



Norske Skog ASA
Remuneration Report 2023

Introduction

Pursuant to section 6-16 (b) in the Norwegian Public Limited Liability Companies Act, and associated regulations, Norske Skog ASA publishes this report on executive remuneration, disclosing detailed information on remuneration to the Chief Executive Officer (CEO), other members of the corporate management, and the board of directors.

Norske Skog's "Guidelines on salary and other remuneration to leading personnel" was approved by the Annual General Meeting on 15 April 2021. The guidelines shall be reviewed and approved by the general meeting if there has been any significant alteration, and at least every fourth year. There are no significant changes proposed, and the company does not propose to the Annual General Meeting to update the guidelines in 2024.

On 9 March 2023, an extraordinary general meeting was held. At this meeting there was an election of members to the company's board of directors. On 20 April 2023, the Annual General Meeting had an advisory vote for the board of directors' report on salary and other remuneration of leading personnel in Norske Skog ASA for 2022. The resolution was passed with a majority of 77.59 percent of the votes.

The remuneration of the CEO and other members of the corporate management during the financial year 2023 was made in accordance with the adopted guidelines. There have been no temporary deviations from the guidelines.

Norske Skog in 2023 – strategy execution and financial performance

2023 turned out to be a memorable year for Norske Skog. In June the grand opening of Norske Skog Bruck PM3, the beginning of sustainable containerboard production in Norske Skog were celebrated. The conversion project at Norske Skog Golbey had a steady progress at the end of the year and is expected to produce renewable containerboard in 2024. The containerboard production will be fully based on recycled fibre and will utilise green energy generated from the new waste-to-energy facility at the Bruck industrial site and a new biomass plant at the Golbey industrial site.

Furthermore, Norske Skog Skogn begun the implementation of a new TMP (thermomechanical pulping) line. Amongst other benefits, it will significantly lower fossil CO2 emissions, and in particular reduced NOx emissions into the air. Although, there were several milestones to be celebrated in 2023 there was unfortunately a rockslide at Norske Skog Saugbrugs in April. It caused material damage to building structures, machinery, and equipment relating to paper machine PM6, which will remain idled for the entire 2024.

The European market has been turbulent lately and the price increases experienced in the first part of 2022 started decreasing towards the end of 2022. The price decrease was driven by a combination of negative supply demand balance and underlying decrease in variable costs. Prices for energy, the most important cost factor, decreased from record high levels and there were additional cost relief from decreases in cost for recovered paper and other raw materials.

Despite significant weaker markets throughout the year, Norske Skog managed to deliver a strong performance. In 2023, Norske Skog benefitted from a strong cost position and competitive business units and delivered an EBITDA of NOK 2 142 million and a corresponding EBITDA margin of 15.8 %.

Remuneration of members of the corporate management

In 2023, Norske Skog has had three CEOs. Sven Ombudstvedt was CEO until 1 June when he was replaced by Tore Hansesætre. Tore Hansesætre resigned on 31 August and Geir Drangslund was appointed CEO from 1 September. Remuneration for the CEOs during the year is provided by individual in the tables below.

The amount earned under the long-term incentive program (LTI) is based on the expensed change in accrual of the corresponding liability. For the CEO and corporate management, fixed remuneration (earned salary, payment of other benefits and pension contributions) and variable remuneration (earned bonus from short-term and long-term incentive plans) are accounted for in the total remuneration, as displayed in table 1.1. In 2023, the fixed salaries of the members of the corporate management, except CEO, were increased by two percent, which was lower than the general salary increases for other employees in Norske Skog.

The total remuneration for the CEO and corporate management has been determined according to the company's guidelines on salary and other remuneration to leading personnel. The fixed salaries are considered competitive, but they are not on market leading terms. Any increases in fixed remuneration have been reviewed considering the business environment and the financial performance of Norske Skog. The annual variable remuneration reflects the financial performance and sustainability of the company and underpins the strategic direction and the execution of key projects that will transform Norske Skog to a diversified business. This, together with the long-term incentive program, is securing strong focus on increasing shareholder value.

Norske Skog defines the company's leading personnel to comprise of its corporate management team. In accordance with the code of conduct for corporate governance recommended by the Oslo Stock Exchange; salary, benefits in kind, pension contributions and short and long-term incentives are specified below.

Table 1.1

2023 (in NOK 1 000)	SALARY EARNED ¹	BENEFITS IN KIND ETC. ²	CONTRIBUTION TO PENSION SCHEMES	Variable		TOTAL REMUNERATION	RELATIVE PROPORTION FIXED/ VARIABLE
				STI EARNED ³	LTI EARNED ⁴		
Sven Ombudstvedt (CEO) ⁵	8 647	270	783	622	3 377	13 699	71% / 29%
Lars P. S. Sperre (SVP) ⁶	3 987	229	604	1 125	1 592	7 537	64% / 36%
Rune Sollie (CFO)	2 445	207	322	930	2 015	5 919	50% / 50%
Amund Saxrud (COO)	2 463	365	322	959	2 015	6 124	51% / 49%
Tore Hansesætre (SVP/CEO) ⁷	4 154	241	716	1 493	1 410	8 014	64% / 36%
Robert A. Wood (SVP) ⁸	2 378	45	287	927	2 015	5 652	48% / 52%
Geir Drangslund (CEO) ⁹	1 852	63	284	746	108	3 053	72% / 28%

Table 1.2

2022 (in NOK 1 000)	SALARY EARNED	BENIFITS IN KIND ETC.	CONTRIBUTION TO PENSION SCHEMES	Variable		TOTAL REMUNERATION	RELATIVE PROPORTION FIXED/ VARIABLE
				STI EARNED	LTI EARNED		
Sven Ombudstvedt (CEO)	4 985	212	794	2 240	15 725	23 946	25% / 75%
Lars P. S. Sperre (SVP)	3 706	215	539	1 560	8 405	14 425	31% / 69%
Rune Sollie (CFO)	2 277	206	266	929	8 405	12 084	23% / 77%
Amund Saxrud (COO)	2 287	323	265	1 026	8 405	12 306	23% / 77%
Tore Hansesætre (SVP)	2 216	212	252	937	8 405	12 023	22% / 78%
Robert A. Wood (SVP)	2 077	42	249	801	8 405	11 575	21% / 79%

Annualised total remuneration for corporate management 2019 – 2023 ¹⁰

Table 2.1

Sven Ombudstvedt, Chief Executive Officer ¹¹		2023	2022	2021	2020	2019
Total remuneration	NOK 1 000	13 758	23 956	9 167	8 480	10 767
	% change	-43 %	161 %	8 %	-21 %	
Fixed salary	NOK 1 000	4 975	4 975	4 750	4 750	4 750
	% change	0 %	5 %	0 %	0 %	
Lars Peder S. Sperre, SVP Strategy		2023	2022	2021	2020	2019
Total remuneration	NOK 1 000	7 295	14 425	6 510	6 166	9 087
	% change	-49%	122 %	6 %	-32 %	-11 %
Fixed salary	NOK 1 000	3 743	3 670	3 500	3 500	3 500
	% change	2%	5 %	0 %	0 %	-19 %
Rune Sollie, Chief Financial Officer		2023	2022	2021	2020	2019
Total remuneration	NOK 1 000	5 799	12 084	4 394	4 132	6 042
	% change	-52%	175 %	6 %	-32 %	49 %
Fixed salary	NOK 1 000	2 325	2 280	2 170	2 170	2 170
	% change	2%	5 %	0 %	0 %	3 %
Amund Saxrud, Chief Operating Officer ¹²		2023	2022	2021	2020	2019
Total remuneration	NOK 1 000	5 986	12 306	4 479	4 214	3 721
	% change	-51 %	175 %	6 %	13 %	
Fixed salary	NOK 1 000	2 325	2 280	2 150	2 150	2 150
	% change	2 %	6 %	0 %	0 %	
Tore Hansesætre, SVP Strategic Projects/CEO		2023	2022	2021	2020	2019
Total remuneration	NOK 1 000	7 681	12 023	4 350	4 152	4 916
	% change	-36 %	176 %	5 %	-16 %	26 %
Fixed salary	NOK 1 000	3 821	2 205	2 100	2 100	2 100
	% change	73 %	5 %	0 %	0 %	0 %

Robert Wood, SVP Commercial		2023	2022	2021	2020	2019
Total remuneration	NOK 1 000	5 652	11 575	3 964	3 567	3 087
	% change	-51%	192 %	11 %	16 %	17 %
Fixed salary	NOK 1 000	2 378	2 135	2 028	2 028	1 754
	% change	11 % ¹³	5 %	0 %	16 %	0 %

Geir Drangslund, Chief Executive Officer		2023	2022	2021	2020	2019
Total remuneration	NOK 1 000	6 176	-	-	-	-
	% change	-				
Fixed salary	NOK 1 000	4 975	-	-	-	-
	% change	-				

Niels Petter Wright, Chief Executive Officer ¹⁴		2023	2022	2021	2020	2019
Total remuneration	NOK 1 000	-	-	-	-	7 549
	% change					16 %
Fixed salary	NOK 1 000	-	-	-	-	4 300
	% change					

Average employee remuneration

Table 2.2

		2023	2022	2021	2020	2019
Average Norske Skog group	NOK 1 000	948	908	810	743	805
	% change	4%	12 %	9 %	-8 %	8 %
Average Norske Skog ASA ¹⁵	NOK 1 000	1 886	4 189	1 625	1 518	1 253
	% change	-55%	158 %	7 %	21 %	-16 %
Company performance						
EBITDA	NOK million	2 142	3 105	662	736	1 938
	% change	-31%	369 %	-10 %	-62 %	88 %
EBITDA margin	%	15.8	20.4	6.4	7.7	15.0

The numbers displayed in the table above for the Norske Skog group are subject to currency fluctuations. Therefore, it does not solely reflect wage development. Furthermore, regarding Norske Skog ASA, 2022 is impacted by LTI accruals.

Remuneration to member of the board of directors and committee members

Table 3.1

2023 (in NOK 1 000)	DIRECTOR'S FEE	REMUNERATION FOR COMMITTEE WORK	TOTAL REMUNERATION
John Chiang (Chair) ^{16 17}	0	0	0
Geir Drangslund (Chair) ¹⁸	258	34	292
Arvid Grundekjøn (Chair) ¹⁹	538	152	690
Trine-Marie Hagen ²⁰	307	54	361
Nikolai Johns ²¹	91	0	91
Johanna Lindén	307	0	307
Christoffer Bull ²²	215	0	215

Table 3.2

2022 (in NOK 1 000)	DIRECTOR'S FEE	REMUNERATION FOR COMMITTEE WORK	TOTAL REMUNERATION
John Chiang (Chair)	0	0	0
Arvid Grundekjøn	300	270	570
Trine-Marie Hagen	300	83	383
Nikolai Johns	208	0	208
Johanna Lindén	208	0	208

Total remuneration to members of the board of directors 2019 – 2023

Table 4.1

Board remuneration - annualised fixed fees		2023	2022	2021	2020	2019	Share ownership 31.12.2023
John Chiang, Chair of the Board until 9.3.2023	NOK 1 000 % change	0	0	0	0	0	0
Geir Drangslund, Chair of the Board 2023 from 9.3.2023 – 31.8.2023	NOK 1 000 % change	550	-	-	-	-	22 274 079
Arvid Grundekjøn, Board member until 31.8.2023, Chair of the Board from 31.8.2023	NOK 1 000 % change	680 51 %	450 0%	450 0%	450 -3 %	466 -	41 617
Trine-Marie Hagen, Board member	NOK 1 000 % change	360 3 %	350 0%	350 0%	350 6 %	330 -	0
Nicolai Johns, Board member until 20.4.2023	NOK 1 000 % change	310 3 %	300	-	-	-	2 500
Johanna Lindén, Board member	NOK 1 000 % change	310 3%	300	-	-	-	2 500

Christoffer Bull, Board member from 20.4.2023	NOK 1 000	310						
	% change	-	-	-	-	-	-	0
Idunn Gangaune Finnanger, Board member	NOK 1 000	-	-	300	300	300		
	% change			0%	0%	-		0
Anneli Finsrud Nesteng, Board member	NOK 1 000	-	-	300	300	300		
	% change			0%	0%	-		0
Sven Ombudstvedt	NOK 1 000	-	-	-	-	600		
	% change							0

The remuneration for members of the board of directors covers the five years' period from 2019, from when the company was listed at Oslo Børs. Geir Drangslund was chair from 9 March 2023 until 31 August 2023 when he became CEO. As per 31 December 2023, he controlled 22 274 079 shares of Norske Skog ASA.

Fixed remuneration

The board of directors has not established upper or lower limits to the fixed salary for the company's leading personnel. The fixed salaries for the CEO and other members of the corporate management are subject to annual evaluation and are determined by, among other parameters, remuneration levels for comparable positions in relevant labour markets. In 2023 the corporate management had a salary increase of 2%, except from the CEO who had no increase.

The company may grant other customary fixed payments and near-cash allowances to the CEO and the corporate management. Currently, and according to internal standards, these comprise fixed car allowance, life insurance, free use of mobile phone and coverage of costs for broadband communication at home.

Pension plans

The CEO and the corporate management are included in the company's collective defined contribution plans. There are no early retirement plans, no individual plans or any other pension arrangement that are exclusive to leading personnel in Norske Skog.

As of 1 January 2023, the company's Norwegian defined contribution plan provides for a general contribution of 5 percent for earnings up to 12G and an additional contribution of 12 percent for earnings between 7.1G and 12G. A supplementary collective pension scheme covers the part of the salaries exceeding 12G. G ("Grunnbeløpet") is the base amount in the Norwegian national insurance scheme, which was set at NOK 118 620 as of 1 May 2023.

Variable remuneration

Short-term incentive plans

Norske Skog has operated short-term incentive plans for executives and other employees for more than two decades, to ensure that financial, commercial, and operational targets receive adequate priority and are aligned with the company's business strategy.

The short-term incentive plans are operationalized through annual performance contracts. For the CEO and corporate management, the annual performance contracts provide for a maximum bonus opportunity corresponding to 50 percent of annual base salary. The performance targets pursuant to which bonus achievement is measured are based on a combination of financial, operational, and individual criteria.

The financial targets shall amount to minimum half of the maximum bonus opportunity and are set based on the operating plan for the financial year. For 2023 and previous years, the financial targets have comprised the group's EBITDA and cash flow. The operational and individual targets are set to reflect the company's priorities for the financial year and typically include strategic positioning and projects, commercial targets, improvement programs; as well as ESG-related targets, in particular safety and environmental performance.

For certain key projects, major financial transactions and other strategically important goals for the group, the company may award project specific bonuses reflecting the criticality of the projects, the level of success achieved, the increased workload during the project period and the exposure of project team members. The board of directors must approve any project bonus payment to the CEO and corporate management, and such payments may not exceed the annual fixed salary. There have been no such projects bonuses paid in 2022 or 2023.

Performance assessment for 2023

Table 5.1

Geir Drangslund CEO		
Performance criteria 2023		
Common KPIs including financial targets ESG-profile, H&S and Environmental Performance Strategic positioning of Norske Skog Business development and projects Capital allocation and optimisation		
Performance evaluation	Award outcome 90.0 %	Annual bonus in NOK 746 000

Tore Hansesætre, SVP Strategic projects/CEO		
Performance criteria 2023		
No specific performance evaluation		
Performance evaluation	Award outcome 60.0%	Annual bonus in NOK 1 493 000

Sven Ombudstvedt, CEO		
Performance criteria 2023		
No specific performance evaluation		
Performance evaluation	Award outcome 60.0%	Annual bonus in NOK 622 000

Lars P. S. Sperre, SVP Corporate Strategy		
Performance criteria 2023		
No specific performance evaluation		
Performance evaluation	Award outcome 60.0%	Annual bonus in NOK 1 125 000

Rune Sollie, CFO		
Performance criteria 2023		
Common KPIs including financial targets Implementation SAP Hana ESG presentation Reporting containerboard segment Implementation of BI		
Performance evaluation	Award outcome 80.0%	Annual bonus in NOK 930 000

Amund Saxrud, COO Performance criteria 2023		
Common KPIs including financial targets Health & safety and environmental performance Continuous improvement programs Strategic projects Operations		
Performance evaluation	Award outcome 82.5%	Annual bonus in NOK 959 000

Robert A. Wood, SVP Commercial Performance criteria 2023		
Common KPIs including financial targets Sales performance targets Preparation for entering the packaging market		
Performance evaluation	Award outcome 76.25 %	Annual bonus in NOK 927 000

Long-term incentive programme

The purpose of the company's long-term incentive programme is to secure a continued strong focus on the development of shareholder value. The long-term incentive programmes in force at 31 December 2023 was awarded in 7 May 2021 and 30 January 2023 and is based on a scheme with award of synthetic options targeting a positive share price development over a three to five years period from the date of award of the relevant synthetic options. Within the frames of the programme, the board may grant synthetic options to the corporate management and other key employees. In 2021, 131 000 synthetic options were issued under the programme, and in 2023 1 887 000 synthetic options were issued under the programme to corporate management. Each option carries the right to be paid an amount in cash equal to (a) the fair market value less (b) the exercise price.

The options do not entitle or require the holder to acquire or subscribe for shares. The initial exercise price (strike price) for the synthetic options awarded in 2021 was NOK 35.20 and NOK 72.92 for the synthetic options awarded in 2023. Pursuant to the terms of the long-term incentive programme, the exercise price shall in the event of distributions of dividend and or share buyback be reduced on a NOK-by-NOK basis. In 2023 10% of the shares outstanding were purchased by the company and dividend payment of NOK 0.67 per share was made for the financial year 2022. The strike price was accordingly adjusted for the impact of the share buy back and dividend paid in 2023 with NOK 5.07 for both the 2021 and 2023 award.

Norske Skog has made a fair value measurement of the liability using a Black & Scholes model for European call options with no dividends. Total expensed for corporate management on the long-term incentive programme in 2023 was NOK 13 million (NOK 68 million). The corresponding liability on 31 December 2023 related to the long-term incentive program was NOK 2 million (NOK 88 million). A share price of NOK 41.20 and a volatility of 39,4% is used in the Black & Scholes calculation on 31 December 2023.

Table 6.1

Name	Specification of plan	Performance period	Award date	Vesting date	Exercise price	Options awarded	Options exercised	Options forfeited	Options awarded and unvested 31.12.2023
Sven Ombudstvedt, CEO	Plan 2019	31/10/19 – 31/12/22	31/10/19	27/01/23	31.45	546 000	-546 000		0
	Plan 2021	07/05/21 – 30/06/24	07/05/21	12/07/24	35.20	36 000	-36 000		0
	Plan 2023	31/12/23 - 30/01/28	30/01/23	30/01/28	72.92	527.000		-527 000	0
Lars P. S. Sperre, SVP Corporate Strategy	Plan 2019	31/10/19 – 31/12/22	31/10/19	27/01/23	31.45	292 000	-292 000		0
	Plan 2021	07/05/21 – 30/06/24	07/05/21	12/07/24	35.20	19 000	-19 000		0
	Plan 2023	31/12/23 - 30/01/28	30/01/23	30/01/28	72.92	272.000		-272 000	0
Rune Sollie, CFO	Plan 2019	31/10/19 – 31/12/22	31/10/19	27/01/23	31.45	292 000	-292 000		0
	Plan 2021	07/05/21 – 30/06/24	07/05/21	12/07/24	35.20	19 000			19 000
	Plan 2023	31/12/23 - 30/01/28	30/01/23	30/01/28	72.92	272.000			272.000
Amund Saxrud, COO	Plan 2019	31/10/19 – 31/12/22	31/10/19	27/01/23	31.45	292 000	-292 000		0
	Plan 2021	07/05/21 – 30/06/24	07/05/21	12/07/24	35.20	19 000			19 000
	Plan 2023	31/12/23 - 30/01/28	30/01/23	30/01/28	72.92	272.000			272.000
Tore Hansesætre, SVP Strategic Projects	Plan 2019	31/10/19 – 31/12/22	31/10/19	27/01/23	31.45	292 000	-292 000		0
	Plan 2021	07/05/21 – 30/06/24	07/05/21	12/07/24	35.20	19 000		-19 000	0
	Plan 2023	31/12/23 - 30/01/28	30/01/23	30/01/28	72.92	272.000		-272 000	0
Robert A. Wood, SVP Commercial	Plan 2019	31/10/19 – 31/12/22	31/10/19	27/01/23	31.45	292 000	-292 000		0
	Plan 2021	07/05/21 – 30/06/24	07/05/21	12/07/24	35.20	19 000			19 000
	Plan 2023	31/12/23 - 30/01/28	30/01/23	30/01/28	72.92	272.000			272.000
Geir Drangslund, CEO	Plan 2023	31/12/23 - 20/11/28	20/11/23	20/11/28	42.18	272.000			272.000

On 30 January 2023, the CEO and all members of the corporate management exercised their 2 006 000 synthetic share options which were awarded in October 2019. The synthetic options were settled by way of cash payment, for each option comprising the difference between the exercise price (NOK 31.45) and the fair market value (NOK 72.92), calculated as the volume weighted average trading price over five trading days prior to exercise date. On the same date, the CEO was awarded 527 000 new synthetic options and other members of corporate management were awarded 272 000 new options each, in aggregate 1 887 000. The exercise price of the new synthetic options awarded is equal to the fair market value of the synthetic options exercised, NOK 72.92.

CEO Geir Drangslund has been awarded 272 000 synthetic options with a strike price of NOK 42.18.

¹ Includes fixed salary and accrued holiday pay.

² Includes car allowance, insurance, free telephone, etc.

³ Based on performance in the financial year, paid in the first quarter of the next financial year.

⁴ The first payments of long-term incentive were in 2023. However, the column "LTI earned" illustrates the expensed change in accrual of the corresponding liability and is not directly linked to actual payments.

⁵ Sven Ombudstvedt was CEO until 31 May 2023. Salary earned includes fixed salary, benefits in kind and contribution to pension schemes in the six month's notice period as well as severance payment.

⁶ Lars P. S. Sperre was SVP until 30 September 2023. Salary earned includes fixed salary, benefits in kind and contribution to pension schemes in the six month's notice period.

⁷ Tore Hansesætre was SVP until appointed CEO from 1 June 2023. Hansesætre was CEO until 31 August 2023. Salary earned includes fixed salary, benefits in kind and contribution to pension schemes in the six month's notice period.

⁸ Robert A. Wood is employed by Norske Skog (UK) Ltd. but works fully for Norske Skog ASA as SVP Commercial.

⁹ Geir Drangslund was appointed CEO from 1 September 2023.

¹⁰ Fixed salary is annualised and does not reflect the actual paid remuneration for the each of the years to corporate management. Actual remuneration can be found in table 1.1 and 1.2.

¹¹ Sven Ombudstvedt appointed CEO from 1 July 2019. Served as interim CEO from 28 March 2019 to 30 June 2019. During the interim period, Ombudstvedt did not receive any fixed remuneration. The compensation was included in the annual bonus.

¹² Amund Saxrud appointed COO from 15 October 2019.

¹³ Robert A. Woods salary is in GBP and the annual change is influenced by change in GBP vs NOK when presented in NOK.

¹⁴ Niels Petter Wright was CEO from 1 December 2018 to 28 March 2019.

¹⁵ This number is adjusted from last year's report.

¹⁶ John Chiang was the chair of the board until 9 March 2023 and member of the audit committee and chair of the remuneration committee while the chair of the board.

¹⁷ John Chiang was a partner of Oceanwood Capital Management LLP, which is an entity managing one of the company's largest shareholder, NS Norway Holding AS. Due to internal guidelines within Oceanwood Capital Management LLP, John Chiang has advised that he does not wish to receive remuneration for his role as chair of the board of directors and other roles in board committees.

¹⁸ Geir Drangslund was the chair of the board until 31 August 2023 and member of the audit committee and chair of the remuneration committee while he was the chair of the board.

¹⁹ Arvid Grundekjøn was appointed the chair of the board from 31 August 2023. Arvid Grundekjøn is also chair of the audit committee and of the remuneration committee.

²⁰ Trine Marie Hagen is also member of the audit committee and the remuneration committee.

²¹ Nikolai Johns served on the board until 20 April 2023.

²² Christoffer Bull was elected to the board in replacement of Nikolai Johns on 20 April 2023.