

Annual Statement on Human Rights Due Diligence - 2022

This annual statement describes the steps taken by The Norske Skog Group in the financial year 2022 to prevent adverse impact on fundamental human rights and decent working conditions in direct operations and in the supply chain.

The statement has been prepared in accordance with the requirements of the Norwegian Transparency Act, which was implemented on July 1st 2022. This statement covers all business units. It has been approved and signed by the CEO and Board of Directors of the of Norske Skog Group and mills in Norway.

1. The business, supply chain and management systems

Norske Skog is a world leading producer of publication paper and currently expanding its business into three additional areas: packaging paper, energy products and bio products. The group operate four mills in Europe, of which two will also produce recycled containerboard following the completion of the conversion projects in 2023. In addition, the Group operates one publication paper mill in Tasmania, Australia. The group has approximately 2 100 employees in seven countries, is head-quartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

Norske Skog does not own any forest and sources wood and other goods and services from some 3000 global suppliers, most of which are in close proximity to the mills. Norske Skog does not have direct operations in countries with high risk of human rights violations. As a global company, with suppliers and customers in a variety of countries, Norske Skog does however recognize that Human Rights risk may be present in the value chain. Norske Skog's commitment towards Human Rights is addressed in a number of steering documents.

The Steering Guidelines of Norske Skog outline the group's commitment to human rights and decent working conditions. These commitments are reinforced in the Code of Conduct for business partners. In 2022, Norske Skog extended its commitment to Human Rights by establishing a Human Rights Policy that was approved by the Norske Skog Board of Directors. These steering documents are available at <https://www.norskeskog.com>

Norske Skog has a channel for reporting concerns related to Human Rights and other ethical misconduct: compliance@norskeskog.com. Reports will always be treated in confidence.

To further facilitate the commitment to Human Rights, Norske Skog established new internal processes for Human Rights Due Diligence into the management systems in 2022. The Due Diligence processes is developed in accordance with the [OECD Guidelines for Multinational Enterprises](#). A Human Rights Manual for internal use that describe roles, responsibilities and annual compliance activities at group and business unit levels was created and shared with the mills. This was supplemented with a practical guidance to the mills on how to perform Supplier Risk Assessment.

2. Risk Assessment

In 2022 business units across Norske Skog Group started the work of systematically identifying and assessing actual and potential negative consequences for basic human rights and decent working conditions.

A high-level identification process was carried out by assessing types of activities which are known to present human rights risks. Results from the high-level identification process highlight three areas of priority in the supply chain:

- Health and safety
- Fair labor conditions
- Natural resource related human rights

As part of this process, Norske Skog identified that vulnerable groups, represented by low skilled workers, migrant- and temporary workers are at higher risks of experiencing potential adverse impacts.

Norske Skog has established processes for assessing high risk suppliers by evaluating two dimensions; Sector Risk and Country risk (represented by country of production). Sector risk is found to be most significant through sourcing of chemicals, transport and logistics services, paper mill machinery and construction services. Norske Skog is focusing its risk assessment of suppliers in these sourcing categories. Sourcing of wood is not considered a high-risk category due to the sourcing of FSC / PFSC certified wood which include social audits on labor conditions. Tier one suppliers in the identified high risk sourcing categories are subject to country risk assessment.

A very small number of suppliers were identified with high-risk score on both sector risk and country risk rating during the risk assessments conducted in 2022. Norske Skog has not identified any actual adverse impacts on human rights linked with the suppliers during this reporting period.

A third dimension, enterprise risk, will be added to the risk assessment process during 2023. This dimension aims to assess human rights risk associated with specific suppliers such as human rights standards and management systems including culture and history related to human rights. By adding this dimension, Norske Skog will have access to more information going forward, to evaluate potential negative consequences on Human Rights in supplier relationships.

3. **Measures**

Measures implemented to reduce the impact of actual and potential adverse impact on human rights and decent working conditions is described in section (1) and (2) of this annual statement and is covered by Norske Skog steering documents and management processes related to risk assessment developed and implemented during 2022

Norske Skog aims to ensure responsible supply chain handling and is currently developing a group wide process for sustainable sourcing practices related to Environmental, Social and Governance (ESG) topics. To make sure processes and implementation of tools are streamlined across all ESG topics, Norske Skog plan to implement additional measures for Human Rights in the upcoming reporting period covering 2023.