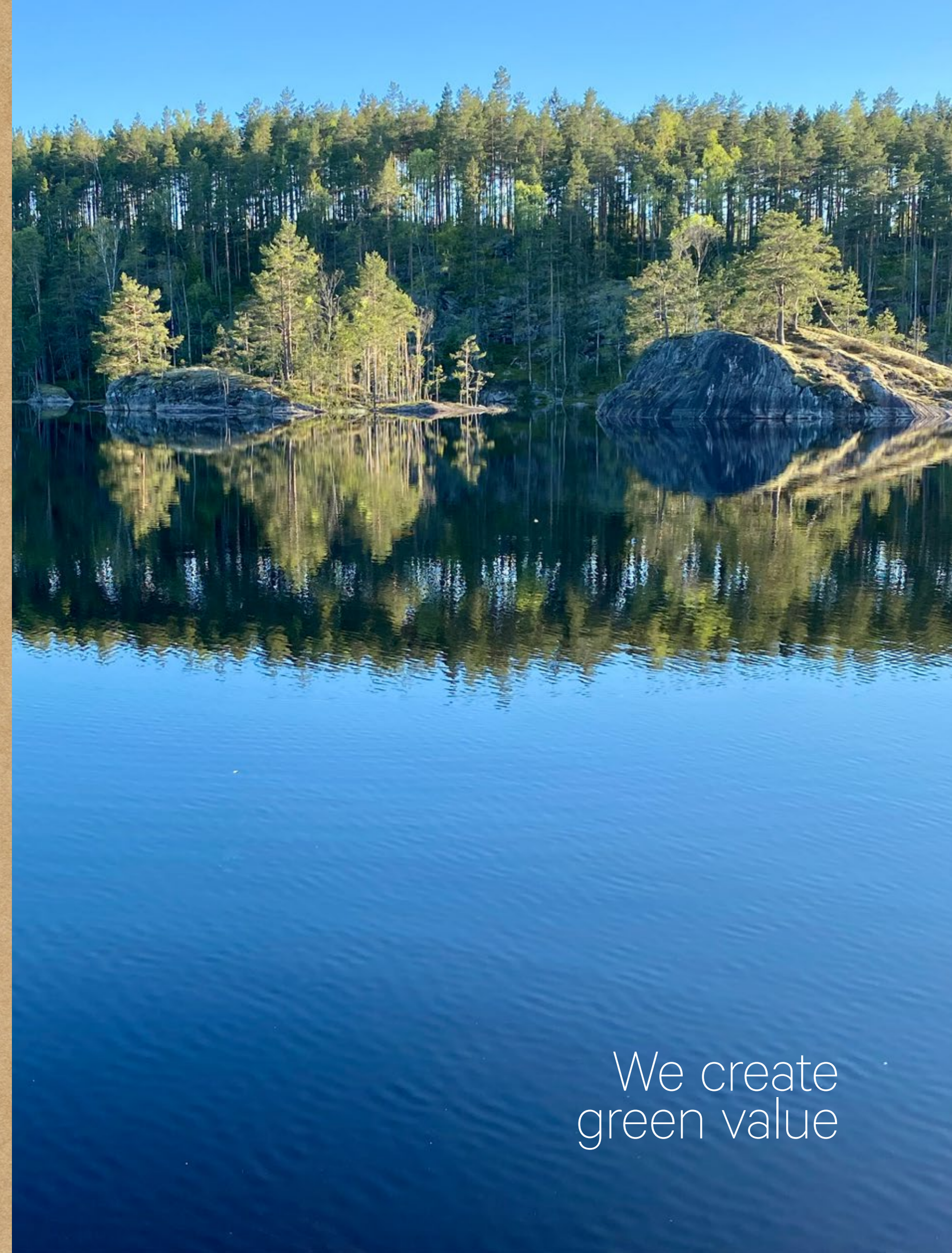


SUSTAINABILITY
REPORT
2020





We create
green value



Photo: Carsten Dybevig

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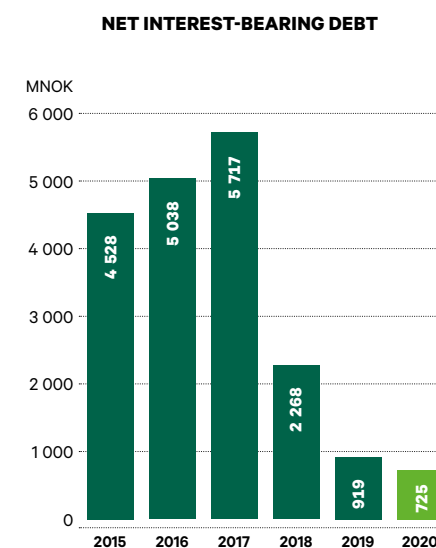
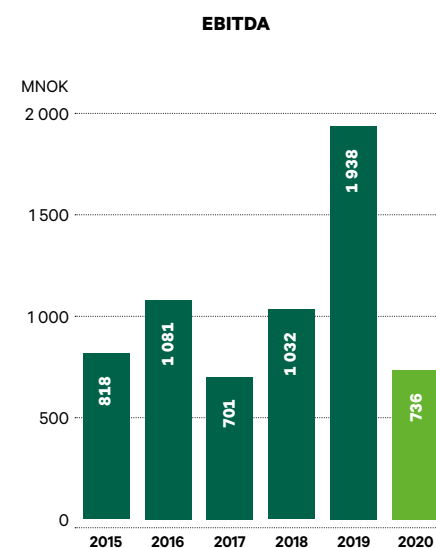
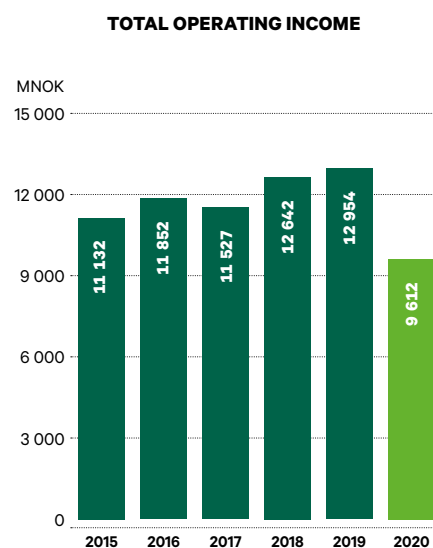
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Key figures

NOK MILLION (UNLESS OTHERWISE STATED)	2015	2016	2017	2018	2019	2020
INCOME STATEMENT						
Total operating income	11 132	11 852	11 527	12 642	12 954	9 612
EBITDA*	818	1 081	701	1 032	1 938	736
Operating earnings	19	-947	-1 702	926	2 398	-1 339
Profit/loss for the period	-1 318	-972	-3 551	1 525	2 044	-1 884
Earnings per share (NOK)**	-15.98	-11.78	-43.04	18.48	24.77	-22.84
CASH FLOW						
Net cash flow from operating activities	146	514	404	881	602	549
Net cash flow from operating activities per share (NOK)**	1.77	6.23	4.89	10.68	7.30	6.65
Net cash flow from investing activities	-174	-105	-278	-188	-180	302
OPERATING MARGIN AND PROFITABILITY (%)						
EBITDA margin*	7.3	9.1	6.1	8.2	15.0	7.7
Return on capital employed (annualised)*	5.2	8.9	6.6	14.1	28.5	2.1
PRODUCTION/DELIVERIES/CAPACITY UTILISATION						
Production (1 000 tonnes)	2 366	2 506	2 494	2 492	2 310	1 800
Deliveries (1 000 tonnes)	2 356	2 520	2 491	2 485	2 285	1 825
Production / capacity (%)	85	93	93	95	89	77
BALANCE SHEET						
Non-current assets	9 620	7 184	4 939	4 789	5 248	4 084
Assets held for sale	0	0	0	0	631	0
Current assets	3 512	3 313	3 170	3 776	4 360	3 703
Total assets	13 133	10 497	8 109	8 565	10 240	7 787
Equity	4 729	2 090	-1 427	2 365	5 493	3 219
Net interest-bearing debt	4 528	5 038	5 717	2 268	919	725

*As defined in Alternative Performance Measures

**Adjusted for the share split on 18 September 2019 pursuant to which the number of shares was increased from 30 000 to 82 500 000



7 mills in 5 countries

Skogn, Norway / Saugbrugs, Norway / Golbey, France / Bruck, Austria / Boyer, Australia / Tasman, New Zealand / Nature's Flame, New Zealand

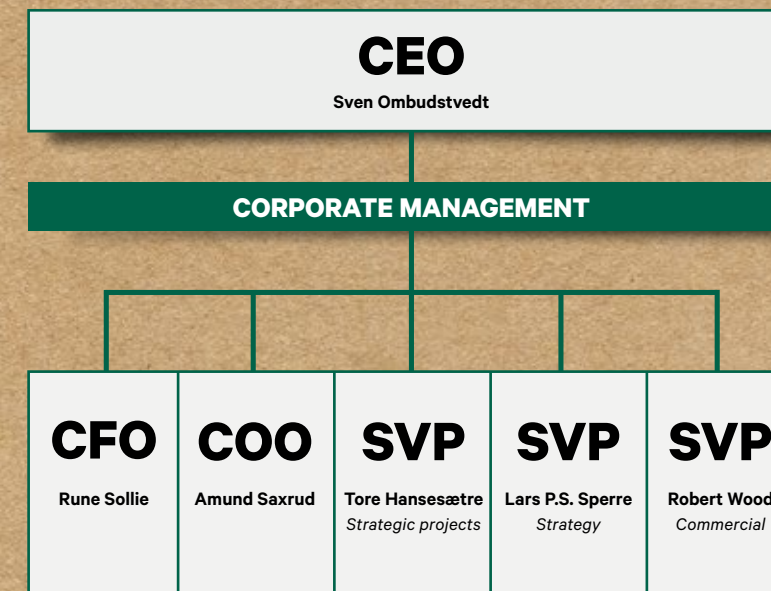
2 332
Employees

12.1%
Female employees

89%
Certified fibres

85%
Electricity and renewable energy

0.8
Lost time injuries per million working hours



DESPITE COVID-19 IMPACTS, good progress on the green growth projects

The coronavirus impacted our business negatively from March 2020 when the first worldwide lockdown and local governmental restrictions were imposed. The wide-ranging lockdowns of entire societies in our most important and largest markets in Europe were devastating to our profitability during the three last quarters of last year. 2019 and the beginning of 2020 had showed good results for our publication paper business. The suddenly imposed restrictions decreased the demand for publication paper by over 30%, although the year in total saw about 20% decline. However, I am greatly impressed by our corporate and mill employees who quickly responded to the unexpected situation with calm, professionalism and ingenuity. Fortunately, we were able to keep the mills running despite challenges with in and outbound logistics.

Despite the severe corona impact on our core business during 2020 and predictably the first half of 2021, our green growth projects are progressing according to the original plans. Norske Skog's long-term strategy remains to improve the core business, to convert certain of the group's paper machines and to diversify the business within the bioenergy, fibre and biochemical markets. Although our employees are committed to delivering quality publication paper every day, Norske Skog is actively developing new revenue streams in synergy with existing paper production. During 2020, we launched several milestones in our transformation from a once pure publication paper business to a bio-based company with an assembly of new green products. All these growth initiatives will be profitable and sustainable:

- At the Golbey mill in France, approximately EUR 250 million will be invested to convert PM1 from its current 235 000 tonnes of newsprint capacity to 555 000 tonnes of leading recycled containerboard capacity. Following the conversion in 2023, Golbey will have 555 000 tonnes of recycled containerboard capacity and 330 000 tonnes of newsprint capacity.
- At the Bruck mill in Austria, approximately EUR 100 million will be invested to convert PM3 from its current 125 000 tonnes of newsprint capacity to 210 000 tonnes of recycled containerboard capacity. Following the conversion in 2023, Bruck will have 210 000 tonnes of recycled containerboard capacity and 265 000 tonnes of lightweight coated magazine capacity.
- At the Bruck mill, we are also investing in a new 50MW wide range energy boiler, utilising refuse-derived fuels and paper production residuals. This will improve the carbon footprint, further strengthen the mill's profitability and create new business beyond publication paper.
- At the Saugbrugs mill in Norway, we have successfully commercialised CEBINA in 2020, which is a natural fibre product that adds rheology control in fluids and armoring in solid materials. We will also work to develop a

new type of bio-composite, called CEBICO, that may be used in furniture, packaging materials and car interiors. These efforts will contribute to decreased plastic consumption by creating new, green products with significantly reduced carbon footprints.

- Our biogas facilities at Golbey and Saugbrugs already contribute positively to our earnings, but more impressively, they have reduced our carbon footprint substantially. We will invest further to improve our biogas activities, and we are proud to be a global forerunner in the circular economy.
- At Nature's Flame in New Zealand, we have more than doubled the output of wood pellets to an annual capacity of around 90 000 tonnes delivering products to our domestic customers as well as markets in Asia.
- Melbourne based Circa Group, a Norske Skog Boyer industrial partner, successfully completed a NOK 575 million private placement in February 2021 to fund the construction of a 1 000 tonne per annum industrial scale plant in France. The Circa shares started trading on the Euronext Growth in Oslo on 2 March 2021. Following the capital markets transaction, Norske Skog owns approximately 27% of Circa.

There have also been some tough choices along the way in 2020. We have performed a strategic review of the Tasman mill, which will end an era of 65 years of newsprint production. The mill started to produce converting grade paper for Asian markets in the second half of 2020. PM5 at Saugbrugs was closed on 22 December 2020, after 52 years of continuous production.

We are acutely aware that we are in charge of our own destiny. We are committed to be competitive in the global marketplace, leaving us with no other options than being innovative, creating new products and exploring new business opportunities. The COVID-19 pandemic has accelerated the need for speed in these processes.

I want to send my thanks and warm thoughts to all my colleagues running the mills and marketing our products 24/7 every day of the year. Our employees represent the heartbeat of our company, and I am very impressed with their efforts and commitments, especially during the COVID-19 period. Let us continue to join forces together – we have a promising future ahead of us.

SVEN OMBUDSTVEDT
CEO



Convert

360 000

tonnes of newsprint capacity to

765 000

tonnes of leading recycled containerboard capacity

Our employees represent the heartbeat of our company, and I am very impressed with their efforts and commitments, especially during the COVID-19 period. Let us continue to join forces together – we have a promising future ahead of us.

Nature's Flame expansion provides **increased renewable energy** for New Zealand businesses

Nature's Flame is a state-of-the art Andritz facility producing 90 000 tonnes of premium certified wood pellets from FSC-certified and long-term contracted fibre using renewable geo-thermal energy.

The facility is located in Taupo, New Zealand. Nature's Flame has recently undergone a significant expansion with an investment from parent company Norske Skog of around NZD 8 million.

Nature's Flame has a well-established track record of working with schools, rest homes, local and national government agencies and small to

large businesses throughout the country with fuel for new boiler installations and conversions from coal, to deliver renewable and sustainable energy solutions. Nature's Flame pellets are also used to heat thousands of New Zealand homes.



John Goodwin, Nature's Flame Operations Manager, said: "We are proud to be able to partner with large-scale energy users like Fonterra's Te Awamutu milk processing site. The switch to wood pellets will reduce their annual carbon emissions by the equivalent of 32 000 cars on our roads each year."



Photo: Adobe Stock

Circa successfully completed a **NOK 575 million private placement**

Circa successfully completed a NOK 575 million private placement at a price of NOK 16.75 per share, which will be used to fund the construction of a 1 000 tonne biochemical plant in France, further market development, development of new products, corporate costs and current operations.

Norske Skog Australasia has worked closely with Circa since 2015 at its Boyer Mill in Tasmania, providing significant industrial and process competence to enable the scalability of Circa's unique and patented Furacell technology.

Circa is a biotech company producing unique and highly valuable biochemicals. Using abundant and renewable biowaste such as sawdust, Circa produces Levoglucenone (LGO) in its scalable and patented Furacell™ production process. LGO is a biomolecule platform used to produce multiple sustainable biochemicals that can replace toxic fossil-based chemicals widely used today in a wide range of applications; pharmaceuticals, agrochemicals, flavours, fragrances, electronics, batteries, paints, graphene, polymers and much more.



"Norske Skog has a clear strategy of developing shareholder value from fibre and energy projects, and it is very pleasing to see that this effort is being recognised in the capital markets in light of the successful capital raise in Circa. The Norske Skog team in Australasia has been instrumental in our efforts to support Circa in scaling their technology and developing markets," says Sven Ombudstvedt, CEO of Norske Skog.



Photo: Erik Sandersen



"We want to contribute to reduced plastic consumption by creating new, green products with significantly reduced carbon footprints, and find good solutions to recycle significantly more plastic than today. The plant is crucial for accelerating the industrialisation of new sustainable, bio-based products," says Managing Director Kjell-Arve Kure at Norske Skog Saugbrugs.

Norske Skog Saugbrugs receives support to build demo plant for **production of CEBICO biocomposite**

Innovation Norway has allocated NOK 15 million to support the construction of a demonstration plant for the development of fibre composite production at Norske Skog Saugbrugs in Halden, Norway. This will accelerate the ongoing development work to industrialise the production of a new type of biocomposite, which can be included in furniture, packaging and car interiors.

The innovation provides a biocomposite which replaces plastic, reduces fossil CO₂ emissions, reduces oil consumption, provides better resource utilisation through increased use of recycled and renewable raw materials.

Norske Skog Saugbrugs with **pioneering energy efficiency**

ENOVA and the NOX-Fund have allocated a total of NOK 66 million for energy-efficiency measures at Norske Skog Saugbrugs in Halden, Norway. Norske Skog Saugbrugs is investing a total of NOK 165 million in energy-efficiency measures at the plant. After extensive development work and successful investments over several years, Norske Skog Saugbrugs has already created one of the world's most energy-efficient processes to produce thermomechanical pulp (TMP) for magazine paper.



Photo: Enova



"Norske Skog Saugbrugs is an example of one of several Norwegian industrial companies that do world-class energy-efficiency work. In Halden, this project will contribute to a significant decline in electricity consumption," says Enova's Strategy Director Tonje Foss.

Norske Skog to enter the European packaging markets with **Strato**

Norske Skog will take a major step towards a growing and high-margin business by converting two newsprint paper machines into renewable containerboard production. The conversions at Norske Skog Golbey og Norske Skog Bruck will introduce 765 000 tonnes of competitive containerboard capacity to meet the growing demand for renewable packaging. Following the conversions, both mills will have access to green energy and have reduced their carbon footprints to become among the best performers in the industry.

“This is a milestone in Norske Skog’s strategy to become a leading European packaging producer through conversion of publication paper capacity. This marks an important step in Norske Skog’s evolution as we look to enhance long-term value for all stakeholders,” says Norske Skog’s Chair of the Board John Chiang, who also represents the largest shareholder Oceanwood.

Norske Skog plans to invest approximately EUR 350 million in the conversion projects over an 18-month period commencing in second half of 2021. Containerboard production will be based on recycled fibre and will reduce the mills’ electricity consumption. Boilers to be constructed at the sites will provide efficient and environmentally friendly off-take of residual materials, and in return generate green steam for sustainable containerboard and paper production and green electricity for the power grids.

Strato is the new brand name for our packaging. It was the winner among the 164 contestants in an internal name competition among all employees. The HR Manager at Norske Skog Bruck Gert Pflieger, who won the competition, says: “Strato is the Italian word for layer, also in the sense of the stratosphere covering and protecting the world.”

“The Containerboard Branding Team will now continue to shape the Norske Skog story, develop tools to enter the containerboard market and start communicating with potential customers”, says Marleen van den Berg, VP Containerboard Sales.



Photo: Adobe Stock

CEBINA – environmentally improves other products

“The CEBINA sales in the fourth quarter are incredibly exciting. We have been able to establish promising cooperation with companies, consultants and researchers, who see the unique potential in the green and sustainable product we have developed,” says Hugo Harstad, Commercial Development Director of CEBINA at Norske Skog Saugbrugs.

CEBINA replaces existing viscosifiers used in epoxy, adding improved flow properties. Epoxy based on CEBINA is of particular interest due to its health and environmental qualities, as well as reduced time in deployment. Beyond epoxies, new variants of CEBINA will add similar benefits to glue and paint. Production capacity for CEBINA will be expanded in line with increased demand.



Photo: Eivind Nag, Adsign



Photo: K9 project group

Norske Skog Bruck **progress well** towards the start-up of its new energy boiler

Norske Skog Bruck has during 2020 progressed according to plan with its new energy boiler. The new boiler which will be delivered by Valmet and start up in the first half of 2022. The EUR 72 million investment will improve the mill’s cost competitiveness, reduce its carbon footprint and create new business beyond publication paper by generating revenue from combustion of refuse-derived fuels (RDF).

“This project is a further step of our green diversification initiatives in the Norske Skog group and a milestone for the further development of the Bruck site,” says Enzo Zadra, Managing Director of Norske Skog Bruck.

With a fuel power of 56 megawatts, the new boiler will run mainly on RDF, pulper rejects and sludge with natural gas as a second fuel. It will partly replace the steam production of existing natural gas-fired boilers as well as supply heat to the paper mill and the local district heating network in Bruck, resulting in lower CO₂ emissions.

ABOUT NORSKE SKOG'S operations

SUMMARY

Norske Skog is a world leading producer of publication paper with strong market positions and customer relations in Europe and Australasia. The Norske Skog group operates four mills in Europe, of which two will produce recycled containerboard following planned conversion projects. In addition, the group operates one publication paper mill, a converting grade mill and one pellet facility in Australasia.

Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of promising converting, energy and fibre projects. The group has approximately 2 332 employees in five countries, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

PUBLICATION PAPER

The group's newsprint paper products include standard and improved grades, while the group's magazine paper products comprise uncoated super-calendared paper ("SC") and lightweight coated paper ("LWC"). The end uses of the group's products are mainly newspapers and magazines, but also include catalogues, inserts/flyers, supplements, free-sheets, directories, direct mail, brochures and book paper. The group sells its products under well-known brands, including Nornews, Norbright, NorX, Norstar, Norcote, NorSC, Norbook, Vantage and Tasman Directory. The group's customers include publishers of leading newspapers and magazines in Europe, Australasia and the rest of the world. The group has longstanding relationships with several of its largest customers. In Europe, the group serves a diversified customer base including internationally recognised publishers, retailers and commercial printers, with the top 15 customers representing approximately 30% of revenue.

The group's market shares based on production capacity for newsprint, SC magazine paper and LWC magazine paper in Western Europe are approximately 22%, 12% and 5% respectively, according to PPPC. In Australasia, the group is the sole producer of publication paper, but the group estimates a market share in terms of publication paper deliveries of approximately 80% for newsprint and 43% for magazine paper.

NEW ACTIVITY

Norske Skog plans to become a leading European producer of recycled containerboard by converting two newsprint machines, one at Norske Skog Bruck and one at Norske Skog Golbey. The conversions will introduce 765 000 tonnes of competitive containerboard capacity to meet the growing demand for renewable packaging. Detailed engineering for the containerboard projects in Austria and France is on track for a final investment decision in the first half of 2021. The group has chosen Strato as the new packaging product brand name.

Following the conversions, both mills will have access to renewable energy and will have reduced their carbon footprints to become among the best performers in the industry. The instalment of a 50 MW renewable waste-to-energy boiler in Austria is scheduled for start-up in the first half of 2022.

Norske Skog actively works to realise value from the industrial sites by developing existing infrastructure and industry competence. Norske Skog ceased newsprint production at the Tasman mill at the end of the fourth quarter, and now delivers converting grade paper to customers in the Asian packaging market. In New Zealand, the recent scale-up of wood pellets production capacity has been highly successful and the facility now produces around 90 000 tonnes.

Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of promising converting, energy and fibre projects.

Norske Skog is the largest shareholder in Circa Group, which during the fourth quarter 2020 received a EUR 9.2 million EU Flagship Grant for the production of a first-of-its-kind 1 000 tonnes biochemicals plant in France. Circa Group has been listed on the Euronext Growth market in Oslo during the first quarter of 2021 with the purpose of raising the required capital for construction of the plant and continued market introduction of its biochemicals.

Following significant marketing efforts and customer testing in 2020, CEBINA is now sold and delivered to customers in Norway and internationally. CEBINA is a natural fibre product developed at Norske Skog Saugbrugs, which adds rheology control in fluids and armoring in solid materials.

Norske Skog has started building a pilot plant for fibre composites at its Saugbrugs mill in Norway, which Innovation Norway has given a grant of NOK 15 million.

STAKEHOLDER AND materiality analysis

The stakeholders affect Norske Skog's decisions, activities and performance in many ways. In our opinion, our most important stakeholders are our own employees, local communities where we operate, investors and owners, customers and our key suppliers. When determining which sustainability topics that are the most material ones for Norske Skog, we have also assessed to what extent different stakeholder groups are affected by our activities and/or to what extent they are affecting our sustainability work and performance. This is based on our ongoing interactions and dialogues with the different stakeholder groups. One example is that the commercial organisation in Norske Skog regularly performs customer surveys. The most important customers are followed up closely for each delivery. Other examples of cooperation and interaction with different stakeholders are included under the different sections of the sustainability report.

The materiality analysis highlights areas of opportunity and risk that will be fundamental to the group's strategy and integrated in daily operational activities. Environmental issues have been a concern to a great number of stakeholders since the start-up of Norske Skog in 1962. The environmental category has undergone a substantial quality improvement. The group has achieved significant results in collaboration with stakeholders, national authorities and employee initiatives. Norske Skog has also through the years been nationally recognised for its labour practices and excellent work environment, and the outstanding health and safety performance compared to the industry average.

The materiality analysis has been revised and approved by the corporate management after thorough discussions with key employees



throughout the entire organisation. The new SDG strategy is based on both external and internal input.

The outcome of the materiality review shows that the GRI Standards topics with the most vital impact on Norske Skog's operations are:

- Economic performance
- Waste
- Occupational Health and Safety
- Energy
- Public policy

The most vital GRI standard topics to the sum of our external stakeholders were:

- Economic performance
- Water and effluents
- Customer health and safety
- Non-discrimination

Our priorities will have a significant impact throughout the sustainability report, and are included in the presentations related to each of the 17 UN Sustainable Development Goals. A total overview of which GRI Standards we report on, can be seen from the GRI Index presented in the back of this report and also on our homepages below:

[https://www.norskeskog.com/Responsibility/Corporate-social-responsibility-\(CSR\)/Global-Reporting-Initiative-\(GRI\)/GRI-table](https://www.norskeskog.com/Responsibility/Corporate-social-responsibility-(CSR)/Global-Reporting-Initiative-(GRI)/GRI-table)

THE SUSTAINABLE DEVELOPMENT GOALS are an integral part of our strategy

The UN Sustainable Development Goals (SDGs), adopted by world leaders in September 2015, are a call for action for all countries and businesses to promote prosperity while protecting the planet. The 17 SDGs address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. The SDGs interconnect, and it is important that the world achieves each of the SDGs and its targets set for 2030.

Norske Skog supports all 17 SDGs, but realize that some are more relevant to our business than others. During 2020, we have assessed which of these 17 goals that we consider are the most relevant for Norske Skog, and those where we believe we can make a difference and contribute positively.

WE HAVE ASKED OURSELVES THESE QUESTIONS:

- To what extent do the SDGs affect our operations and business strategies?
- To what extent may we influence and contribute to the achievement of the specific goal?

Our assessment included input from workshops with representatives from all our mills focusing on which of the SDGs that are the most relevant ones for our operations. We believe that we can make the greatest difference and contribute positively through the prioritized SDGs highlighted in the illustration.

We have summarized what the prioritized SDGs mean to us in one sentence: Norske Skog shall create value for people and society in a responsible way, while maintaining a sustainable environment and use of natural resources.

To be a profitable business is fundamental for creating jobs and value for society through our operations and products. Profit must be created in a sustainable and responsible way. This means that, besides being a financially profitable business, we must have a strong governance practice, the way we operate must be safe for our employees, and we need to continuously improve through innovation.

Our operations must be based on sustainable sourcing, e.g. using certified wood and chips documented through Chain of Custody. We must be resource and energy effective in all our operations. Environmental impacts from our supply chain and our mills must be minimized.

Our attitude and ability to be entrepreneurial, empower each other and behave consistently, define our results in changing and challenging markets.

Through reliable, responsible and sustainable conduct, we will win the trust and confidence of our stakeholders, both within and outside of Norske Skog. We monitor activities in order to achieve sustainable products and processes throughout the entire value chain. We continuously strive to maintain our status as the most attractive industry partner for suppliers and customers. The corporate strategy consists of three elements and gives us a well-defined foundation for our work related to the prioritized SDGs.:

- Improve and optimise publication paper cash flows
- Become a leading producer of renewable packaging
- Diversify and innovate within fibre and energy

These strategic goals are communicated extensively throughout the organisation, and are well known to external, crucial stakeholders, especially the press and investors. In 2020, the group reviewed the business climate risks and opportunities and related these findings to define ambitions, target settings for the prioritized SDGs and relate these to the already determined strategic choices of the group. The purpose of the assignment was to align the corporate strategy with a selection of the most relevant of the 17 UN Sustainable Development Goals. In the process, the entire organisation was involved in prioritizing, and setting new ambitions and specific targets for each of the 17 UN SDGs.

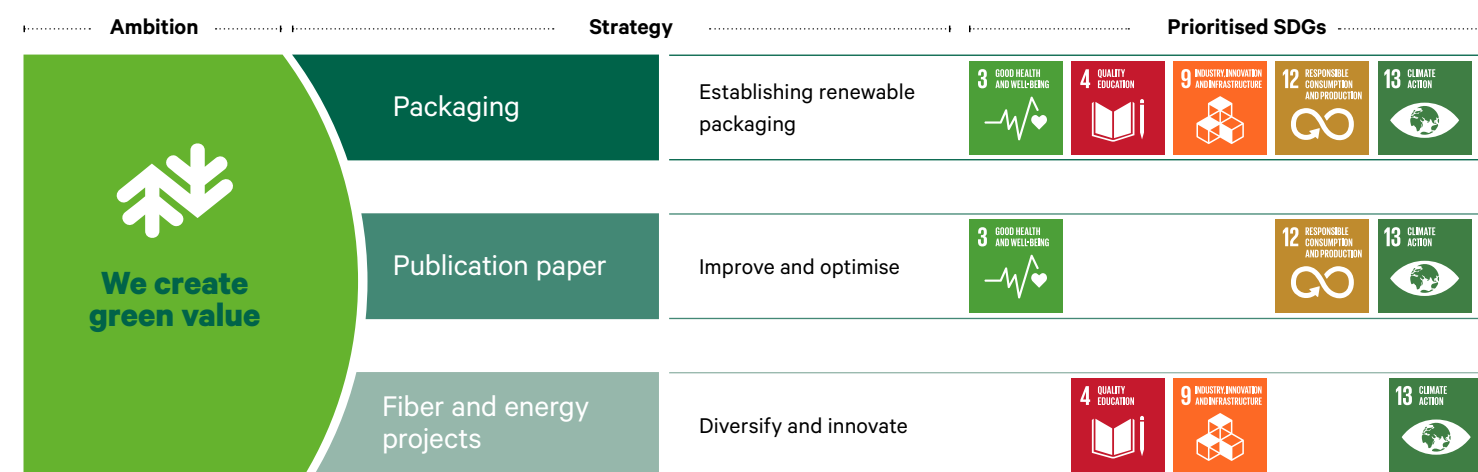
To make the new SDG targets relevant for the board, management and the rest of the group, the intention was to align and integrate the 5 prioritized sustainable development goals to the resolved strategic goals already effectuated by the board of directors.

The following five sustainable development goals that were selected to be most relevant to the existing strategy:

- SDG 3: Good health and well-being
- SDG 4: Quality education
- SDG 9: Industry Innovation and Infrastructure
- SDG 12: Responsible consumption and production
- SDG 13: Climate action

For each of the prioritized SDGs, we summarize in this report how we relate to the goals, e.g. our ambitions and relevant targets and actions initiated or planned. For the SDGs considered less relevant to Norske Skog, we provide a brief description of ambitions and performance.

THE SDGS ARE AN INTEGRAL PART OUR STRATEGY



Compliance

Non-compliant and unethical conduct can have severe consequences, and entails both substantial economic losses and reputational damage. Norske Skog's aim is to be a "best in class" industry partner for our suppliers, customers and other business relations, and an attractive investment for our shareholders.

Norske Skog has common standards for all business units and employees to ensure compliance (the Steering Guidelines), and a Code of Conduct which all of our business partners shall adhere to. This strengthens the quality of our operations and promotes our predictability and credibility with customers, suppliers and other partners, and consequently Norske Skog's commercial position. Norske Skog has established a system where a compliance officer for the group ensures that that the Steering Guidelines are up to date and ensures that adequate internal control systems exist globally and locally. However, the responsibility to comply with the Steering Guidelines on a day-to-day basis lies with the line organisation at each of our business units as compliance must take place where the risk lies, primarily in the production and commercial operations and their associated activities.

Norske Skog has for a number of years maintained a whistle-blowing channel, where an employee can report irregular conditions or matters he/she finds difficult to report directly to immediate superiors. Norske Skog considers it important that each employee is ensured confidential and serious treatment of reported issues, and all reports are handled in accordance with written procedures set out in the Norske Skog Reporting Routines. Non-compliant and unethical conduct can be reported to compliance@norskeskog.com.

About the sustainability report

Norske Skog is committed to contribute to sustainable development and supports the ten principles in the UN Global Compact.

Norske Skog also supports the work to develop a global standard for reporting of sustainable development. We therefore use the Global Reporting Initiative's (GRI) Standards for reporting relating to sustainability as a tool in our work to report environmental and corporate responsibility. Our reporting practice is, in our view, for all practical purposes in line with the GRI Standards reporting principles.

The sustainability information which Norske Skog believes covers the material sustainability aspects. For the environmental data, it covers the value chain of the group's activities. Sustainability data for 2020 includes all paper mills at 31 December 2020.









Environmental data has been collected from the mills using established reporting routines. These include monthly standardised reporting for the key environmental data as well as a standardised collection of supplementary information on an annual basis. Data from this reporting is collated by the environment manager on the group level in standardised monthly reports to the corporate management and to the board quarterly. Similarly, people data, and health and safety data are collected from the mills with monthly reporting to the corporate management and quarterly to the board quarterly.

The sustainability report consist of three elements:

- 1 Materiality analysis and TCFD (task force on climate-related financial disclosures)
- 2 Sustainability Development Goals
- 3 Corporate governance



We have summarized what the prioritised SDGs mean to us in one sentence: Norske Skog shall create value for people and society in a responsible way, while maintaining a sustainable environment and use of natural resources.

Sustainability Development Goals overview		E/S/G & E*	Ambition/ Area	Targets	Planned activities
1		G & E	To create shareholder value.	To achieve an EBITDA margin of more than 10%.	Adhering to operational budget plans and corrective actions.
				To achieve net debt/EBITDA ratio of 2 or less.	Financing activities adapted to operational profit capacities.
3		S	To inspire others to learn from our 'best in class' occupational health and safety standards.	To share knowledge through relevant professional forums and industry organisations.	Facilitating internal cross-BU knowledge sharing: Defining knowledge network vital to increase HESQ innovation across Norske Skog. Reviewing and developing e-Learning HESQ-material for local training. Focusing on Contractor Management contracts.
			To increase job attendance for all employees.	To reduce absenteeism.	Developing local and community BU medical centres. Providing medical assistance for injuries but also provides extensive health and well-being programmes for Norske Skog staff.
			To ensure a healthy and safe working environment.	To reach zero personal injuries (H1 and H2)	Changing to the latest version of DNV Synergi, including releasing new training program for users. Developing a new HESQ Leadership Training program. Performing a regular self-assessments to identify focus areas for improvement.
4		S	To attract and to keep top talent.	To achieve at least 75 % of new hired skilled workers to be recruited from apprentices programs by 2025.	Implementing advanced apprentice programs at all mills, including extended training programs.
			To invest in our people through training and development.	To offer ten trainee positions or internships for master degree students annually.	Cooperating with local schools and selected universities about relevant programs.
			To prepare Norske Skog for entering the containerboard market in 2023.	To establish three knowledge networks to capture critical competence and facilitate knowledge transfer throughout the group.	Establishing and operating three knowledge networks, led by Champions by the end of 2021, and reinvigorating the Norske Skog Academy and NSPS-modules.
			To invest in our people through training and development.	To establish three knowledge networks to capture critical competence and facilitate knowledge transfer throughout the group.	Establishing a containerboard knowledge network in 2021, including reviewing the sales organisation, and delivering a market knowledge program.
				To achieve a 100 % completion rate for annual performance reviews and development plans by 2023.	Offering training and supplementary education for all through their entire job career, i.e. annual review of performance and revision of annual plans for training and development.
9		G & E	To develop sustainable industrial clusters utilizing existing site infrastructure and contribute to economic growth.	To achieve 50 % of revenue from new business areas by 2030.	Investing in packaging, energy and fibre projects.
			To commercialize promising and profitable innovation results.	To achieve 50 % of revenue from new business areas by 2030. To achieve at minimum an IRR of 10% on new investment projects.	Establishing Steering Committees at group level to ensure needed anchoring and allocation of necessary resources to speed up and succeed with commercialisation of new business opportunities.
			To align innovation activities with the long term group strategy.	To achieve 50 % of revenue from new business areas by 2030.	Ensuring alignment through group annual strategy discussions in corporate management.
			To perform R&D activities at all business units based on Norske Skog's position in the fiber value chain.	To achieve 50 % of revenue from new business areas by 2030.	Reporting R&D activities in the mills to corporate management through the budget process.
			To increase the level of sustainability through knowledge sharing across business units to strengthen continuous improvement activities and product development within the existing core business.	To reach a minimum of 20 annual continuous improvement activities, and all mills contributing.	Evaluating the continuous improvement activities and the impact they have on the SDG targets compared to planned activity.
11		S	To understand the actual and potential impacts our operations have on local communities, and to understand their expectations and needs.	To report the significant social, environmental, safety and economic impacts our operations have on the local communities.	Cooperating with local community organisation and being open and honest about environment, safety and economic issues with relevant community bodies.
		E	To report the extent of development of significant infrastructure investments and services supported, both current or expected impacts on communities and local economies.	To report examples of significant identified indirect economic impacts of the organisation also in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.	Cooperating and communicating openly with the local community about company strategy and investment plans as early as possible.
12		E	To ensure sustainable use of materials and energy in our operations.	To achieve efficient use of biprocess streams in the production process to create biobased-energy or biproducts for sale.	Utilising bi-products from the entire production process.
			To operate mills with high energy efficiency.	To measure the level of CAPEX used on energy efficiency / energy-source improvements.	Establishing specific activities and investments in energy efficiency and changes in energy-source, i.e. activities from the CAPEX-lists and the continuous improvement programs.
			To reduce COD to recipient.	To install anaerobic wastewater treatment and biogas at all European mills (% installed) within 2030.	Investing in anaerobic WW-treatment and biogas production at all European mills.
			To reduce emissions of SO ₂ and NOX from our operations.	To be compliant to emission permits and regulations.	Performing mill activities related to SO ₂ and NOX improvements.
		To reduce waste from our operations.	To have no ash delivered to landfill in 2030.	Establishing procedures and/or ash product development.	
		G	To ensure sustainable sourcing of raw material.	To achieve 100% certification of all wood used for our products.	Reviewing internal control routines to measure and reach the certification target.
To ensure responsible supplier value chain handling.	To ensure supplier adherence to Norske Skog code of conduct within 2023.	Maturing sustainable sourcing practices by updating Code of Conduct, questionnaire for suppliers on ESG-topics and routines for audit of suppliers.			
13		E	To reduce GHG emissions.	To reduce CO ₂ emission kg/ton paper (baseline 2015) by 55% in 2030 (Scope 1 & 2).	Investing in packaging and promising energy and fibre projects.
				To have net zero CO ₂ emission kg/ton paper in 2050.	Participating in CCS and CCU activities at Skogn and Saugbrugs.
				To reduce Scope 3 GHG emissions by collaborating with external parties.	Collaborating with transporters to utilize CO ₂ -free vehicles such as train for truck programs at the mills.
			To use sustainable energy sources.	To reduce dependency of fossile energy sources.	Investing in biomass-boilers to replace fossile energy sources at the mills.
		To handle climate risk and business opportunity understanding.	To review the annual climate risk plan and business opportunity analysis.	Performing an annual climate risk and opportunity analysis for each business unit.	
16		G	To abstain from financial and in-kind political contributions.	To report which political topics and influence channel the group has used.	Involving in political tasks through the Norwegian Federation of Trade and Industry, the Norwegian Pulp and Paper organisation, CEPI, and through other relevant partnerships.
		S	To ensure our customers healthy and safe working environment.	To report percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Performing reviews of relevant health and safety hazards our products expose to our customers.
		G	To abstain from anti-competitive behaviour and adhere to relevant competitive legislation.	To report the number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant. To report the main outcomes of completed legal actions, including any decisions or judgments.	Performing annual reviews with relevant personell and agents on relevant anti-competitive legislation and Norske Skog Steering Guidelines.
		S	To have no tolerance for discrimination on grounds of race, color, sex, religion, political opinion, national extraction, or social origin as defined by the ILO, or other relevant forms of discrimination involving internal and/or external stakeholders.	To report the total number of incidents of discrimination during the reporting period.	Identifying through formal process(es) and instance(s) of non-compliance to relevant non-discriminatory Steering Document procedures, including management system audits, formal monitoring programs or grievance mechanisms (whistleblower channels).
		G	To have no tolerance for practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust. This also include practices such as embezzlement, trading in influence, abuse of function, illicit enrichment, concealment, and obstructing justice.	To report the total number and percentage of operations assessed for risks related to corruption, and the significant risks related to corruption identified through the risk assessment. To report the total number and nature of confirmed incidents of corruption: in which employees were dismissed or disciplined, when contracts with business partners were terminated or not renewed, public legal cases against the organisation or its employees.	Reviewing the Steering Guidelines annually and performing mandatory compliance review and training for relevant personell and business partners and other relevant to our business periodically or when needed.
		G	To prohibit the use of child labor within our operations and avoid contributing to the use of child labor suppliers and customers.	To report operations and suppliers considered to have significant risk for incidents of: child labor and young workers exposed to hazardous work, child labor either in terms of type of operation (such as manufacturing plant) and supplier, or countries or geographic areas with operations and suppliers considered at risk.	Reviewing the Steering Guidelines and Code of Conduct annually and performing mandatory compliance review and training for relevant personell and business partners and other relevant to our business periodically or when needed.

* E/S/G&E: Environment / Social / Governance and Economy

Prioritised SDGs



Ensure healthy lives and promote well-being for all at all ages

E/S/G & E	Ambition/ Area	Targets	Planned activities
S	To inspire others to learn from our 'best in class' occupational health and safety standards.	To share knowledge through relevant professional forums and industry organisations.	Facilitating internal cross-BU knowledge sharing: Defining knowledge network vital to increase HESQ innovation across Norske Skog. Reviewing and developing e-Learning HESQ-material for local training. Focusing on Contractor Management contracts.
	To increase job attendance for all employees.	To reduce absenteeism.	Developing local and community BU medical centres. Providing medical assistance for injuries but also provides extensive health and well-being programmes for Norske Skog staff.
	To ensure a healthy and safe working environment.	To reach zero personal injuries (H1 and H2).	Changing to the latest version of DNV Synergi, including releasing new training program for users. Developing a new HESQ Leadership Training program. Performing a regular self-assessments to identify focus areas for improvement.

* E/S/G&E: Environment / Social / Governance and Economy

Health and Safety has the highest priority for Norske Skog, twenty four hours a day, seven days a week. Norske Skog's health and safety programme at the business units, called "Take Care 24 hours", is adapted to our different cultures, requirements and local requirements where we operate, but shall always meet the requirements of our health and safety standards for international activities. Our goal is a safe working environment where health and safety receive equal attention in planning and in the daily operations of the company.

All employees in Norske Skog shall take responsibility for improving the working environment for themselves, their colleagues, visitors and sub-contractors. Internal cooperation, involving sharing of experience and best practice, enables us to adapt preventive activities to all our business units. Through the activities in Take Care 24 hours, the group stimulates and encourages the same attitudes and behaviour at work and during our spare time, for our own employees and their families. At Norske Skog, we believe that issues relating to health, safety and the environment must be fully integrated into all our activities at every level and not managed as a separate and distinct function. That is why everyone working in

Norske Skog – whether an employee or contractor – is accountable for the company's health, environmental and safety performance.

The Process for Safety Excellence (PSE) is an ongoing, structured process integrated into the day-to-day business of the company. Its aim is to achieve the highest level of health, safety and environmental performance. It applies to every organisation within Norske Skog and every activity carried out by its employees and contractors. PSE focuses on three management components, people, assets and systems. Each component includes nine elements (standards), which provide the framework for health, safety and loss prevention efforts.

OUR IDENTIFIED NINE KEY ELEMENTS (STANDARDS) ARE:

- Leadership commitment
- Employee participation and safe behaviour
- Training and competence
- Hazard and risk management
- Management systems, reviews, audits, inspections
- Performance measurement and reporting
- Emergency preparation and response
- Health
- Contractors

These standards are applicable to all operations, throughout Norske Skog, which have the potential to adversely affect the health and safety of people, including employees, contractors, visitors and the public.

THE OBJECTIVES OF THESE STANDARDS ARE AS FOLLOWS:

- To define the minimum requirements for the Health and Safety Systems at all levels of operation
- To provide a framework for Health and Safety Systems measurement
- To encourage a consistent approach to Health and Safety Systems
- To assist with the identification and sharing of current best practice between business units
- To provide the business units the opportunity to assess themselves against the Standards and continually improve their systems
- To enable inter-mill/unit reviews to provide an external perspective and recommendations for improvement

Where Norske Skog has no operational responsibility, but has an equity stake, or where significant Norske Skog assets are involved in a subcontracting site, arrangements shall be made to ensure that comparable standards of safety are

maintained. We strongly believe in Behavioural Based Safety Observations and Audits. These are observations of people's workplace behaviour that enables positive feedback for safe behaviour, recognition and correction of unsafe acts.

Our Norwegian business units have signed a letter of intent regarding a more inclusive workplace (IA Agreement with supplementary agreements). Although the IA Agreement is a distinctly Norwegian concept, it is fair to say that our other business units operate under similar conditions with the aim of reducing sickness absence rates and increasing focus on job attendance for all employees. The IA Agreement builds on a tripartite cooperation between the national authorities, the trade unions and the company. This cooperation ensures the participation of all parties involved.

The IA Agreement and Norske Skog's operational objective is to develop targets for our work to prevent sickness and absence and to establish verifiable activity targets to achieve a professional attitude to both preventive and reactive health care in the company.

All our business units also have local health, safety and environmental (HSE) forums where the company and trade unions have regular meetings to address local HSE issues. At these meetings, there should be an equal number

of representatives from the company and the employees, with as many different groups as possible from within the organisation represented. If the organisation has Occupational Health Services, it should also be represented on the committee. Occupational Health Services should be an advisory and independent body, and represent the interests of both the employer and the employees.

Norske Skog has used Synergi Life for many years, which is an operational risk management tool from DNV GL. We have a monthly Management Focus Report (MFR), which is distributed to all business units for internal distribution and includes type of injury and rates of injury, occupational disease rate, lost working days due to accidents, absenteeism, total number of work-related personal injuries and fatalities, by region and business unit. All business units report this information in the Synergi Life database system (Synergi), which is also a source for the transfer of experience and sharing of best practices. Reports from Synergi are analysed and form the basis for our internal HSE audits conducted by our HSE staff at the group level.

Norske Skog is committed to provide a safe working environment for our employees, contractors and visitors. Health and safety considerations are integrated into the day-to-day business of Norske Skog and apply to every organisation within

Norske Skog and every activity carried out by its employees and contractors.

Norske Skog aims to have zero injuries, reduce sickness absence rates and to increase focus on job attendance for all employees.

PERFORMANCE:

Norske Skog had an absence rate due to sickness of 4.2 per cent in 2020. This is a slight increase from last year. It was an increase from 0.5 in 2019 to 0.8 in the H1 level for 2020, lost time injuries per million working hours.

The IA Agreement has been renewed and continues the operational objectives for the cooperation:

- Reduce sick leave
- Reduce employment dropout rates
- Increase employment of people with functional impairments
- Increase the retirement age

Our work with the IA Agreement has been extended to apply to all of Norske Skog's business units and is intended to be an integral part of our targeted health, safety and environmental (HSE) work.

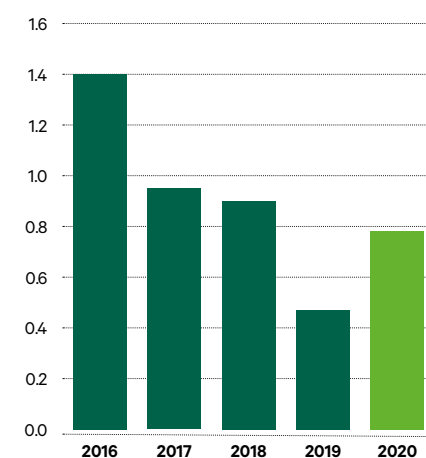
HEALTH & SAFETY INDICATORS	RESULT 2020	STRETCH TARGET 2020 AND 2021	COMMENTS
H1 ¹⁾	0.8	0	Best H1 result was in 2019 at 0.5
H2 ²⁾	6.6	0	
Absence due to illness	4.2	NA	

¹⁾ Lost time injuries per million working hours

²⁾ Total number of injuries with and without lost time per million working hours

H1 DEVELOPMENT

Lost time injuries per million working hours



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

E/S/G & E	Ambition/ Area	Targets	Planned activities
S	To attract and to keep top talent.	To achieve at least 75 % of new hired skilled workers to be recruited from apprentices programs by 2025.	Implementing advanced apprentice programs at all mills, including extended training programs.
		To offer ten trainee positions or internships for master degree students annually.	Cooperating with local schools and selected universities about relevant programs.
	To invest in our people through training and development.	To establish three knowledge networks to capture critical competence and facilitate knowledge transfer throughout the group.	Establishing and operating three knowledge networks, led by Champions by the end of 2021, and reinventing the Norske Skog Academy and NSPS-modules.
			Establishing a containerboard knowledge network in 2021, including reviewing the sales organisation, and delivering a market knowledge program.
To prepare Norske Skog for entering the containerboard market in 2023.	To achieve a 100 % completion rate for annual performance reviews and development plans by 2023.	Offering training and supplementary education for all through their entire job career, i.e. annual review of performance and revision of annual plans for training and development.	
		To provide training modules for technical core skills, soft skills and compliance skills.	

* E/S/G&E: Environment / Social / Governance and Economy

Norske Skog's people and organisation strategy is to maintain a business-oriented, international organisation that attracts and retains highly competent and motivated employees on all levels around the world. We strive to give people the opportunity to grow personally and professionally in a stimulating working environment.

Our goal is to have a broad access to qualified personnel in a short and long-term perspective.

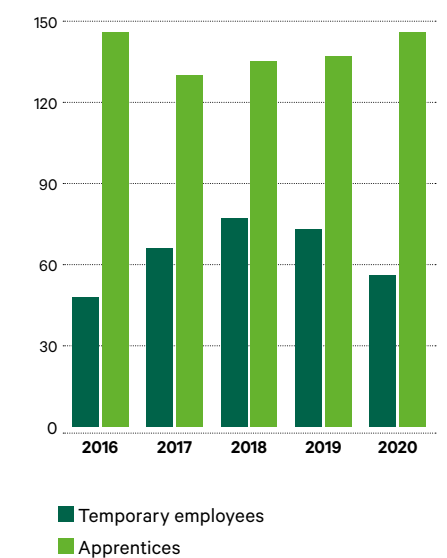
PERFORMANCE:

Norske Skog has a structured process for assessing people performance and creating targeted professional development for its human resources. We believe in developing people through their entire employment with Norske Skog, providing training, job enrichment and career opportunities.

We take pride in delivering advanced programmes for apprentices. These programmes are the preferred source when recruiting to our business and a key contribution from Norske Skog to society in terms of quality education. In 2020, 6% of our employees were apprentices and trainees. Most business units cooperate with selected schools, colleges and universities. Our engagement embraces activities such as mill visits, project work, diploma theses, trainee and apprentices' programmes.

In our internal continuous improvement programmes, we aim to share knowledge and learnings.

NUMBER OF APPRENTICES AND TEMPORARY EMPLOYEES





Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

E/S/G & E	Ambition/ Area	Targets	Planned activities
G & E	To develop sustainable industrial clusters utilizing existing site infrastructure and contribute to economic growth.	To achieve 50 % of revenue from new business areas by 2030.	Investing in packaging, energy and fibre projects.
	To commercialize promising and profitable innovation results.	To achieve 50 % of revenue from new business areas by 2030. To achieve at minimum an IRR of 10% on new investment projects.	Establishing Steering Committees at group level to ensure needed anchoring and allocation of necessary resources to speed up and succeed with commercialisation of new business opportunities.
	To align innovation activities with the long term group strategy.		Ensuring alignment through group annual strategy discussions in corporate management.
	To perform R&D activities at all business units based on Norske Skog's position in the fiber value chain.	To achieve 50 % of revenue from new business areas by 2030.	Reporting R&D activities in the mills to corporate management through the budget process.
	To increase the level of sustainability through knowledge sharing across business units to strengthen continuous improvement activities and product development within the existing core business.	To reach a minimum of 20 annual continuous improvement activities, and all mills contributing.	Evaluating the continuous improvement activities and the impact they have on the SDG targets compared to planned activity.

* E/S/G&E: Environment / Social / Governance and Economy

Norske Skog's research and development work is performed at the individual business units and in cooperation with external research institutions. The work is coordinated centrally, with the aim of leveraging synergies and best practices throughout the group. There is a continued focus on the evolution of paper products and new innovative green alternatives to existing resources.

Norske Skog continuously engages in low-cost R&D activities to explore new revenue sources. The efforts include both near-term and long-term projects across a wide range of initiatives. The initiatives are at various stages of the development cycle, from early-stage research to final stages of implementation and range from bioenergy production to development of biochemical and fibre products.

Investments into projects for alternative use of fibre and development of biochemicals are being done in the form of pilot plants that, if successful, can contribute to growth when commercialised.

The group's six paper mills are material industrial sites that offer possible attractive brownfield investment opportunities for investments such as packaging grades production, since a material part of the infrastructure at a publication paper mill can be re-used for packaging grades production such as containerboard. In addition, the logistics flow of inbound raw materials and outbound finished goods materials are very similar and offers synergies compared to a greenfield investment alternative. Finally, an existing publication paper mill will normally have all required permits and licenses in place for such a large-scale industrial production and the modification of existing permits to a different type of production may offer a less comprehensive and a quicker process compared to a greenfield investment alternative.

PERFORMANCE:

In addition to the traditional publication paper business, new growth initiatives related to packaging, renewable energy, biochemical products and fibre products have been launched.



Photo: Erik Sundersen

Norske Skog plans to become a leading European producer of recycled containerboard by converting two newsprint machines, one at Norske Skog Bruck and one at Norske Skog Golbey. The conversions will introduce 765 000 tonnes of competitive containerboard capacity to meet the growing demand for renewable packaging. Detailed engineering for the containerboard projects in Austria and France are on track for a final investment decision in the first half of 2021. The group has chosen Strato as the new packaging product brand name.

Norske Skog employs dedicated R&D staff at all the paper mills, engaging in both the development of new publication paper products and researching opportunities within biochemical and fibre products than can replace petrochemical products. In addition to the R&D staff, the group employs personnel involved in developing and executing on opportunities for biogas, waste-to-energy facilities and alternative or additional methods of reusing the by-products from the production processes. The business units are all continuously working on improving existing publication paper products and finding new alternative purposes for our paper. For example, the Tasman mill has switched from producing standard newsprint to converting grades, utilising the strength potential in their furnish.

Norske Skog engages in several early-phase research projects into biochemical and fibre products.

Norske Skog has together with the Circa Group developed the Furacell process and invested in pilot plants at our Boyer mill that among other biochemicals produce Cyrene, which could represent the first biochemical solvent for use in the pharmaceutical industry to replace petrochemical products. Norske Skog is the largest shareholder in Circa Group, which has received a EUR 9.2 million EU Flagship Grant for the production of a first-of-its-kind 1 000

tonnes biochemicals plant in France. Circa Group has been listed on the Euronext Growth in Oslo during the first quarter of 2021 with the purpose of raising the required capital for construction of the plant and continued market introduction of its biochemicals.

The group is also engaged in developing nanofibrils for strengthening paper products, enhancing paint and glue, developing 3D composites and additives in nutritional products. Following significant marketing efforts and customer testing in 2020, CEBINA is now sold and delivered to customers in Norway and internationally. CEBINA is a natural fibre product developed at Norske Skog Saugbrugs, which adds rheology control in fluids and armouring in solid materials.

Norske Skog has started building a pilot plant for fibre composites at its Saugbrugs mill in Norway, which Innovasjon Norge has granted NOK 15 million.

The group engages in development of fibre-based construction board, the first of its kind, with high strength, low weight and without the use of glue and chemicals. The board can be used in all types of building construction, interior products and more.

The group has performed high-level feasibility studies on certain conversion options on the paper machines at the group's six paper mills. Attractive conversion options have been identified from a technical perspective and the group will continue to develop these options and the commercial side of a conversion project.



Photo: Tore Aarnæs



Ensure sustainable consumption and production patterns

E/S/G & E	Ambition/ Area	Targets	Planned activities
E	To ensure sustainable use of materials and energy in our operations.	To achieve efficient use of biprocess streams in the production process to create biobased-energy or biproducts for sale.	Utilising bi-products from the entire production process.
	To operate mills with high energy efficiency.	To measure the level of CAPEX used on energy efficiency / energy-source improvements.	Establishing specific activities and investments in energy efficiency and changes in energy-source, i.e. activities from the CAPEX-lists and the continuous improvement programs.
	To reduce COD to recipient.	To install anaerobic wastewater treatment and biogas at all European mills (% installed) within 2030.	Investing in anaerobic WW-treatment and biogas production at all European mills.
	To reduce emissions of SO ₂ and NOX from our operations.	To be compliant to emission permits and regulations.	Performing mill activities related to SO ₂ and NOX improvements.
	To reduce waste from our operations.	To have no ash delivered to landfill in 2030.	Establishing procedures and/or ash product development.
G	To ensure sustainable sourcing of raw material.	To achieve 100% certification of all wood used for our products.	Reviewing internal control routines to measure and reach the certification target.
	To ensure responsible supplier value chain handling.	To ensure supplier adherence to Norske Skog code of conduct within 2023.	Maturing sustainable sourcing practices by updating Code of Conduct, questionnaire for suppliers on ESG-topics and routines for audit of suppliers.

* E/S/G&E: Environment / Social / Governance and Economy

The highly simplified diagram on page 34 illustrates the paper production process. Main input materials are wood and/or recovered paper, as well as electricity and chemicals. Wood and recovered fibres are separated during pulp production in two different processes.

Pulp production based on recovered paper consumes less energy than production from fresh fibre because the fibres in recovered paper are more easily separated than those within wood. In the paper machine, the pulp passes along a web, firstly through a wet section, then a press section and finally through a drying section. The paper is finally rolled up on reels, and then cut to the sizes ordered by the customer. During this process, more than 90% of the wood fibres in trees are converted to paper products.

The residues from the production processes are reused or disposed of in a number of ways: energy recovery, landfill, agriculture or sale/delivery. Where possible, process residues are used to generate energy for the pulp and paper manufacturing process.

Some customers want paper based entirely on recovered paper. However, a value chain based only on recovered paper is not sustainable. About one third of the paper is lost in the recovered paper cycle. Factors such as consumer awareness, waste disposal and collection systems and alternative uses for used paper influence its collection rate. The structure and strength of the fibres of paper degrade with successive use. Recovered paper fibres that are no longer suitable for papermaking are rejected in our mill pulping processes and are generally used as a source of renewable energy. To make the recovered paper value chain sustainable, fresh fibre from forests, plantations or sawmill by-products must be added.

We will only use raw materials from sustainably managed sources. Our goal is to have 100% certified wood in our products.

Key objectives in all our business units are efficient production processes with high yield on raw material and energy utilisation. Norske Skog expects all of our business partners to comply with the applicable laws, regulations and principles set out in Norske Skog's Code of Conduct.

Norske Skog shall have an environmental performance that supports our customers in reaching their environmental objectives.

PERFORMANCE:

Norske Skog has systems and processes to make sure that all wood used in Norske Skog's products comes from sustainably managed forests. All Norske Skog mills utilising fresh fibre have third-party verified Chain of Custody (CoC) certification systems in place. The average share of certified fresh fibre in 2020 was 89%, the same as last year.

In 2020, Norske Skog consumed 2.85 million m³ of fresh fibre and 0.61 million tonnes of recovered paper. On a tonnage basis, our largest consumption of recovered paper takes place in continental Europe. The fibre source used at the different Norske Skog mills depends upon availability and economic considerations. The minimisation of transport distances and costs is an increasingly important economic and environmental consideration.

The total quantity of production waste generated by the group in 2020 was 297 233 dry tonnes. 118 500 tonnes of ash were generated from

combustion. In 2020, 82% of the waste was used as biofuel. Other residues, for example ash, are used in concrete or brick making, or in road construction. Agricultural re-use is also an option for some ash and organic materials. Part of the production residues are deposited in landfills. Hazardous waste amounted to 414 tonnes in 2020. Hazardous waste is disposed through authorised collection systems in accordance with national regulations.

Many of our mills participate in projects to find alternative or additional methods of reusing the by-products from the production processes.

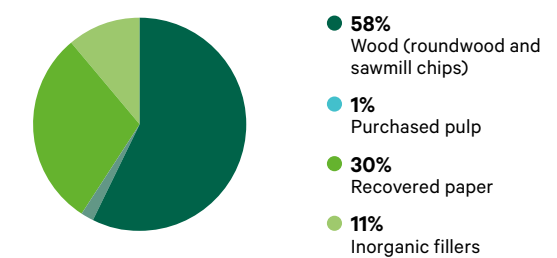
Our products come with an environmental product declaration for paper (Paper Profile) which guide the paper buyer according to environmental performance on standardised environmental parameters. All of Norske Skog's business units are certified in accordance with ISO 9001 and 14001.

Please refer to SDG 15 about sustainably managed forest and fibre sourcing, SDG 6 about clean water, and SDG 7 to read about energy utilisation.

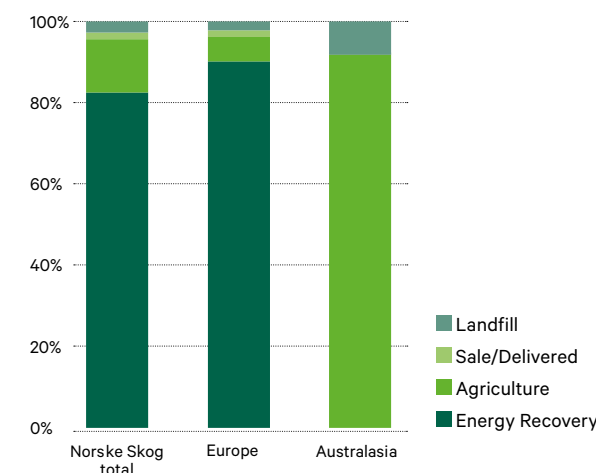
RECOVERED PAPER IN NEWSPRINT PRODUCTION

Norske Skog Golbey, France	87%
Norske Skog Bruck, Austria	66%
Norske Skog Skogn, Norway	18%

CONSUMPTION OF RAW MATERIAL IN 2020

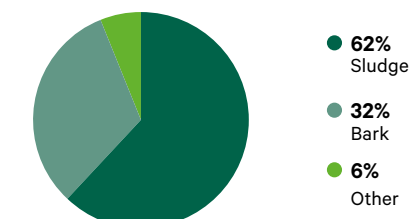


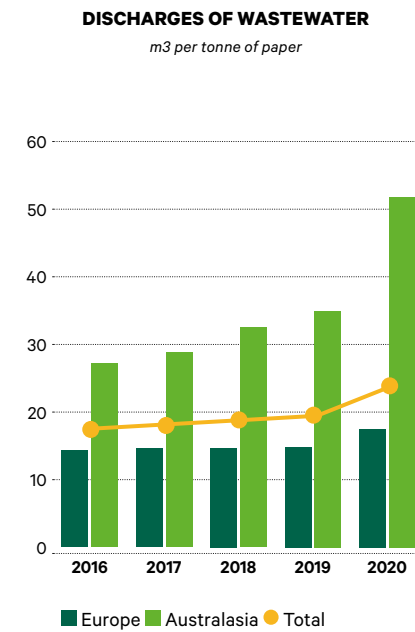
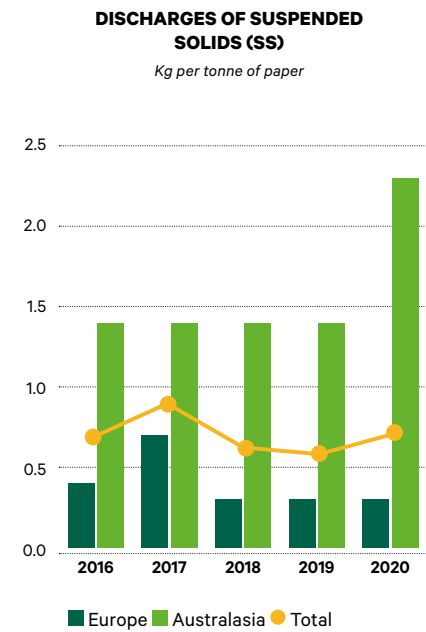
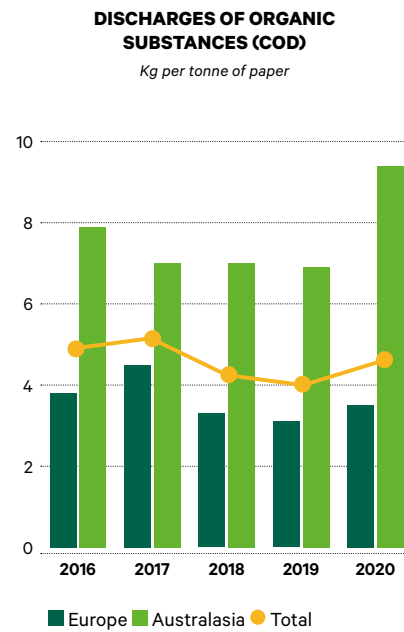
DISPOSAL OF MILL PRODUCTION WASTE



PRODUCTION WASTE

Total 297 233 tonnes





13 CLIMATE ACTION

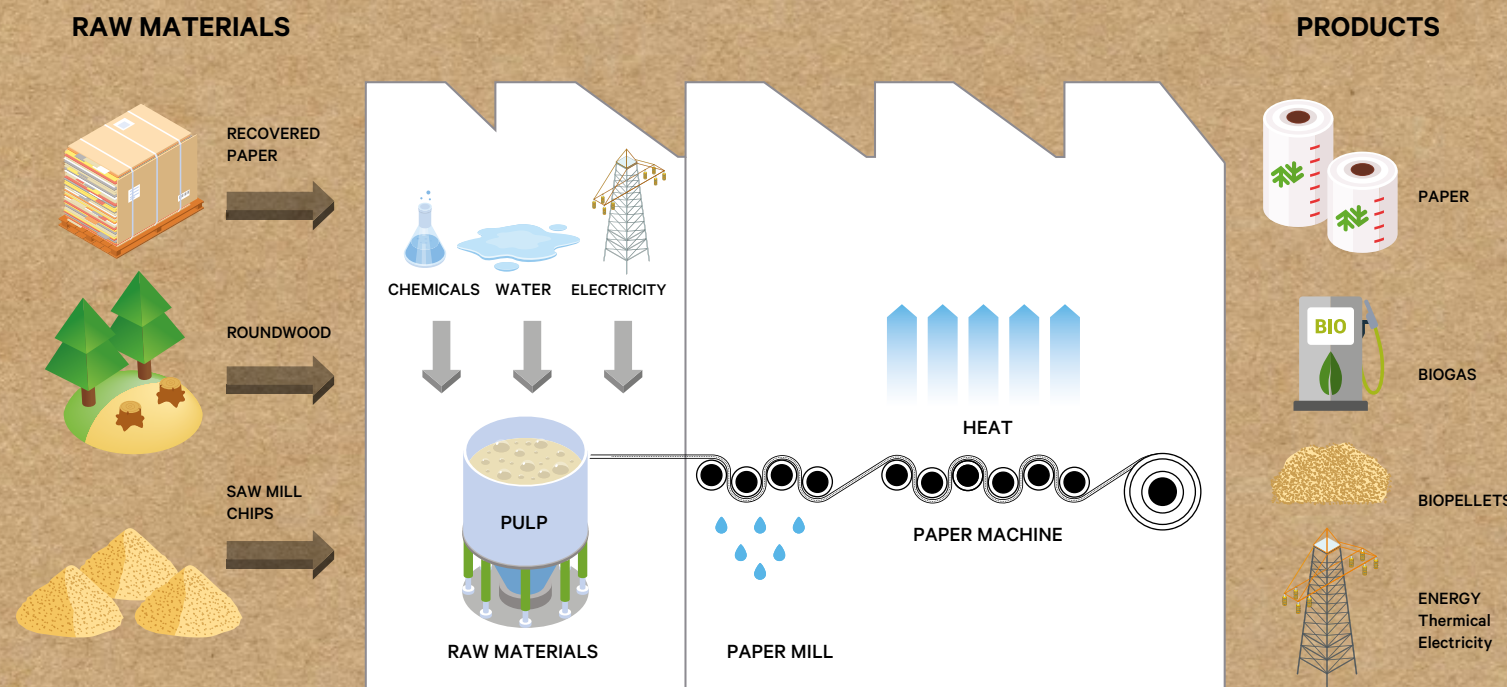


Take urgent action to combat climate change and its impacts

E/S/G & E	Ambition/ Area	Targets	Planned activities
E	To reduce GHG emissions.	To reduce CO ₂ emission kg/ton paper (baseline 2015) by 55% in 2030 (Scope 1 & 2).	Investing in packaging and promising energy and fibre projects.
		To have net zero CO ₂ emission kg/ton paper in 2050.	Participating in CCS and CCU activities at Skogn and Saugbrugs.
	To reduce Scope 3 GHG emissions by collaborating with external parties.	Collaborating with transporters to utilize CO ₂ -free vehicles such as train for truck programs at the mills.	
	To use sustainable energy sources.	To reduce dependency of fossile energy sources.	Investing in biomass-boilers to replace fossile energy sources at the mills.
	To handle climate risk and business opportunity understanding.	To review the annual climate risk plan and business opportunity analysis.	Performing an annual climate risk and opportunity analysis for each business unit.

* E/S/G&E: Environment / Social / Governance and Economy

PAPER PRODUCTION PROCESS



Emissions to air occur primarily from energy generation processes, and the majority of solid wastes occur from the processing of fibre inputs (wood or recovered paper) and from the treatment of effluent (fibre and biological solids). Most of our mills have their own boilers or incinerators for producing thermal energy from these solid residues. Fossil fuels in the form of natural gas, oil and coal may also be used. The main emissions associated with these activities include carbon dioxide, particulates, sulphur dioxide and nitrogen oxides. A number of technologies are used to reduce and control these discharges. Ash residues result from combustion processes involving solid fuels.

Norske Skog has integrated reduction of greenhouse gas emissions as a key part of our business strategy. The goal is to reduce energy consumption, change the sources of energy and to optimise the use of process chemicals and transport. We will actively participate in the work to combat climate change.

Climate change is the environmental issue receiving the greatest attention today. In 2007, Norske Skog established a greenhouse gas reduction target of 25% in total emissions by 2020.

The European Union and related national governments have set forth new ambitious goals to reach carbon neutral societies by 2045. Norske Skog, together with other European and Norwegian industries, has adopted these ambitious goals and through our industrial organisations presented a proposed industrial road map to reach this ambition by 2045. The EU together with member state governments have introduced a comprehensive energy plan including various common and state programmes within technology development, energy efficiency and energy consumption to fulfil this ambitious goal.

PERFORMANCE:

Our carbon footprint, based on the CEPI carbon footprint tool, covers emissions from several elements of our value chain:

- Pulp and paper production
- Forest and recycling operations
- Producing other raw materials and fuels
- Purchased electricity and heat
- Transport: excluding transport to final customer which is calculated on a case-by-case basis

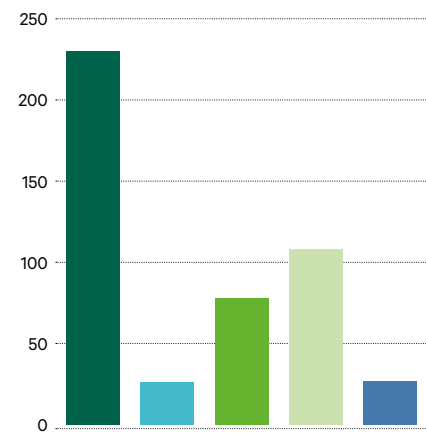
Carbon stored in forest products (biogenic carbon) is reported separately. We are working hard to reduce our carbon footprint. In 2020, we

reached a level of 467 kg CO₂/tonne of paper – a reduction of 25.3% from 2019 mainly due to the removal of the Albury mill. Our greenhouse gas emissions were reduced by 47.7% from 2019 due to sale of Albury mill and lower production. By 2020, we have achieved a reduction of 52% since 2007, which is 32% points above the target.

Some of our mills are located in areas where drought/access to water and/or flooding might become a risk with changed climate. In 2020, Norske Skog performed a thorough review of the climate risks related to our mills.

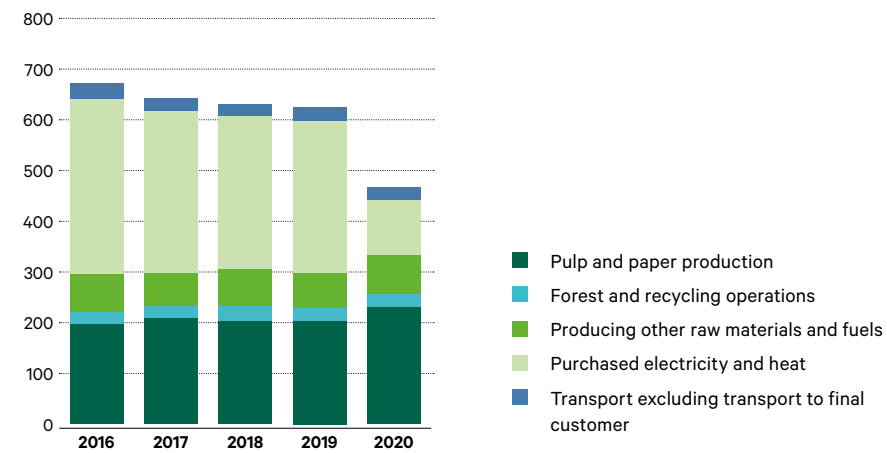
Please refer to SDG 7 to read more about energy consumption and production.

CARBON FOOTPRINT IN 2020 PER TYPE OF GREENHOUSE GAS EMISSIONS Kg CO₂/tonne of paper



CARBON FOOTPRINT DEVELOPMENT Kg CO₂/tonne of paper

Kg CO₂/tonne of paper



NORSKE SKOG GREENHOUSE GAS EMISSIONS

	CO ₂	CH ₄	N ₂ O	CO ₂ -equiv 1000
Direct (Scope 1) Emissions	1000 tonnes	tonnes	tonnes	tonnes
Direct emissions from stationary fuel combustion	404	17	2	405
Direct emissions from transportation and mobile sources	4	0	1	5
Total direct emissions	409	17	3	410
Indirect (Scope 2) Emissions				
Indirect emissions from steam and power imports	194	0	0	194
Total Fossil Fuel Based Emissions (Direct & Indirect)	602	17	3	604
Direct & Indirect				
CO ₂ emissions from combustion of biomass *	481	0	0	0

* Wood and bark residues only

SOURCES OF GREENHOUSE GAS EMISSIONS

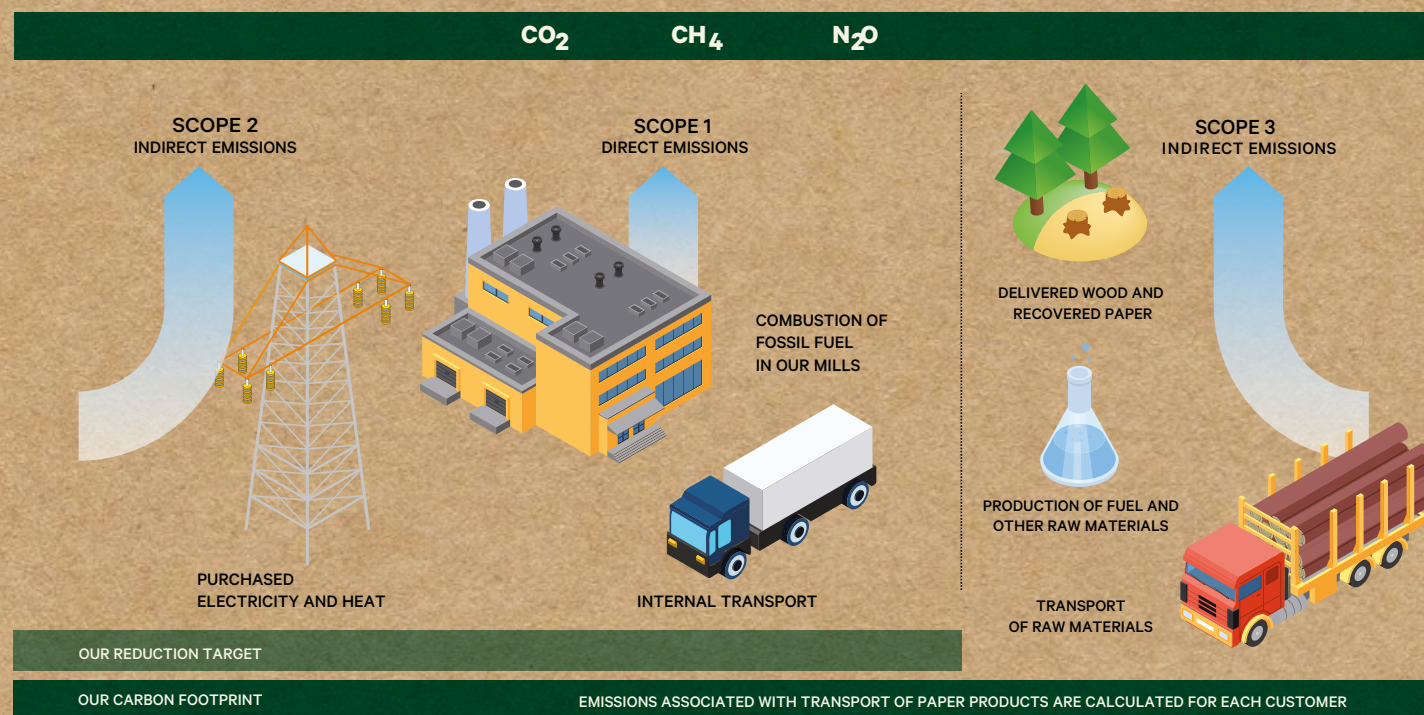


Photo: Thomas Leirvik

Our response to the TCFD recommendations (TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES)

1. Governance	Disclose the organisation's governance around climate-related risks and opportunities.
A. Describe the board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> The above environmental data includes all the most critical data, and is sent quarterly to the board. The board reviews the long-term climate-related targets annually as an integral part of the business budget and strategy process. The business risks and opportunities are discussed and considered in defining the business plans. The targets are described under each relevant SDG, with the reduction of greenhouse gas emissions as a key part of our business strategy. The goal is to reduce energy consumption, change the sources of energy and to optimise the use of process chemicals and transport. In an annual SDG review process for the entire group, the board set ambitious SDG targets, especially for environmental and climate-related issues. The board closely follows up the 2030 and 2050 group climate goals specifically.
B. Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> Corporate management assesses business risk and opportunities, strategies, corporate ambitions and targets for environmental aspects, including climate-related topics. The environmental data is sent monthly to corporate management. At each mill, the managing director is the main responsible for environmental issues. Each mill also has a responsible manager for environmental issues. Each mill has regular contact with national permit agencies and immediately reports any irregularities and deviations from the permits. Some mills have partnerships, memberships or collaboration with external environmental and certification NGOs, professional national trade organisations and Forest Owner Association. Each mill management team regularly receives, usually on a monthly basis, internal environmental reports regarding emission data. Environmental reporting is part of the agenda at mill management meetings. Specific environmental incidents receive specific attention.
2. Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.
A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<ul style="list-style-type: none"> The transformation to a larger, more diversified product portfolio with new products will reduce the dependency on one publication paper and thus reduce the business risk. The planned packaging production will be based on renewable resources. One of the new legs in Norske Skog's main strategy is to exploit opportunities within the circular economy utilising fibre and energy to create new non-fossil products. Today, pilot plants utilise fibre to produce nanocellulose-based products, biochemicals and biocomposites. This will in the long run contribute to green growth when commercialised. The goal is to reduce energy consumption in production, change the sources of energy and to optimise the use of process chemicals and transport. After start-up of the new energy boiler at Bruck in 2022, all the European mills will be among the top performers regarding scope 1 and scope 2 emissions in the industry. In and outbound logistics will be prioritised in the long-term horizon to minimise transport distances and costs, and for environmental considerations. Temperature risk: Some of our mills are located in areas where drought/access to water and/or flooding might become a risk with a changed climate. Regulatory risks: The EU has introduced a comprehensive green energy plan including various common and state programs within technology development, energy efficiency and energy consumption to fulfil ambitious zero greenhouse gas goals by 2050. If some countries lag in the implementation and financing process, this may cause a competitive (dis)advantage.
B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> Strategic development: In 2020, Norske Skog had an extensive revision of its business strategy, emphasising the need for a profitable, robust and sustainable business plan. The climate goal for the new product portfolio is to attain a recyclable, low CO₂ footprint and be environmentally and financially sustainable. Business opportunities include several early-phase research projects in biochemical and fibre products: <ul style="list-style-type: none"> CEBINA, a natural fibre product that adds rheology control in fluids and armouring in solid materials. CEBICO, a biocomposite product developed at Saugbrugs. Cyrene, developed at a pilot plant in partnership between Boyer and Circa Group, could represent the first biochemical solvent for use in the pharmaceutical industry to replace petrochemical products. Business risk: Norske Skog has included a reduction of greenhouse gas emissions as a key part of our business strategy. The goal is to reduce energy consumption, change the sources of energy and to optimise the use of process chemicals and transport. It is important for Norske Skog to reuse production waste, which has a significant impact on CO₂ emissions. The biogas plants tied to our production at Golbey, Skogn and Saugbrugs utilise waste to produce energy. In addition, an energy plant is under construction at Bruck, which will utilise production process waste and fuels derived from refuse. Temperature risk: Climate change with increased pan-European temperatures may change the growth potential for fibre, and the large focus on utilising biomass in new product areas will in the long-term impact the demand side and, thus, the price of virgin fibre, offering risks and opportunities in fulfilling the green shift vision. Governmental support risk: Some national governments prioritise and fund low value biomass utilisation projects, which may displace projects that under normal market conditions would have been preferred. The limited biomass resources should be used where they provide the highest value creation, and preferably also where the finished products can be recycled. The authorities should therefore refrain from subsidising biomass projects solely used for energy purposes. The authorities should be encouraged to provide support for energy projects where the purpose is to utilise waste from wood processes. Business partner dependency risk: The speed of implementing greenhouse gas emission (scope 3) initiatives will depend on the ability of our suppliers to transform their business into carbon neutrality and of authorities' ability to design effective political tools.
C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> Each mill management regularly reviews the physical, legal, technological and market risks and opportunities, which will create the basis for the overall long-term business plan and strategy for the corporate management and the board. If the global political vision of limiting global warming to 1.5°C is not achieved, this may have a negative effect on water and energy supply. Water availability: our mills are dependent on water availability and would be severely affected by water restriction plans, although climate change could potentially increase the water supply for some mills. Sufficient energy supply: the phasing out of fossil and nuclear energy sources may without any alternative energy substitution and with a general increase in public energy consumption cause an increase in demand and thus a general increase in energy prices. That could threaten the profitability of the business. Business risk: Norske Skog has adopted a strategy and production process to develop existing and new products in congruence with the vision of a maximum 1.5°C temperature increase. Norske Skog is committed to the EU GHG targets of carbon neutrality by 2050 with an intermediate target of a 55% reduction in GHG emissions by 2030 based on 2015 figures.

Our response to the TCFD recommendations (TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES)

3. Risk management	Disclose how the organisation identifies, assesses, and manages climate-related risks.
A. Describe the organisation's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> Annually, the board, corporate and business unit management make an extensive and systematic risk and opportunity evaluation as described in the SDG report. Legal factors may constitute a business risk, especially if climate-related regulatory requirements are not evenly implemented among peer countries. Politically imposed grid tariffs, especially tariffs not based on cost and efficiency as in Norway, will be a competitive disadvantage and thus constitute a severe business risk. Policy related to energy, energy transmission and other regulatory energy issues may increase energy market prices, with a negative impact on Norske Skog. Energy constitutes about 15-20% of the mill gate cash costs.
B. Describe the organisation's processes for managing climate-related risks.	<ul style="list-style-type: none"> Norske Skog handles business risks by securing delivery of energy and fibre through long-term contracts. Norske Skog representatives participate in national organisations to influence and monitor political developments.
C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<ul style="list-style-type: none"> In 2020, the group reviewed the business climate risks and opportunities and used these findings to define ambitions, set targets for the prioritised SDGs and relate these to the already determined strategic choices of the group. The purpose of the assignment was to align the corporate strategy with a selection of the most relevant of the 17 UN Sustainable Development Goals. In the process, the entire organisation was involved in prioritising, and setting new ambitions and specific targets for each of the 17 UN SDGs after an extensive evaluation of climate-related risks.
4. Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
A. Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> In the materiality analysis, a set of factors related to energy, raw material, emissions, water and legal issues are given specific risk assessments, and their potential financial and operational impact on the business. Production and environmental data: A large set of key figures are reported at the end of the sustainability report. There are no specific established targets to measure climate-related threats and opportunities. However, each mill reviews the most imminent risks and business opportunities in relation to the annual revision of the materiality and risk analysis. In the budget process, there are assessments of the long-term financial effects of changes in the forward energy prices in each market. Energy constitute on average about 15-20% of the mill gate cash cost for the group. The licence and permits to operate are reviewed and discussed both internally but also with relevant governmental agencies. Today, the revenues derived from fossil resource-substitution activities and the low-carbon economy represent about 10% of the total revenue. In 2030, the group revenues from such activities will constitute about 50%.
B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<ul style="list-style-type: none"> Our carbon footprint, based on the CEPI carbon footprint tool, covers emissions from several elements of our value chain: <ul style="list-style-type: none"> Pulp and paper production Forest and recycling operations Production of other raw materials and fuels Purchased electricity and heat Transport, excluding transport to final customer which is calculated on a case-by-case basis Carbon stored in forest products (biogenic carbon) is reported separately Performance 2020: <ul style="list-style-type: none"> Scope 1: 333 kg/tonne of produced paper Scope 2: 107 kg/tonne of produced paper Scope 3: 27 kg/tonne of produced paper Key figures are reported in the back of the sustainability report.
C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> In 2007, Norske Skog established a greenhouse gas reduction target of 25% in total emissions by 2020 and achieved a 52% reduction. The group and the mills have set E-index targets for 2019 and 2020 for the parameters included in the E-index, as well as the results achieved during the last five years. The EU Commission finalised the BAT conclusions under the Industrial Emissions Directive 2010/75EU in September 2014. Norske Skog has since 2015 used revised BAT levels in the environmental index. In 2020, through an extensive involvement and anchoring process throughout the entire organisation, new GHG-emission targets were set along with new SDG targets and planned activities. New targets for CO₂ emissions: <ul style="list-style-type: none"> A 55% reduction in CO₂ emissions by 2030 A zero CO₂ emission target by 2050 The ambitious targets will be fulfilled through the newly established strategy converting newsprint into packaging and innovation of low carbon footprint products based on recycled materials and fresh fibre resources, and renewable energy sources. Under each relevant SDG section, a set of realistic targets and subgoals are defined.



Photo: Carsten Dybevig

How Norske Skog relates to the other SDGs

1 NO POVERTY



End poverty in all its forms everywhere

EARNINGS, WAGES AND BENEFITS

OVERALL AMBITION:

To maximise the group's value through reliable, responsible and sustainable conduct throughout our operations.

PERFORMANCE:

We safeguarded employment for our workers. Our mills are delivering products to more than 85 countries. The mills are contributing with employment and taxes in the countries they operate. Our business units are often cornerstones of local communities. These facilities work closely with the local communities through open dialogue.

2 ZERO HUNGER



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

OVERALL AMBITION:

To have a neutral impact on sustainable agriculture.

PERFORMANCE:

We do not have a significant impact on food systems or agriculture nor are we operating in societies with high poverty.

We deliver organic materials from production waste to agriculture for re-use.

6 CLEAN WATER AND SANITATION



Ensure availability and sustainable management of water and sanitation for all

OVERALL AMBITION:

- To improve water quality through effluent treatment.
- To improve water efficiency through reducing, reusing, recovering, recycling and replenishing usage of water.

DESCRIPTION OF ACTIVITIES:

Norske Skog is committed to maintain a sustainable environment and responsible use of natural resources. We are committed to foster innovation and implement continuous improvement activities in order to have no or only minimal adverse impact on the environment.

Water shall generally be used and recovered multiple times through the pulp and papermaking processes before finally being discharged to a number of treatment stages. These treatments remove solid particles as well as dissolved organic material, making the water suitable for safe return to the natural environment. Norske Skog is committed to follow the ambitious water permit goals given by the local authorities.

Norske Skog Environmental Index (E-index) forms part of the regular reporting by the mills to corporate management and the board.

Mill performance is measured in the index against a standard, which should be attainable with the use of Best Available Technology (BAT) or best practice, as described in the European Union IPPC reference document. An index value of 1 or less indicates that the mill has an environmental standard, which satisfies the ambitious levels that can be attained with BAT or best practice. The environmental index for the whole group is calculated as an average of each mill's index score weighted by production volumes.

PERFORMANCE:

The water usage in 2020 is shown in the illustration. 98% of the water taken into the mills is returned to the waterways after treatment to fulfil the local quality requirements for water discharges.

Permit breaches are reported and managed

according to standard procedures. Any permit breaches will be continuously monitored and discussed with supervisory authorities.

Norske Skog does not use bleaching chemicals containing chlorine in any mills. Chlorinated organic compounds are therefore not created and AOX is not included in our emission reporting.

The table below shows the targets for 2020 and 2021 for the parameters included in the E-index, as well as the results achieved during the last five years. The EU Commission finalised the BAT conclusions under the Industrial Emissions Directive 2010/75EU in September 2014. Norske Skog has since 2015 used revised BAT-levels in the environmental index.

Please refer to SDG 14 to read more about discharges of water into the natural environment.

5 GENDER EQUALITY



Achieve gender equality and empower all women and girls

DIVERSITY AND EQUAL OPPORTUNITY

OVERALL AMBITION:

- To promote diversity and inclusion by providing equal employment and career opportunities.
- To treat all employees fairly and with respect.
- To consider competence as the key for both the company and the individual.

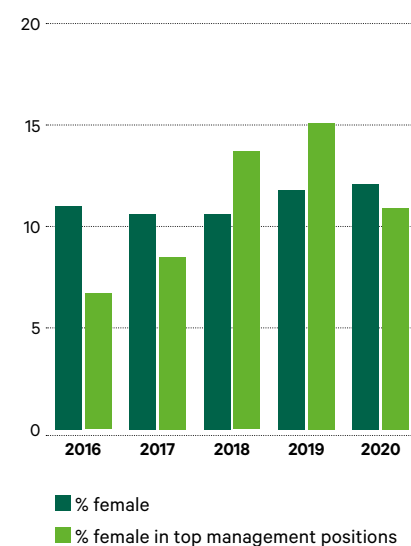
In 2021, Norske Skog will conduct an analysis of certain aspects of equality and diversity, including data on equal pay and parental leave. Based on the outcome of this analysis, Norske Skog will further develop its targets and initiatives.

PERFORMANCE:

The paper industry has traditionally attracted few female employees. At Norske Skog the share of female employee has been around 10% for many years. In 2020, the female share of the total workforce was 12%. Our female share in top management positions is 11%, representing the top level in group management at the headquarter, the management teams at the business units and the Managing Directors at the sales offices. Our female share in other leadership positions is 12%. We are committed to search for female talents for a wider range of roles in our company.

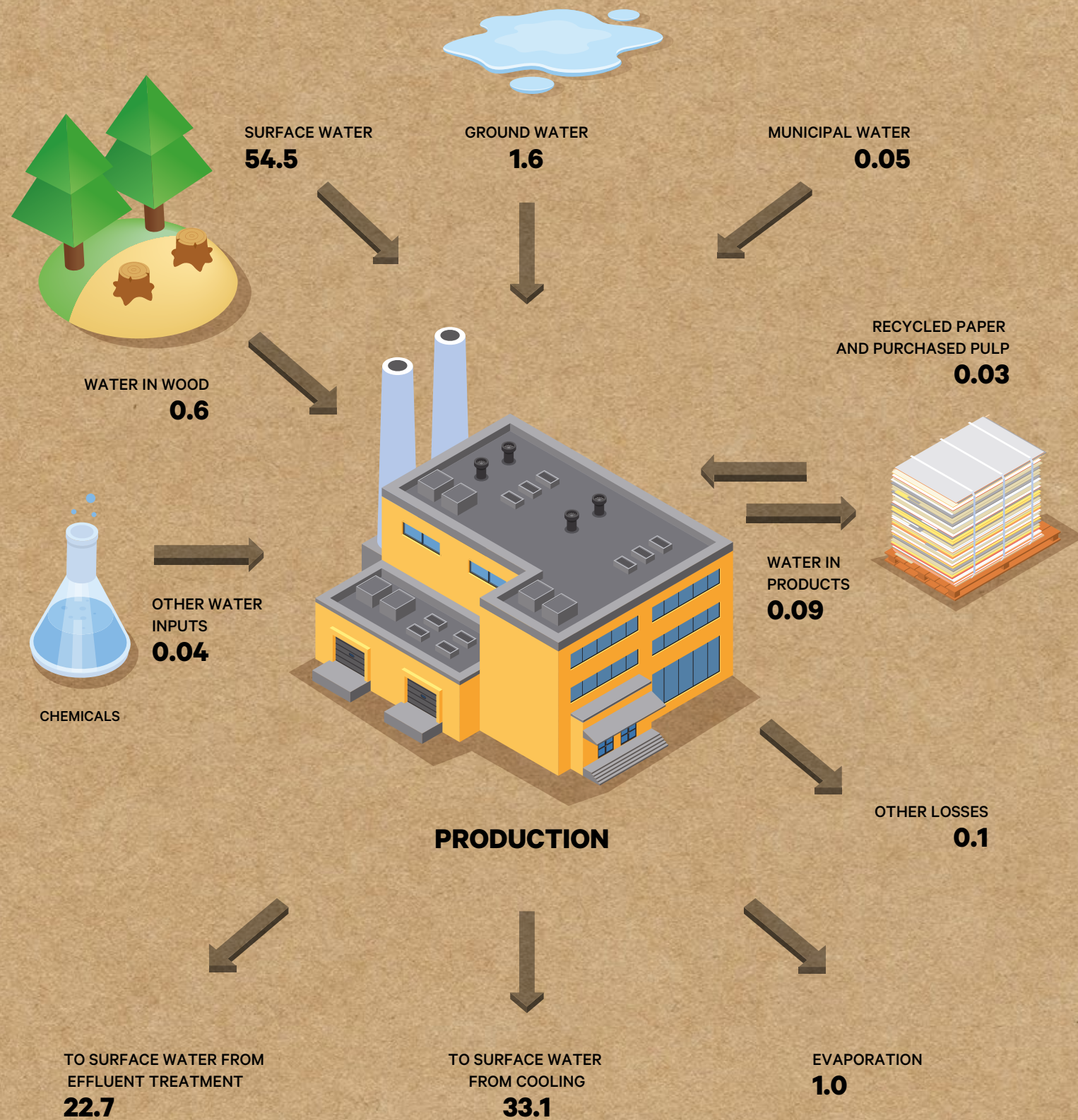
Norske Skog recognises that further improvement is needed, and we believe that our new strategic growth Initiatives will be instrumental in terms of diversity.

PROPORTION OF FEMALE (%)



ENVIRONMENTAL INDEX		Achieved 2016	Achieved 2016	Achieved 2018	Achieved 2019	Achieved 2020	Target 2020	Target 2021
Discharged process water	m ³ /tonne	16.8	17.2	17.7	20.4	22.0	17.3	19.1
Discharges of organic substances	kg/tonne	4.9	5.1	4.3	4.3	4.6	4.1	4.3
Suspended solids	kg/tonne	0.69	0.89	0.61	0.59	0.68	0.49	0.55
Nitrogen oxides	g/GJ	87.0	93.2	89.2	102.4	86.0	101	94
Waste to landfill	kg/tonne	17.0	22.7	25.5	25.5	24.8	21.6	24.2
Total energy consumption	GJ/tonne	12.4	12.4	12.0	14.7	13.1	11.9	12.0
Environmental index		1.16	1.29	1.18	1.18	1.25	1.12	1.17

GLOBAL AVERAGE WATER USE AND DISCHARGE m³/tonne of paper



Ensure access to affordable, reliable, sustainable and modern energy for all

OVERALL AMBITION:

- To achieve energy efficiency
- To utilise renewable sources for energy use
- To increase production of bioenergy

DESCRIPTION OF ACTIVITIES:

The production of paper is an energy-intensive process. Energy is consumed mainly for two purposes:

- To separate, process and transport fibre and water (electrical energy)
- To provide process heat and to dry the paper (thermal energy)

The major use of electrical energy in mills which process fresh fibre is the process which mechanically converts wood chips into fibres. This process is called the thermomechanical pulping (TMP) process. Paper production based on recovered paper consumes less energy because the fibres from recovered paper are more easily separated than those within wood.

Thermal energy is used for the heating and drying of paper. In contrast with electrical energy,

thermal energy is mostly generated within the mill. The sources of this energy include recovered heat from the thermomechanical pulping or effluent treatment processes, combustion of mill residues, purchased biofuel, oil, gas or coal. In some cases, the thermal energy is supplied by external third parties or in the form of geothermal energy.

Norske Skog has comprehensive programmes in place to continuously reduce energy consumption and to become more environmentally friendly by changing the sources of energy. Norske Skog is utilising the mill effluent to produce biogas with its own biogas plants at Saugbrugs and Golbey. Effluent from Skogn is delivered to an external biogas plant adjacent to the mill. Norske Skog will continue to explore projects within bioenergy that support and develop the business. At Bruck in Austria, the group is investing in a new 50MW wide range energy boiler, utilising refuse derived fuels and paper production residuals.

In France, the Minister of Ecological Transition selected the project submitted by Green Valley Energie (GVE) as part of the CRE5.3 call for

tenders. This project, supported by a partnership between Norske Skog Golbey (NSG) and Véolia Industries Global Solutions (Véolia), involves the design and construction of a new biomass cogeneration plant, which will produce 200 GWh of electricity and more than 500 GWh of steam.

PERFORMANCE:

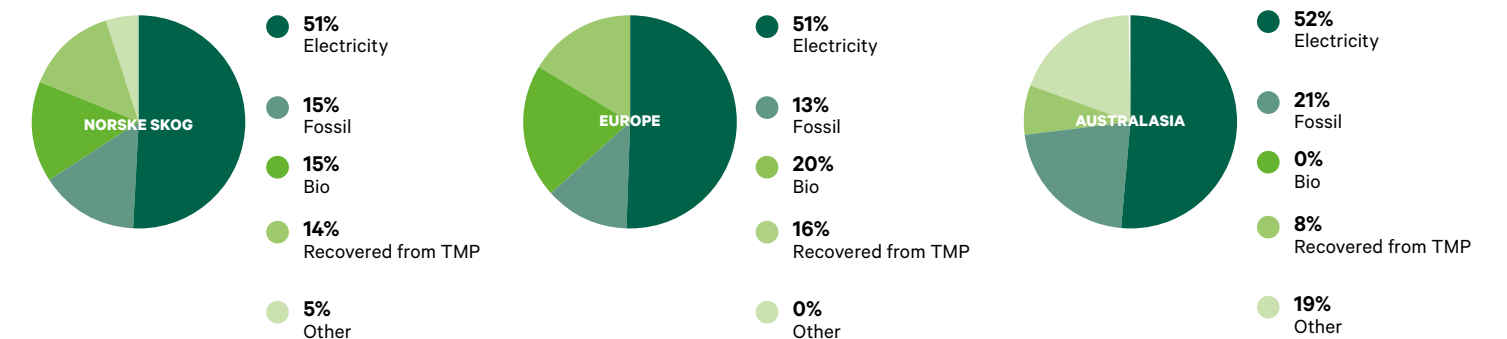
Thermal energy, mostly heat recovery from the thermomechanical pulping (TMP) or effluent treatment processes or from combustion of mill residues (biofuel), is used for the heating and drying of paper. This accounts for in total about 29%, in addition, electricity covers about 51% and fossil 15% of the total energy consumption in 2020.

82% of the production-related waste generated at the site is used to generate thermal energy.

Biogas facilities have been constructed at the Golbey and Saugbrugs paper mills, providing energy for the mills' operations and opportunity for energy sales to external customers. The biogas plants employ biowaste from paper production as

NORSKE SKOG ENERGY CONSUMPTION (TOTAL AND BY REGION)

Total 7 628 GWh, 4,24 MWh/tonne of paper



fuel, contributing to a reduced carbon footprint and an improved environmental profile for the group.

The wood pellets plant in New Zealand has an annual capacity of approximately 90 000 tonnes. The group upgraded the facility in 2019, approximately doubling its capacity from 40 000 tonnes to 90 000 tonnes annual production capacity. The additional production capacity is aimed at producing industrial grade pellet fuels for both the domestic New Zealand commercial and industrial market, as well as for the rapidly growing Japanese and Korean green energy generation markets.

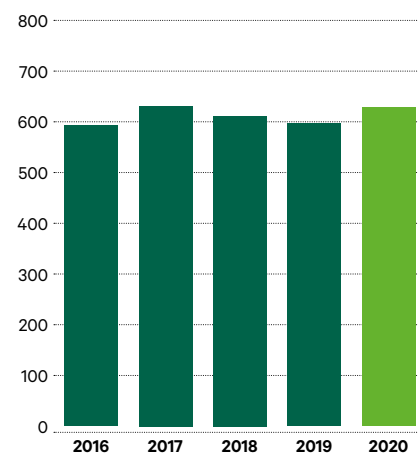
A final investment decision on a EUR 72 million investment in a waste-to-energy facility at the Bruck paper mill was taken in June 2019. The facility is estimated to provide new revenue from waste handling as well as cost savings in the publication paper production. The project is progressing according to plan. Bruck delivers enough heat to the local district heating system to supply 1 500 households (30 GWh). Minimisation of transport distances and costs make up important economic and environmental considerations.

Please refer to SDG 12 to read more about waste handling.

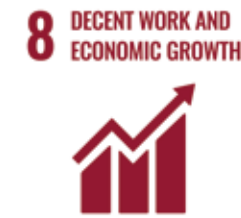
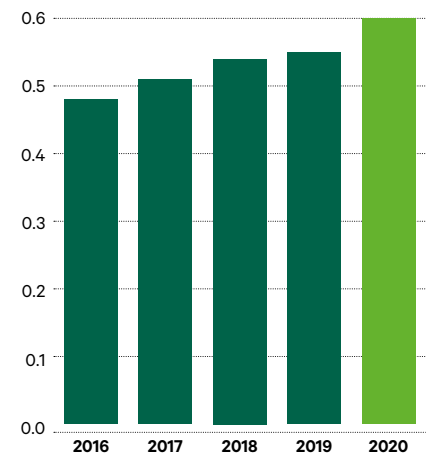


Photo: Carsten Dybevig

CONSUMPTION OF FOSSIL FUEL PER TONNE PAPER
KWh/tonne



CONSUMPTION OF RECOVERED HEAT FROM THERMO-MECHANICAL PRODUCTION
MWh/tonne



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

OVERALL AMBITION:

- To promote decent and transparent working conditions, which are necessary to nurture the productivity, growth and sustainability of our business.
- To comply with employment legislation in the countries where we operate and have close cooperation with unions.

DESCRIPTION OF ACTIVITIES:

Norske Skog is committed to promote diversity and inclusion by providing equal employment opportunities and treating all employees fairly and with respect. All employees and others acting on behalf of Norske Skog are expected to conduct business in an ethical manner and must always comply with applicable laws and regulations.

Norske Skog fully complies with all laws regulating collective bargaining and recognises freedom of association. Our commitment to respect the

freedom of association is embodied in the Global Framework Agreement on the Development of Good Working Relations, concluded by Norske Skog and the IndustriALL Global Union.

Norske Skog respects and supports the human rights of all individuals potentially affected by our operations and subscribes to the United Nations Global Compact principles.

In January 2020, Norske Skog Australia signed the first Modern Slavery and Trafficking Statement, as required under the Australian Federal Modern Slavery Act of 2018. The purpose is to outline our approach and commitment to ensuring that the group has robust frameworks and processes in place to establish zero tolerance level for modern slavery and human trafficking in our business and value chain. Norske Skog is obliged to operate responsibly and adhere to the highest ethical standards across business units.

PERFORMANCE:

As of 31 December 2020, Norske Skog employed 2 332 people in Europe and Australasia. This is a reduction of 27 employees from one year ago. The turnover of people, including retirement, was close to 8%. Our employment levels are not subject to seasonal variations, and the share of temporary employment is around 2.5% of the total.

In 2020, unions represented 86.5% of our employees for collective bargaining purposes. There have been no reported incidents of child labour, forced or compulsory labour during the reporting period. Nor has there been any reported incidents of discrimination in respect of employment or occupation. The risk of such incidents in the supply chain is considered low, and a high-level risk assessment of suppliers has not provided information or indications of any violation by our suppliers.



Photo: Jens Lorge



Reduce inequality within and among countries

EARNINGS, WAGES AND BENEFITS

OVERALL AMBITION:

- To commit to an inclusive work culture, which appreciates and recognises that all people are unique and valuable and should be respected for their individual abilities and views.
- To encourage the Norwegian Discrimination Act's objectives within our business.
- To promote gender equality, ensure equal opportunities and rights.
- To prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith.

PERFORMANCE:

Norske Skog shall promote diversity and inclusion by providing equal employment opportunities and treat all employees fairly and with respect. We shall also show commitment to developing programs and actions to encourage a diverse organisation based on the principle of equal opportunities.

During 2021 we will further examine the risk of discrimination and other barriers to equality in our organisation. We follow the principle of equal pay for equal work and will examine further the actual status related to this principle during 2021.



Make cities and human settlements inclusive, safe, resilient and sustainable

E/S/G & E	Ambition/ Area	Targets	Planned activities
S	To understand the actual and potential impacts our operations have on local communities, and to understand their expectations and needs.	Report the significant social, environmental, safety and economic impacts our operations have on the local communities.	Cooperating with local community organisation and being open and honest about environment, safety and economic issues with relevant community bodies.
E	To report the extent of development of significant infrastructure investments and services supported, both current or expected impacts on communities and local economies.	To report examples of significant identified indirect economic impacts of the organisation also in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.	Cooperating and communicating openly with the local community about company strategy and investment plans as early as possible.

* E/S/G&E: Environment / Social / Governance and Economy

Several business units are located in immediate proximity to a local town. Norske Skog aims to be a strong and solid contributor for these towns. This is achieved by working with the community in various ways, both authorities and private partners.

Our activities affect employees, suppliers, customers and partners in many countries, regions, towns and villages. Our decisions and

activities, production and sales have an impact on a multitude of individuals, groups and companies, both financially and otherwise. We recognise our impact and consider this when making decisions.

PERFORMANCE:

To improve and maintain our role in society and as an important employer in local communities, our business units are encouraged to be active and open in their communication and contact

with local stakeholders. Examples include reports to neighbours and other local stakeholders, open days for the public to inform about our business, engagement in nature protection projects, support to local museums, involvement in sports and cultural initiatives, support to charitable organisations, as well as integration of immigrants and disabled persons through vocational training. We encourage employees to take part in local community work as many of them do.



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

OVERALL AMBITION:

- To improve water quality through effluent treatment.

DESCRIPTION OF ACTIVITIES:

Water discharges from production processes are treated in a number of stages to remove solid particles and dissolved organic material. Nutrients such as nitrogen and phosphorus are added during this effluent treatment. The addition of nutrients should be at a minimum.

Norske Skog's objective is to prevent and reduce pollution of all kinds. We are committed to follow the EU Water Framework Directive and the

ambitious water permit goals given by the local authorities. Our objective is to minimise our effect on the surrounding ecosystems.

PERFORMANCE:

Three mills (Norske Skog Golbey, Norske Skog Saugbrugs and Norske Skog Skogn) reported minor non-compliance issues to the respective local authorities in 2020. None of the instances have resulted in any further actions from the authorities except one issue at Skogn, which there is a constructive dialogue with the Norwegian Environment Agency to resolve the long-term ash storage.

The discharges of dissolved organic material and suspended matters per tonne of paper were respectively both up by 15% and 21% compared to 2019 due to relatively low capacity utilisation. The discharge of nitrogen decreased by 16% and discharge of phosphorus decreased by 20% compared to 2019. The difference in results from one year to the next is the result of many factors, including process improvements, utilisation of equipment, production-related issues and product changes.

Please refer to SDG 6 about water usage, treatment of water discharge and Norske Skog E-index.



Photo: Carsten Dybevig



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

OVERALL AMBITION:

- To promote sustainable forest management.
- To ensure that all purchased fresh fibre and recycled have third party chain of custody certification.

DESCRIPTION OF ACTIVITIES:

Forestry and use of forest products play an important role in the combat of climate change. For the forest value chain to be a part of the climate change solution, the forests must be managed sustainably. Norske Skog has systems and processes to make sure that all wood used in Norske Skog's products comes from sustainably managed forests. All Norske Skog mills utilising fresh fibre have third-party verified Chain of Custody (CoC) certification systems in place. Our goal is to have 100% certified wood in our products.

The main global forest challenges are related to deforestation in developing countries and forest biodiversity degradation through the logging of high-conservation areas in many parts of the world. In order to meet these challenges, we need to ensure that more of the world's forest areas are managed on a sustainable basis. Forest certification is an important tool in this context.

PERFORMANCE:

Norske Skog is not a forest owner. The ability to increase the share of certified wood therefore depends largely on decisions made by forest owners.

The roundwood component of our fresh fibre came from both forests (69%) and plantations (31%). In all countries where Norske Skog sources wood, forest areas are increasing.

The average share of certified fresh fibre in 2020 was 89%, representing an increase from 2019.

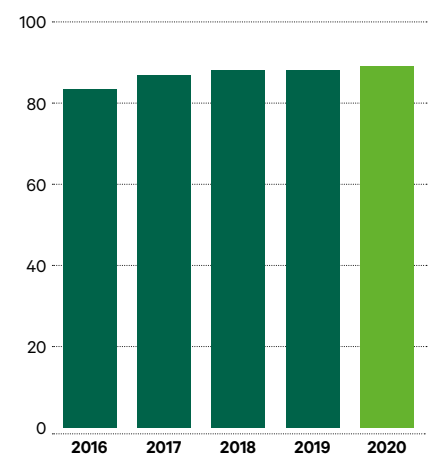
In 2020, Norske Skog consumed 2.85 million m³ of fresh fibre and 0.61 million tonnes of recovered paper.

Roundwood accounted for 68% of our consumption of fresh fibres in 2020. Sawmill chips, a by-product from the sawmill industry, accounted for the remaining 32%.

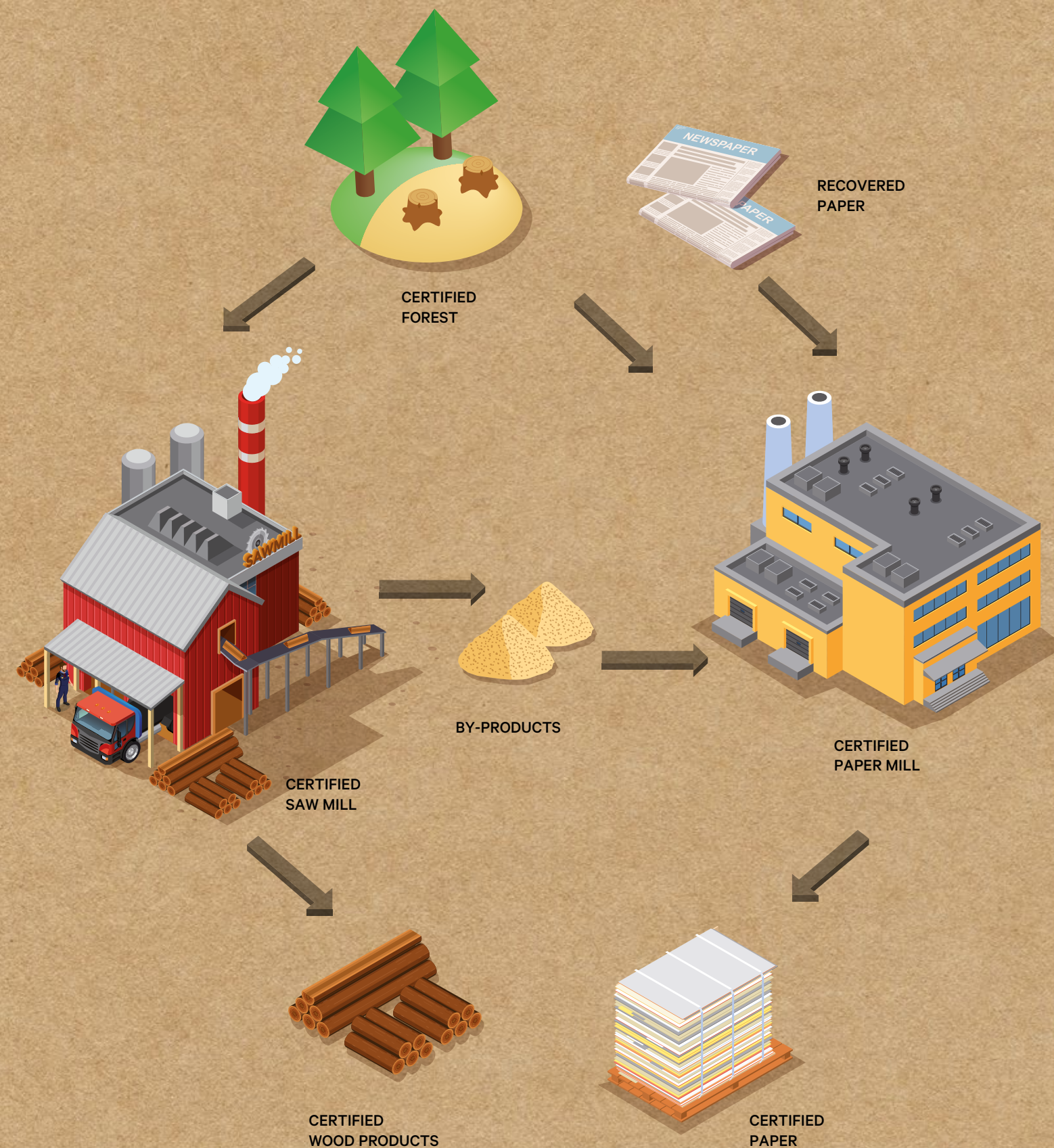
Please refer to SDG 12 to read about sustainable sourcing and recycling of paper.



CERTIFIED PROPORTION OF FRESH FIBRE (%)
Roundwood and chips



FLOW OF SUSTAINABLE RAW MATERIALS





Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

E/S/G & E	Ambition/ Area	Targets	Planned activities
G	To abstain from financial and in-kind political contributions.	To report which political topics and influence channel the group has used.	Involving in political tasks through the Norwegian Federation of Trade and Industry, the Norwegian Pulp and Paper organisation, CEPI, and through other relevant partnerships.
S	To ensure our customers healthy and safe working environment.	To report percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Performing reviews of relevant health and safety hazards our products expose to our customers.
G	To abstain from ant-competitive behaviour and adhere to relevant competitive legislation.	To report the number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant. To report the main outcomes of completed legal actions, including any decisions or judgments.	Performing annual reviews with relevant personell and agents on relevant anti-competitive legislation and Norske Skog Steering Guidelines.
S	To have no tolerance for discrimination on grounds of race, color, sex, religion, political opinion, national extraction, or social origin as defined by the ILO, or other relevant forms of discrimination involving internal and/or external stakeholders.	To report the total number of incidents of discrimination during the reporting period.	Identifying through formal process(es) and instance(s) of non-compliance to relevant non-discriminatory Steering Document procedures, including management system audits, formal monitoring programs or grievance mechanisms (whistleblower channels).
G	To have no tolerance for practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust. This also include practices such as embezzlement, trading in influence, abuse of function, illicit enrichment, concealment, and obstructing justice.	To report the total number and percentage of operations assessed for risks related to corruption, and the significant risks related to corruption identified through the risk assessment. To report the total number and nature of confirmed incidents of corruption: in which employees were dismissed or disciplined, when contracts with business partners were terminated or not renewed, public legal cases against the organisation or its employees.	Reviewing the Steering Guidelines annually and performing mandatory compliance review and training for relevant personell and business partners and other relevant to our business periodically or when needed.
G	To prohibit the use of child labor within our operations and avoid contributing to the use of child labor suppliers and customers.	To report operations and suppliers considered to have significant risk for incidents of: child labor and young workers exposed to hazardous work, child labor either in terms of type of operation (such as manufacturing plant) and supplier, or countries or geographic areas with operations and suppliers considered at risk.	Reviewing the Steering Guidelines and Code of Conduct annually and performing mandatory compliance review and training for relevant personell and business partners and other relevant to our business periodically or when needed.

* E/S/G&E: Environment / Social / Governance and Economy

Norske Skog's goal is to create competitive shareholder values aligned with our strategic goals. Important instruments for achieving this objective include good principles for corporate governance and a clearly defined division of responsibilities and roles between Norske Skog's governing bodies. Norske Skog adheres to the Norwegian Code of Practice for Corporate Governance (the "Code", see www.nues.no).

All employees and others acting on behalf of Norske Skog must act in compliance with applicable laws and regulations and ethical guidelines at all times. Norske Skog has a zero tolerance policy for non-compliant behaviour and will take necessary actions in order to respond to any breaches that may occur.

PERFORMANCE:

To meet future sustainability expectations, we conduct our business mandates and activities according to internally developed Steering Guidelines, Power of Attorney structures and Operating Models. These provide the basic framework for our mandates and activities.

Norske Skog's business units have a high degree of independence and accountability. Local managers are responsible and accountable for decisions and results within their unit. Norske Skog has common standards of conduct for all business units and employees through our Steering Guidelines. We apply a uniform basis for our operations across countries and cultures with

regard to HESQ (health, environment, safety and quality), people development, financial reporting and legal compliance. In these areas, our conduct must be based on the same sustainable principles to promote the shared interests of Norske Skog and our stakeholders.

Norske Skog has for a number of years maintained a reporting (whistle-blowing) channel, where employees and other stakeholders can report on possible unethical and/or unlawful behaviour, and be assured confidential and serious treatment of their reports. Any confirmed non-compliance will be followed-up with fair consequences.



Strengthen the means of implementation and revitalize the global partnership for sustainable development

OVERALL AMBITION:

- To contribute to a sustainable development in close cooperation with our main stakeholders.

PERFORMANCE:

We were the first international paper manufacturer to sign an agreement with the IndustriAll Global Union (the former International Federation of Chemical, Energy, Mine and General Workers'

Unions (ICEM) and the Norwegian United Federation of Trade Unions concerning employee rights on a global basis.

Our group has been a pioneer in setting a global standard for social responsibility and labour-management relations. We were also an early adopter of the 10 principles in the UN Global Compact.

Norske Skog's research and development work is performed at the individual business units and in cooperation with external research institutions. The work is coordinated centrally, with the aim of leveraging synergies and best practices throughout the group. There is a continued focus on the evolution of paper products and new innovative green alternatives to existing resources.



Photo: Erik Sanderson

Key figures

KEY FIGURES – EMPLOYEES

Business Unit	Number of employees (FTE) 31 December 2020				% Female	Female share in%		% of employees covered by collective agreements
	Ordinary	Temporary	Apprentices	Total		Top mngt positions	Other mngt positions	
					End 2020	End 2020	End 2020	End 2020
Norske Skog Saugbrugs	459	0	45	504	7.8	0	5	93
Norske Skog Skogn	362	28	27	417	10.6	0	10.4	91
Corporate Headquarter	36	0	0	36	27.8	0	16.7	5.5
Total Norway	857	28	72	957	9.8	0	8.8	88.5
Norske Skog Bruck	391	15	33	439	9	0	29	100
Norske Skog Papier Recycling	28	0	0	28	10.7	0	0	100
Norske Skog Golbey	344	1	22	367	16.4	33.3	11.5	100
Sales offices in Europe	52	2	0	54	58.7	16.7	14.8	9.7
Total Europe	815	18	55	888	15.4	16.7	14.6	94.2
Norske Skog Boyer	241	9	14	264	5.2	0	14.8	79
Norske Skog Tasman	157	5	5	167	10.9	40	0	76.3
Nature's Flame	14	2	0	16	21.4	0	0	0
Australasia Shared Services	39	1	0	40	40	20	28	0
Total Australasia	451	17	19	487	10.7	18.8	13.5	68.8
Total Norske Skog group	2 123	63	146	2 332	12.1	10.9	12.1	86.5

PRODUCTION CAPACITY

Business Unit	Newsprint (including improved NP)	Capacity, tonnes/year			Total capacity
		Converting grade	SC (magazine paper)	LWC (magazine paper)	
Norske Skog Saugbrugs	-	-	356 000	-	356 000
Norske Skog Skogn	490 000	-	-	-	490 000
Norske Skog Bruck	122 000	-	-	260 000	382 000
Norske Skog Golbey	558 000	-	-	-	558 000
Total Europe	1 170 000	-	356 000	260 000	1 786 000
Norske Skog Boyer	150 000	-	-	135 000	285 000
Norske Skog Tasman	-	169 000	-	-	169 000
Total Australasia	150 000	169 000	-	135 000	454 000
Total Norske Skog group	1 320 000	169 000	356 000	395 000	2 240 000

KEY FIGURE OPERATIONS

		2016	2017	2018	2019	2020
Health & Safety						
H1 ¹⁾		1.4	1.0	0.9	0.5	0.8
H2 ²⁾		8	7.3	7.4	9.8	6.6
Absence due to illness	%	3.8	3.5	3.8	3.7	4.2
People						
Total employees	FTE	2 462	2 414	2 444	2 359	2 332
Temporary employees	FTE	48	66	77	73	56
Apprentices	FTE	146	130	135	137	146
Average age of employees	FTE	46.8	47.0	47.3	47.1	46.6
Female employees	%	11.0	10.6	10.6	11.8	12.1
Female in top management position	%	6.7	8.5	13.7	15.1	10.9
Female in management position	%	11.5	8.5	10.1	10.2	12.1
Employees w/ collective agreements	%	84.6	84.3	84.1	83.3	86.5

¹⁾ Number of personal injuries with absence x 1 000 000 / number of worked hours.

²⁾ Number of personal injuries with medical treatment x 1 000 000 / number of worked hours.

		2016	2017	2018	2019	2020
Production						
Paper	tonnes	2 506 000	2 495 000	2 494 000	2 308 000	1 799 020
Consumption of raw materials						
Roundwood	m ³	2 868 000	2 810 000	2 785 000	2 586 000	1 930 000
Sawmill chips	m ³	968 000	1 018 000	1 031 000	1 093 000	917 000
Recovered paper	tonnes	834 000	814 000	871 000	777 000	608 000
Purchased pulp	tonnes	55 000	50 000	43 000	31 000	27 000
Inorganic fillers	tonnes	324 000	320 000	308 000	282 000	215 000
Energy consumption						
Electricity	GWh	5 596	5 571	5 526	5 316	4 203
Heat	GWh	4 240	4 325	4 161	4 127	3 425
Discharges to water						
Discharged process water	mill m ³	44	46	48	46	41
Discharges of organic substances	tonnes	12 286	12 831	10 623	9 226	8 283
Suspended Solid (SS)	tonnes	1 723	2 227	1 529	1 329	1 259
Phosphorus (Tot-P)	tonnes	41	41	31	37	29
Nitrogen (Tot-N)	tonnes	314	302	280	303	262
Emission to air						
CO ₂ -equivalents (direct)	tonnes	485 000	514 000	500 000	466 000	410 000
SO ₂	tonnes	217	198	175	162	297
NOX	tonnes	763	908	772	786	701
Production waste						
Sludge (dry)	tonnes	254 000	246 000	249 000	246 000	186 000
Bark	tonnes	114 000	98 000	128 000	133 000	93 700
Other	tonnes	23 000	14 000	25 500	18 000	17 400

GRI STANDARDS INDEX

2020

Norske Skog is reporting in accordance with the Global Reporting Initiative GRI Standards: Core option.

Following the materiality analysis - the table below covers aspects that are considered to be the most material ones to our stakeholders and/or the company. For more information on GRI Standards and on the individual disclosures, see GRI's homepages, www.globalreporting.org

The index refers to where information about each GRI disclosure can be found in the Norske Skog – Annual Report 2020, regardless of whether they are fully or partly reported relative to GRI.

AR = Annual Report 2020

SR = Sustainability Report 2020, part of Annual Report 2020

General disclosures – Organisational profile		Reference and/or response
102-1	Name of the organisation	Norske Skog ASA
102-2	Activities, brands, products, and services	AR – Key figures SR – About Norske Skog's operations
102-3	Location of headquarters	Oslo, Norway
102-4	Location of operations	AR – Key figures.
102-5	Ownership and legal form	AR – Corporate governance
102-6	Markets served	AR – Key figures
102-7	Scale of the organisation	AR – Key figures
102-8	Information on employees and other workers	SR – Key figures employees; Key figures operations
102-9	Supply chain	SR – SDG 12
102-10	Significant changes to the organisation and its supply chain	No significant changes in 2020
102-11	Precautionary principle or approach	SR – About the sustainability report; SDG 17 Embedded in the UN Global Compact principles
102-12	External initiatives	SR – SDG 17
102-13	Membership of associations	SR – SDG 8, SDG 17
General disclosures – Strategy		Reference and/or response
102-14	Statement from senior decision-maker	SR – CEO's comments; Report of the Board of Directors
General disclosures – Ethics and integrity		Reference and/or response
102-16	Values, principles, standards, and norms of behaviour	AR – Corporate Governance SR – Compliance; SDG 17
General disclosures – Governance		Reference and/or response
102-18	Governance structure	AR – Corporate Governance
General disclosures – Stakeholder engagement		Reference and/or response
102-40	List of stakeholder groups	SR – Stakeholder and materiality analysis
102-41	Collective bargaining agreements	SR – SDG 8; Key figures - employees
102-42	Identifying and selecting stakeholders	SR – Stakeholder and materiality analysis
102-43	Approach to stakeholder engagement	SR – Stakeholder and materiality analysis
102-44	Key topics and concerns raised	SR – Stakeholder and materiality analysis
General disclosures – Reporting practice		Reference and/or response
102-45	Entities included in the consolidated financial statements	SR – Consolidated financial statements, note 22
102-46	Defining report content and topic boundaries	SR – Stakeholder and materiality analysis; About the sustainability report
102-47	List of material topics	SR – Stakeholder and materiality analysis
102-48	Restatements of information	No significant restatements
102-49	Changes in reporting	No significant changes
102-50	Reporting period	2020
102-51	Date of most recent report	13 March 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	info@norskeskog.com
102-54	Claims of reporting in accordance with the GRI Standards	SR – About the sustainability report; GRI Standards Index 2020
102-55	GRI content index	SR – GRI Standards Index 2020
102-56	External assurance	SR – Independent auditor's assurance report

Main category: Economy		Reference and/or response
103 1-3	Management approach for economic standards and disclosures	AR – Corporate governance; Report of the Board of Directors SR – Compliance; About the sustainability report; SDG 16
GRI Standard: Economic performance		Reference and/or response
201-1	Direct economic value generated and distributed	SR – Key figures; Consolidated financial statement, Income statement
201-2	Financial implications and other risks and opportunities due to climate change	SR – SDG 13; Our response to the TCFD recommendations
201-3	Defined benefit plan obligations and other retirement plans	SR – Consolidated financial statements, note 13
GRI Standard: Anti-corruption		Reference and/or response
205-3	Confirmed incidents of corruption and actions taken	No confirmed incidents in 2020
GRI Standard: Anti-competitive behavior		Reference and/or response
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such legal actions in 2020

Main category: Environment		Reference and/or response
103 1-3	Management approach for social standards and disclosures	AR – Corporate governance; Report of the Board of Directors SR – Compliance; About the sustainability report; SDG 3; SDG 4; SDG 5; SDG 8; SDG 10; SDG 16; SDG 17
GRI Standard: Materials		Reference and/or response
301-1	Materials used by weight or volume	SR – SDG 12; SDG 15; Key figures operations
301-2	Recycled input materials used	SR – SDG 15; Key figures operations
GRI Standard: Energy		Reference and/or response
302-1	Energy consumption within the organisation	SR – SDG 7; Key figures operations
302-3	Energy intensity	SR – SDG 7
302-4	Reduction of energy consumption	SR – SDG 7
GRI Standard: Water		Reference and/or response
303-3	Water withdrawal	SR – SDG 6
303-4	Water discharge	SR – SDG 6; Key figures operations
303-3	Water consumption	SR – SDG 6
GRI Standard: Emissions		Reference and/or response
305-1	Direct (Scope 1) GHG emissions	SR – SDG 13; Key figures operations
305-2	Energy indirect (Scope 2) GHG emissions	SR – SDG 13
305-3	Other indirect (Scope 3) GHG emissions	SR – SDG 13
305-4	GHG emissions intensity	SR – SDG 13
305-5	Reduction of GHG emissions	SR – SDG 7; SDG 13
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	SR – Key figures operations
GRI Standard: Waste		Reference and/or response
306-3	Waste generated	SR – SDG 12; Key figures operations
306-4	Waste diverted from disposal	SR – SDG 12
306-5	Waste directed to disposal	SR – SDG 12
GRI Standard: Environmental compliance		Reference and/or response
307-1	Non-compliance with environmental laws and regulations	SR – SD14

Main category: Social		Reference and/or response
103 1-3	Management approach for social standards and disclosures	AR – Corporate governance; Report of the Board of Directors SR – Compliance; About the sustainability report; SDG 3; SDG 4; SDG 5; SDG 8; SDG 10; SDG 16; SDG 17
GRI Standard: Employment		Reference and/or response
401-1	New employee hires and employee turnover	SR - SDG 8
GRI Standard: Labor/Management relations		Reference and/or response
402-1	Minimum notice periods regarding operational changes	Following national laws and practice
GRI Standard: Occupational health and safety		Reference and/or response
403-8	Workers covered by an occupational health and safety management system	SR – SDG 3 All workers covered
403-9	Work-related injuries	SR – SDG 3; Key figures operations
GRI Standard: Diversity and equal opportunity		Reference and/or response
405-1	Diversity of governance bodies and employees	AR – Board of Directors; Corporate management SR – SDG 5; Key figures employees
GRI Standard: Non-discrimination		Reference and/or response
406-1	Incidents of discrimination and corrective actions taken	SR – SDG 8
GRI Standard: Freedom of associations and collective bargaining		Reference and/or response
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR – SDG 8
GRI Standard: Child labour		Reference and/or response
408-1	Operations and suppliers at significant risk for incidents of child labor	SR – SDG 8
GRI Standard: Forced or compulsory labour		Reference and/or response
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR – SDG 8



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To the Management of Norske Skog ASA

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON NORSKE SKOG'S SUSTAINABILITY REPORT FOR 2020

We have been engaged by the Management of Norske Skog ASA to provide limited assurance in respect of the information presented in the Sustainable Report section ("the Report") included in the Norske Skog – Annual Report 2020. Our responsibility is to provide a limited level of assurance on the subject matters concluded on below.

Management's Responsibilities

The Management of Norske Skog is responsible for the preparation and presentation of the Report and that it has been prepared in accordance with the reporting criteria described in the Report, including the GRI Standards. The Management is also responsible for establishing such internal controls that they determine are necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion on the information in the Report. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

Deloitte AS is subject to International Standard on Quality Control 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Considering the risk of material misstatement, our work included analytical procedures, meetings and inquiries with management and individuals responsible for the preparation of the Report and for sustainability management at corporate level, as well as a review on a sample basis of evidence supporting the information in the Report.

We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters.

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Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282



Conclusions

Based on our work, nothing has come to our attention causing us not to believe that:

- Norske Skog has applied procedures to identify, collect, compile and validate sustainability information for 2020 to be included in the Report, as described in the Report.
- Sustainability information presented for 2020 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- The environmental information for 2020 reported from a sample of two reporting units (Norske Skog Skogn and Norske Skog Bruck) was reported according to the procedures noted above and was consistent with the source documentation presented to us.
- Norske Skog applies a reporting practice for its sustainability reporting aligned with the Global Reporting Initiative (GRI) Standards reporting principles and the reporting fulfils level Core according to the GRI Standards. Norske Skog's GRI index presented in the Report appropriately reflects where information on each of the disclosures of the GRI Standards is to be found within the Norske Skog – Annual Report 2020.

Oslo, March 23, 2021
Deloitte AS

Eivind Skaug
State Authorised Public Accountant

Frank Dahl
Deloitte Sustainability



Norske Skog

NORSKE SKOG ASA

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