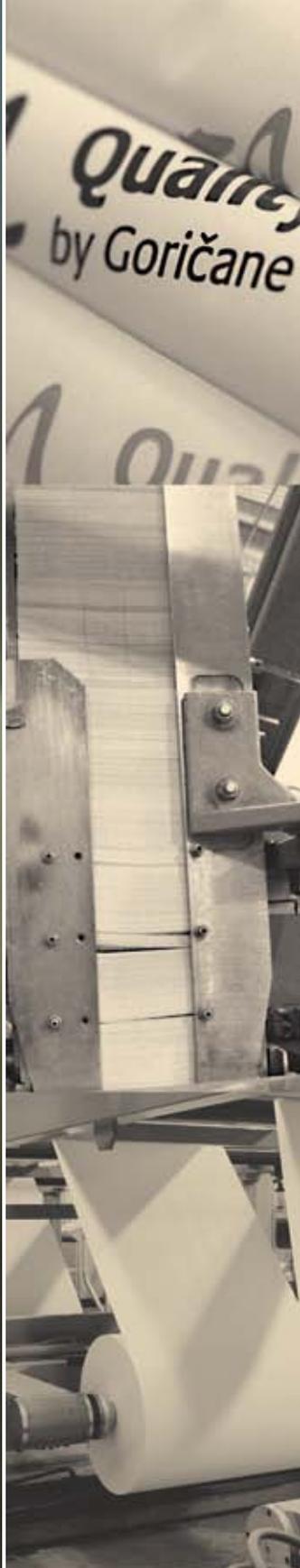




GORIČANE



newspaper **1**

number
year XVIII

Courage and good will

I have been following the events at Papermill Goričane for quite a while, more precisely since the beginning of the 1990's when the papermill was jeopardized by ecology and a few thoughtless decisions.

In addition, lots of my attention was dedicated to you in the uncertain period when the government was planning to sell the papermill to foreign investors. The Slovene Development Corporation somehow managed to prevent this because we discovered that the tenders were insufficient.

Times were difficult. The global financial breakdown and excessive loans to individual companies have put the owner in a tough position.

It seems that the change of ownership was accomplished at the last moment. Business is now regulated, transparent and in good hands.

When river Sora twists and turns along its way past Škofja Loka and towards Medvode, it is greeted by your pretty and successful papermill on the left side and the nicely renovated Goričane castle on the right.

As if all this beauty combined with the view over the Sorško polje protected by mountains provides the management with wisdom and inspiration. Despite the numerous difficulties, you have managed to remain successful. You survived, invested and prepared yourself for the crisis. So many other papermills have blocked their own way, stumbled and fell ...

You have been smart enough to focus on a single but very demanding and extremely competitive market segment. You defied both time and circumstances.

Your annual plan reflects the seriousness of your work and the high level of responsibility. There are few other companies or systems operating in a similar way. A good plan provides strong guidance. Without a good plan, you can get lost in a dark corridor, looking for the right door, not finding them. The fact that more than 90% of your

low-grammage specialty paper is sold to highly-demanding foreign markets is extraordinary.

You have a wide range of specialty products that can easily compete on a global level. And this is where you rightfully should be. Only courage, hard work and market overview can keep you proud of your papermill in the future.

I am sure that no matter where you are, the outline of the papermill is a pleasant sight. It definitely is for me. I always glance towards the papermill when I drive by. It is nice to see the chimney show something white, offering steam and warm air from its own interior ...

Although we have almost reached the end of this year, changes are always welcome. Who knows what kind of products will be in demand next year.

You have already produced scented paper. The consumption will increase rapidly and it is of crucial importance for the development department to understand the trends and their needs both from technological and commercial point of view. Paper will always be needed – for printing, digital requirements and copies of endless internet offers.

You have always been fighters. Your managing director, Andraž Stegu, is safely steering the company and he is well-informed about any potential opportunity on the market. The management team is working hard with joint efforts ... and the whole staff of the papermill should be congratulated for what you have achieved.

Your work is renowned globally. Reorganisations that have been and always will be necessary are only a response to the need for more rational business operations.

Be brave and remain positive. Take pride in being a part of the successful Papermill Goričane.

Christmas and New Year are ahead of us. Celebrate and be healthy. Success belongs to the courageous.

*Izidor Rejc,
Chairman of Supervisory Board*



Dear colleagues, dear partners!



Andraž Stegu and Izidor Rejc

As the business year of 2011 is coming to its end, allow me to use this opportunity and evaluate our work and success in the past months.

In my opinion, we were confronted with extremely complex market events that required lots of common sense and an ability to respond to constant surprises. This year has without doubt been of the most difficult years since I became the managing director of this papermill.

Even now and despite numerous shutdowns of papermills, including big and well-equipped plants, the solution for the surplus of products offered on paper market is nowhere in sight. The survival of Papermill Goričane seems to have been secured only by our timely decision to enter the market of specialty papers and implement thorough moderni-

sation, choose suppliers who provide high-quality services and of course – and this is the basis – honour the knowledge and commitment of our employees.

By not relying on either politics or the state in general, we built strength and resisted all the problems currently destroying not only papermaking but the economy and society as a whole.

I believe that we can continue being successful, and my opinion is based on data that was gathered and realistically assessed in our business forecast for the period until 2017. They represent the foundation and the reference point of our further decisions.

However, nothing is guaranteed in advance and it is always necessary to invest dedication, hard work and a certain level of flexibility in order to be able to look forward.

This year, 63.421 tons of paper were produced and 59.921 tons were sold. A total of 89% of production was exported. The sale profit in the first ten months of this year amounted to EUR 53.966,283 in comparison with EUR 50.188,122 from the previous year.

I am proud of the fact that by reorganising the way this company works, we managed to rationalise our operation and thus improve overall efficiency, which was especially evident in the second half of the year when a thorough consideration was followed by rather radical changes in organisation and the way each department is managed.

Personally, I am looking forward to the year ahead of us since it will certainly bring new challenges and new opportunities. I wish we will continue being successful. Let me thank you all for all your hard work and wish you a Merry Christmas and a Happy New Year.

Andraž Stegu

Annual general meeting

The annual general meeting of Goričane d.d. was held on June 28th 2011. The meeting was attended by 96,93 % of shareholders with the right to vote.

The decision proposals were adopted unanimously. The 2010 annual report and the report of the supervisory board were presented, followed by the adoption of decision proposals. Due to the resignation of one of the members, the meeting appointed a new member of the Supervisory Board. The shareholders appointed KPMG Slovenija d.o.o. as the auditor for Goričane d.d. in financial year 2011.

Tea Rezelj

GORIČANE, tovarna papirja Medvode, d.d., December 2011

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Environmental Report

Introduction

Papermill Goričane proves its strong environmental awareness with various environmental projects and results of emission monitoring. Our environmental awareness is focused on energy-efficient production, rational consumption of raw materials by providing minimum material loss, and by separate collection of waste for the purpose of waste material recycling. The EUREKA ZEROEFF project was successfully launched by implementing activities for the development of alternative waste water treatment technologies in paper industry, which were generously supported by national funding. In order to prove our environmental awareness, all of the pulps were purchased from FSC and CW-certified manufacturers whose products are made of wood from sustainably managed and legally logged forests

located in areas where no human rights are violated and where natural biodiversity is respected.

Use of natural resources

Rational consumption of raw materials is being monitored by means of the material loss indicator. Although the goal limit set for material loss in production was exceeded last year, a certain share of it was considerably improved this year by using a different sizing technology.

Consumption of electricity and heat remained on the same level as in 2009, thus confirming the impact of the PM's new air recuperation facility. Year 2010 was marked by an increase in process water consumption caused by extensive production of colour papers.

Table 1: Average material losses from production process

Indicator	Goal	2006	2007	2008	2009	2010	2011 (1 st six months)
Material loss (calculation acc.to gross production) %	0,7	1,0	0,8	0,7	0,72	0,81	0,57

Table 2: Consumption of energy products

Indicator	BAT/ legislation	2006	2007	2008	2009	2010	2011 (1 st six months)
Consumption of water Fresh water (water wells) 1000 m ³		5.203	4.832	4.844	4.626	4.552	
Fresh water (cooling in the power station) 1000 m ³		4.143	3.620	3.685	3.483	3.387	
Fresh water (technology purposes) 1000 m ³		1.059	1.210	1.158	1.143	1.163	496
Spec. consumption of process water	15	13	12	12,3	11,4	14,2	11,5
Consumption of energy Natural gas 1000 Sm ³		15.853	16.519	15.744	15.679	15.638	9.587
Electricity purchased MWh		25.998	29.838	28.088	28.428	26.623	13.788
Emission coupons	32.834	29.712	30.959	29.507	29.385	29.309	17.970
Surplus of emission coupons		6.860	3.610	3.327	3.449	3.525	3.920
Consumption of electricity MWh/ton	0,7 do 0,9	0,63	0,603	0,583	0,545	0,580	0,595
Consumption of heat GJ/ton	7 do 8	4,59	3,92	4,103	3,814	3,931	3,869

FSC products

In 2010, 2764 tons of FSC mixed pulp and 2672 tons of FSC CW pulp (controlled origin) were consumed in FSC production. We managed to sell 894 tons of FSC mixed coated graphic papers. In order to facilitate the monitoring of FSC balance, we developed software for daily updates of FSC balance status.

Emissions

TO AIR

Emissions to air are controlled by monitoring conducted by an outsourced institution. The results of NOx and dust measurements are in compliance with the legislation. In line with the requirements of the IPPC environmental permit, the monitoring of emissions to air has to be carried out every third year. The last monitoring was performed in 2009 whereas the next one is scheduled for 2012.

Table 3: Emissions to air

	Indicator	IPPC environmental permit	2006	2007	2008	2009	2010	2011
Emissions to air	NOx mg/m ³	200	181	184	184	163	163*	163*
	Dust mg/m ³	150	2	5,3	5,3	4,2	4,2*	

*Results obtained during the 2009 monitoring

Table 4: Emissions of substances to water

Emissions to water	Indicator	Limits by 2012	2006	2007	2008	2009	2010	2011 (1 st six months)
Suspended solids	mg/l	35	3,7	7,0	10,2	7,1	13,5	15
	kg/t	0,4	0,1	0,1	0,1	0,1	0,2	0,1
COD	mg/l		85	103	92	84	146	165
	kg/t	4**	1,2	1,2	1,2	0,9	2,0	1,6
BOD ₅	mg/l	50**	31	20	27	28	39	38
	kg/t		0,4	0,2	0,4	0,3	0,6	0,4
N tot	mg/l	10	6,0	5,8	5,5	5,1	5	6
	kg/t		0,08	0,06	0,07	0,06	0,07	0,06
P tot	mg/l	2	0,1	0,08	0,2	0,1	0,1	0,07
	kg/t		0,001	0,001	0,002	0,001	0,001	0,001
AOX	mg/l		0,1	0,1	0,1	0,12	0,25	0,12
	kg/t	0,015	0,001	0,001	0,001	0,001	0,003	0,001

** this limit is valid for production with more than one production programme change a day

TO WATER

Before being discharged to the water course, process waste water is treated on the mechanical chemical waste water treatment plant. The results of the annual monitoring confirm our compliance with the environmental permit requirements.

Noise

In accordance with the IPPC permit, noise monitoring should be performed every third year. Ours was carried out in 2010. Noise measurements on three locations in the vicinity of the peppermill were below the maximum permitted limit for daytime, evening time and night-time. The next monitoring of noise imissions to the environment will be performed in 2013.

Waste

The papermill has a well-established system of separating waste at its source. Compared to previous years, there has been a slight increase in the amount of municipal waste caused by the waste accumulated during courtyard cleaning (such waste is mostly composed of various garbage mixed with gravel) which cannot be separated to individual useful fractions.

Hazardous substance management

In hazardous substance management, our well-kept and regularly maintained storage tanks and pumpings enabled us to retain a low risk rate. This year, we have prepared a plan of hazardous chemicals management outlining all activities that are necessary in order to harmonise our operations with the legislation. Our employees are being regularly educated in hazardous substance management and trained for the course of conduct in cases of accidental spillage of hazardous substance.

Exceptional events

There were no events with exceptional influence on the environment in either 2010 or 2011.

Environmental goals and projects

Nine environmental projects were implemented in years 2010 and 2011:

- a plan of waste water treatment during paper machine shutdown was drawn up. This project was completed successfully.
- In addition, we have completed the first two phases of the EUREKA ZEROEFF project which included a pilot test

of process waste water microfiltration, a definition of the most charging sources of process waste waters and the ATREX pilot trial testing the reuse of paper sludge in production process. The project will continue in 2011.

- In addition, we are preparing a project for reducing emissions of NOx to air below the level of 150 mg/Nm³. We have found potential partners for an active cooperation focused on reducing NOx until the legal deadline in 2015.
- Measurements of noise were performed on individual sources, including the area of the new recuperation, in order to reduce operational noise as much as possible. The results confirmed the monitoring of noise - measured values fulfil legislative requirements.
- The project of regulating the paper machine's main canal for the capture of oils in case of accidental spillage is completed. An improvised trapdoor prevents the oil from being discharged into the water treatment plant.
- A project was launched to adjust or replace the courtyard lamps in order to reduce light pollution of the environment.

The environmental team reviewed the environmental aspects and established environmental goals and programmes for the year 2012. The biggest environmental project, launched after 2013, will be focused on reducing the organic charge of water in accordance with the IPPC environmental permit. We are currently discussing this project with numerous manufacturers of biological treatment plants and other alternative technologies of waste water treatment.

Author: Jerneja Pečnik, Environmental Protection Agent

Table 5: Waste

Indicator	Waste management plan	2006	2007	2008	2009	2010	2011 (1 st six months)
Paper sludge tons	max. 1.600	2.108	1.897	1.604	1.739	1.815	1.511
Municipal waste tons	max. 50	22	41	44	47	51	16
Paper packaging tons	max. 300	223	132	249	305	290	143
Metal packaging tons	max. 110	108	142	126	102	123	52
Plastic packaging tons	max. 15	12	15	7	6	8	5

Sales in 2011

In comparison with last year, 2011 has been considerably better: the pulp situation has calmed down, the number of orders is increasing. At the beginning of the year, the production capacities were fully occupied.

How to sum up this year ... it was full of challenges in all areas, organisational as well as market-wise. The first six months were marked by the quantity of orders since there was quite a »boom« in demand for pharmaceutical papers. In addition, Sora Face label paper, our new product, became a popular sales hit as well. Of course, expectations are high. The Sora Face paper was tested on all European markets and the results have been really good. In most types of applications, and both in tobacco industry and in self-adhesive label production, it was proved as quite useful. Since we have already won a few large-scale contracts, the quantities are expected to increase soon.

The initial high demand for Medico papers, mostly in sheets, has decreased in the second half of the year due to the shortening of our delivery times. The paper is well-established in the market and we have practically become the biggest suppliers in Slovenia and its neighbouring countries, especially in Croatia and Hungary. Regarding the fact that the »big players« have already appeared in the roll market, we expect the quantities of rolls to be reduced, whereas the share of sheets will most probably increase.

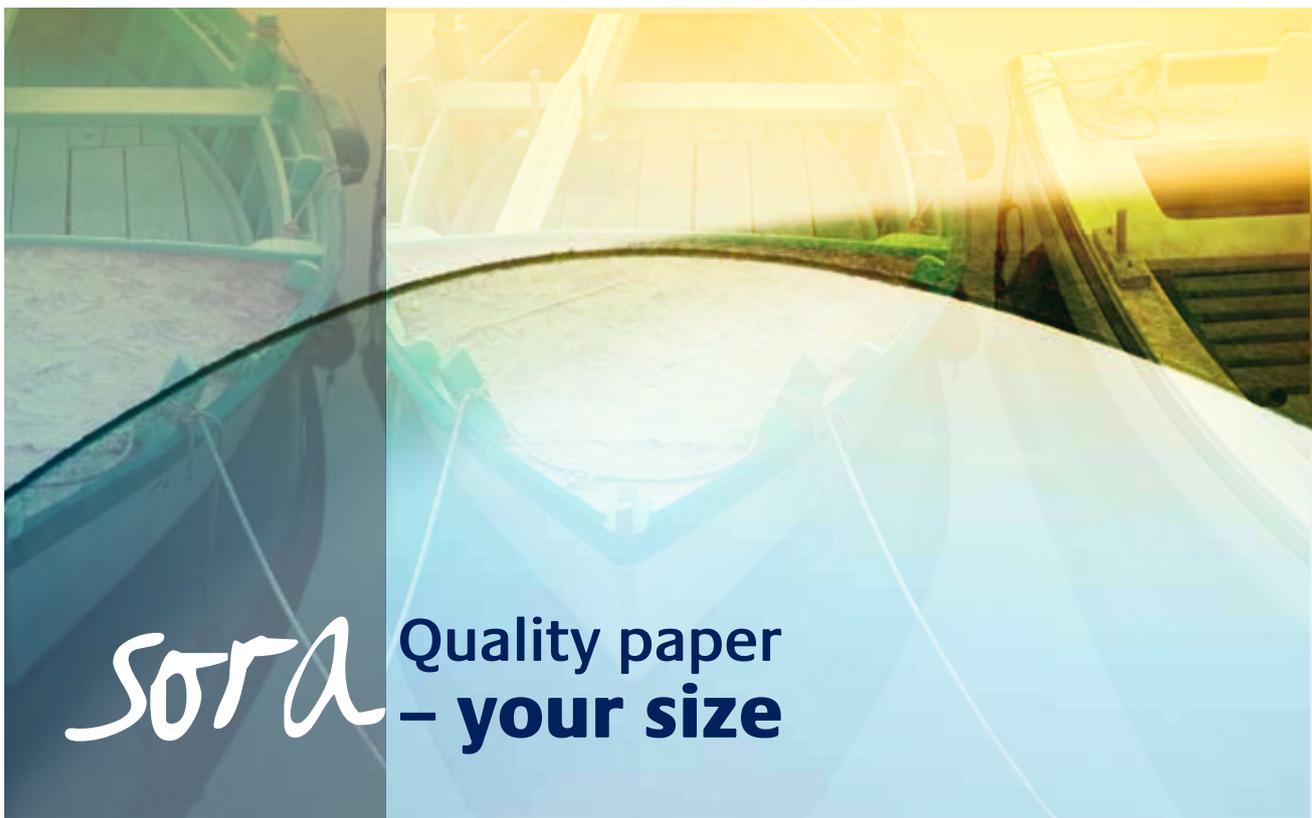
This year, we began sending regular supplies to South American markets, especially to Brazil where a further increase our share of sales is anticipated next year. In addition, we are trying to increase sales by offering new or modified products, for example in Turkey which has a big market but almost no production of its own.

As far as graphic papers are concerned, we expect an increase in sheet sales since the situation on the roll paper market is getting worse and worse, putting this segment under considerable price pressure.

The sales of silicone papers have decreased slightly, mainly because one of our biggest buyers went bankrupt. However, we are anticipating the growth to resume since it is our plan to increase sales in the markets of South America.

And what about 2012? The situation will probably be more demanding than this year but we have already prepared ourselves for fierce conditions by launching new projects and targeting new market niches both in graphic and specialty papers such as Sora Medico Opaque and scented paper. As a team, our goal is to try and put our best foot forward since only the ones who are properly prepared for the upcoming crisis can succeed. I strongly believe that we can and will be among the winners.

Andrej Gradišek



SORA Quality paper
– your size



GORIČANE

Production in 2011

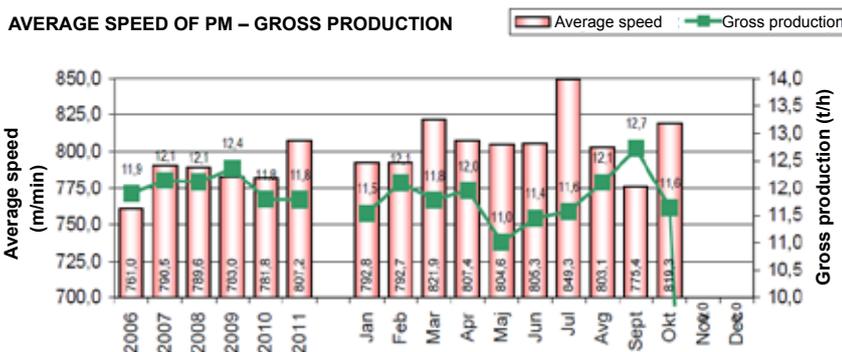
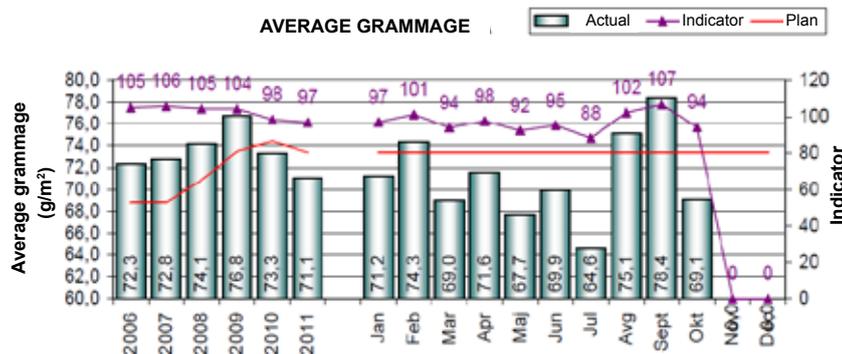
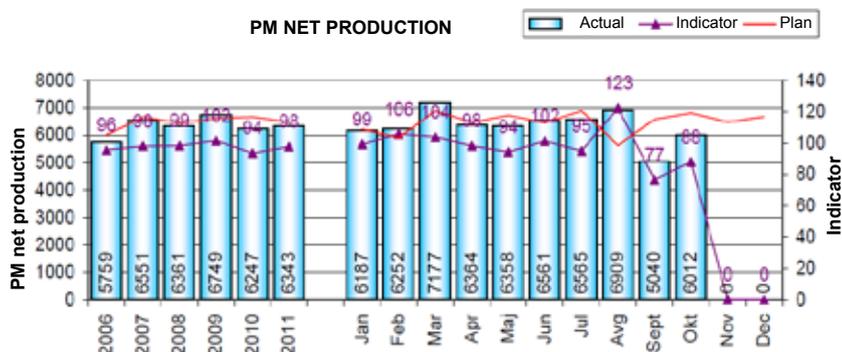
In the previous newspaper, I mentioned that paper production, with all its ups and downs, resembled sailing on a ship. Who would have thought that the sea we are sailing on could be so rough this year ... There was success and there was defeat.

The fluctuating flow of orders that I was writing about last year has occurred again, but this time with an even greater amplitude. In December 2010, there was practically no work for the production unit. A short while after, we entered a period of excessive production that lasted more than 60 days and caused significant problems. It became impossible to decide when and which paper to produce in order to be able to fulfil the shipment agreements. An optimum period for flexible and quality production capacity is 14 days.

Net production itself was quite stable, except in the last two months. As a matter of fact, the production capacity was so full in the first six months of this year that we had to cancel the scheduled PM and energy section shutdowns. All of these activities were postponed to 2012.

The diversity of production is most clearly shown by the average grammage on PM ranging from 64.4 to 78.4 g/m², and by the minimum and maximum average monthly speed of PM, ranging from 775 to almost 850 m/min.

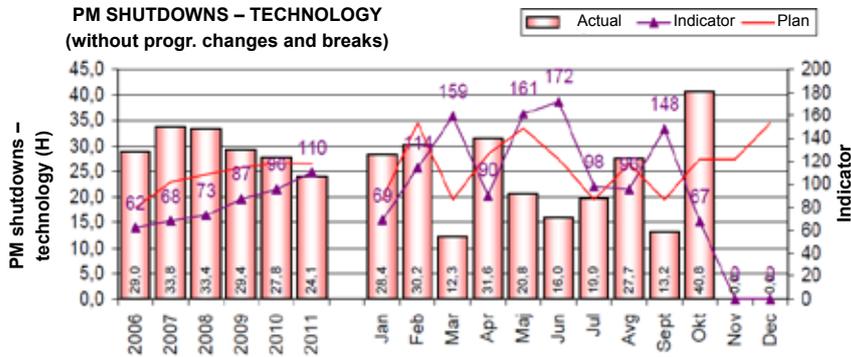
This year, we have implemented quite a few projects focused on improving the quality of paper, especially MATT+. In September, the use of a precisely specified combination of raw materials, refining, dewatering and felt quality finally brought some very positive results.



In addition, we took a big step forward in our efforts to provide smooth machine operation. The results are visible now, in November. The biggest problems were caused by tiny holes in pa-

per that were nevertheless the main reason for half of the paper being removed from production.

Our efforts to improve machine operations are not evident from total capac-



this percentage was 20%). Thus, the overall selling price for a paper grade is higher. According to the diagram showing monthly production in finishing, sheet paper volumes have actually increased.

In 2008, we purchased a new sheet-cutter (PRS2) for the purpose of producing light-weight papers. This is reflected in the constantly decreasing average grammage being cut in the finishing section.

The average grammage is 87.8 g/m² on PRS1 and 60.2 g/m² on PRS2.

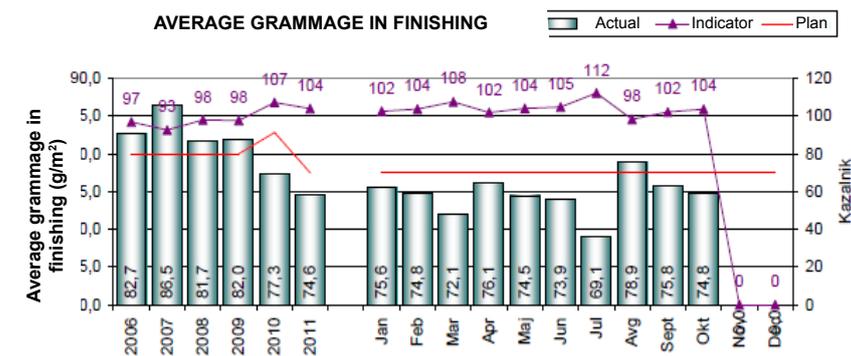
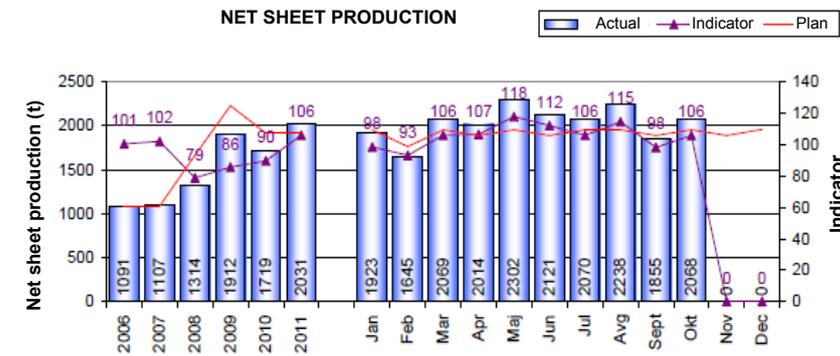
This year, the average grammage on paper machine was 71.1 g/m² which is the lowest annual average grammage in the last five years and indicates that production will be focused more towards low-grammage specialty papers in the future.

In addition, 2011 was an interesting year from the organisational point of view as well. In September, we reorganised the production department which consists of the paper mill, the finishing and the production planning unit.

In order to obtain a more transparent overview of raw material consumption and consequently a more accurate calculation of the cost price, new norms were specified this year, taking into account the quality of pulp (which is conditional on the price). We applied a new system of pulp labelling based on its quality (1, 2) and origin (A, B, C).

Of course, quite a few industrial trials were conducted this year, focused on the optimisation and testing of individual chemicals and machine clothing as well as on the development and industrial manufacture of new papers.

Klemen Burgar



ity utilisation but from the time we had lost before due to technology issues (no programme change and loss of time caused by paper breaks). The diagram above shows that year after

year, technology reduces time loss.

The share of paper sheet production has been increasing all the time. As much as 37% of all paper is now produced for sheets (a few years ago,

Maintenance in 2011

As I enter the paper machine hall, the atmosphere seems odd. There is no rumble, no noise, just a constant buzz. Dr. Roller is shut down. I check the paper machine. There is no one around. Both hoods are closed and a half-wound reel is rotating on the pope reel. So the machine is operating after all ... It is! Quietly but with the speed of more than 750 m/min and a steady hum in the background. Perfect.

For all of us coming to the paper machine hall daily, the behaviour of PM is recognizable already at the entrance ... we can tell at once if the production process is running smoothly or if there is an odd sound in the background that should not be a part of current production.

Our product range is so extensive and diverse that the machine produces various sounds illustrating the condition of machine clothing, drives and the grade of paper being wound. Just think of EPC production ... "Music" without comparison which can nevertheless have its own charm.

Our one and only paper machine is the source of our income and the factor deciding whether we will survive or not ... it is therefore important that we listen to it and join efforts to keep it in a top-quality condition.

As far as maintenance in general is concerned, this year has been relatively quiet. Scheduled shutdowns were more or less adjusted to the needs of production and sale, whereas the few unplanned shutdowns were unfortunate but nevertheless reasonable. The maintainers did not sit on their hands. On the contrary. Even where there were no urgent tasks on the machines, activities were implemented to facilitate the work and working conditions of both maintainers and crews.

In the last few years or since the modernisation in 2006, both the production range and the grammage scope have changed considerably. As a consequence, the PM's speed values are different as well. As we all know, all the equipment that was installed either during modernisation or later, is adjusted to the speed of min. 1000 m/min, which is why we conducted a few tests to prove what this paper machine is really capable of. In cooperation with outsourced contractors, a whole series of measurements was performed under different operating conditions. We started in the press section where most of our problems and fears had occurred in the past. How fast is it possible for the machine to operate with the existent equipment? How would the machine behave at even greater speeds? What are the soft spots? How to replace or renew them and to what extent? So many questions requiring an answer that would help us make the right decision ...

Numerous tests were followed by a dynamic measurement of the press section on various speed levels and under different operating conditions as well as a static measurement that revealed the condition of the machine's construction. All this was conducted in cooperation with Voith at the beginning of this year. By means of data processing, Voith has clearly demonstrated the current condition of machine equipment and the construction of the press section. The critical oscillation frequencies occurring at certain speed levels and originating mainly from unsuitable dimensions of the existent rolls have been determined as well. Namely, it turned out that a considerable number of rolls in the press section had to be replaced in order to ensure reliable operation at higher speed levels. This conclusion was applied as the basis for the orientation of our future investments. Our plan is to replace all the rolls in this particular section that cannot keep up with greater speed anymore. However, due to lack of space, this is certainly not an easy task. The replacement of most of the rolls is scheduled for



Maintenance teams during the instalation of Sym CD rolls

February 2012, followed by another set of frequency measurements. In addition, we will adopt various measures, especially those related to potential reinforcements of the press section's construction.

Due to the fact that the average speed of the paper machine increases annually whereas the average grammage tends to decrease every year, it is our responsibility to ensure the operation of the paper machine as a whole. Therefore, we are planning to conduct suitable measurements on the machine. Certain soft sport have already been detected, however, a comprehensive overview can only be provided by a professionally implemented measurement and especially by analysis.

In addition to ensuring suitable mechanical properties, the maintenance team decided to thoroughly analyse the overall consumption of electricity. Namely, our fellow colleagues from maintenance have joined forces with the production unit to analyse individual regulatory loops. Due to technology available in the past, such loops used to be implemented with control valves which are now being – where relevant – replaced by frequency drives of electro engines. It is thus possible to obtain significant electricity savings and in some cases even extend the useful lives of all equipment. Another area where savings more or less offer themselves is the lighting system. We have measured the consumption of electricity for production hall lighting by individual segments and for the lighting of the courtyard.

Nowadays, retailers offer a whole series of various "energy-saving" lamps and bulbs. Some of them actually do have a positive effect, but only for a short period. Therefore, a decision has to be adopted that would provide long-term efficiency. The installation of test lamps above the Dr. Roller shows that the power of lamps required for an equal or even slightly higher level of light intensity is approximately 70% lower than before. Replacement of previous lamps is reasonable if these lamps are switched on more or less daylong. In such cases, there is a rather quick return on investment in new lamps. However, the lamps in the courtyard whose installed power exceeds 10 kW have to be replaced as well.

On some locations, we installed light sensors to enable automatic switch-off of lamps when there is plenty of natural light.

We have many challenges to focus on. Our goal will be to make good use of them.

Janez Gale

Development should embrace changes on the market



Agent's meeting 2011

For the past few years, the decision made by Papermill Goričane to focus our development on specialties has been confirmed as the right choice. Therefore, we will further emphasise the development of specialty products and market niches characterised by high added value, quick growth, flexibility and limited competition. Embracing changes on a variable market is the foundation of successful development. Our task was to determine how to obtain market information and recognize market needs, and most of all, how to find our own market share despite the overall global competition.

Active involvement of our agents in developmental projects is one of the successful approaches towards connecting with the market. The agents are familiar with the specialties of their markets. It is therefore important that we gather information from different markets and combine them into an integrated tool. Our annual meeting with the agents is organized as a two-day intense workshop focused on discussion and exchange of opinions regarding the positioning of both existent and new products on different markets. Prior to the meeting, the agents collect information and fulfil our questionnaires so that we can all be well-prepared for thorough brain-storming. Each year, we choose certain products and analyse their position in the market. In addition, we are interested in information on what changes to make in order for the product to obtain a higher added value and attract commercial attention. Various presentations that we prepare are additionally emphasised by an exhibition of our products. For the second year in a row, we have conducted a SWOT analysis to help us define the advantages and disadvantages in the company's internal environment but on the other hand, we are also looking for opportunities and risks related to the company's external environment. This year, the SWOT analysis was focused on our new product, SORA FACE, still paving its way to different markets. The results have been stimulating and we have acquired lots of useful information for further development.

A strong connection with the market is provided by our technical service. It was important to establish a close contact with the printers and others involved in the process of converting our papers. The agents were thus instructed to cooperate with our experts and include them in the product assessment phase which is performed by our buyers. We were interested in how

a product behaves and whether it provides the necessary runnability and required end product quality. The easiest way to establish this is if the test environment is analysed in cooperation with the converter. In addition to obtaining numerous information on product quality, this is the perfect way to establish contact with the experts among our buyers who have plenty of knowledge and experience with different products made by our competitors. By actively involving these experts in the phase of testing new products, we can significantly shorten the period of development and at the same time reduce the risk of developing a product that would be of no interest to the market.

In 2011, 17 developmental projects were conducted, focused on new product development and optimisation of technical procedures in order to improve the quality of existent products and reduce the costs of production. The most important achievements of this year's developmental activities have been:

- improvement of the quality of Sora Matt Plus voluminous paper in order to ensure volume and solve marking-related issues;
- introduction of the new AnKD size in order to ensure quality paper sizing with a high content of ash, and to restrict the foaming associated with the traditional sizing method where resin size is applied;
- evaluation of one-sided Sora Face paper for various types of application;
- evaluation of low-grammage, high-opacity Sora Medico Opaque papers for various types of application;
- introduction of standard products to the electrophotographic printing technique.

Next year's developmental projects have already been determined, we have prepared a highly-demanding plan of developmental activities and set ambitious deadlines that will require a close cooperation of all employees at this papermill combined with active involvement of outsourced contractors. Let me conclude by congratulating all of you, my colleagues, for successfully completed developmental activities. You are of course kindly invited to actively participate in next year's projects as well.

Jerneja Pečnik

development

SORA FACE paper – a highly applicable product

The development of SORA FACE paper began a few years ago. The initial idea was to develop paper for the upper side of the label. In combination with our already well-established SORA SILICO base EPC paper, it would represent an integral part of the so-called laminate. SORA FACE has already become widely accepted and the labels are used mainly for »office application«.

Soon, the paper was noticed by printers working for tobacco industry. The main obstacle was acquiring a certificate on the paper's suitability for use, without negative consequences on public health. It took months for the manufacturer of tobacco products and our suppliers to prove that the raw materials incorporated in this specialty product are harmless. There is a constant demand for SORA FACE paper in this industry segment.

However, the product was promoted for other types of application in tobacco industry as well.

SORA FACE has already been confirmed as suitable for cigarette wrapping (soft packaging) and it is currently doing rather well in the area of wrapping boxes with ten small packets of cigarettes.

The tobacco market is very distinct. There are only a few manufacturers who do not belong to multinational corporations. Therefore, it was necessary to check other markets as well.

So far, SORA FACE has been produced in grammages ranging from 60 to 100 g/m².

SORA FACE is a specific product. It encounters papers made in four production phases (precoating, rewinding, coating

and calendering). Such papers are distinguished by extraordinary smoothness and high paper gloss, whereas the excellence of SORA FACE is reflected by its runnability through printing and finishing machines, constant quality and gloss that it acquires after printing and can be compared to any of the before mentioned papers. The homogeneous surface and special coating of SORA FACE enable good behaviour on both "die cut" and stamping machines. The mechanical properties of SORA FACE enable the customers to apply high-speed finishing processes. It can be used in offset and flexo printing. Either air-dry inks, UV inks or water-based and nitro varnishes can be used in printing.

When all the paper's positive properties were confirmed by selected printers and production processes, the paper was offered for manufacture of labels. For now, it has been most widely accepted on the French market but we are receiving positive feedback from other markets as well. In addition, we have witnessed a very stimulating volume growth this year.

The product is still in development because we want to test and improve some of its properties necessary for new types of application.

A new paper requires a high level of commitment and know-how by each and every employee involved in its development. Only team work and a positive approach can provide good results. Therefore, let us continue the path we have paved together and let us grow with knowledge and respect for each other.

Maja Mrgole

Soft packaging



Sora Face



Idea management



Inovators

Among the useful proposals realised in 2010, the Idea Management Committee (IMC) awarded the following most innovative employees:

Lojze Bogataj - original useful proposal in energy efficiency management:

- replacement of lamps above the auxiliary rewinding machine (dr. Roller) with the new T16 technology that improves efficiency and reduces maintenance costs, thus providing significant savings on annual level as well as lower electricity consumption and consequently reduction of CO2 emissions by 75 tons per year.

Replacement of lamps



Majda Benedičič – original useful proposals in business informatics:

- due to the new levels of speed on the PM, maximum paper width in grade optimisation were changed as well. Proposal to change the optimisation parameters (of the cut's maximum width) into four grades, the information is obtained from the basic code. Up till now, there have been only two grades. Therefore, the optimum widths had to be manually corrected on the rewinding machine for each separate cut.

- Method of monitoring the CW roll inventories on stack 40 in order to comply with the FSC system requirements.

Šifra papirja	Vrsta papirja	Granularna	Šifra	P
500895	SORA form pr CF F (zelen)	53	4	
500896	SORA form pr CF F (moder)	53	4	
500897	SORA form pr CF F (zumen)	53	4	
500898	SORA form pr CF F (stilen)	53	4	
500899	SORA form pr CF F (moder)	53	4	
500900	SORA base CF pr (rosa)	40	4	
500902	SORA form pr CF F (rosa)	53	4	
500901	SORA HEBECO F	55	4	
500903	SORA NAT PLAT	85	5	

Azem Korač - original useful proposals on the paper machine:

- covering the humidifying nozzles along their width during the operation of the SF coating aggregate to prevent the nozzles from clogging since this usually clogs the rod as well and damages the cylinder. The proposal was realised in a slightly modified way, namely by constantly applying moisture to the nozzles (and thus preventing the coating mixture from entering the nozzle). The method was developed in cooperation with the maintenance team.



Humidifying nozzles

- Lifting the rope pulley above the spreader roll in front of the baby roll for more efficient tail threading.



Rope pulley

Overview of idea management:

	2007	2008	2009	2010	2011
No. of proposals	35	44	32	18	5
No. of proposals per employee	0,18	0,18	0,15	0,08	0,025
No. of so-called PAPIRKO proposals	0	7	17	1	0
No. of proposers	19	20	11	13	6
No. of collective proposals	2	7	0	2	2
Share of proposers (%)	9,5	10	5	6	3
No. of realized proposals	16	5	7	10	3
Share of realized proposals (%)	46	11	22	56	60
Payment of net awards (€)	3.875	748	462	1026	
No. of proposals by department					
Paper mill		10	6	11	3
Finishing		0	10	0	0
Production planning		2	11	3	0
Maintenance		25	3	3	1
Logistics		7	0	0	0
Water treatment plant				1	0
Quality control				0	1

Despite this year's numerous improvements on the paper machine, in finishing and in maintenance, we have noticed a great decrease in the number of useful proposals submitted. It seems that employees fail to submit ideas because they find it difficult to write them down. Therefore, all managers are called upon to motivate their team members and help them write down their useful proposals. Again, let me point out that a useful proposal does not necessarily include an idea of its realisation. There are experts in this company who are qualified to process your suggestions

and bring them to the phase of final realisation. If an idea is labelled as unfeasible by the IMC, its author will nevertheless receive a symbolic award known as Papirko. As the chairwoman of the Idea Management Committee, I would like to thank all of you who have submitted your useful proposals, with special acknowledgment to my fellow IMC members (Klemen Bugar, Matjaž Maretič, Maja Mrgole and Janez Gale) for their commitment and support of idea management.

Jerneja Pečnik

Personnel movements in 2011

In 2011, twelve new employees were recruited (Borut Masle on the water treatment plant, Klemen Škofic, Zora Antič and Milorad Čiča in the finishing department, Rasim Handanagić in logistics, Tome Atanasov in the paper mill, Boštjan Perič in the spare parts storage hall, Tomaž Tratnik in maintenance, Gašper Korošec in the energy sector, Andreja Kalan in the sales department, Mirjam Šelhaus in purchasing and Sonja Urh in development. Twelve employees left us, seven of this retired (Milija Milatović, Jože Anžur, Zlatko Pavlin, Janez Poljanec, Vinko Plešec, Milena Žakelj and Ivo Barunčič).

Anniversaries

Ibrahim Abdić and Naila Čehić

received awards for having completed 30 years of service to the company.

Six employees were awarded for 10 years of service: Valentin Križaj, Tea Rezelj, Aleš Žganjar, Ivan Žerovnik, Viktor Ovčak and Diko Miljanović.

Mira Luštrik

IVO BARUNČIĆ



Ivo Barunčić has worked at our peppermill as the sheet cutter operator for more than 38 years and now, he is looking forward to retiring. Just like all of us, he has his own story and during the last days of employment, he shared a part of it in this short presentation.

After he had finished his compulsory military service in Bihać, he could not

find a suitable job in his home country, which is why he plucked up the courage and moved to Slovenia where he has lived since 1972. At first, he worked for a company in Zalog. Due to difficult working conditions and irregular salary, he decided to look for another job and by chance found our papermill. He applied for the position of the wringing machine assistant operator. The date of his first day of work is engraved in him - June 12, 1973. Because of his commitment and hard work, he was promoted to wringing machine operator after only three years of employment.

At first, he lived in one of the small wooden houses owned by the company, but he soon moved to a residence hall for workers from abroad. However, right afterwards he was faced with a problem when the pulp production was shut down and he and many of his co-workers were temporarily laid off. Fortunately, after only seven months there was a job vacancy at the paper mill's finishing department. Ivo started as a forklift driver responsible for the transport of rolls, and eventually moved up to his current position.

When he mentions the terrible accident in 1977 when one of the steam cylinders exploded, his voice fills with regret. That day, he offered to substitute for his late colleague because he owned him a shift. But the man turned his offer down, telling Ivo that he is going to take him at his word some other day. And so, Ivo was left without three of his closest colleagues who died in the accident.

Anyway, there were also many happy memories and events as well as certain changes. In the past, co-workers used to spend their free time together. They played basketball or football, had a glass of beer in the evenings. Sometimes after work, says Ivo, there was a long line of people headed towards their resident house, filled with laughter and chitchat.

But things have changed. People keep to themselves nowadays. Ivo's family lives in Zagreb. He has got a wife, three sons and four strong grandsons, a house of his own and a dog to complete the perfect picture. Croatia has been their home since 1992 when they escaped the war in Bosnia and Herzegovina. Every Friday, Ivo takes the train to Zagreb. To him, the journey does not seem long or tiring. On retirement, he will move from his rented apartment in Medvode back to his family. He is looking forward to working in the garden and playing with his grandchildren.

In the end, he would like to thank his colleagues with only one wish – work well.

MIRJAM ŠELHAUS



1. In a nutshell, what would you tell us about yourself?

I finished the Secondary School of Economics and the Faculty of Economics in Ljubljana, graduating from foreign economic relations. For the first few years after graduation, I worked in international trade, mainly with companies from German-speaking areas. Then, my husband and I decided to move to Germany where I lived for ten years and

worked at two larger companies. Due to increasing homesickness, we returned to Slovenia and I got a job in the purchasing department of a German corporation. I live in Golo Brdo and enjoy hiking in my spare time. My son Nejc (24) is currently finishing his Master's Degree at the Faculty of Social Sciences.

2. When did you get a job at Goričane, which work position do you hold and what are your responsibilities?

I was hired as a purchasing assistant in June. My responsibilities include the purchasing of spare parts in domestic and international markets as well as the purchasing of certain raw materials, pallets and other auxiliary materials. In addition, I process order forms for services and investments. My work includes a close cooperation with the spare part and raw material storage halls, maintenance team, production planning, finishing, development and quality control as well as all the other departments both in production and in management.

3. What are the challenges and gratifications of this job?

I like working in the purchasing department since this is something I have been doing for most of my career so far. My job involves maintaining contact with many of my colleagues at the papermill and I like working with foreign and domestic suppliers.

4. Which work principles are important to you?

My goal is to do my job conscientiously, responsibly and in cooperation with my colleagues at the purchasing and other departments.

5. Is your opinion taken into consideration?

At work, I always say what I think and join efforts with my co-workers to find the best solution in order to complete our tasks efficiently and effectively.

6. Does your job give you the opportunity to do what you are best at every day?

I like my job and it is a pleasure to come to work every day and look forward to new challenges.

7. What kind of problems do you come across in your daily work?

The suppliers often breach the agreed delivery deadlines and I have to keep reminding them to fulfil their obligations.

8. What are your goals in this company?

With my knowledge and experience acquired in international companies, I wish I could contribute to an even broader recognition and visibility of our peppermill in domestic and foreign markets.

Merry Christmas
and Happy New Year



GORIČANE