where the GRI standard disclosures and the UN Global Compact principles were addressed in the review.

UN GC Principles	GRI Code	GRI Standard Disclosure Items - Performance indicators	Status	Sustainability Review 2009, page	Comments
<b>Profile disclosures</b>					
<b>1. Strategy and Analysis</b>					
1.1		CEO Statement about the relevance of sustainability to the organization and its strategy.	Disclosed	1	
1.2		Description of key impacts, risks, and opportunities.	Disclosed	1; 4-5; 17-20; 30-32	
<b>2. Organisational Profile</b>					
2.1-2.10		Organisational profile	Disclosed	2	Mylykoski in brief
<b>3. Report Parameters (Report profile; Report scope and boundary; GRI content index; Assurance)</b>					
3.1-3.8; 3.10-3.11		Report profile, scope and boundary	Disclosed	2-3	Scope and objective of this review
3.12		GRI content index	Disclosed	52-54	According to the GRI Application level C.
<b>4. Governance, Commitments, and Engagement</b>					
4.1-4.4		Governance	Disclosed	18; 24	Corporate Governance Statement, <a href="http://www.mylykoski.com">www.mylykoski.com</a>
4.14-4.15		Stakeholder engagement	Disclosed	18	
<b>5. Management Approach (DMA)</b>					
		Sustainability management	Disclosed	17-21	Mylykoski and responsibility
		Economic	Disclosed	22	
		Environmental	Disclosed	3-5; 17-19; 29-32	
		Social: Labour practices and decent work	Disclosed	17-18; 40-42	
		Social: Human rights	Disclosed	17-18; 51	Code of Conduct, UN Global Compact
		Social: Society	Disclosed	17-18; 51	Code of Conduct, UN Global Compact
		Social: Product responsibility	Disclosed	17-18; 37-38	Product safety
<b>Performance indicators</b>					
<b>Economic performance indicators</b>					
<b>Aspect: Economic Performance</b>					
EC1		Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Disclosed	22-24	Economic benefits to stakeholders

UN GC Principles	GRI Code	GRI Standard Disclosure Items - Performance indicators	Status	Sustainability Review 2009, page	Comments
	EC3	Coverage of the organisation's defined benefit plan obligations	Disclosed	24	
<b>Environmental performance indicators</b>					
<b>Aspect: Materials</b>					
8	EN1	Materials used by weight or volume.	Disclosed	4-5	Wood, chemical pulp, non-wood materials Wood from certified sources
8; 9	EN2	Percentage of materials used that are recycled input materials.	Disclosed	4-5	Recovered paper
<b>Aspect: Energy</b>					
8	EN3	Direct energy consumption by primary energy source.	Disclosed	4-5; 28	Thermal energy consumption
8	EN4	Indirect energy consumption by primary source.	Disclosed	4-5; 28	Electric energy consumption
8; 9	EN5	Energy saved due to conservation and efficiency improvements.	Disclosed partially	27-28	Energy efficiency measures
<b>Aspect: Water</b>					
8	EN8	Total water withdrawal by source.	Disclosed	4-5; 32-33	
<b>Aspect: Biodiversity</b>					
8	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Disclosed	10-13	Forest certification
<b>Aspect: Emissions, Effluents, and Waste</b>					
8	EN16	Total direct and indirect greenhouse gas emissions by weight.	Disclosed partially	4-5; 35	Direct CO <sub>2</sub> emissions from fossil fuels (scope 1)
7; 8; 9	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Disclosed partially	4-5; 15-16	Product Carbon Footprint
8	EN20	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight.	Disclosed	4-5; 35	
8	EN21	Total water discharge by quality and destination.	Disclosed	4-5; 34	
8	EN22	Total weight of waste by type and disposal method.	Disclosed	4-5; 36	
8	EN23	Total number and volume of significant spills.	Disclosed	31	
<b>Aspect: Products and Services</b>					
7; 8; 9	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Disclosed	14-16; 49	Lean development
8; 9	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Disclosed	37-38	Recycling
<b>Aspect: Compliance</b>					
8	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Disclosed	31	
<b>Aspect: Transport</b>					
8	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Disclosed	39	
<b>Aspect: Overall</b>					
7; 8; 9	EN30	Total environmental protection expenditures and investments by type.	Disclosed	30	

UN GC Principles	GRI Code	GRI Standard Disclosure Items - Performance indicators	Status	Sustainability Review 2009, page	Comments
<b>Labour practices and decent work performance indicators</b>					
Aspect: Employment					
	LA1	Total workforce by employment type, employment contract, and region.	Disclosed partially	46	Personnel by country
6	LA2	Total number and rate of employee turnover by age group, gender, and region.	Disclosed	46	Personnel turnover
Aspect: Occupational Health and Safety					
1	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	Disclosed	42–43	
1	LA8	Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	Disclosed	43	
Aspect: Training and Education					
	LA10	Average hours of training per year per employee by employee category.	Disclosed partially	44	Investment in development measures per employee
	LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Disclosed	44–45	
	LA12	Percentage of employees receiving regular performance and career development reviews.	Disclosed partially	46	Performance evaluation system
Aspect: Diversity and Equal Opportunity					
1; 6	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Disclosed	44	
<b>Society performance indicators</b>					
Aspect: Community					
	SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Disclosed	47–48	Social commitment
<b>Product responsibility performance indicators</b>					
Aspect: Customer Health and Safety					
1	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Disclosed partially	37–38; 49	
Aspect: Product and Service Labeling					
8	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Disclosed partially	38	

### Independent third-party verification of GRI Guidelines Application Level

In compiling the 2009 Sustainability Review, Myllykoski used the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines. Accordingly, Myllykoski makes a self-declaration that the Review meets the requirements for GRI's Application Level C. A third-party verification conducted by the corporate responsibility specialist Tofuture Oy confirmed that the Review meets the requirements for GRI's Application Level C. Adherence to GRI standard disclosures is illustrated and explained in the above GRI index.



## Glossary

**AOX** Adsorbable organic halogens. In practice, a measure of the amount of chlorine bound to organic substances. These compounds occur when pulp is bleached with chlorine-containing chemicals, but may also occur naturally.

**BOD** Biological oxygen demand. This expresses the amount of oxygen required for biological oxidation of organic matter in the effluent.

**CEPI** Confederation of European Paper Industries

**CHP** Combined Heat and Power production, i.e. heat and power cogeneration with a boiler and steam turbine.

**CCHP** Combined Cycle Heat and Power production, i.e. heat and power cogeneration with a combined cycle unit consisting of a gas turbine, boiler and steam turbine.

**CARBON FOOTPRINT**, a measure of the total amount of greenhouse gases (GHG) incurred – directly or indirectly – along the product's supply chain. The main GHG gases are carbon dioxide CO<sub>2</sub>, methane CH<sub>4</sub>, and nitrous oxide N<sub>2</sub>O.

**CO<sub>2</sub>** Carbon dioxide, a gas released during combustion. Fossil carbon dioxide contributes to the greenhouse effect, and is formed when coal, oil or gas is burned.

**CoC** Chain of Custody, a system for monitoring the origin and supply chain of wood raw material.

**COD** Chemical oxygen demand. This expresses the amount of oxygen required to chemically oxidise matter in the effluent.

**DIP** Deinked pulp. Pulp that has been produced by deinking recovered paper. Ink is removed from the paper by both physical and chemical means.

**ECF** Elemental Chlorine Free. Chemical pulp that has been bleached with a chlorine derivative such as chlorine dioxide (ClO<sub>2</sub>), but without elemental chlorine.

**EMAS** European Eco-Management and Audit Scheme. See EMS.

**EURO V trucks** European emission standards define the acceptable limits for exhaust emissions of new vehicles sold in EU member states.

**EMS** Environmental Management System. A method of organising a company's environmental work systematically in accordance with established procedures. EMS requires continual improvement as well as an environmental policy, objectives, an action programme, organisation and third-party audits to ensure compliance with the system. May be built up on the basis of ISO 14001 or EMAS.

**EPAT** Environmental Paper Assessment Tool. A tool for buyers and sellers of paper products, which provides consistent language and metrics on the environmental impacts of the manufacturing operations of paper.

**FSC** Forest Stewardship Council.

**FREQUENCY RATE** The total number of injuries multiplied by 1,000,000 and divided by the total hours worked.

**ISO 9001** An international standard for quality management systems.

**ISO 14001** An international standard for environmental management systems.

**IUCN** International Union for Conservation of Nature is an international organisation dedicated to natural resource conservation.

**LCA** Life Cycle Assessment. Compilation of the inputs, outputs and environmental impacts of a product system throughout its life cycle.

**LWC** Light Weight Coated magazine paper.

**N** Nitrogen. A naturally occurring chemical element and an important nutrient. Contributes to the growth of algae in waters.

**NO<sub>x</sub>** Nitrogen oxides. These gases are generated during combustion and are found in flue gases. They contribute to acidification and eutrophication.

**OHSAS 18001** Contains the requirements for an occupational health and safety (OHS) management system, to enable an organisation to control its OHS risks and improve its performance.

**P** Phosphorus. A naturally occurring chemical element and an important nutrient. Contributes to the growth of algae in waters.

**PAS 2050** Specification for the assessment of the life-cycle greenhouse gas emissions of goods and services. British Standards Institution, 2008.

**PEFC** Programme for the Endorsement of Forest Certification.

**PCC** Precipitated calcium carbonate.

**REACH** Registration, Evaluation, Authorisation and Restriction of Chemicals. The new EU chemicals regulation that aims to improve the protection of human health and the environment. It gives greater responsibility to the industry to manage the risks from chemicals and to provide safety information on the substances.

**SC** Super Calendered, uncoated magazine paper.

**SEVERITY RATE** The total number of lost hours due to injuries multiplied by 1,000,000 and divided by the total hours worked.

**SFI** Sustainable Forestry Initiative.

**SO<sub>2</sub>** Sulphur dioxide. A gas generated during the combustion of sulphur-containing fuels such as coal.

**SVHC** Substances of Very High Concern are mainly substances that are carcinogenic, mutagenic or toxic for reproduction, as defined by REACH.

**TCF** Total Chlorine Free. Chemical pulp that has been bleached without any type of chlorine.

**VOC/VOM** Volatile Organic Compounds, Volatile Organic Materials.

# Myllykoski Sales' offices and agents



## Your feedback is welcome

This Sustainability Review presents Myllykoski's business operations from the perspective of corporate responsibility, covering the company's economic, environmental and social performance. Your opinion matters to us and will help us to further develop the review and Myllykoski's sustainability work.

Please send your views and comments to [sustainability@myllykoski.com](mailto:sustainability@myllykoski.com). Additional copies of the Sustainability Review can be ordered via Myllykoski's website, by email or from our headquarters:

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