

2023

Sustainability report



Norske Skog



Coffee break around the fireplace, 1948.
Photo: Norske Skog

The Norske Skog of tomorrow is a team effort and can only be realised through external and internal **cooperation**.

Our business is by definition circular as it's based on renewable resources, aiming to replace fossil alternatives. We increasingly use recycled material. We are **honest** about our processes, and strive to make all aspects of our business sustainable.

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We create green value

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This is something we realise through innovation, **openness** to new opportunities, competence and hard work. It doesn't come by itself. It's up to us.

We provide **value** in many meanings of the word: for society in general, for local communities, for customers, for employees, for shareholders.

Our core values: **openness, honesty and cooperation**

5

Business units in 4 countries

Skogn, Norway
Saugbrugs, Norway
Golbey, France
Bruck, Austria
Boyer, Australia



13 524

NOK million
total operating income

896

NOK million
operating profit

A-

CDP - climate change score 2023

95%

certified wood fibres

85%

renewable energy consumption

2 161

employees

19%

female in top management positions

-7%

reduction in scope 1 & 2 emissions in 2023





Photo: Stein Johnsen, from timber terminal at Norske Skog Saugbrugs



Photo: Carsten Dybevig

Navigation through uncertain waters

Norske Skog is facing challenges, but also opportunities ahead. As a company characterized by the ability to handle adversity, we carry an optimistic view of the future.

Even in the face of falling prices for paper and packaging, the entire organization has shown a remarkable ability to adapt to changing market conditions. Swift and innovative adjustments have been the key to navigating through tough times. Through mechanical upgrades and efficient production, we have managed to maintain competitiveness while creating space for new initiatives.

The unexpected rockslide at Norske Skog Saugbrugs in April came as a shock to us. Fortunately, we were spared physical injuries, but it is evident that such an event was traumatic for the employees at Saugbrugs, especially for those who experienced it up close. As a leader, I feel a great responsibility to ensure that we process the accident, but also that during the cleanup and rebuilding process, we seek out new business opportunities. The insurance settlement will give us the strength to explore new growth opportunities for Saugbrugs.

Thanks to diligent efforts, we managed to reopen PM5 at Saugbrugs and deliver quality paper to our loyal customers after just 6 months. The incident has strengthened the bonds between the company and the community it serves, reflecting Norske Skog's commitment to being a reliable partner, especially for our customers in both good and difficult times.

Despite many business challenges in 2023, as the largest shareholder and CEO, I have chosen to implement extensive changes in the corporate management. The goal is to achieve greater breadth of expertise and renewal, which will be crucial going forward. The new leaders bring fresh perspectives and strategies that will enhance the group's ability to adapt to an ever-changing business landscape. This marks our commitment to innovation and growth for Norske Skog.

The company is now in a phase where we are implementing major production changes with the conversion of newsprint machines to packaging at Bruck and Golbey, the commissioning of a 50 MW incineration plant at Bruck, and participation in France's largest bioenergy plant at 125 MW, which will open during the year.

While the conversion at Bruck followed both the schedule and approved budgetary limits, unfortunately, we experienced significant budget overruns at Golbey. Such overruns are unfortunate for our financial reputation and result in lower profitability on the invested capital. We look forward to successfully completing the rest of the project by the opening of the 550 000 tonnes packaging machine in second half of 2024.

Together, these conversions will amount to more than 5 billion Norwegian kroner. Even with these investments behind us, we will create new growth opportunities for the Norwegian factories. The Skogn mill is currently one of

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I envision Norske Skog becoming a Norwegian pioneer in timber utilization, which, along with power, is the core of our business. One of our strengths will be being prepared to handle constantly shifting market landscapes.

Europe's most productive and cost-effective factories, enabling continued production of newsprint with three machines. Currently, there is a transition in production by increasing pulp capacity and more use of locally sourced timber. This will result in lower emissions of greenhouse gases both in the production process and due to shorter transportation distances for the raw material.

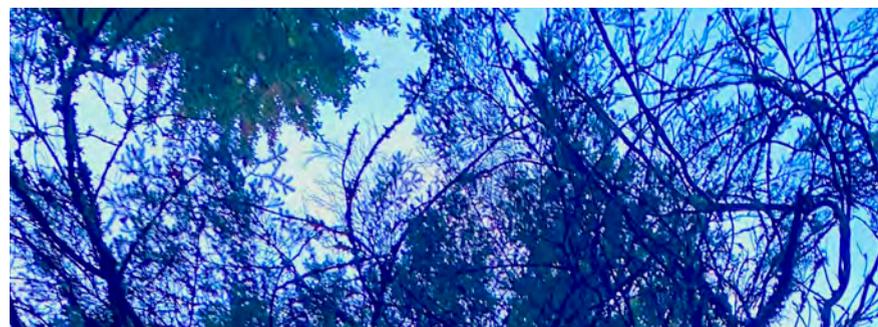
We aim to facilitate the large industrial area at Fiborgtangen for regional and circular low-emission industries, where our waste heat from the production process is used for energy purposes in the new industrial park.

I envision Norske Skog becoming a Norwegian pioneer in timber utilization, which, along with power, is the core of our business. Despite the challenges we experienced in 2023, I am cautiously optimistic that 2024 will be characterized by innovation, sustainability, and growth opportunities. One of our strengths will be being prepared to handle constantly shifting market landscapes. We will maintain efficient cost management and improve our commercial approach going forward.

No achievement is possible without dedicated employees, and at Norske Skog, we have prioritized the well-being and development of our teams. Through training programs, diversity-promoting initiatives, and support for the communities where they operate, the group has built a strong, inclusive culture that reflects the value of human capital.

My family and I have invested substantially in Norske Skog because we believe in the products, the company and the industry. The future looks bright, and the Norske Skog teams in Europe and Australia are ready to shape it with strength and courage. With our skilled leaders, highly competent employees, and dedicated representatives, we will navigate through uncertain waters to become a driving force in the pulp, paper and packaging industry.

Geir Drangslund
CEO



We create green value from sustainable fibre and energy for the benefit of all stakeholders.

STRATEGY

Publication paper

Improve and optimise publication paper cash flows



Packaging paper

Become an independent and leading European producer of renewable packaging paper



Bio products and energy

Diversify and innovate within bio products



Intergration

Intergrating vertically in the entire value chain



OPERATIONAL EFFICIENCY AMBITIONS

Achieve an EBITDA margin over the cycle

+15%

Achieved in 2023, 15.8%

Maintain an operating rate of

95%

Achieved in 2023, 82%



Photo: Carsten Dybevig

About Norske Skog's operations

SUMMARY

Norske Skog is a 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, which produce publication paper, recycled packaging paper, energy and bioproducts. In addition, the group operates one paper mill in Australia. Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of promising energy and bio product development projects. The group has 2 161 employees, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

Norske Skog's strategy has been somewhat changed during the year from a three leg to a four leg strategy. Partly because of new main owner, and partly because of changed focus among main players, especially upstream, in the value chain. The new strategic leg is to keep an option to vertically integrate in up- and downstream activities if relevant to secure long-term competitiveness for the main fibre processing activities.

PUBLICATION PAPER – IMPROVE AND OPTIMISE

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 and 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, and Vantage.

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 40% of the revenue.

The group's market shares based on production capacity for newsprint, SC magazine paper and LWC magazine paper in Western Europe are approximately 25%, 9% and 6% 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 75% for newsprint and 65% for magazine paper.

PACKAGING PAPER – LEADING INDEPENDENT PRODUCER

Following the completions of the conversions of two newsprint machines, one at Norske Skog Bruck and one at Norske Skog Golbey, Norske Skog will become an independent European producer of recycled containerboard. In 2023, Norske Skog commenced production on the 210 000 tonnes containerboard machine at Norske Skog Bruck. In 2024, Norske Skog Golbey will start production on the 550 000 tonnes containerboard machine. The group has chosen Strato as the recyclable packaging paper product brand name. The commercial team has prepared several promotional activities and campaigns to attract customers to new packaging products. The Skogn mill has delivered inter-liner, a complementary packaging paper product to Strato, on one of its three newsprint machines.

Following the conversions, Norske Skog Bruck and Norske Skog Golbey will have access to renewable energy and will have reduced their carbon footprints

NORSKE SKOG HAS ADOPTED THE FOLLOWING BUSINESS STRATEGY:

- Improve and optimise publication paper cash flows
- Become a leading and independent European producer of renewable packaging paper
- Diversify and innovate within bio-products
- Integrate vertically within the entire value chain

to become among the best performers in the industry. The 50 MW renewable waste-to-energy boiler in Austria are operating at almost full capacity delivering heat to the mill and local households.

BIO PRODUCTS – DIVERSIFY AND INNOVATE

Norske Skog actively works to realise value from the industrial sites by developing existing infrastructure and industry competence.

The continued development of CEBICO at Saugbrugs progressed well during the year now effectively producing bio-composites for commercial sale. The 300 tonnes pilot-plant at Norske Skog Saugbrugs has enabled a significant increase in the bio-composite quality to selected customers.

Norske Skog has realised commercial sales and proof-of-concept for its CEBINA products. CEBINA is a natural fibre product developed at Norske Skog Saugbrugs, which is suitable in adhesives, paints, and putties, fibreboards and more. In epoxy systems, demonstrations in putty and spray filler have shown great potential with customers.

At the Golbey industrial site, in a joint venture with Green Valley Energie (GVE), a biomass boiler is under construction. The biomass boiler will produce about 200 GWh of electricity and about 700 GWh of renewable heat, thus generating CO₂ savings of about 200 000 tonnes per year. The biomass boiler will ensure a stable, long-term supply of cost-competitive and renewable steam as an alternative to fossil energy sources.

Norske Skog Skogn will in 2024 commence production on the new thermo-mechanical pulp (TMP) line, substituting expensive recovered paper with fresh fibre. The new TMP line will reduce variable costs, significantly reduce NO_x and fossil CO₂ emissions, and reduce waste sent to landfill.

INTEGRATE VERTICALLY - UP- AND DOWNSTREAM WITHIN THE ENTIRE VALUE CHAIN

Integrating up- and downstream in the value chain offers strategic advantages to Norske Skog in terms of supply chain control, cost reduction, quality assurance, operational efficiency, innovation, market access, and risk diversification, enabling Norske Skog to create value and maintain a competitive edge in the industry.

Double materiality analysis

Double materiality analysis is an approach used in sustainability reporting and corporate governance to assess the impacts of both environmental and social factors on Norske Skog's financial performance (financial materiality), and Norske Skog's impact on society and the environment (impact materiality). Traditionally, materiality analysis in corporate sustainability reporting has focused primarily on impact materiality. However, with the growing recognition of the importance of interaction between finance and sustainability, Norske Skog has now performed a materiality analysis considering not only how we impact broader societal and environmental issues but also how our value creation and financial performance is likely to be impacted by broader societal and environmental issues.

This materiality assessment identifies Norske Skog's most important environmental, social and governance issues from a strategic and reporting perspective. By considering both dimensions of materiality, Norske Skog's board and corporate management have an opportunity to develop more comprehensive sustainability strategies, better manage risks, and enhance transparency and accountability in the reporting. Double materiality analysis helps to align Norske Skog's business activities with broader societal and environmental goals, contributing to long-term value creation and sustainable development.

The stakeholders affect Norske Skog's decisions, activities and thus performance. The key stakeholders include the employees in Norske Skog, local communities where we operate, investors and owners, our customers, and suppliers. Our ongoing interactions and dialogues with stakeholder groups will influence and define the management response. Likewise, altered political decisions will clearly define the conditions under which we operate. One example of stakeholder influence is how customer surveys will directly influence the commercial team's activities and deliveries.

The materiality analysis highlights impacts and areas of business risks but also opportunities fundamental to the group's strategy and will be integrated in daily operations.

THE FOLLOWING ELEMENTS HAVE BEEN VITAL IN OUR DOUBLE MATERIALITY ASSESSMENT:

1. **Financial materiality** – how the world affects Norske Skog's financial position:
 - a. **Resource efficiency:** Norske Skog's efficient use of raw materials, energy, and water directly impacts its operational costs and profitability. Innovations in production processes to optimize resource use can improve cost-effectiveness and enhance financial performance.
 - b. **Regulatory compliance:** Compliance with environmental regulations and standards is crucial for avoiding fines, legal fees, and reputational damage. Norske Skog's ability to manage regulatory risks affects its financial stability and long-term viability.
 - c. **Supply chain resilience:** Risks related to the availability and cost of raw materials, such as wood fibres, recovered paper, water and energy impact Norske Skog's production capacity and profitability. Ensuring a resilient and sustainable supply chain is essential for mitigating financial risks.
2. **Impact materiality** – Norske Skog's influence on the surrounding world, i.e. climate, environment, society, and people:
 - a. **Water and air quality:** Norske Skog's operations can affect local water sources and air quality through wastewater discharge and air emissions. Addressing these impacts is essential for minimizing harm to local communities and ecosystems, aligning with broader environmental goals, environmental compliance and maintaining the company's social license to operate.
 - b. **Biodiversity and forest management:** Norske Skog's reliance on wood fibres sourced from forests necessitates responsible forest management practices to prevent deforestation, habitat loss, and biodiversity degradation. Engaging in sustainable forestry practices contributes to broader conservation efforts and societal well-being.
 - c. **Community engagement and employment:** Norske Skog's operations can have social impacts on local communities, including job creation, economic development, and community well-being. Engaging with stakeholders, supporting local initiatives, and ensuring fair labour practices are vital for fostering positive relationships and contributing to social cohesion.



The process

By conducting a double materiality analysis, Norske Skog board and corporate management have identified and assessed key impacts, risks and opportunities that impact both its financial performance and its broader societal and environmental responsibilities. The scope of the assessment is Norske Skog's operations and value chain.

Unexpected events such as the corona pandemic, and fundamental changes in the demand for our products as well as change in legislation and increased expectations from society, especially to environmentally friendly operations, have demanded a thorough risk assessment process. The assessment is based on both external and internal input. A comprehensive process is conducted at the business units annually.

In the impact materiality assessment, the mill's management groups assessed both the likelihood of impact of different GRI topics (positive and negative impact) to occur and related severity if those impacts were to occur. They have scored each GRI-topic from 1-5, both on the likelihood and severity scale over the short (2025), medium (2030) and long-term (2050).

In the financial materiality assessment, the mill's management groups assessed

the likelihood of different risk and opportunities to occur and potential magnitude of financial effects. Each risk and opportunity were scored from 1-5 on the likelihood and potential magnitude on financial effect on the short (2025), medium (2030) and long-term (2050).

The score displayed in the tables are the average score for likelihood and severity/potential magnitude of financial effects.

Norske Skog made significant changes in the materiality assessment in 2023 compared to prior years. Updates to the assessment framework in 2023 was done in line with the new ESRS and include integration of double materiality perspective by integrating our TCFD analysis in the process, revision of the thresholds applied for scoring, assessment of impacts, risks, and opportunities over the short, medium, and long-term as well as presentation of the result. In our presentation, we have included GRI and ESRS material topics.

Group management has reviewed the impact, risk and opportunity factors and prepared the necessary operational contingency measures. The analysis and related results have been revised and approved by the corporate management and the board.

THE FOLLOWING SCALE AND THRESHOLDS ARE APPLIED IN THE DOUBLE MATERIALITY ASSESSMENT:

Impact Materiality:	
1.	Likelihood scale: how likely it is for the impact to occur
	1 = Rare/Improbable (unlikely to occur)/(1% chance)
	2 = Unlikely/Remote (unlikely, though possible to occur)/(1-20% chance)
	3 = Possible/Occasional (likely to occur occasionally during standard operations)/(21-50% chance)
	4 = Likely/Probable (not surprised, will occur in a given time)/(51-90% chance)
	5 = Almost certain/Frequent (likely to occur, to be expected)/(90% chance)
2.	Severity is based on scale, scope and irremediable character of the impact
Financial Materiality:	
1.	Likelihood scale: same as impact materiality
2.	Potential magnitude of financial effects:
	1 = Low impact: No significant impact on operation (financial and ability to operate)
	2 = Minor impact: Can only cause minor impact on operation
	3 = Significant: Can cause significant impact on operations that demand actions
	4 = Major: Can cause material harm to the business or operation that demand actions
	5 = High impact: High impact on operation (financial and ability to operate) based on:
	a. Effect on operations: 5% of EBIDTA average for the last 5 years
	b. Effect on investments: 5% of Gross Balance Sheet average for the last 5 years

Photo: Noah Silliman, Unsplash.

Results of the materiality assessment

FINANCIAL MATERIALITY

The global economic landscape and geopolitical developments will influence Norske Skog's financial outlook. Fluctuations in currency exchange rates, trade policies, and geopolitical tensions will impact our export markets, input costs, and overall profitability. Consumer preferences may increase demand for recycled and eco-friendly paper and packaging related products as well as fibre-based products. Norske Skog will face pressure to reduce the environmental footprint in own operations and the value chain and embrace sustainable practices throughout its paper production process. This may entail investments in renewable energy, adoption of recycled materials, and

implementation of carbon-neutral initiatives to align with evolving regulatory requirements and societal expectations. Failure to meet these standards could result in reputational damage, regulatory penalties, and decreased market share. Therefore, Norske Skog must maintain flexibility, diversify market exposure, and manage geopolitical risks, and Norske Skog's financial performance in the future will also be shaped by our ability to adapt to evolving stakeholder expectations, regulatory frameworks, and global market dynamics. The future may present both risks and opportunities for Norske Skog.

			2025	2030	2050
		TOPICS	Score	Score	Score
Climate-related risks	Physical Risks	Acute physical climate risks	3	3	4
		Chronic climate physical risks	2	3	3
	Transition Risks	Policy and legal climate risks	4	4	5
		Technology climate risks	2	3	4
		Market climate risks	3	4	5
		Reputational climate risks	3	4	4
	Opportunities	Resources	3	3	3
		Energy source	4	3	4
		Products and services	3	4	4
		Markets	3	4	4
Resilience		3	4	4	
Social-related risks & opportunities	Risks	Own workforce	3	4	4
		Workers in the value chain	2	3	3
		Affected communities	3	3	4
	Opportunities	Own workforce	3	2	2
		Workers in the value chain	2	2	2
		Affected communities	3	3	3

See page 26 for explanation.

The future may present both risks and opportunities for Norske Skog

THE MOST INFLUENTIAL FACTORS TO THE FINANCIAL PERFORMANCE OF NORSKE SKOG ARE:

Risks:	
Physical risks:	Norske Skog may face physical climate risks in the long-term related to access to raw materials such as fresh fibre and water. Norske Skog and the Nordic consulting firm Cemsys conducted a climate-related scenario analysis in 2023 for Norske Skog's five business units assessing the potential physical risk of access to process water. The results provided insight into drivers of such risk and potential consequences. Mills in France, Austria and Australia face different levels of risk related to warm spells and consecutive dry days potentially causing sudden loss of access to process water during warmer periods that may intensify in the medium to long-term. Mills in Norway are likely to face few challenges to water shortage due to substantially wetter climate in Norway. However, shorter winters may cause some challenges to source adequate fresh fibres during the wet seasons.
Policy and legal climate risks:	Norske Skog faces policy and legal climate risks arising from evolving environmental regulations, trade policies, legal liabilities, and cybersecurity challenges. By staying informed, engaging with stakeholders, and adopting proactive risk management strategies, Norske Skog can navigate regulatory uncertainties, mitigate legal exposures, and uphold its commitment to sustainability, compliance, and responsible business practices.
Market climate risks:	Norske Skog sees shifting consumer preferences and trends towards sustainable and eco-friendly paper and packaging solutions. As more consumers prioritize environmental concerns, there is a growing demand for products that are recyclable, biodegradable, and sourced from sustainable forestry practices. Norske Skog has partly adapted to these changing market dynamics by investing in sustainable production processes, developing innovative eco-friendly products, and demonstrating its commitment to environmental stewardship.
Reputational climate risks:	Reputation risks stem from a variety of sources, including unethical behaviour, product failures, environmental controversies, data breaches, and negative publicity. Recognizing and mitigating these risks is paramount to safeguarding our brand image, maintaining stakeholder trust, customer confidence and loyalty. In today's digital age, news of scandals or mishaps can spread rapidly through social media and online news outlets. Negative perceptions may drive customers to switch allegiance to competitors, resulting in loss of revenue and market share. Far-reaching consequences of lost reputation may impact relationships with investors, partners, and suppliers, leading to decreased shareholder value, disrupted business operations, and strained contractual agreements, and finally in regulatory scrutiny.

Opportunities:	
Products and markets:	The transformation to a larger, more diversified product portfolio with new products will reduce the dependency on publication paper and thus reduce the business and market risk. One of the new legs in Norske Skog's main strategy is to exploit opportunities within the circular economy utilizing fiber and energy to create new non-fossil products. Today, pilot plants utilize fiber to produce nanocellulose-based products, biochemicals and bio composites. This will in the long run contribute to green growth when commercialized.
Resources:	Access to crucial input factors such as fresh fibre, recycled paper, and energy sources is indispensable for maintaining competitiveness, driving economic growth, and sustainable development. Norske Skog is proactively working to secure effective supply chains, invest in resource-efficient technologies, and collaborate with stakeholders to ensure reliable, affordable, and sustainable access to these inputs.
Energy source:	Norske Skog has invested in low-emission energy generation in Bruck and Golbey and will continue to evaluate opportunities going forward on our road to Net Zero.
Resilience:	Norske Skog business model and value chain is adapted to a future market demand. Operations as well as current and future value creation is mainly based on renewable resources, recycled and recyclable products that enable a circular economy.

IMPACT MATERIALITY

The most active stakeholders are investors, financial institutions, local communities, and environmental organisations. For investors and financial institutions are concerned about the long-term economic performance and GRI topic that will have severe impact on Norske Skog's operational ability. The execution of Norske Skog's strategy to convert machines into packaging paper products has been followed closely by all these stakeholders. The regional and local communities and environmental groups have also been concerned about the handling of raw material, degree of fibre certification and emission issues. Norske Skog has evaluated positive and negative impacts we have on society, environment and the economy over the short, medium and long-term impact level.

The three most material factors are water and effluents, biodiversity, and environmental compliance. In addition, the public attention to circularity and demand for fresh fibre will increase and thus having effect on the way Norske Skog run the sourcing operations, which is heavily dependent on regulatory limitations. Specific comments to:

- **Water and effluents (GRI 303):** Norske Skog has high quality standard process water treatment plants, but we expect stricter regulations requiring closed water treatment system.
- **Biodiversity (GRI 304):** As the life on earth faces unprecedented threats from habitat destruction, climate change, pollution, and overexploitation of resources, governments, NGOs and companies like Norske Skog are recognizing the imperative to prioritize biodiversity conservation. Norske Skog has and will continue to adopt sustainable practices across our

supply chains, promoting biodiversity-friendly approaches to production and consumption.

- **Materials (GRI 301) and Environmental compliance (307):** Advancing scientific knowledge and escalating public awareness about sustainability, climate change, and ecosystem degradation, governments worldwide intensify their efforts to mitigate environmental risks and transition to low-carbon economies. Norske Skog will encounter stricter regulations, heightened scrutiny, and evolving expectations from stakeholders and government bodies.

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 on www.norskeskog.com/sustainability

GRI INDICATOR	GRI TOPIC"	2025	2030	2050
		Score	Score	Score
301	Materials	3	3	3
302	Energy	3	4	3
303	Water and effluents	3	4	4
304	Biodiversity	3	3	4
305	Emissions	3	3	2
306	Waste	3	3	3
307	Environmental compliance	2	3	4
308	Supplier environmental assessment	2	3	3
401	Employment	3	3	3
403	Occupational health and safety	3	3	3
404	Training and education	2	2	2
405	Diversity and equal opportunity	3	3	2
407	Freedom of association and collective bargaining	1	1	1
412	Human right assessment	3	2	2
413	Local communities	3	3	3

The double materiality analysis reveals both business opportunities and risks

Business opportunities

- Industrial sites with access to effective infrastructure and renewable energy
- Society and consumers demanding more sustainable products
- Exploring new activities in synergy with existing production at our industrial facilities
- Public programs to reach net zero society enabling the development of new sustainable business

Business risks

- Stricter regulatory requirements to operate, both expected or unexpected
- Specific costs related to the transition to low carbon economy imposed in single countries weaken the competitiveness
- Market development for publication paper and capacity adjustments in the industry
- Cost of input factors, volatile energy prices and increased pressure on the availability of biomass

Additional information on Climate related Risks and Opportunities are available in our TCFD report, see Appendix B, and in our CDP Climate Change report available at www.CDP.net/responses.

Photo: Carsten Dybevig

The UN 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. Norske Skog supports all 17 SDGs but realise that some are more relevant to our business than others. We believe that we can make the greatest difference and contribute positively through the prioritized SDGs highlighted in the illustration. Norske Skog has in 2023 added one more prioritized SDG, which is number 6 regarding clean water and sanitation, in addition to the already five prioritized SDGs in 2022. Higher public awareness concerning clean water and despite effective wastewater treatment plants, Norske Skog will face severe public attention in occurrences of unwanted discharges or breach of wastewater emission permits. 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 promoting a sustainable environment and principles of circular economy.

The 17 Sustainable Development Goals (SDGs) are important for Norske Skog's business operations for several key reasons:

- **Alignment with global priorities:** The SDGs represent a universal call to action to end poverty, protect the planet, and ensure prosperity for all. By aligning with the SDGs, Norske Skog demonstrates commitment to addressing pressing global challenges and contributing to sustainable development.
- **Risk management:** The SDGs highlight critical sustainability issues, including climate change, social inequality, and environmental degradation. By integrating the SDGs into our operations, our business units can identify and mitigate risks associated with these challenges, safeguarding their long-term viability and resilience.
- **Enhanced reputation and brand value:** Embracing the SDGs may enhance our reputation and brand value by demonstrating our commitment to social and environmental responsibility. Contributing actively to achieving the SDGs may attract socially conscious consumers, investors, and partners, gaining a competitive advantage in the marketplace.
- **Innovation and market opportunities:** The SDGs present significant opportunities for innovation and market growth. Our ability to develop sustainable products, services, and business models aligned with the SDGs may drive customer loyalty and capture new revenue streams.
- **Regulatory compliance and license to operate:** Governments, regulatory bodies, and international organizations increasingly incorporate the SDGs into policy frameworks and reporting requirements. By integrating the SDGs into our operations, we ensure compliance with relevant regulations, maintain their social license to operate, and avoid reputational and legal risks.
- **Access to capital and investment:** Investors are increasingly considering environmental, social, and governance (ESG) factors when making investment decisions. Aligning with the SDGs may attract sustainable investment capital, access financing at favourable terms, and enhance their appeal to socially responsible investors.

- **Supply chain resilience:** Integrating the SDGs into supply chain management practices enhance resilience, traceability, and transparency throughout the value chain. Our business units may work with suppliers to promote ethical sourcing, reduce environmental impact, and ensure social responsibility, mitigating risks associated with supply chain disruptions and reputational damage.
- **Employee engagement and talent attraction:** We believe that embracing the SDGs will foster employee engagement, satisfaction, and retention by providing meaningful opportunities for employees to contribute to positive social and environmental impact. Business units that prioritize sustainability and social responsibility may also attract top talent aligned with our values and mission.

The SDGs provide a comprehensive framework for our operations to address sustainability challenges, manage risks, seize opportunities, and create long-term value for stakeholders, society, and the planet. By integrating the SDGs into our business strategy, we believe it will positively impact our operations, foster innovation, and contribute to a more sustainable and prosperous future for all.

Norske Skog business units have during the last 50 years been seeking best environmental practice, and the reported figures show great progress in the same period. The group has achieved significant results in collaboration with stakeholders, national authorities, and employee initiatives. Norske Skog has been nationally recognised for its labour practices and excellent work environment. Norske Skog's health and safety performance is outstanding compared to the industry average for decades as result of tenaciously efforts.

Our operations must be based on sustainable sourcing by using certified wood and chips documented through the Chain of Custody certifications and use of recycled paper. Improved margins and reduced environmental impacts from the value chain and the mills are achieved through effective resource and energy management. We monitor activities to achieve sustainable products and processes throughout the entire value chain.

In addition, Norske Skog continuously strives 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 and independent European producer of renewable packaging paper
- Diversify and innovate within bio-products
- Integrate vertically within the entire value chain

To make the SDG targets relevant for the board, management and the rest of the group, the intention was to align and integrate the 6 prioritized sustainable development goals to the resolved strategic goals already effectuated by the board of directors.

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



- SDG 3:** Good health and well-being (no change)
- SDG 4:** Quality education (no change)
- SDG 6:** Clean water and sanitation (new)
- SDG 9:** Industry innovation and infrastructure (no change)
- SDG 12:** Responsible consumption and production (no change)
- SDG 13:** Climate action (no change)

THE REASON AND ANALYSIS BEHIND THE SELECTION ARE:

SDG	Justification to prioritise the SDG
SDG 3	<p>Good health and well-being</p> <p>Good health and well-being is not only a moral imperative but also a strategic decision that can benefit Norske Skog, its stakeholders, and society as a whole. By investing in health and well-being initiatives, the company can create positive impacts that extend beyond its operations and contribute to a healthier, more sustainable future.</p>
SDG 4	<p>Quality education</p> <p>Investing in quality education enables Norske Skog to develop a skilled and knowledgeable workforce. By providing employees with access to education and training programs, the company can enhance productivity, innovation, and overall performance. By supporting educational initiatives, such as scholarships, vocational training, or school infrastructure improvements, the company can help improve access to quality education for children, youth, and adults in these communities. Quality education plays a critical role in succession planning and ensuring the long-term viability of Norske Skog's business. By investing in employee training and development, the company can cultivate a pipeline of talent and leadership capabilities to support future growth and continuity.</p>
SDG 6	<p>Water and clean sanitation</p> <p>Improve water quality by reducing pollution, minimizing hazardous chemical release, and adopting sustainable water management practices, is crucial for Norske Skog to promote environmental stewardship, comply with regulations, protect public health, ensure sustainable operations, mitigate risks, and meet stakeholder expectations.</p>
SDG 9	<p>Industry innovation and infrastructure</p> <p>Industry, Innovation, and Infrastructure aligns with Norske Skog's commitment to sustainability, competitiveness, and long-term business success. By investing in innovation and infrastructure, the company can drive positive social, economic, and environmental impacts while positioning itself for future growth and resilience in a rapidly changing world.</p>
SDG 12	<p>Responsible consumption and production</p> <p>Norske Skog works proactive to implement measures to improve production efficiency, optimize raw material usage, and reduce energy consumption, leading to cost savings and enhanced competitiveness. Norske Skog adopts circular business models, such as recycling paper, process residues, reusing by-products, and exploring alternative materials, contributing to a more sustainable and resilient economy. Responsible consumption and production align with Norske Skog's sustainability objectives, business values, and long-term viability. By adopting responsible practices, the company can drive positive environmental and social impacts while maintaining competitiveness and fostering stakeholder trust and loyalty.</p>
SDG 13	<p>Climate action</p> <p>Climate action is essential for Norske Skog to mitigate climate risks, reduce emissions, transition to renewable energy, promote sustainable forestry practices, adapt to climate impacts, and meet stakeholder expectations, thereby contributing to global efforts to address climate change and build a more sustainable future.</p>

In the appendix, there is a matrix summarizing our ambitions, targets and planned activities.

THESE 6 SDGS ARE AN INTEGRAL PART OF OUR BUSINESS STRATEGY:





About the sustainability report

The report covers the most material sustainability topics to Norske Skog.

Corporate Sustainability Reporting Directive (CSRD) - entered into force in the EU in January 2023 and replaces the current rules - Non-Financial Reporting Directive (NFRD) - as of January 2024. CSRD involves a significant expansion in the scope of the reporting obligation and who is obliged to report undertaking. CSRD has been proposed to be introduced in Norwegian legislation according to the same model as in the EU, and everything indicates that Norway will follow the EU's timetable.

The introduction of the CSRD will entail an extension of the reporting requirements in the current Section 3-3c of the Accounting Act, and the sustainability information must be given in the annual report according to the

CSRD. At the same time, Norske Skog must prepare both the sustainability report and the financial statements using a common electronic format - ESEF (European Single Electronic Format).

Norske Skog is committed to contribute to sustainable development and supports the ten principles in the UN Global Compact. Norske Skog uses the Global Reporting Initiative's (GRI) Standards for reporting relating to sustainability as a tool in our work to report environmental and corporate responsibility. In 2023, Norske Skog reported to the Carbon Disclosure Project and follow the reporting expectations set forth in the GHG-protocol regarding Scope 1, 2 and 3.

The sustainability report is divided into four sections:



Photos: Adobe Stock



1

Environment

Climate change *(ESRS E1)*

CLIMATE CHANGE ADAPTION

The European Union and related national governments have set forth new ambitious goals to reach carbon neutral societies by 2050. 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 2050 and is committed to reduce emissions in line with the goals of the Paris agreement.

Norske Skog has had a long-term commitment to achieve net zero GHG emission by 2050, and a 55% reduction within 2030 from a 2015 baseline for Scope 1 and 2. This target is science based as it is aligned with ambitions of the Paris agreement and criteria of the Science Based Target Initiative. During 2024, Norske Skog will evaluate commitment to the science-based targets initiative (SBTi).

Norske Skog has integrated reduction of greenhouse gas emissions as a key part of the business strategy. The goal is to reduce energy consumption, increase the share of renewable energy sources and to optimise the use of process chemicals and transport to reduce emissions and impact on the climate.

Emissions to air occur primarily from energy generation processes. Our mills have their own boilers or incinerators for producing thermal energy from production waste, like bark, and other 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. Such emissions have a negative impact on climate change.

In addition, Norske Skog's carbon footprint covers emissions from several elements of the value chain such as pulp and paper production, forest and recycling operations, energy operations and transport, representing Scope 3 emissions. Addressing these emissions is vital to bring down global greenhouse gas emissions. Norske Skog is committed to work with partners across our value chain to reduce emissions and set reduction targets for scope 3 during 2024.

With increased focus on climate change and its implications on Norske Skog's current and future financial performance, Norske Skog carried out a revision of the identified climate-related risks and opportunities following the Task Force on Climate related Disclosure Framework (TCFD) in 2023. As part of this process, a climate-related scenario analysis was carried out in cooperation with Cemasy, a Nordic ESG Consulting firm. The goal was to examine how access to process water and energy, two of Norske Skog's most material climate risks, might affect operations and value creation in the short, medium- and long-term under different climate scenarios. Summary of key results can be found in "Materiality Assessment" in addition to a detailed description of climate-related Impacts, Risks and Opportunities.

To demonstrate Norske Skog's commitment to combating climate change, and to make critical information available to investors, customers and other stakeholders, Norske Skog reported to the CDP (Carbon Disclosure Project) in 2023. Norske Skog achieved a favourable A- rating on CDP Climate Change, the same rating as in 2022.

In line with the strategic ambition of the company, Norske Skog has integrated governance of climate-related issues into all levels of the organization, including the board of directors. This is also reflected in remuneration practices. Further disclosure is available in the CDP Climate Change Report 2023.

METHODOLOGY

Norske Skog has applied the Corporate Standard by the Greenhouse gas protocol to measure and disclose GHG emissions. The reporting boundary and consolidation approach for emissions are disclosed according to operational control. The source of the emission factors and the global warming potential (GWP) rates used is from the IPCC Fourth Assessment Report (AR4 - 100 year).

2015 was selected as the base year, after a comprehensive restructuring of the mill portfolio, in the calculation of the 55% CO₂ reduction target within 2030, which is congruent to evaluations done by the EU and the Norwegian Federation of Trade and Industries.

Norske Skog mills are offering customers Product Carbon Footprint according to two industry standards developed by European Paper Producers. This includes "CEPI Ten Toes, Carbon Footprints for Paper and Board Products" and "Paper Profile". Both are available upon request.

In 2023, Norske Skog applied the location- and market-based accounting for Scope 2 emissions, according to the GHG protocol, which was applied to data covering 2021 to 2023 to allow for comparison. The emission factors are derived from AIB (Association of Issuing Bodies) reflecting the energy mix delivered to the European markets and electricity purchased through the physical grid. These emission factors have been applied to ensure the same methodology across all markets. For reporting on 2023 the newest set of emission factors have been applied; AIB 2022. For Australia, we have applied emission factors from local authorities.

Norske Skog does not source any Energy Attribute Certificates/Guarantees of Origin as part of our Market-based accounting. Norske Skog does not purchase these certificates due to the political position of the Norwegian Trade and Industry associations. Therefore, our targets and KPIs are measured against the location-based accounting method.

Climate change mitigation

SCOPE 1 AND 2 CO2 EMISSION PERFORMANCE

With the performance in 2023, Norske Skog has achieved a 42% reduction in CO₂ equivalent/per ton paper compared to the 2015 baseline. Due to investments in low-emission energy generation, Norske Skog expects to reach the 55% reduction target in CO₂ emission by 2030, ahead of time.

Using location-based methodology, Norske Skog reached a level of 327 kg scope 1 and 2 CO₂/tonne of paper in 2023 according to the GHG protocol methodology, which is a 2% increase from 2021. This is mainly due to reduced mechanical pulp and paper production at Bruck and Golbey due to temporarily stop in two paper machines while converting newsprint machines into containerboard. In addition, the production on paper machine 6 was stopped at Saugbrugs due to a severe rockslide in April. The absolute CO₂ emissions for the Norske Skog group was 7% lower in 2023 than 2022 but it was less tonnage to allocate the CO₂ emission. The expected reduction of gas consumption at Bruck after the start-up of a new energy plant in 2022 is according to plan. Bruck reduced in absolute terms its scope 1 CO₂ emissions by 53% from 2022 to 2023.

In 2023, the Norske Skog Boyer mill in Australia accounted for 73% of Scope 1 and 2 emissions in the Norske Skog group. The CO₂ emissions for the Norwegian mills, Norske Skog Saugbrugs and Norske Skog Skogn, are very low due to a long-term commitment and completed investments to reduce fossil-based energy sources in the production of thermal energy. Scope 2 emissions from Norske Skog's Norwegian mills increased by 61% in 2023 due to updated emission factors, and 10% for the group as a whole (4% for group Scope 1 and 2 combined).

Over the past 18 months, the Norske Skog Boyer mill has completed a structured, three phase project to investigate alternate fuels and technologies

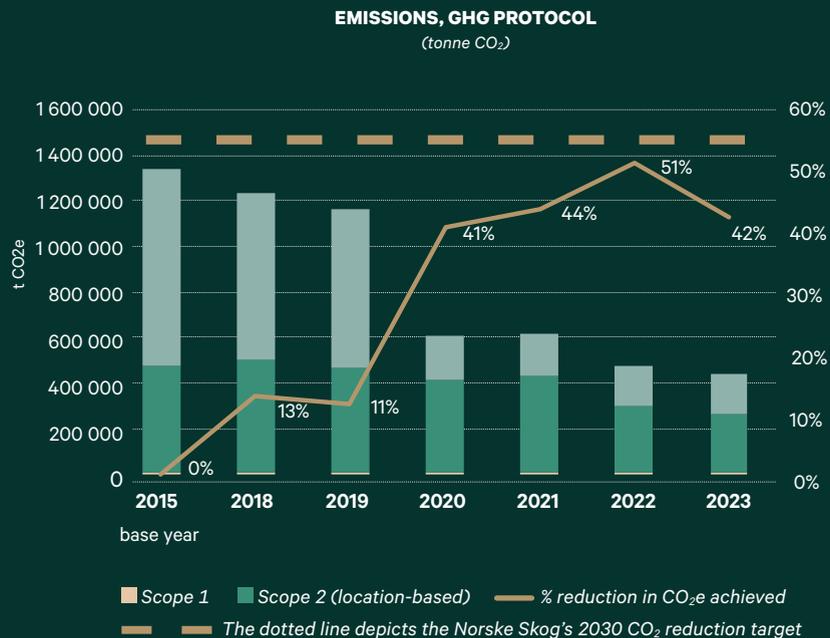
to produce thermal energy (steam) used in papermaking. The project examined options to convert away from coal as the predominant fuel to certified biomass, electricity, or a combination of the two. Work to date has found that while a conversion to an alternate fuel source is technically feasible, there are issues associated with obtaining sufficient quantities of the alternate fuels on commercial terms. At Tasmania, there is insufficient generation capacity available at present to support a conversion to electrode boilers. Similarly, there is insufficient certified biomass within an economic radius of the mill to support a large-scale biomass boiler. Norske Skog Boyer will examine other alternatives to determine how best to proceed.

The two Norwegian mills accounted for about 4% of the total scope 1 and 2 CO₂ emission in the group. Norske Skog Skogn has invested around NOK 180 million in a new thermomechanical pulp (TMP) production line replacing expensive recycled paper with fresh fibre. This will from medio 2024 significantly reduce NOx emissions by 36%, fossil CO₂ emissions by 77% and ash to landfill by 57% compared with 2021.

Norske Skog mills in Norway are among the largest sources of biogenic emissions is the country, with sources from production waste like sludge and bark. Through partnerships with Ocean GeoLoop at Norske Skog Skogn and Borg CO₂ at Norske Skog Saugbrugs, Norske Skog aims to pursue the opportunity to become CO₂ net negative, and to explore economically viable models for utilisation of biogenic CO₂. Norske Skog will through collaboration with industry and environmental organisations seek to establish effective, political and market designed mechanisms for carbon capture and usage.

Our Carbon Footprint according to the GHG protocol, is illustrated in table on the next page and in section 4 under key figures.

EXPLANATIONS TO THE TABLE:	
Scope 1	Direct emissions from owned or controlled sources
Scope 2	Indirect emissions from the generation of purchased energy
Scope 3	Result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its value chain



Emissions, GHG Protocol*	2015**	2018	2019	2020	2021	2022	2023
Scope 1	474 946	500 136	465 636	409 970	427 294	294 926	257 268
Scope 2 (location based)	865 236	734 033	692 672	195 762	186 703	177 807	180 648
Scope 2 (market based)***	NA	NA	NA	NA	1 119 620	1 168 982	1 195 272
Total Scope 1 and 2 (location based)	1 340 182	1 234 169	1 158 308	605 732	613 998	472 734	437 915
Production volume (tonnes)	2 365 000	2 494 000	2 308 000	1 799 020	1 919 574	1 713 016	1 338 115
Kg CO ₂ e/tonne paper (scope 1&2L)	567	495	502	337	320	276	327
Reduction in CO ₂ e achieved (%)	0%	13%	11%	41%	44%	51%	42%

* Tonnes CO₂ equivalent
 ** Base year for calculation of CO₂ emission
 *** Not available

Scope 1 and 2 Emission (2023)	Scope 1	Scope 2*	Scope 2**	Biogenic CO ₂	Total Scope 1 & 2*	Share Scope 1 & 2*	Paper Production	Emission Intensity Scope 1 & 2*
Unit of measurement***	t CO ₂ e	t CO ₂ e	%	tonnes	kg CO ₂ e/ tonne			
Norske Skog Bruck	31 579	26 856	111 590	53 764	58 435	13%	219 111	267
Norske Skog Golbey	24 777	17 899	41 753	157 296	42 677	10%	274 736	155
Norske Skog Saugbrugs	789	3 645	253 253	77 172	4 434	1%	149 992	30
Norske Skog Skogn	2 897	9 586	666 014	196 295	12 483	3%	453 122	28
Norske Skog Boyer	197 225	122 661	122 661	-	319 887	73%	241 154	1 326
Total Norske Skog group	257 268	180 648	1 195 272	484 527	437 915	100%	1 338 115	327

* Location-based method
 ** Market-based method
 *** tCO₂e: tonnes CO₂ equivalent

DEVELOPMENT - EMISSION INTENSITY
 (kg CO₂: Scope 1&2/ tonne paper)

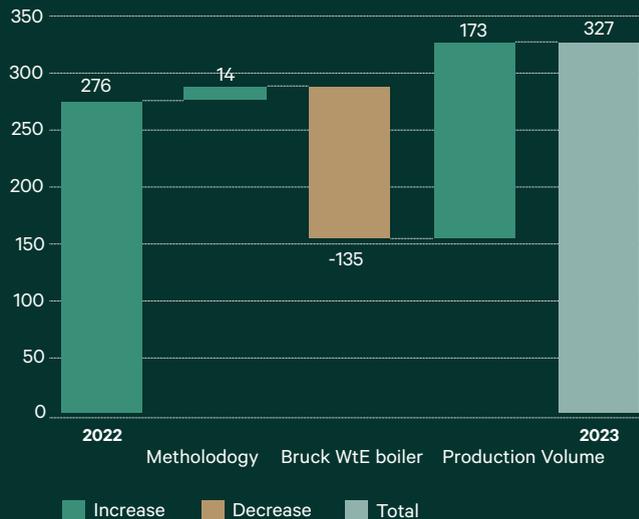
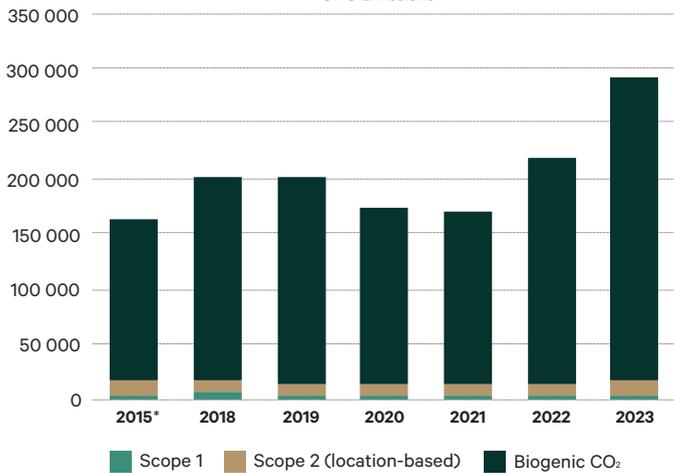


Photo: Unsplash

BIOGENIC EMISSIONS MILLS LOCATED IN NORWAY
GHG Emissions



* Base year for calculation of CO₂ emission

BIOGENIC CO₂ PERFORMANCE

Norske Skog faces both significant challenges and opportunities related to large biogenic emissions resulting from energy production from biomass boilers at Golbey, Skogn and Saugbrugs, and waste-to-energy at Bruck. However, these emissions may be seen as an opportunity for innovation and sustainable growth through the future implementation of carbon capture and storage (CCS) and carbon capture and utilization (CCU) projects.

- **CCS projects:** By implementing CCS technology, Norske Skog can capture and store almost 500 000 tonnes of biogenic CO₂ generated as part of the production process. Any reduction or potential removal of the biogenic CO₂ will make the European business units climate positive or carbon footprint negative. The Environmental Directorate in Norway will in 2024 most likely present a financial model for BECCS. For the time being, there is neither available infrastructure to handle bioCO₂-transportation nor-storage capacity.
- **CCU projects:** In addition to CCS, Norske Skog may in the long-term perspective explore the possibilities of CCU projects, where CO₂ is captured and used as a resource in various applications. This may include the use of CO₂ in the production of biomaterials, chemicals, or even fuels. This not only contributes to carbon reduction but also diversifies revenue streams and creates new business opportunities.
- **Pilot projects:** Norske Skog has already taken concrete planning steps towards carbon capture and storage through collaborations with companies like Ocean GeoLoop at Skogn and BorgCO₂ at Saugbrugs. Ocean GeoLoop develops technology for geothermal energy production using CO₂ as a working fluid. BorgCO₂ collaborates with Norske Skog to explore the possibility of storing CO₂ underground in connection with the forestry industry's production processes.



Photo: Carsten Dybevig



SCOPE 3 PERFORMANCE

Norske Skog has completed mapping of all Scope 3 categories, according to the GHG protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, as shown in table. In 2023 we disclose three years for comparison purpose. The largest sources of emissions in our value chain are related to transport and distribution (~54%), processing of sold products (~26%) and purchased goods and services (~19%). Other categories, represented by waste, business travel, fuel and energy related activities, capital goods make up approximately 2% combined. Emissions related to purchased goods and services as well as upstream emissions have been calculated based on purchased volumes and the use of generic emission factors from trusted sources. Processing of sold products cover emissions generated during the printing process and downstream transportation cover distribution from the printing house to the final customer for printed magazines and printed newspaper.

Processing of sold products and downstream transportation have been estimated based on annual production volume and emission factors from trusted research papers. In 2023 several local initiatives have been taken along with external transporters of finished goods to reduce emissions. In addition, Norske Skog uses more railways as mean of transportation where feasible. Our total scope 3 footprint was ~618 000 tonnes in 2023, and represent 59% of our combined Scope 1, 2 and 3 emissions. Going forward, Norske Skog is committed to improve the quality of our scope 3 inventory, work with partners across our value chain to reduce emissions and set reduction targets for scope 3.

Scope 3	2021	2022	2023	% share of emissions	% change vs prior year
Purchased goods and services	165 638	147 704	115 373	19%	-22%
Upstream transportation and distribution	240 828	167 268	181 065	29%	8%
Downstream transportation and distribution	225 013	200 745	153 281	25%	-24%
Processing of sold products	252 726	223 519	157 749	26%	-29%
Other	49 662	17 263	10 677	2%	-38%
Total Scope 3	933 868	756 499	618 146	100%	-18%
Scope 3 per tonne produced	486	442	462		5%

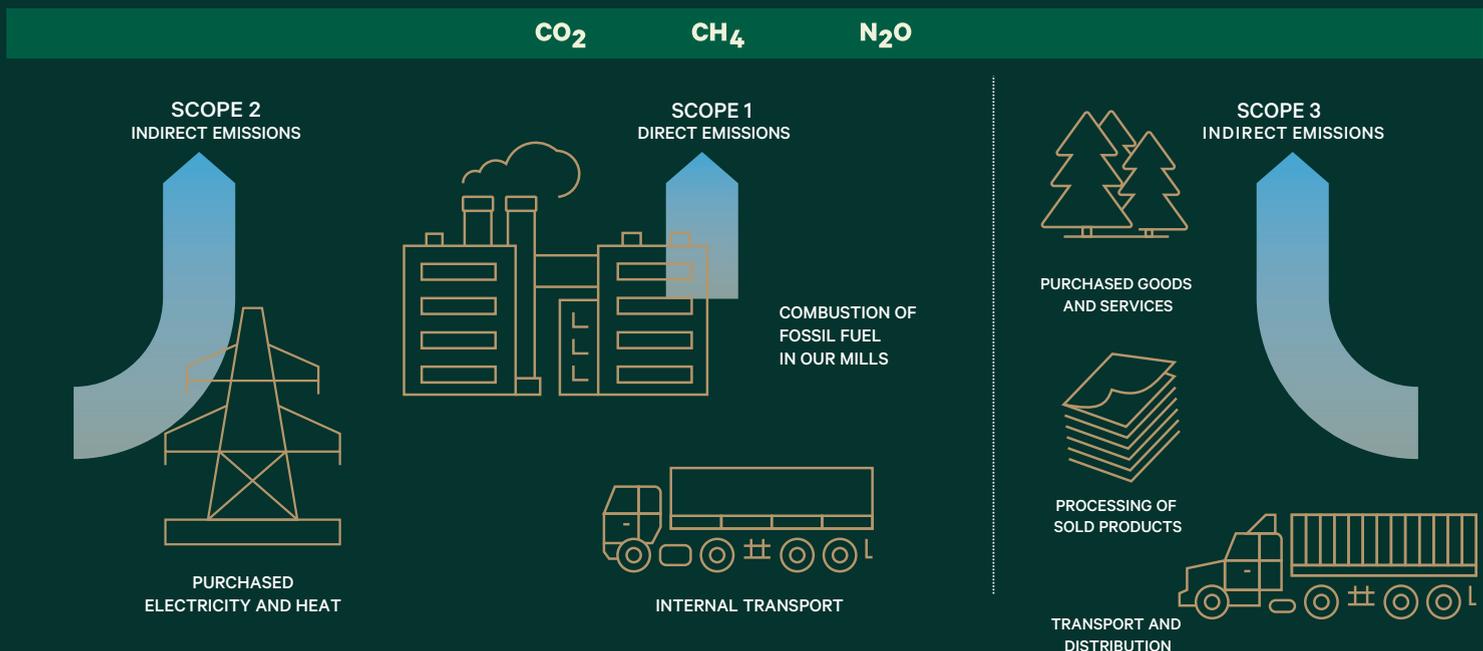
EU TAXONOMY

To meet the climate and energy targets and reach the objectives of the European green deal, the EU has introduced the “EU Taxonomy”, a classification system for sustainable economic activities.

The EU Taxonomy Regulation sets mandatory requirements on disclosure. Norske Skog’s main activities, paper- and containerboard production, do not fall under the scope of the taxonomy activities that are published in the Climate Delegated Act.

The European Commission has been explicit that economic activities that are not recognised by the EU Taxonomy, are not necessarily environmentally sustainable. This is also true for the non-eligible activities in Norske Skog. Norske Skog will closely follow the EU Taxonomy regulation to assess the eligibility for new activities and products from Norske Skog under development.

Sources of greenhouse gas emissions



Energy

The production of publication and packaging 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 to mechanically convert roundwood and wood chips into fibres, called 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.

Norske Skog has comprehensive programmes to continuously reduce energy consumption and become more environmentally friendly by changing the sources of energy. Norske Skog is utilising the effluent to produce biogas with its own biogas plants at Saugbrugs and Golbey for energy sales to external customers. Effluent from Skogn is delivered to an external biogas plant adjacent to the mill. The biogas plants employ biowaste from paper production as fuel, contributing to a reduced carbon footprint and an improved environmental profile for the group.

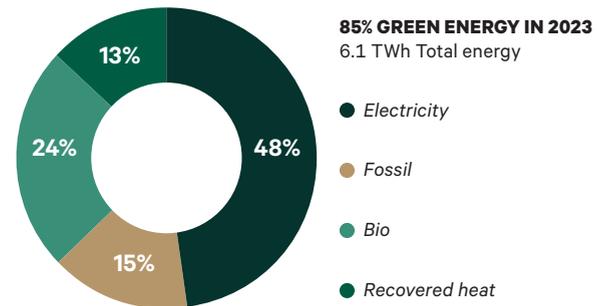
At Bruck in Austria, a 50MW wide range energy boiler utilises refuse derived fuels and paper production residuals to supply the production of paper and containerboard. The energy plant at the Bruck mill provides new revenue from waste handling as well as cost savings in the production process. Bruck delivers surplus heat to the local district heating system supplying 1 500 households (30 GWh). CO₂ emissions from the energy plant is classified as biogenic.

In France, the Green Valley Energie (GVE) project, supported by a partnership between Norske Skog Golbey, PEARL Infrastructure Capital and Véolia Industries Global Solutions (Véolia), involves the design and construction of a 125 MW biomass cogeneration boiler, which will be the largest in France. The plant will produce 200 GWh of electricity and 700 GWh of steam based on 250 000 tonnes of waste wood.

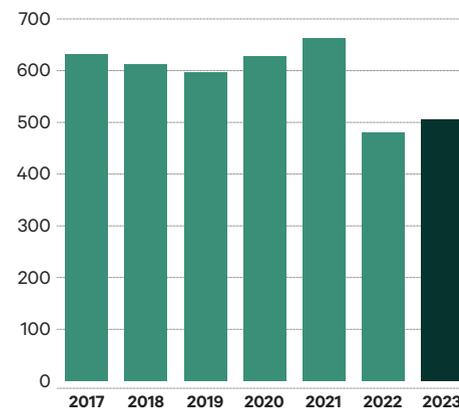
ACHIEVING LESS DEPENDENCY ON FOSSIL-BASED FUEL

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 37%, in addition, electricity covers about 48% and fossil sources 15% of the total energy consumption in 2023. In Norway, less than 1% of the energy sources derives from fossil-based fuels. Since the start-up of the new energy plant at Bruck in 2022, the gas consumption has been reduced by almost 85%. Further reductions will most likely require additional investments. The energy plant is approaching normal capacity utilisation in 2024.

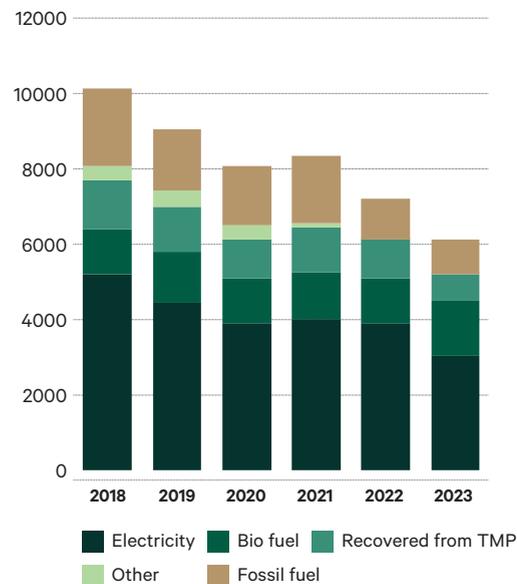
From 2023 Norske Skog presents both input from energy source and energy output, to clearly demonstrate the achieved internal recovery of steam from the thermomechanical process.



ENERGY CONSUMPTION, FOSSIL SOURCES
MWh / tonne



ENERGY CONSUMPTION GWH
(output model)



Pollution *(ESRS E2)*

AMBITIONS

Norske Skog has had a long-term commitment to prevent and reduce pollution of all kinds. The pulp and paper industry have significant environmental impacts, primarily due to the following factors:

- **Water pollution:** Pulp and paper production require substantial amounts of water, which becomes contaminated with bio-chemicals such as lignin, cellulose, and organic compounds during the manufacturing process. Discharging this polluted water into rivers and streams will harm aquatic ecosystems and affect drinking water quality.
- **Air pollution:** The industry emits various pollutants, including volatile organic compounds (VOCs), sulphur dioxide (SO₂), nitrogen oxides (NO_x), and particulate matter (PM), during operations such as during the thermo-mechanical pulp process. These emissions contribute to air pollution, may lead to respiratory problems and environmental degradation.
- **Deforestation:** Norske Skog's paper production in Norway and Australia rely on wood fibres sourced from both plantation and wild forests. Unsustainable logging practices can result in deforestation, habitat loss, and disruption of biodiversity.
- **Solid waste:** The manufacturing process generates solid waste, including sludge, bark, and wood residues. Improper disposal of these wastes can lead to soil contamination and contribute to landfill pollution.

ENVIRONMENTAL COMPLIANCE

To address these environmental challenges, Norske Skog has implemented various measures depending on the actual circumstances surrounding each of the five mills:

- **Investing in cleaner technologies:** Adopting advanced production processes and investing in modern equipment will reduce emissions and minimize environmental impacts. This may include implementing more effective machinery, installing better pollution control devices, and optimizing energy efficiency.
- **Water conservation and treatment:** Implementing water recycling systems and advanced wastewater treatment technologies have help minimize water usage and reduce the discharge of pollutants into water bodies.
- **Sustainable sourcing:** Norske Skog has for decades promoted sustainable forestry practices by sourcing wood fibres from responsibly managed forests certified by organizations like the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). Norske Skog has through its membership in the Norwegian Pulp and Paper Association influenced players in the upstream value chain to strictly follow the certification agreements and sanction any breach of agreed routines and regulations. This will contribute to mitigate deforestation and preserve biodiversity.
- **Waste management:** Implementing effective waste management practices, such as recycling and repurposing solid waste materials, will minimize landfill usage and reduce environmental pollution. Norske Skog continuously explores opportunities for converting waste products into biofuels or other valuable resources.
- **Environmental monitoring and compliance:** Regular monitoring of emissions, water quality, and waste disposal practices will ensure compliance with

environmental regulations and standards. Norske Skog engages and report to proper national environmental authorities, stakeholders, and local communities to address concerns and improve transparency regarding its environmental performance.

By prioritizing environmental sustainability and implementing proactive measures, Norske Skog will mitigate its environmental footprint and contribute to a more sustainable future.

PERFORMANCE

Norske Skog Bruck in Austria had no breach of permits during 2023. In Norway, emission permits are managed and regulated by the Norwegian Environment Agency, which monitor compliance and ensures that emissions targets are in line with national and international climate goals.

In 2024 Norske Skog Skogn and Norske Skog Saugbrugs will follow and report by new and stricter permit standards for air and water pollution. In 2023 Norske Skog Skogn had one breach of water permit concerning suspended solids. In 2023 Saugbrugs reported one significant incident of emission to water. Norske Skog Boyer in Australia reported several issues of non-compliance about suspended solids and nutrient (nitrogen and phosphorus) levels in the water emissions. Norske Skog Golbey in France reported several issues of non-compliance about water temperature, nitrogen level in the wastewater, and air emission from the bio boiler. None of the instances have so far (as of 20 March 2024) resulted in any further actions from the authorities.

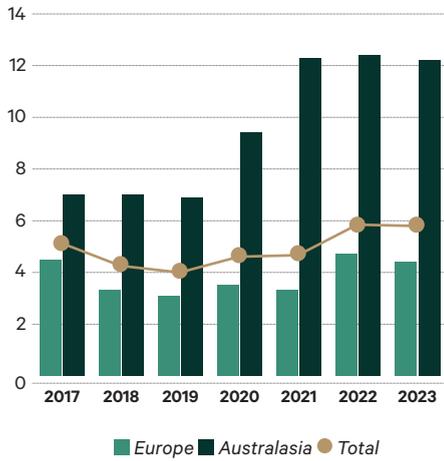
The discharges of dissolved organic material and suspended matters per tonne of paper were respectively down by 1% and up by 8% compared to 2022. This is due to lower production volume resulting in challenges in the water treatment plants. The discharge of nitrogen and phosphorus per tonne of paper was down by 10% from the 2022 reported figures.

The abrupt increase in SO₂ and NO_x figures from 2022 to 2023 are due to inadequate historical processing measurement and methodology, and thus, the SO₂ and NO_x figures at Norske Skog Boyer have been underreported prior to 2023. To rectify this issue and ensure the accuracy of Norske Skog Boyer's emissions data moving forward, the mill will adopt the flow and concentration results from an accredited third-party source. The Norske Skog Boyer mill constitutes 99.7% of the SO₂ emissions, 38% of the NO_x emissions and 73% of the group's CO₂ emissions.

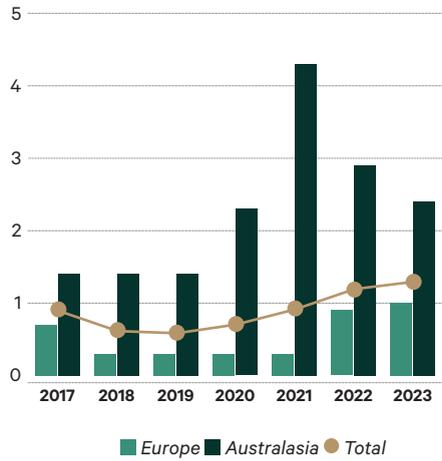
Other year-on-year differences are the result of many factors, including process improvements, utilization of equipment, production-related issues, and product changes.

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

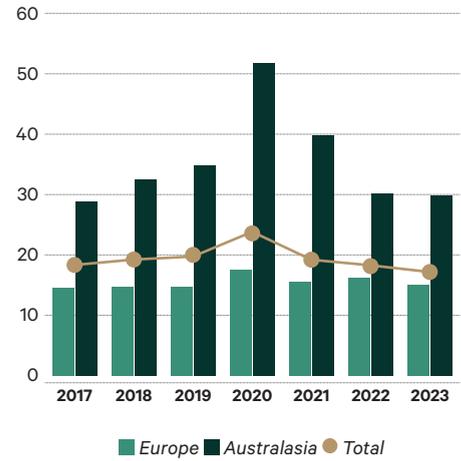
DISCHARGES OF ORGANIC SUBSTANCES (COD)
Kg per tonne of paper



DISCHARGES OF SUSPENDED SOLIDS (SS)
Kg per tonne of paper



DISCHARGES OF WASTEWATER
m³ per tonne of paper



2017 2018 2019 2020 2021 2022 2023

Emission to air

	tonnes	2017	2018	2019	2020	2021	2022	2023
CO ₂ -equivalents (direct)	tonnes	514 000	500 000	466 000	410 000	427 294	294 926	257 268
SO ₂	tonnes	198	175	162	297	401	360	1 030
NOX	tonnes	908	772	786	701	879	709	1 230



Harbour, Norske Skog Saugbrugs, Halden, Norway.
Photo: Stein Johnsen

Water and marine resources *ESRS E3*

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 impact on the surrounding ecosystems.

Water and marine resources are integral to Norske Skog's operations, from raw material sourcing to production processes and transportation, as well as environmental stewardship. However, for Norske Skog water and marine resources are critical for several reasons:

Water supply: Water is essential for the production process in paper manufacturing. Water serves essential purposes in the production process such as pulping, washing, bleaching, paper making, and cooling. Ensuring a reliable and sustainable water supply is crucial for uninterrupted operations.

Wastewater management: The production process generates wastewater containing various chemicals and organic materials. Proper treatment of this wastewater is necessary to meet environmental regulations and minimize the impact on water bodies.

Transportation: Norske Skog relies on marine transportation for shipping raw materials to their facilities and transporting finished products to customers. Access to navigable waterways is essential for efficient logistics and distribution.

Environmental impact: Being mindful of the impact on marine ecosystems is important for Norske Skog's sustainability efforts. Minimizing pollution and adopting environmentally friendly practices help mitigate adverse effects on marine resources and ecosystems.

WATER USAGE PERFORMANCE

Water shall generally be used and recovered multiple times through the pulp and papermaking processes before finally being discharged and treated in numerous stages. These treatments remove solid particles as well as dissolved organic material, making the water suitable for safe return to the natural

environment. A minimum of nutrients such as nitrogen and phosphorus are added during this effluent treatment. Norske Skog is committed to follow the ambitious water permit goals given by the local authorities.

The water usage in 2023 is shown in the illustration. 99% 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.

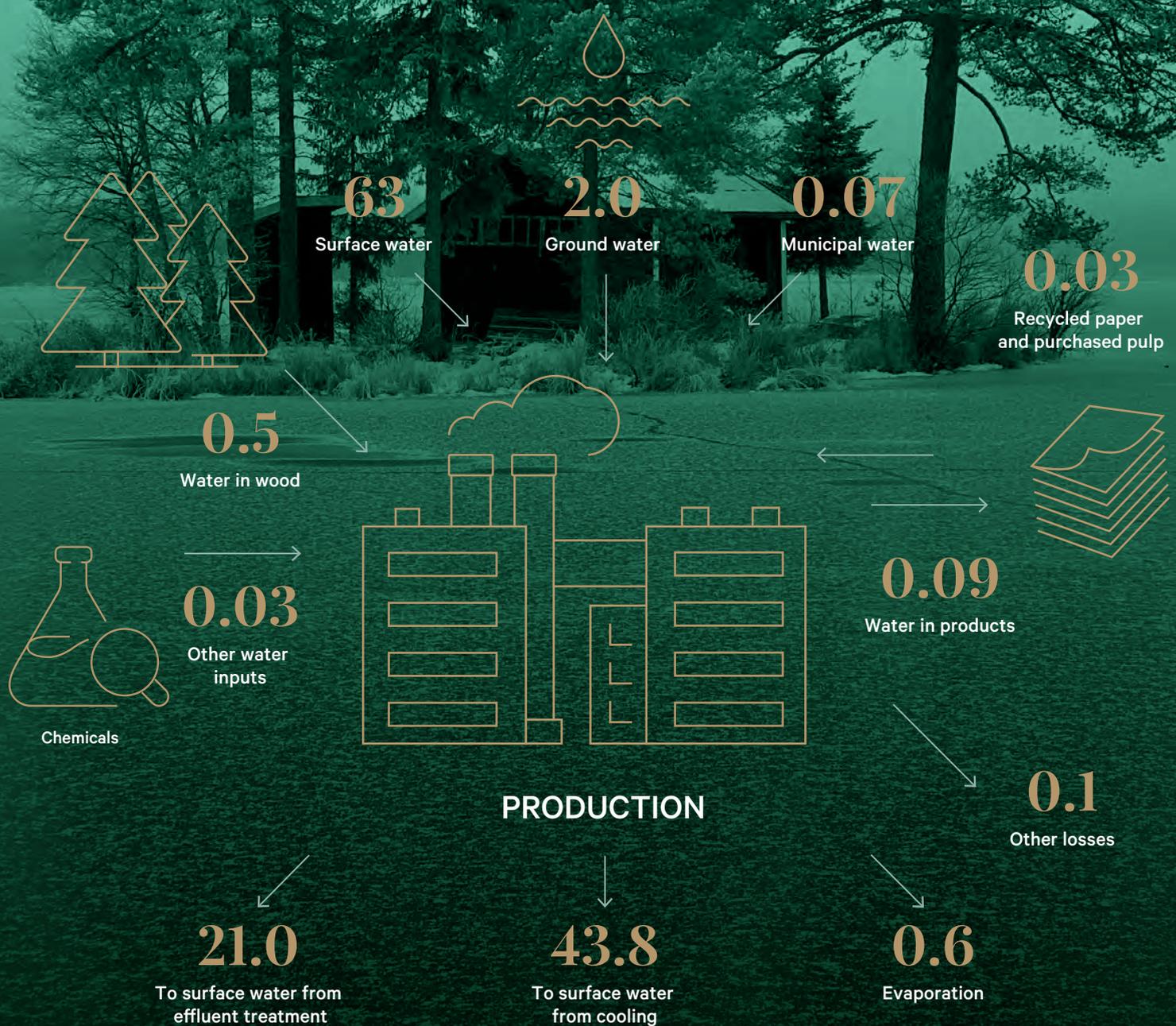
Some of our mills are in areas where access to water and/or flooding might become a risk with climate change. In the long-term both the Norske Skog Golbey and Norske Skog Bruck may experience longer periods of higher temperatures, drier climate, and water limitations during late summer and early fall. Water rationing may occur due to few water reservoir opportunities in the Alps. For the Australian and the Norwegian mills, there will be significant wetter climate, and therefore less risk of shortage of water. Norske Skog will periodically review and make necessary actions to combat these climate risks related to our mills.

WASTEWATER TREATMENT PERFORMANCE

Norske Skog makes great efforts to ensure that the wastewater treatment meet the highest standards. The solid wastes occur mainly from the processing of fibre inputs (wood or recovered paper) and from the treatment of effluent (fibre and biological solids). The subtle change in discharges of organic substances (COD) and suspended solids (SS) are related to technical challenges at the wastewater treatment plant during 2023. At the year end, the Norske Skog Skogn mill has resolved these issues, and the wastewater treatment plant is operating as expected. At Norske Skog Skogn, a new termomechanical pulp line will commence in 2024, which will substitute recovered paper with fresh fibre. The reduction in the Australasian discharges of suspended solids (SS) is mainly related to reduced environmental profile at Boyer.

		2017	2018	2019	2020	2021	2022	2023
Discharges to water								
Discharged process water	mill m ³	46	48	46	41	36	30	28
Discharges of organic substances	tonnes	12 831	10 623	9 226	8 283	8 958	9 989	7 701
Suspended Solid (SS)	tonnes	2 227	1 529	1 329	1 259	1 746	2 030	1 711
Phosphorus (Tot-P)	tonnes	41	31	37	29	30	27	25
Nitrogen (Tot-N)	tonnes	302	280	303	262	268	275	249

Norske Skog global average water use and discharge m³/tonne of paper



The total water consumption in 2023 was 87 722 865 m³, of which 96% derived from surface water. 99% of the water is returned as surface water after cooling and effluent treatment.

Biodiversity and ecosystems *(ESRS E4)*

Norske Skog recognizes the negative impact that its global operations, and their associated value chain, can have on biodiversity and ecosystem services. The main drivers of nature loss are (a) land and water use change, (b) climate change, (c) pollution and (d) raw material harvesting practices.

Norske Skog’s operations are dependent upon ecosystem services provided by nature, including the provision of water, regulation of climate and protection from physical hazards, like floods and landslides. The wood pulp production, specifically, is also dependent on the supply of energy, raw materials and other services that can impact biodiversity and ecosystems at the local, regional, and global level. Norske Skog is therefore responsible to manage the ecosystem risks in the company’s operations and business activities.

Stricter regulations related to impacts on biodiversity and ecosystems could impose new requirements on Norske Skog’s operations and value chain, which may have a financial or reputational effect. Expectations from customers, investors, and banks could affect Norske Skog’s financial performance, cost of capital or access to finance in the medium or long-term.

Our direct impact on biodiversity is managed and controlled through strict laws and regulations that we follow under construction and operations of our production sites. Key indirect impact on biodiversity is mainly identified in upstream activities through sourcing of fresh fibre, which we manage through sourcing of certified and sustainable forests.

Norske Skog, across its facilities in Halden, Skogn, Golbey, Bruck, and Tasmania, takes various measures to handle biodiversity conservation:

HALDEN, SKOBN, AND GOLBEY:

- **Implementing sustainable forestry practices:** Norske Skog collaborates with the forestry value chain and experts like FSC and PEFC, to ensure responsible sourcing of wood fibre, preserving habitats and biodiversity in surrounding forests.

- **Habitat restoration:** Engaging in reforestation and habitat restoration projects through our industry associations, FSC and PEFC connections, to enhance biodiversity and protect endangered species in the areas surrounding their facilities. Norske Skog Skogn has transferred a huge bird life land area to the Norwegian Environmental Agency. Norske Skog Skogn is in dialogue with proper regulatory authorities to clarify the size and scope of the industrial site.
- **Wildlife monitoring:** Through our industry association, Norske Skog is conducting regular assessments to monitor the impact of operations on local wildlife and ecosystems, implementing measures to mitigate any negative effects if necessary. Norske Skog Saugbrugs and Norske Skog Skogn regularly follow-up with action-oriented monitoring of their water recipients according to the Water Frame Directive. In collaboration with The Norwegian Institute for Water Research (NIVA), Norske Skog Saugbrugs monitor the river passing through the industrial site and the nearby fjord. The wildlife in the nearby fjord has been well restored after several stages of wastewater treatment measures.

BRUCK:

- **Environmental management systems:** Norske Skog Bruck adheres to strict environmental management systems, incorporating biodiversity conservation into their operational practices.
- **Collaboration with local stakeholders:** Partnering with local conservation organizations and community groups to identify biodiversity hotspots and implement targeted conservation efforts through regional and local organisations.

TASMANIA:

- **Protection of native forests:** Norske Skog Boyer does not source wood fibre native forests, only from sustainably managed plantations.
- **Conservation partnerships:** Collaborating with Tasmanian authorities and environmental organizations to support conservation initiatives and protect biodiversity in the region.

Driver of nature loss	Relevance for Norske Skog	Response
Land/Water use change	Notwithstanding the location, there will be changes in both land use and water use for all business units. Less precipitation, less snow and ice in the Alps will reduce the availability of water especially in late summer for Bruck and Golbey. Closed mill water system may be required.	As integrated part of the business strategy through SDG evaluation
Climate change	Our European mills have scaled down the carbon footprint level substantially. In Australia, the main source of energy is coal. Tasmanian national programs to reduce coal dependency. Each mill has large renewable energy production with biogenic CO ₂ .	Reach zero CO ₂ emissions in 2050, and 55% reduction within 2030
Pollution	Low emissions in Europe due to production process methodology. Due to coal fire boiler at Boyer, the level of air emissions will decrease when converting to fossil free energy sources.	Convert to fossil free and abstain from using hazardous chemicals in the processes. See also pollution chapter.
Raw material harvesting	92% of purchased fibre has been certified through FSC and PEFC. Industry association work closely with the value chain to adhere to existing FSC/PEFC charters and improve harvesting methods.	Through certification bodies enhance the focus on biodiversity in our ecosystems, see also ESRS E5.

Norske Skog Skogn, Norway. Photo: Daniel Rojo

Resource and circular economy *(ESRS E5)*

Overall, Norske Skog’s approach to resource use and circularity reflects a holistic commitment to environmental sustainability, economic efficiency, and responsible stewardship of natural resources within the paper production industry. Norske Skog shall have an environmental performance that ensures our production and activities have minimal environmental impact. The key objectives in all our business units are efficient production processes with efficient raw material and energy utilisation. Norske Skog expects all business partners to comply with the applicable laws, regulations and principles set out in Norske Skog’s Code of Conduct.

RESOURCE INFLOWS INCLUDING RESOURCE USE

The fibre source used at the different Norske Skog mills depends upon availability, production facilities and economic considerations. The minimisation of transport distances and costs is an increasingly important economic and environmental consideration.

Forestry and use of forest products play an important role in the combat of climate change and for the preservation of biodiversity and ecosystems. For the forest value chain to be a part of the climate change solution, the forests must be managed sustainably. Norske Skog is not a forest owner. However, Norske Skog delivers the following promise:

- 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 wood fibre have third-party verified Chain of Custody (CoC) certification systems in place. Our goal is to have 100% certified wood in our products.
- Norske Skog will collaborate with partners in the value chain and environmental organisations to promote forest owners to follow implemented certification agreements, and to develop harvesting routines that secure long-term availability of certified fresh fibres.

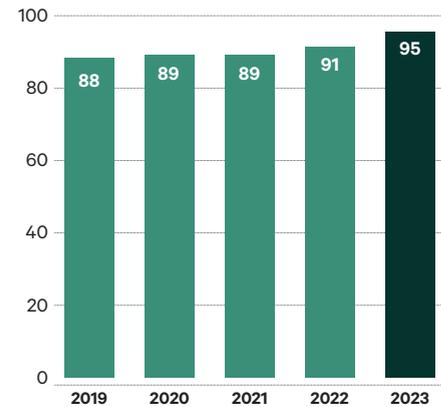
The main global forest challenges are related to deforestation in developing countries and forest biodiversity degradation through the logging of high-conservation areas in many parts of the world. To meet these challenges, we need to ensure that more of the world’s forest areas are managed on a sustainable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

The roundwood component of our fresh fibre came from both forests (68%) and plantations (32%). In all countries where Norske Skog sources wood, forest areas are increasing. The average share of certified fresh fibre in 2023 was 96%. In 2023, Norske Skog consumed 1.9 million m³ of fresh fibre and 0.6 million tonnes of recovered paper..

Roundwood accounted for 85% of our consumption of fresh wood fibres in 2023. Sawmill chips, a by-product from the sawmill industry, accounted for the remaining 15%.



CERTIFIED PERCENTAGE WOOD FIBRE



RESOURCE OUTFLOWS RELATED TO PRODUCTS AND RESIDUES

Norske Skog is committed to maintain sustainable environment and responsible use of natural resources. We are committed to foster innovation and implement continuous improvement activities to have none or only minimal adverse impact on the environment.

Norske Skog exemplifies a strong commitment to resource use optimization and circularity within its operations:

- **Circularity in finished goods:** Norske Skog implements circular principles in its production processes, ensuring that finished paper products are designed for recyclability and reuse.
 - o On average about 75% of the finished goods are recycled according to CEPI figures. This is the highest recycled products of all within EU.
 - o Norske Skog has started production of containerboard, which uses only recycled paper products as input factor. By prioritizing materials that can be efficiently recycled, Norske Skog contributes to the circular economy by minimizing waste and maximizing the lifespan of their products.
 - o The production of bio composites at Saugbrugs serve as a substitute for fossil-based plastic materials will also be recycled and reused as raw material.
 - o Norske Skog's products are sold with an environmental product declaration for paper (paper profile), which guide the paper buyer according to environmental performance on standardised environmental parameters.
 - o All of Norske Skog's business units are certified in accordance with ISO 9001 and 14001.
- **Waste utilization as energy source:** Waste generated during the production process is repurposed as an energy source through methods like biomass combustion or anaerobic digestion. By converting waste into energy, Norske Skog reduces reliance on non-renewable energy sources and minimizes environmental impact while promoting sustainability. The sludge from the wastewater treatment plant is used as energy source for the bio boilers. Although there are huge differences between the mills, in 2023 about 25% of the electricity consumption was recovered as heat from the thermomechanical production process.
- **Reuse ash from bio boiler as fertilizer or cement additive:** Certain waste materials, such as sludge or ash, are reused beneficially rather than being disposed of. These materials can be utilized as fertilizer in agricultural and forestry applications or mixed into cement as an additive, contributing to resource conservation and reducing the need for virgin materials. In Austria, the ash from the bio-boiler is commercialized and sold under the trademark "Stabinor".
- **Continuous improvement:** Norske Skog consistently evaluates and improves its resource utilization practices through innovation and

investment in technology. This includes optimizing production processes to minimize waste generation, enhancing recycling capabilities, and exploring new opportunities for circularity across the value chain. The thermomechanical facilities process fresh fibre, which by nature is renewable. The new thermomechanical production line at Skogn will reduce both emissions of nitrogen and CO₂. Norske Skog has completed and is undergoing several energy efficiencies programs, which have resulted in reduced energy per produced tonne of finished goods.

Shortly, the entire production process is in nature circular. The finished publication and packaging paper products are collected and reused to make new paper products. All residues from the production processes are reused or disposed of either through energy recovery, landfill, agricultural fertilizer or sale/delivery.

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

WASTE

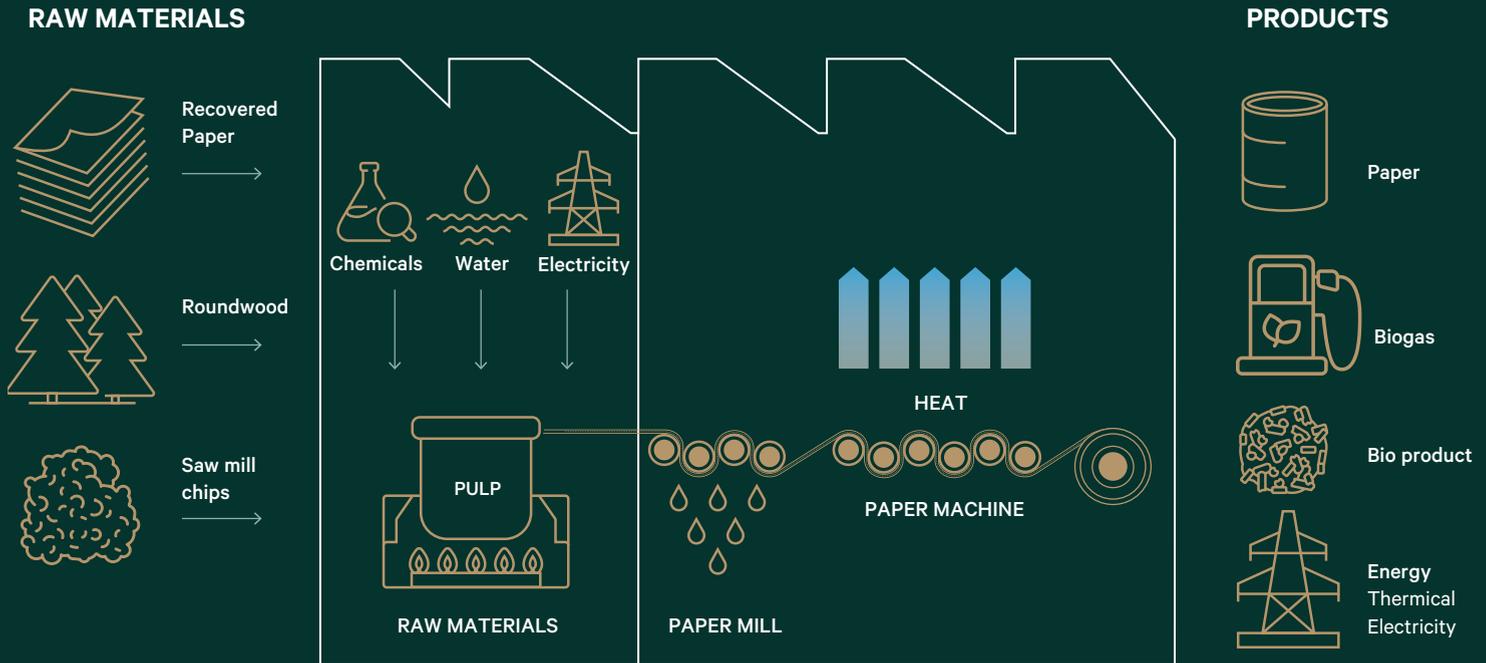
Norske Skog aims to minimize the amount of waste sent to landfill by implementing waste reduction strategies and maximizing recycling and recovery efforts. By diverting waste from landfills, Norske Skog mitigate environmental pollution and reduce the consumption of natural resources. Only about 2% of the waste from the production processes is deposited in landfills.

WASTE PERFORMANCE

The total quantity of dry production waste, such as sludge and bark, generated by the group in 2023 was 258 641 dry tonnes. In 2023, 70% of the waste was used as biofuel for the bio boilers at the mills generating thermal energy. In Europe 82% of the waste was used for energy purposes, whereas in Australia 93% was used for agricultural purposes.

In addition, 122 566 tonnes of ash, which may be used in concrete or brick making, or in road construction, were generated from the combustion process. Ash residues result from combustion processes involving solid fuels. Agricultural re-use is also an option for some ash and organic materials. However, about 43% of the ash are deposited in landfills. This was higher than prior years mainly due to the new energy plant in Bruck. During 2024, Norske Skog aim to identify new use applications for this ash. Different national legislation put limitation on the use of ash. In Austria, Norske Skog Bruck sells the ash under the product brand name Stabinor for construction purposes. In 2023, 498 tonnes of hazardous waste were disposed through authorised collection systems according to national regulations.

Sources of greenhouse gas emissions

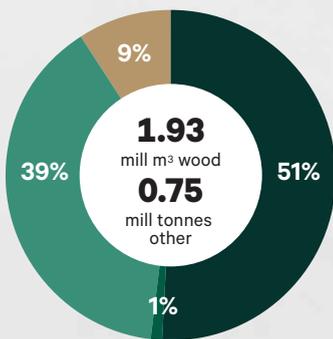


Explanation to the diagram:

The highly simplified diagram above illustrates the paper production process. Main input materials are wood and/or recovered paper, as well as energy 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.



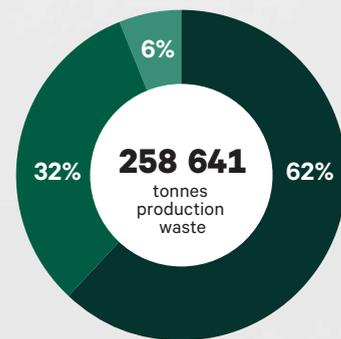
CONSUMPTION OF RAW MATERIAL

- Wood (roundwood and sawmill chips)
- Purchased pulp
- Recovered paper
- Inorganic fillers



DISPOSAL PRODUCTION WASTE

- Biomass used as biofuel
- Agriculture
- Landfill
- Sold or delivered collectors



SOURCES PRODUCTION WASTE

- Sludge
- Bark
- Other



2

Social

Own workforce *(ESRS S1)*

WORKING CONDITIONS

Health and Safety has high 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 and local requirements where we operate, and 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 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 group to achieve the highest level of health, safety and environmental performance. It applies to every unit within Norske Skog and activity carried out by employees and contractors. PSE focuses on three management components: people, assets and systems. Each component includes nine elements (standards), providing the framework for health, safety and loss prevention.

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:

- Define the minimum requirements for the health and safety systems at all levels of operation
- Provide a framework for health and safety systems measurement
- Encourage a consistent approach to health and safety systems
- Identify and share the best practice between business units
- Assess each business unit against the standards and continually improve their systems

Our Norwegian business units have signed an IA agreement regarding a more inclusive workplace with the aim of reducing sickness absence rates and increasing job attendance for all employees. Although the IA Agreement is a distinctly Norwegian concept, our non-Norwegian business units operate under similar conditions. The IA Agreement builds on a tripartite cooperation between the national authorities, the trade unions, and the company. 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 their information into the 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.

HEALTH AND SAFETY PERFORMANCE

Norske Skog had an absence rate due to illness of 4.5 per cent in 2023, which is a 4% decrease from last year. The total number of accidents at the mills are lower compared to 2022, and it was a 138% increase in lost time injuries per million working hours (H1 or LTI) in 2023 compared to 2022.

The Norwegian inclusive working environment (IA) agreement directs the operational objectives for the cooperation:

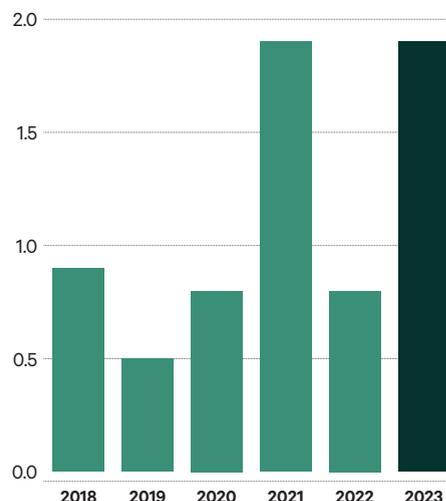
- Reduce sick leave
- Increase employee retention rate
- Increase employment of people with functional impairments
- Increase the retirement age

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.



H1 DEVELOPMENT

Lost time injuries per million working hours



	2019	2020	2021	2022	2023
LTI ¹⁾ (H1)	0.5	0.8	1.9	0.8	1.9
TRI ²⁾ (H2)	9.8	6.6	5.9	7.1	5.7
Absence due to illness	3.7	4.2	4.2	4.7	4.5

¹⁾ LTI = Lost Time Injuries per million working hours.

²⁾ TRI = Total Recordable Incident meaning total number of injuries with and without lost time per million working hours.

KEY FIGURES – EMPLOYEES

Business Unit	Number of employees (FTE) 31 December 2023					Female share in %		% of employees covered by collective agreements End 2023
	Ordinary	Temporary	Apprentices	Other	Total	Top mngt positions End 2023	Other mngt positions End 2023	
Norske Skog Saugbrugs	408	3	35	-	446	22	16	91
Norske Skog Skogn	380	18	22	-	420	10	6	92
Corporate headquarter	26	-	-	-	26	-	33	93
Norway total	814	21	57	-	892	12	14	92
Norske Skog Bruck	418	21	35	3	477	-	4	100
Norske Skog Recycling	26	-	-	4	30	-	100	77
Norske Skog Golbey	380	5	30	-	415	66	20	100
Sales offices in Europe	39	-	1	-	40	33	-	9
Europe total	863	26	66	7	962	29	15	95
Norske Skog Boyer	269	16	17	5	307	14	14	72
Australasia total	269	16	17	5	307	14	14	72
Norske Skog group total	1 946	63	140	12	2 161	19	14	90

EQUAL TREATMENT AND OPPORTUNITIES FOR ALL

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

We take pride in delivering advanced programs for apprentices. These programs are the preferred source when recruiting to our business and a key contribution from Norske Skog to society in terms of quality education. In 2023, 6% of our employees were apprentices and trainees. In Norway, 48% of new hired skilled workers are recruited from apprentice programs, whereas the group achieved 47%.

A containerboard knowledge network group was established to prepare for entering the packaging paper market. Most business units cooperate with selected schools, colleges, and universities in their region. Our engagement embraces activities such as mill visits, project work, diploma theses, trainee, and apprentices’ programs. In our internal continuous improvement programs, we aim to share knowledge and learnings. The group is working to further improve the execution of annual performance reviews and development plans by 2024.

Norske Skog has an overall ambition to promote diversity and inclusion by providing equal employment and career opportunities, in addition to treat all employees fairly and with respect. We consider competence as the key for both the company and the individual.

Norske Skog will conduct an analysis of certain aspects of equality and diversity. Based on the outcome of this analysis, Norske Skog will further develop its targets and initiatives.

The paper industry has traditionally attracted few female employees despite several attempts to attract females to the industry. Shift work and unfavourable working hours have been explanations for the low female share. In 2023, the female share of the total workforce was 13%. Our female share in top management positions is 19%, 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 management positions is 14.5%.

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.

OTHER WORK-RELATED RIGHTS

Norske Skog’s ambitions are to promote decent and transparent working conditions, which are necessary to nurture the productivity, growth, and sustainability of our business. In addition, Norske Skog will comply with employment legislation in the countries where we operate and have close cooperation with unions.

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. In practice, we encourage the Norwegian Discrimination Act’s objectives within our business. Norske Skog will 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. We will also prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith.

Norske Skog Saugbrugs received Platinum Rating from EcoVadis in 2023 for their performance on environmental and social impact, human rights and responsible sourcing. EcoVadis is a leading independent organisation that evaluate supplier performance in terms of sustainability. Platinum rating is the highest possible rating and place them in the top 1% of companies in the pulp and paper industry.

LABOUR ASSOCIATIONS

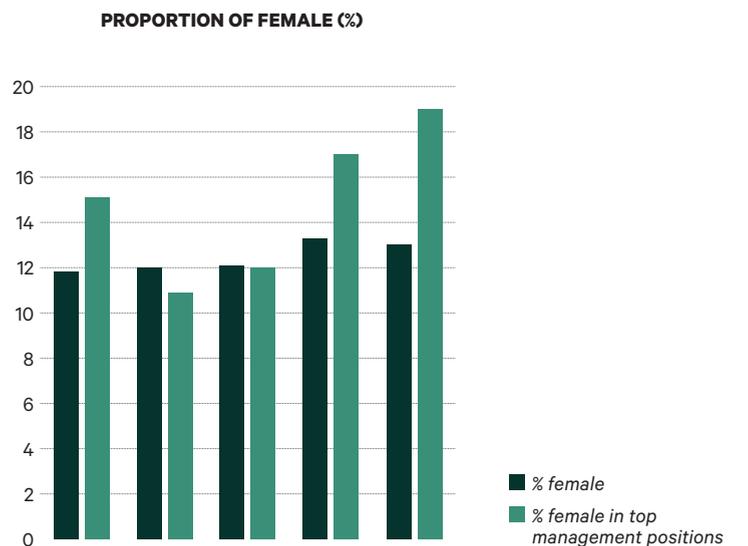
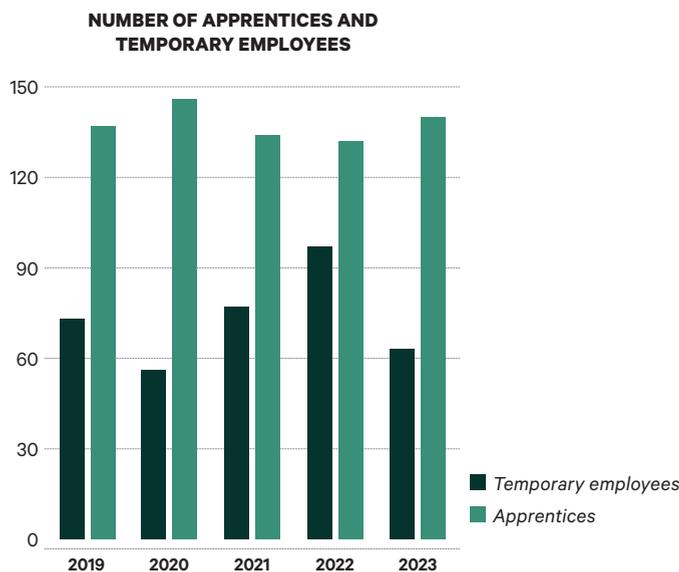
Norske Skog fully complies with all laws regulating collective bargaining and recognises freedom of association. Our commitment to respect the freedom of association is embodied in the Global Framework Agreement on the Development of Good Working Relations, concluded by Norske Skog and the IndustriALL 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.

PEOPLE PERFORMANCE ANALYSIS

As of 31 December 2023, Norske Skog employed 2 161 people in Europe and Australasia, which is an 1% increase from last year was mainly connected to new employees to operate the energy plant and the packaging paper production at Norske Skog Bruck. The turnover of people, including retirement, was 11%. Our employment levels are not subject to seasonal variations, and the share of temporary employment is around 3% of the total.

In 2023, unions represented 90% 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.

Norske Skog offers employee welfare programs to support the physical, mental, and financial well-being of its workers. This includes health insurance, retirement plans, wellness initiatives, and support services for work-life balance.



Workers in the value chain *ESRS S1*

Norske Skog demonstrates social responsibility towards workers in the value chain through various initiatives and practices:

- **Safe working conditions:** Norske Skog expect that the suppliers in the value chain prioritize the safety and well-being of its workers by implementing robust health and safety protocols. This includes providing proper training, personal protective equipment, and maintaining safe working environments to prevent accidents and injuries.
- **Fair employment practices:** Norske Skog adheres to fair employment practices, ensuring equal opportunities, non-discrimination, and fair wages for all workers within its value chain. This commitment extends to contractors, suppliers, and subcontractors involved in its operations.
- **Labor rights and standards:** Norske Skog seeks to collaborate and buy goods and services from companies that respect labour rights and complies with relevant labour standards, including those outlined by international organizations such as the International Labour Organization (ILO). This includes respecting workers' rights to freedom of association, collective bargaining, and fair working hours.

Overall, Norske Skog's social responsibility for workers in the value chain encompasses efforts to ensure safe working conditions, fair employment practices, employee welfare programs, respect for labour rights, training and development opportunities, and community engagement. These initiatives aim to promote a positive and sustainable impact on workers' lives and the communities in which the company operates.

Where Norske Skog has no operational responsibility, but has an equity stake, or where significant Norske Skog assets are involved in a subcontracting site or otherwise in the value chain, 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.

THE NORWEGIAN TRANSPARENCY ACT

The Norwegian Parliament has passed the Transparency Act (In Norwegian: "Åpenhetsloven") with the purpose to promote companies' respect for fundamental human rights and decent working conditions in connection with the production of goods and services, and to ensure the public access to information on how companies handle negative consequences on fundamental human rights and decent working conditions.

The act applies to large enterprises that are domiciled in Norway, which offer goods and services inside or outside Norway. The act entered into force on 1 July 2022. Norske Skog complies with the obligations under the scope of this act.

MODERN SLAVERY AND TRAFFICKING STATEMENT IN AUSTRALIA

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.

RESPECTING HUMAN RIGHTS

Norske Skog is committed to respect and support fundamental human rights and decent working conditions of all individuals potentially affected by our operations and business relationships. We perform human rights due diligence in accordance with the OECD Guidelines for Multinational Enterprises and ensure compliance with relevant national legislations.

Norske Skog does not have operations in countries with high risk of human rights violations. As a global company, with suppliers and customers in a variety of countries, we do however recognize that Human Rights risk may be present in our value chain.

Norske Skog has established processes for responsible business conduct into our management systems. A Human Rights Policy has been approved by the board of directors. As part of this process, we have developed a Human Rights Manual for internal use, describing roles, responsibilities and compliance activities at group and business unit levels as including practical guidance.

Business units across Norske Skog group have started the work of systematically identifying and assessing actual and potential negative consequences for basic human rights and decent working conditions. Results from the high-level identification process highlight three areas of priority across our value chain:

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

As part of this process, Norske Skog identified that vulnerable groups, represented by low-skilled workers, migrant- and temporary workers are at higher risks of experiencing potential adverse impacts. Norske Skog has established processes for assessing high risk suppliers by evaluating two dimensions; Sector Risk and Country risk (represented by country of production). Sector risk is found to be most significant through sourcing of chemicals, transport and logistics services, paper mill machinery and construction services. Norske Skog is focusing its risk-assessment of suppliers in these sourcing categories. Sourcing of wood is not considered a high-risk category due to the sourcing of FSC / PFSC certified wood which include social audits on labor conditions. Tier one suppliers in the identified high risk sourcing categories are subject to country risk assessment.

Our business units have started the process of assessing prioritized areas in selected purchasing categories. In 2023 Norske Skog issued Supplier Self-Assessment Surveys on Human Rights to total of ~330 suppliers. The response rate was ~50%. Norske Skog has not identified any actual adverse impacts on human rights linked with the suppliers during this reporting period.

In 2024 Norske Skog will start using digital platform for collecting information from suppliers that will support our Human Rights due diligence process. This will enable efficient follow up of a larger group of suppliers covering the ESG, not only Human Rights.

During 2024 our efforts in mitigating potential Human Rights risk in our supply chain will focus on update of internal routines and policies for procurement including dialogue with key suppliers regarding expectations and ambitions. As part of this we will also review potential target setting.

Norske Skog publishes Annual Statement on Human Rights our webpage.



Affected communities *(ESRS S3)*

COMMUNITIES' ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Norske Skog seeks to understand the actual and potential impacts our operations have on local communities, and to understand their expectations and needs. We cooperate and report to the local communities about significant infrastructure investments and services supported, both current or expected impacts on communities and local economies.

Several business units are situated in immediate proximity to local towns. Norske Skog aims to be a strong and solid contributor for these communities. To manage this relationship, we have established a target to report the significant social, environmental, safety and economic impacts our operations have on these local communities. We achieve this by working closely with the community in various aspects, both authorities and private partners and through open and honest dialogue about environment, safety- and economic issues on regularly.

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 acknowledge that Norske Skog's decisions may have great significance and impact on the local community. We believe that an open dialogue and cooperation with the local community on strategies and investment plans will benefit all parties in the long-term. During the process to establish new industrial facilities and machine conversions at Norske Skog Bruck and Norske Skog Golbey, Norske Skog had and still have positive experience with the comprehensive dialogue and communication with stakeholders in the local communities.

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.

RIGHT OF INDIGENOUS PEOPLE

Norske Skog operates in culturally and geographically diverse regions like Tasmania, Norway, Austria, and France, where considerations regarding the rights of indigenous peoples are significant. Here's how Norske Skog could potentially be involved with indigenous rights at these locations:

TASMANIA:

Engagement with aboriginal communities: Norske Skog could engage with Tasmanian Aboriginal communities to understand and respect their cultural heritage, traditional land use, and rights. This could involve consultation processes, collaboration on land management practices, and supporting indigenous-led initiatives for cultural preservation and economic empowerment.

NORWAY:

Sami reindeer herding: In Norway's northern regions where Sami indigenous communities reside, Norske Skog has through the collaboration with the FSC and PEFC certification methodology collaborated with the Sami reindeer herders to ensure that forestry harvesting activities respect their traditional reindeer grazing lands and migration routes. This might involve land-use agreements, consultation mechanisms, and mitigation measures to minimize conflicts.

AUSTRIA:

Engagement with local communities: While Austria does not have recognized indigenous communities in the same sense as Tasmania or Norway, Norske Skog could still engage with local communities, including ethnic minorities or marginalized groups, to ensure that their rights and interests are respected. Norske Skog practices equal right policy to ensure ethnic diversity especially related to equitable employment opportunities.

FRANCE:

Collaboration with local stakeholders: Norske Skog respects the cultural heritage, supporting sustainable land management practices, and promoting social inclusion and diversity in France.

Overall, Norske Skog's involvement with indigenous peoples at relevant locations would involve respectful engagement, acknowledgment of traditional knowledge and rights, and collaboration to ensure that their operations contribute positively to the well-being and empowerment of indigenous and local communities.



Control room at Norske Skog Saugbrugs, Halden, Norway.
Photo: Stein Johnsen

Consumers and end-users *(ESRS S4)*

INFORMATION RELATED IMPACTS FOR CONSUMERS AND END USERS

Norske Skog may affect consumers and end users in several ways:

- **Product availability and quality:** Norske Skog's production of paper and paper-based products contributes to the availability of these goods in the market. The company's commitment to quality control ensures that consumers receive products meeting certain standards of performance and durability. Norske Skog publish Paper Profiles for its publication paper products. In addition, Norske Skog has numerous ISO-certifications, and the sourcing of fresh fibre is certified either through FSC or PEFC.
- **Product diversity:** Norske Skog's diverse product portfolio, which includes newsprint, magazine paper, packaging paper, nanocellulose, bio-composites and energy, provides consumers with a range of options to meet their specific needs and preferences.
- **Environmental impact:** Consumers may be concerned about the environmental impact of paper production. Norske Skog's sustainability efforts, such as sourcing from responsibly managed forests and implementing eco-friendly practices, may influence consumers' perceptions and purchasing decisions.
- **Price:** Norske Skog's pricing strategies clearly affect the affordability of paper products for consumers. Factors such as production costs, market demand, and competition may influence the prices of Norske Skog's products in the marketplace.
- **Innovation and technology:** Norske Skog's investments in research, innovation, and technology lead to advancements in paper manufacturing processes, product design, and performance characteristics. This innovation benefits consumers by offering improved products with enhanced features or functionalities.
- **Corporate reputation:** Norske Skog's corporate reputation, including factors such as ethical business practices, social responsibility initiatives, and customer satisfaction, may influence consumers' perceptions of the company and their willingness to support our existence, products, and production processes.

Overall, Norske Skog's production and commercial activities have a direct or indirect impact on consumers and end users through product availability, quality, diversity, environmental considerations, pricing, innovation, and corporate reputation.

PERSONAL SAFETY OF CONSUMERS AND END USERS

Norske Skog's diverse product portfolio can impact the personal safety of consumers and end users in various ways:

- **Packaging safety:** Packaging paper produced by Norske Skog is used in various consumer products, including food packaging and household goods. Ensuring the safety of packaging materials is essential to prevent contamination or harmful exposure to chemicals. Norske Skog's commitment to quality control and adherence to safety regulations can contribute to the safe use of packaging materials by consumers.
- **Nanocellulose and bio-composites:** Norske Skog's production of nanocellulose and bio-composites introduces innovative materials into the market. While these materials offer potential benefits such as lightweight, strength, and sustainability, their safe use requires careful consideration of potential health risks, such as inhalation or skin exposure to nanoparticles. Norske Skog's research and development efforts likely include assessing the safety of these materials and providing appropriate guidance for their handling and use by consumers.
- **Energy products:** Norske Skog may produce energy as a by-product of its manufacturing processes or through dedicated energy production facilities. Norske Skog sells biogas in Norway and France, and heat from waste to energy plant in Austria to the local market. While energy products themselves may not directly impact consumer safety, ensuring the safe operation of energy facilities and compliance with relevant safety regulations is crucial to prevent accidents or environmental hazards that could affect nearby communities or consumers.
- **Regulatory compliance:** Norske Skog operates within a regulatory framework that sets standards for product safety, occupational health, and environmental protection. Compliance with these regulations helps ensure that products manufactured by Norske Skog meet safety requirements and do not pose undue risks to consumers or end users.

Norske Skog's impact on the personal safety of consumers and end users is influenced by our adherence to safety regulations, quality control measures, and responsible handling of materials throughout its diverse product portfolio. By prioritizing safety in its operations and products, Norske Skog can help mitigate potential risks and contribute to the well-being of consumers and end users.





Corporate governance

Norske Skog ASA is the ultimate parent company of the Norske Skog group, which is a paper manufacturing group with production and sales operations in Europe and Australia. Norske Skog's goal is to increase shareholder value, through profitable and sustainable production of publication and packaging paper as well as other fibre and energy related business. Norske Skog ASA is a Norwegian registered public limited liability company listed on the Oslo Stock Exchange and is subject to Norwegian law, including Norwegian and EU securities legislation and stock exchange regulations.

The board of directors of Norske Skog has a strong focus on ensuring compliance with applicable corporate governance standards. Norske Skog is subject to reporting requirements for corporate governance pursuant to Section 3-3b the Norwegian Accounting Act and complies with the Norwegian Code of Practice for Corporate Governance (the "Code", see www.nues.no, English pages). The Code was last revised on 14 October 2021.

Corporate governance principles as referred to in this statement define roles and responsibilities, powers, and processes, between and within governing bodies, such as the general meeting, the board of directors and the corporate management. For further information on corporate bodies and corporate governance matters, please visit Norske Skog's website www.norskeskog.com/sustainability/governance.

Corporate governance is continuously addressed by the board of directors, and the board of directors has approved this corporate governance statement. There are no material amendments to the corporate governance statement compared to the corporate governance statement included in the annual report for 2022.

1. Implementation and reporting on corporate governance

This corporate governance statement follows the structure of the Code published on 14 October 2021. Deviations from the Code shall be explained where relevant in this statement, together with a summary of all deviations in this section 1.

There are currently no deviations from the Code.

The corporate governance principles adopted by Norske Skog are set out in the company's Corporate Governance Policy and are fundamental for the company's corporate governance and value creation. Norske Skog's Corporate Governance Policy is based on the Code and, as such, it is designed to establish a basis for good corporate governance and to support achievement of the company's core objectives on behalf of its shareholders, including the achievement of profitability for the shareholders of Norske Skog in a sustainable manner. The way Norske Skog is governed is vital to the development of its value over time.

Norske Skog believes that good corporate governance involves openness, honesty and cooperation between all parties involved in and with the group: the shareholders, the board of directors and executive management, employees, customers, suppliers, public authorities, and the society in general.

By pursuing the principles set out in the Corporate Governance Policy, the board of directors and management shall contribute to achieving the following

objectives:

- Openness and honesty. Communication with the interest groups of Norske Skog shall be based on openness and honesty on issues relevant for the evaluation of the development and position of the company.
- Independence. The relationship between the board of directors, the management and the shareholders shall be based on independence. Independence shall ensure that decisions are made on an unbiased and neutral basis.
- Equal treatment. One of Norske Skog's primary objectives is equal treatment and equal rights for all shareholders.
- Control and management. Good control and corporate governance mechanisms shall contribute to predictability and reduce the level of risks for shareholders and other interest groups.

The development of, and improvements in, the company's Corporate Governance Policy are ongoing and important processes that the board of directors and management have continuous focus on.

Deviations from the Code: None.

2. Business

Norske Skog's business purpose is set out in the Articles of Association, article 2: "The company's objective is to conduct wood processing industry, investing activities and activities related to this, as well as providing headquarter services for the group, including raise of external loans and conducting group financing arrangements." The Articles of Association are available on the company's website, www.norskeskog.com/investors/articles-of-association. The business of the company is conducted in accordance with the targets, strategies and risk profile determined by the board of directors, within the scope of the company's business purpose, to realise value creation for the shareholders in a sustainable manner. The board of directors considers the targets, strategies, and risk profile of the company on a continuous basis.

The company has established guidelines and principles which are used to integrate considerations to human rights, decent working conditions, employee rights and social matters, the external environment and anti-corruption and other compliance efforts in its business strategies, its day-to-day operations and in relation to its stakeholders. This includes but is not limited to the Norske Skog Steering Guidelines and the Code of Conduct. Compliance with the Steering Guidelines and the Code of Conduct is mandatory for all employees in the group and others acting on the group's behalf, and similar conduct and ethical standards are expected from suppliers, customers, other business relations and in partnerships, joint ventures, and partially owned subsidiaries. The Steering Guidelines and the Code of Conduct can be found on the company's website, www.norskeskog.com/sustainability/governance/steering-guidelines.

Sustainability and corporate social responsibility are integrated parts of the group's business and are described in the sustainability report section of the annual report.

Deviations from the Code: None.

3. Equity and dividends

SHARE CAPITAL

The share capital of Norske Skog is set out in the Articles of Association, article 4. The company's share capital at year end 2023 was NOK 377 058 820, divided into 94 264 705 shares, each with a nominal value of NOK 4.00.

EQUITY

The board of directors is responsible for ensuring that the group is adequately capitalised relative to the risk and scope of operations and that the capital requirements set forth in laws and regulations are met. The company shall have an equity capital at a level appropriate to its objectives, strategy, and risk profile. The board of directors shall continuously monitor the group's capital situation and shall immediately take adequate steps if the company's equity or liquidity is less than adequate.

Norske Skog's consolidated total equity as at 31 December 2023 was NOK 6 161 million, which is equivalent to 41.8% of total assets (for Norske Skog ASA, the total equity was NOK 4 494 million, which is equivalent to 55.9% of total assets).

DIVIDEND POLICY

It follows from Norske Skog's Corporate Governance Policy that the company shall, always, have a clear and predictable dividend policy established by the board of directors. The dividend policy forms the basis for the board of directors' proposals on dividend payments to the company's general meeting.

The company's dividend policy has historically been to pay dividends reflecting the underlying earnings and cash flow while ensuring efficient capital allocation in the group. When deciding the dividend level, the board of directors will among other things take into consideration capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility of the group. The group's financing arrangements for the projects to convert newsprint production capacity to recycled containerboard production capacity include restrictions on dividend distribution in the period up to July 2025. The company's dividend policy has therefore been suspended until such restrictions do no longer apply. For financial years with particularly strong financial performance, however, the company may consider requesting consent from relevant financing providers to make dividend distributions.

CAPITAL INCREASES AND ISSUANCE OF SHARES

The general meeting in 2023 authorised the board of directors to increase the share capital one or several times with an aggregate amount of up to NOK 37 705 882, equivalent to 10% of the company's share capital. The authorisation may be used for general corporate purposes, including, but not limited to, financing of the company's strategic plans and in connection with acquisitions of companies or other businesses. The authorisation was granted for the period up to the annual general meeting in 2024. As of the date hereof, the authorisation has not been used.

Deviations from the Code: None.

4. Equal treatment of shareholders

The company has only one class of shares. Each share in the company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis unless there is just cause for treating them differently.

In the event of an increase in share capital through issuance of new shares, a decision to deviate from existing shareholders' pre-emptive rights to subscribe for shares shall be justified. Where the board of directors resolves to issue shares and deviate from the pre-emptive rights of existing shareholders pursuant to an authorisation granted to the board of directors by the general meeting, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the share issuance.

Any transactions in treasury shares carried out by the company shall be carried out on the Oslo Børs, and in any case at the prevailing stock exchange price. If there is limited liquidity in the company's shares, the company will consider other ways to ensure equal treatment of shareholders. Any transaction in treasury shares by the company is subject to notification requirements and shall be publicly disclosed in a stock exchange announcement.

Deviations from the Code: None.

5. Shares and negotiability

The shares of the company are freely negotiable and there are no limitations on any party's ability to own or vote for shares in the company.

Deviations from the Code: None.

6. General meetings

The general meeting is the shareholders' forum and the supreme governing body of the company. The Articles of Association do not limit the shareholders' rights as provided by the Public Limited Liability Companies Act. The board of directors sets the agenda for the general meeting. The minutes from the general meeting are published externally and on the company's website, in accordance with applicable laws and deadlines.

The board of directors shall ensure that as many of the company's shareholders as possible are able to exercise their voting rights at the company's general meetings, and that the general meeting is an effective forum for shareholders and the board of directors, which shall be facilitated through the following:

- the resolutions and any supporting documentation shall be sufficiently detailed, comprehensive, and specific allowing shareholders to understand and form a view on all matters to be considered at the general meeting.
- deadlines for shareholders to give notice of their attendance at the general meeting shall be set as close to the date of the general meeting as practically possible.
- the board of directors and the chair of the nomination committee shall be present at general meetings, while other members of the nomination committee as well as the auditor shall be present at general meetings where matters of relevance for such committees/persons are on the agenda; and

- the board of directors shall ensure that the general meeting can elect an independent chair for the general meeting.

The shareholders shall be able to vote on each of the matters on the agenda and shall be able to vote separately on each candidate at elections. Shareholders who are unable to be present at the general meeting, or for other reasons so desire, shall be given the opportunity to vote electronically through VPS in advance of the general meeting, be represented by proxy and to vote by proxy. The company shall in this respect:

- provide information on the procedure for voting electronically in advance of the general meeting.
- provide information on the procedure for attending by proxy.
- nominate a person who will be available to vote on behalf of shareholders as their proxy; and
- prepare a proxy form, which shall, to the extent this is possible, be set up so that it is possible to vote on each of the items on the agenda and the candidates nominated for election.

Deviations from the Code: None.

7. Nomination committee

Pursuant to the Articles of Association, article 8, the company shall have a nomination committee consisting of between one and three members. The company's general meeting elects the members and the chair of the nomination committee and determines their remuneration. The majority of the members of the nomination committee shall be independent from the company's board of directors and executive management. The members of the nomination committee shall not be members of the board of directors or the executive management, and not offer themselves for election to the board of directors. The composition of the nomination committee should be such that the interests of shareholders in general are represented. The nomination committee currently consists of three members, Yngve Nygaard, who serves as the chair of the committee, Gert Steens and Terje Sagbakken.

The general meeting shall approve the instructions for the nomination committee. These instructions set out the objectives, responsibilities, and functions of the nomination committee, and provide guidelines for rotation of its members. The company shall provide information regarding the composition of the nomination committee, the members of the nomination committee and any deadlines for submitting proposals to the nomination committee as part of its recommendations to the general meeting.

The nomination committee shall recommend candidates for the election of members and chair of the board of directors, candidates for the election of members and chair of the nomination committee, and remuneration of the members of the board of directors, its board committees, and the nomination committee.

The nomination committee shall have contact with shareholders, the board of directors on individual basis and the company's executive personnel as part of its work on proposing candidates for election to the board.

The nomination committee's recommendation of candidates to the nomination committee shall ensure that they represent a broad group of the company's shareholders. The nomination committee's recommendation of candidates to the board of directors shall ensure that the board of directors is composed to

comply with legal requirements and principles of corporate governance. The nomination committee shall justify why it is proposing each candidate separately. The proposals from the nomination committee shall include a reasoning for its proposal, as well as a statement on how it has carried out its work. The nomination committee's proposal shall include information about the candidates and shall be made available at the latest in accordance with the 21 days' notice rule to call for a general meeting. Shareholders shall be given the opportunity to submit proposals to the nomination committee for candidates for election to the board of directors and other appointments in a simple and practical manner. Any date for when such proposals must be submitted to be considered by the nomination committee shall be communicated. The nomination committee of Norske Skog are, however, generally available to receive proposals for candidates or other input from shareholders at any time throughout the year.

Deviations from the Code: None.

8. The board of directors' composition and independence

According to the Articles of Association, the board of directors of Norske Skog shall have between three and eight board members. The current number of board members is four, and in addition there are two observers to the board of directors being union representatives from each of the two Norwegian mills. The composition of the board of directors should ensure that the board of directors has the expertise, capacity and diversity needed to achieve the company's goals, handle its main challenges, and promote the common interests of all shareholders. Each board member should have sufficient time available to devote to his or her appointment as a board member. The number of board members should be determined on this basis. Furthermore, individuals of the board of directors shall be willing and able to work as a team, resulting in the board of directors working effectively as a collegial body.

The board of directors shall be composed so that it can act independently of any special interests. A majority of the shareholder-elected members of the board of directors shall be independent of the executive management and material business connections of the company. At least two of the members of the board of directors shall be independent of shareholders that owns or controls 10% or more of the company's shares or votes, meaning that there are no circumstances or relations that may be expected to be able to influence the independence of the board members' assessments.

The members of the board of directors and the chair of the board of directors shall be elected by the company's general meeting. No member of the company's executive management shall be a member of the board of directors. At least half of the members of the board of directors shall reside in Norway or another EEA country. Both genders shall be represented on the board of directors in compliance with the gender representation requirements set out in section 6-11a of the Norwegian Public Limited Liability Companies Act. The term of office for the board members shall not be longer than two years at a time. Members of the board of directors may be re-elected. The election of the members to the board of directors should be phased so that the entire board of directors is not replaced at the same time.

The following table summarises the roles of the members of the board of directors and meeting attendance at board meetings held in 2023:

Name (*)	Residence	Role	Committee memberships	Board meetings attended	Board member since	End of term
John Chiang ⁽ⁱⁱ⁾	London, UK	Chair	Audit committee and remuneration committee	2/2	2018	2023
Geir Drangslund ⁽ⁱⁱⁱ⁾	Oslo, Norway	Chair	Audit committee and remuneration committee	6/6	2023	2023
Arvid Grundekjøn ^(iv)	Oslo, Norway	Chair	Audit committee and remuneration committee	11/11	2018	2025
Trine-Marie Hagen	Oslo, Norway	Board member	Audit committee and remuneration committee	11/11	2019	2025
Nikolai Johns ^(v)	Oslo, Norway	Board member	N/A	3/3	2022	2023
Johanna Lindén	Gothenburg, Sweden	Board member	N/A	10/11	2022	2024
Christoffer Bull ^(vi)	Oslo, Norway	Board member	N/A	7/8	2023	2025

⁽ⁱⁱ⁾ Please refer to the description in the board of directors' section of the annual report for further information on the expertise, experience and independence of the members of the board of directors, as well as the board members' respective shareholdings in the company. Comments have been provided in the following for board members who have not served in their roles for the whole of 2023.

⁽ⁱⁱⁱ⁾ John Chiang served as chair of the board of directors and participated in 2 of 2 board meetings in the period prior to the extraordinary general meeting held on 9 March 2023, at which Geir Drangslund was elected as the new chair of the board of directors.

^(iv) Geir Drangslund served as chair of the board of directors and participated in 6 of 6 board meetings in the period from the extraordinary general meeting held on 9 March 2023 to

31 August 2023, at which date Geir Drangslund resigned from the board of directors to assume the position as CEO.

^(v) Arvid Grundekjøn served as a board member until 31 August 2023 at which date, he was elected as chair of the board of directors to succeed Geir Drangslund.

^(vi) Nikolai Johns served as a board member until the annual general meeting in 2023 and participated in 3 of 3 board meetings.

^(vii) Christoffer Bull was elected as a board member at the annual general meeting in 2023 and participated in 7 of 8 board meetings.

The board members have a statistic attendance at board meetings of nearly 100% as described in further detail in the schedule above.

Members of the board of directors are encouraged to own shares in the company. However, caution should be taken not to let this encourage a short-term approach, which is not in the best interests of the company and its shareholders in the longer term.

The nomination committee's proposal to the general meeting (as further described in item 7 above) shall include detailed information on candidates for the board of directors (both appointments and re-elections) and shall be made available at the latest in accordance with the 21 days' notice rule to call for a general meeting.

Deviations from the Code: None.

9. The work of the board of directors

The board of directors' main tasks comprise the overall responsibility for the management of the company and overseeing the daily administration and operations of the company. The work of the board of directors is carried out in accordance with the rules and standards applicable to the group, as described in the company's Corporate Governance Policy's instructions to the board of directors. The instructions to the board of directors include detailed description of duties and responsibilities of the board members, as well as working and meeting procedures. The Corporate Governance Policy's instructions to the board of directors and the instructions to the CEO include procedures for how the board of directors and executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. Agreements with related parties are described in Note 30 Related parties in the consolidated financial statements.

The board of directors prepares an annual plan for its work, clearly setting out strategic, financial, operational, and organisational matters for discussion and resolution. In addition to addressing the matters on such plan, the board of directors continuously addresses matters and processes which require the board of directors' involvement from time to time. Throughout 2023 and into 2024, the board of directors has in addition to recurring matters concentrated a significant amount of time on the strategic development and projects of the group. Among the most important strategic projects of the group worked on by the board of directors during 2023 are the group's conversion of newsprint paper machines to recycled containerboard paper machines, with one machine at the Bruck mill in Austria and one machine at the Golbey mill in France, including the energy boiler projects at these mills that are being constructed in tandem with the conversions. In addition, the board of directors allocated significant time to follow up the consequences for the Saugbrugs mill of the rockslide that occurred in April 2023 and affected paper machine 6 (PM6), including with respect to the settlement with the insurance company and restart of the previously idled paper machine 5 (PM5). Furthermore, efforts and results within the areas of health, environment and safety are annually reported comprehensively to the board of directors, and the CEO reports on health, environment and safety, operations, and market developments in every board meeting. The board of directors actively manages the resources of the board of directors and its committees in accordance with the relative strategic and commercial importance of matters.

The board of directors has two sub-committees, an audit committee, as required by the Public Limited Liability Companies Act, and a remuneration committee. The members of the audit committee during 2023 were Arvid Grundekjøn (chair) and Trine-Marie Hagen, and for respective parts of the year, John Chiang and Geir Drangslund. The members of the remuneration committee during 2023 were Arvid Grundekjøn (chair), and for respective parts of the year, John Chiang, Geir Drangslund and Trine-Marie Hagen. The company's Corporate Governance Policy includes a set of instructions for

each of the committees, describing defined areas of responsibility. The committees undertake preparatory discussions and submit their recommendations to the board of directors.

The audit committee focused on the company's financial reporting and internal control function during 2023. The committee furthermore focussed on improving the reporting on salary and other remuneration to executive personnel as well as allocation principles for the insurance settlement related

to the damage and business interruption that followed from rockslide at the Saugbrugs mill in April 2023. The external auditor, CEO and CFO attend the meetings of the audit committee. The CEO attends the meetings of the remuneration committee, except if excused for discussions on the CEO's remuneration.

The following table summarises the meeting attendance of the board members at board and committee meetings held in 2023:

Name (*)	Committee memberships	Board meetings attended	Audit committee meetings attended	Remuneration committee meetings attended
John Chiang ⁽ⁱ⁾	Audit committee and remuneration committee	2/2	1/1	1/1
Arvid Grundekjøn ⁽ⁱⁱⁱ⁾	Audit committee and remuneration committee	11/11	7/7	1/1
Trine-Marie Hagen ^(iv)	Audit committee and remuneration committee	11/11	7/7	N/A
Geir Drangslund ^(v)	Audit committee and remuneration committee	6/6	3/3	N/A

⁽ⁱ⁾ Please refer to the description in the board of directors' section of the annual report for further information on the expertise, experience and independence of the members of the board of directors, as well as the board members' respective shareholdings in the company. Comments have been provided in the following for board members who have not served in their roles for the whole of 2023.

⁽ⁱⁱ⁾ John Chiang served as chair of the board of directors and participated in 2 of 2 board meetings, 1 of 1 audit committee meeting and 1 of 1 remuneration committee meeting in the period prior to the extraordinary general meeting held on 9 March 2023, at which Geir Drangslund was elected as the new chair of the board of directors.

⁽ⁱⁱⁱ⁾ Arvid Grundekjøn served as a board member until 31 August 2023 at which date, he was elected as chair of the board of directors to succeed Geir Drangslund. From 19 October 2023,

Arvid Grundekjøn assumed the position as chair of the remuneration committee, of which he had previously been a member.

^(iv) Trine-Marie Hagen was appointed as a member of the remuneration committee from 19 October 2023, but no meetings were held in the committee for the remainder of 2023.

^(v) Geir Drangslund served as chair of the board of directors and participated in 6 of 6 board meetings and 3/3 audit committee meetings in the period from the extraordinary general meeting held on 9 March 2023 to 31 August 2023, at which date Geir Drangslund resigned from the board of directors to assume the position as CEO. No meetings were held in the remuneration committee during the time Geir Drangslund served as chair of the board of directors.

The board members have a statistic attendance at committee meetings of 100%.

In 2023, the board of directors held eleven meetings and one matter was resolved by written resolutions. The audit committee held seven meetings in 2023. The remuneration committee held one meeting in 2023. The meetings of the board of directors and its committees are held as physical meetings, with the possibility to participate by video conference if board members are prevented from participating in person. Representation at meetings of the board of directors is nearly at 100% (see the schedule included under item 8 above for further details) and representation at committee meetings is at 100%.

The board of directors shall annually evaluate its performance and expertise for the previous year. This evaluation shall include the composition of the board of directors and the way its members functions, both individually and as a group, in relation to the objectives set out for its work. The report shall be made available to the nomination committee. ISCO Group AS assisted with completing an evaluation process in 2023.

Deviations from the Code: None.

10. Risk management and internal control

The board of directors is responsible for ensuring that the company has sound and appropriate internal control systems and systems for risk management, and that these systems are proportionate to and reflect the

extent and nature of the company's activities. Having effective internal control systems and systems for risk management in place are important to prevent the group from situations that can damage its reputation and financial standing. Furthermore, effective, and proper internal control and risk management are important factors when building and maintaining trust, to reach the company's objectives, and ultimately create value. Having in place an effective internal control system means that the company is better suited to manage commercial risk, operational risk, the risk of breaching legislation and regulations as well as other forms of risk that may be material to the company. As such, there is a correlation between the company's internal control systems and effective risk management. The internal control system shall also address the organisation and execution of the company's financial reporting, as well as cover the company's guidelines for how it integrates considerations related to stakeholders into its creation of value. Norske Skog shall comply with all laws and regulations that apply to the group's business activities.

Norske Skog's enterprise risk management processes are based on COSO's Enterprise Risk Management framework, and cover financial, operational, market and organisational risks. By this delineation of risk control, all sustainability and responsibility areas covered by Norske Skog's Steering Guidelines are also covered by its enterprise risk management processes and is reported to the board of directors. The system is based on the management teams in each business unit and in key corporate functions annually reporting potential risk factors to the company's risk management function, which in turn provide a basis for the agenda of the corporate management meetings and adequate follow-up measures. In addition, Norske Skog annually reviews and reports on sustainability in accordance with GRI's Sustainability

Reporting Standards. The annual review is carried out by an independent and internationally recognised audit firm. Further information on the group's sustainability reporting is provided in the group's sustainability report included in the sustainability report section of the annual report.

The internal control systems within the finance organisation primarily cover the financial reporting structure and processes. Routines for internal control over financial reporting are defined in Norske Skog's internal control documentation (Financial Reporting Manual, Financial Closing Manual and Financial Closing Checklist). Responsibilities are clearly defined in terms of execution, documentation, and control. As part of the continuous focus on compliance, regular reviews of business processes, investments or other issues are carried out. These compliance processes are carried out on the basis of risk assessments and support the business in improving internal control and achieving the set goals. The group also has a power of attorney structure which describes and regulates financial empowerment to individual positions.

In addition, Norske Skog has implemented internal routines to ensure continuous attention and efforts on maintaining high compliance standards throughout the group. These internal routines are set out in Norske Skog's Continuous Compliance Program and include a number of compliance related activities that shall be carried out over the course of a calendar year.

Norske Skog has clearly established channels and procedures for reporting and handling instances of possible serious misconduct (whistle blowing). Such channels are described on our website, intranet and in the Steering Guidelines.

It is the opinion of the board of directors that Norske Skog's internal control and systems for risk management are adequate and proportionate to the nature and complexity of the company's operations and financial situation.

Deviations from the Code: None.

11. Remuneration of the board of directors

The remuneration of the board of directors is decided by the annual general meeting on the basis of the nomination committee's proposal. The committee considers the level of responsibility, complexity and time consumption, as well as the required expertise, for the board members. Proposals for annual adjustments of the remuneration of the board of directors are based on considerations to ensure that Norske Skog remains attractive and competitive on the market for governing bodies' competencies.

No board member has carried out specific tasks or commissions for the company in addition to the directorship, and Norske Skog has not paid other remuneration to any board member than the ordinary board remuneration.

Separate remuneration is set for the chair and members of the board of directors and respective committees under the board of directors. The current remuneration amounts are as follows:

1. The remuneration for the chair of the board is NOK 550 000 per year.
2. The remuneration for the other members of the board is NOK 310 000 per year.

4. The remuneration for the chair of the audit committee is NOK 130 000 per year.

5. The remuneration for other members of the audit committee is NOK 50 000 per year.

4. The remuneration for the chair of the remuneration committee is NOK 30 000 per year.

5. The remuneration for other members of the remuneration committee is NOK 20 000 per year.

6. Travel expenses in connection with board and committee meetings are paid in accordance with the Norwegian Government's Travel Allowance Regulation.

The total remuneration for the board of directors in 2023, including committee work, was NOK 1 846 580. For further information, please refer to the report on salary and other remuneration to leading personnel, which is available on the company's website, www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel.

Deviations from the Code: None.

12. Remuneration of executive personnel

The board of directors has adopted guidelines for determining salary and other remuneration to leading personnel in accordance with Section 6-16 a of the Public Limited Liability Companies Act and the Regulation on guidelines and reporting on remuneration for leading personnel. In the preparation of the guidelines and in any subsequent amendments to these, the focus of the board of directors is to provide for that the guidelines are clear and easily understandable, and that they contribute to the company's commercial strategy, long-term interests and financial viability. Furthermore, the company's arrangements in respect of salary and other remuneration shall be simple and contribute to aligning the interests of leading personnel and shareholders, with an absolute limit on performance-related remuneration. The guidelines are presented for approval by the general meeting if significant changes are made, and at least every fourth year. The current version of the guidelines was approved by annual general meeting in 2021 and are available on the company's website, www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel.

The CEO's remuneration terms are reviewed and decided annually by the board of directors following preparatory discussions in the board of directors' remuneration committee. The remuneration consists of base salary, annual performance bonus, pension, and other benefits. The decision on the CEO's remuneration takes into consideration the overall performance of the CEO and the company, and the market development for CEO remuneration in companies of similar complexity, size and industries. The remuneration of other leading personnel is determined by the CEO, and the performance related remuneration consist of the same elements as for the CEO.

Performance based elements are calculated on the basis of quantifiable objective targets as well as on quantifiable targets falling within areas over which the respective executives have a reasonable influence.

In addition, Norske Skog has established a long-term incentive program based on synthetic stock options. The program mirrors the financial outcome of an actual stock option with an initial "exercise price" (which corresponds to the

price per share set at the time of award of the options) and a mechanic to fix a “fair market value” in the future when the options are exercised (3-5 years following award of the options). The long-term incentive program is described in the guidelines for determining salary and other remuneration to leading personnel, which are available on the company’s website, www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel.

The board of directors shall for each financial year provide for the preparation of a report on salary and other remuneration to leading personnel in accordance with Section 6-16 b of the Public Limited Liability Companies Act and the Regulation on guidelines and reporting on remuneration for leading personnel. The report is subject to an advisory vote by the annual general meeting and is published on the company’s website, www.norskeskog.com, following the annual general meeting. In addition, information about remuneration of leading personnel is available in the financial statements, in Note 10 Employee benefit expenses in the consolidated financial statements.

Deviations from the Code: None.

13. Information and communications

The company has established guidelines for its reporting of financial and other information based on openness and taking into account the requirement of equal treatment in the securities market. These guidelines are set out in the company’s Communication Policy and the Investor Relations Policy.

The company provides, timely and on a continuous basis, precise information about the company and its operations to its shareholders, the Oslo Børs and the securities market and the financial market in general. Such information is published through the Oslo Børs’ information system and the company’s website. Information is typically given in the form of annual reports, half-year reports, quarterly reports, press releases, stock exchange notices and through published investor presentations in accordance with what is deemed appropriate and required at any given time. Financial reporting follows International Financial Reporting Standards, and through open and proactive communication with investors and financial markets, including through regular presentations, Norske Skog ensures transparency and equality to facilitate our stakeholders’ assessment of the company. The company furthermore regularly provides information on its long-term potential, including strategies, value drivers and risk factors. Information to Norske Skog’s investors will also be published simultaneously through the Oslo Børs’ information system and/or the company’s website.

The company publishes an annual, electronic financial calendar with an overview of dates for important events, such as the annual general meeting, interim financial reports, public presentations, and payment of dividends, if applicable. The information is made available in English and Norwegian.

Unless there are applicable exemptions that is appropriate to utilise in the specific situation, Norske Skog promptly discloses all inside information (as defined in article 7 of the EU Market Abuse Regulation). In addition, Norske Skog provides information about certain events, e.g. by the board of directors and the general meeting concerning dividends, mergers/demergers or changes to the share capital, the issuing of subscription rights, convertible loans and all agreements of major importance that are entered into by Norske Skog and related parties.

Separate guidelines have been implemented regarding handling of inside information, and these follow from the instructions for handling of inside information and the instructions for primary insiders. The rules of procedure for the board of directors set out who in the board of directors that are entitled to publicly speak on behalf of the company, and the Communication Policy defines the responsibility of communications on behalf of the company in various matters.

Deviations from the Code: None.

14. Take-overs

The board of directors has established clear principles in the Corporate Governance Policy for how it will act in the event of a take-over bid, including that it will act in accordance with the Code and Norwegian law. The principles emphasise the importance of equal treatment of existing shareholders. They further warrant that the board of directors will ensure sufficient information in time and content for the shareholders to assess a possible bid, including issuing a statement to the shareholders with the board of directors’ assessment of such bid, together with a valuation prepared by an independent expert. A sale of a significant part of the company will require approval by the general meeting. The board of directors will not without decision by the general meeting attempt to hinder a take-over bid for the company.

Deviations from the Code: None.

15. Auditor

The auditor presents an annual audit plan, describing the auditor’s understanding of the industry and significant risks, as well as the audit approach to be applied. The auditor participates in audit committee meetings when discussing the financial statements and other audit related matters. The auditor furthermore attends board meetings at which the annual financial statements are on the agenda and as otherwise requested. At such meetings, the auditor is requested to report on any material changes in the company’s accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company. The auditor annually confirms its independence in writing. During 2023 and 2024, the auditor has participated in discussions with the audit committee. Furthermore, the auditor has met with the board of directors without the corporate management being present and reviewed the company’s internal control procedures. The company has effective guidelines for the ability of the auditor to perform non-audit services for the company upon approval by the audit committee. The company informs the general meeting about the auditor’s fees for audit and non-audit services.

The board of directors regularly assesses the quality and efficiency of the work of the auditor.

Deviations from the Code: None.



4

Ambition and
performance

Key figures

		2015	2016	2017	2018	2019	2020	2021	2022	2023
Health & Safety										
H1 ¹⁾		1.40	1.4	1.0	0.9	0.5	0.8	1.9	0.8	1.9
H2 ²⁾		8.00	8	7.3	7.4	9.8	6.6	5.7	7.1	5.7
Absence due to illness	%	3.80	3.8	3.5	3.8	3.7	4.2	4.5	4.7	4.5
People										
Total employees	FTE	2 557	2 462	2 414	2 444	2 359	2 332	2 092	2 140	2 161
Temporary employees	FTE	39	48	66	77	73	56	77.2	97	63
Apprentices	FTE	154	146	130	135	137	146	134	132	140
Average age of employees	FTE	46.6	46.8	47.0	47.3	47.1	46.6	44.9	45.0	45.1
Female employees	%	10.8	11.0	10.6	10.6	11.8	12.1	12.1	13.3	13.1
Female in top management positions	%	10.6	6.7	8.5	13.7	15.1	10.9	12.0	17.0	19.0
Female in management positions	%	10.0	11.5	8.5	10.1	10.2	12.1	12.7	12.0	14.5
Employees w/collective agreements	%	82.6	84.6	84.3	84.1	83.3	86.5	86.9	88.0	90.4

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.

Age distribution employees	up to 34 years	35-54 years	55 and older
%	27	42	31

PRODUCTION CAPACITY

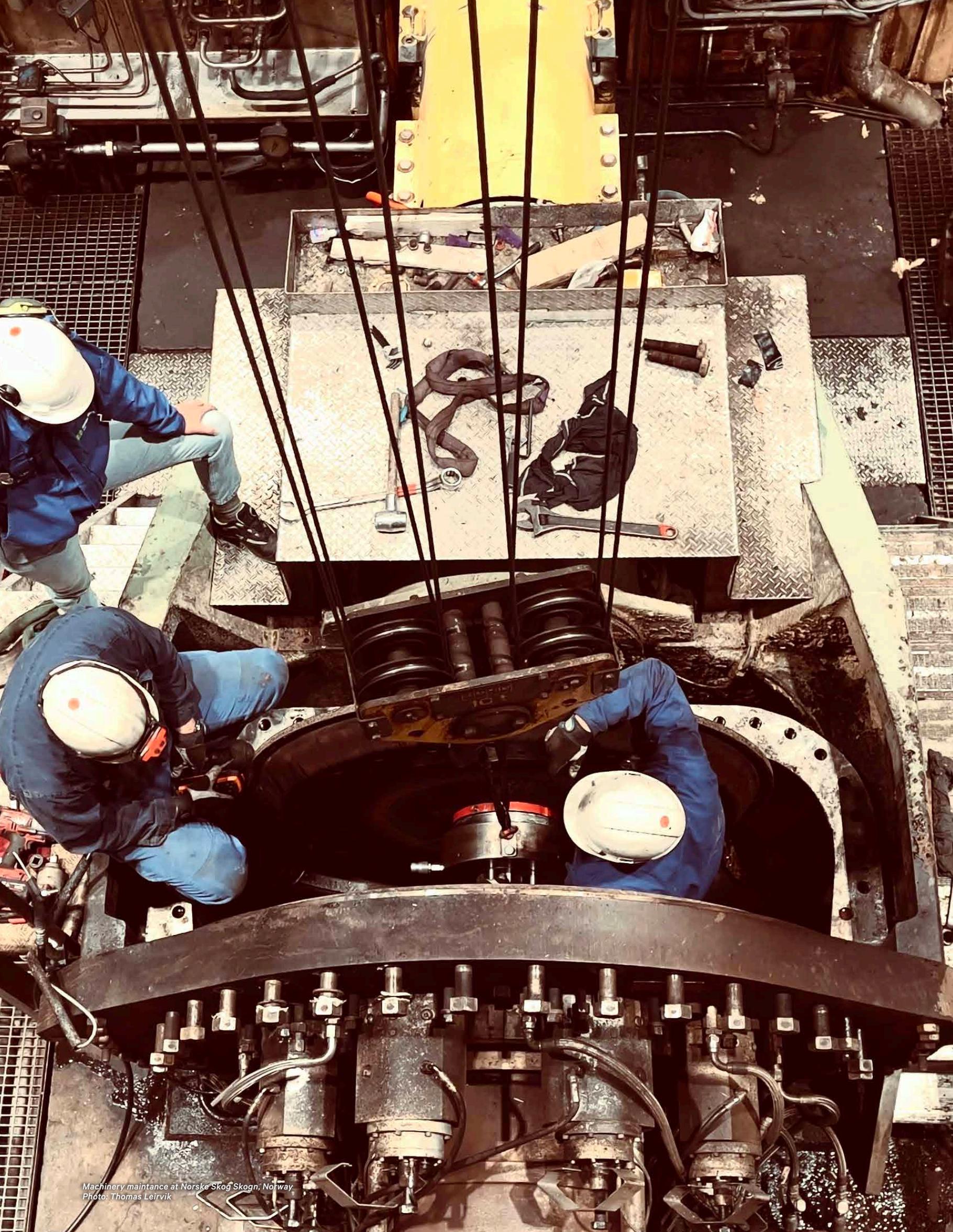
in tonnes/year

Business unit	Newsprint (including improved NP)	SC (magazine paper)	LWC (magazine paper)	Total capacity business unit	In 2023
					Under construction Packaging paper*
Norske Skog Bruck	-	-	245 000	245 000	210 000
Norske Skog Golbey	330 000	-	-	330 000	550 000
Norske Skog Saugbrugs	-	200 000	-	200 000	-
Norske Skog Skogn	500 000	-	-	500 000	-
Total Europe	830 000	200 000	245 000	1 275 000	760 000
Boyer	145 000	-	120 000	265 000	-
Total Australasia	145 000	-	120 000	265 000	-
Total Norske Skog group	975 000	200 000	365 000	1 540 000	760 000

* The listed capacity is when full production has been reached.

KEY FIGURES OPERATIONS

		2015	2016	2017	2018	2019	2020	2021	2022	2023
Production										
Paper & containerboard	tonnes	2 365 000	2 506 000	2 495 000	2 494 000	2 308 000	1 799 020	1 919 574	1 713 016	1 338 042
Packaging paper	tonnes	-	-	-	-	-	-	-	-	73 000
Consumption of raw materials										
Roundwood	m ³	2 452 000	2 868 000	2 810 000	2 785 000	2 586 000	1 930 000	2 241 800	2 257 360	1 648 780
Sawmill chips	m ³	934 000	968 000	1 018 000	1 031 000	1 093 000	917 000	870 324	607 585	279 925
Recovered paper	tonnes	844 000	834 000	814 000	871 000	777 000	608 000	645 686	565 783	596 171
Purchased pulp	tonnes	70 000	55 000	50 000	43 000	31 000	27 000	29 215	21 157	17 236
Inorganic fillers	tonnes	320 000	324 000	320 000	308 000	282 000	215 000	223 321	195 921	136 151
Energy consumption										
Electricity	GWh	5 238	5 167	5 109	5 178	4 448	3 891	4 027	3 898	3 012
Renewable	GWh	2 588	2 615	2 560	2 480	2 531	2 245	2 406	2 205	2 187
Fuel - Biomass	GWh	1 374	1 349	1 206	1 210	1 341	1 171	1 227	1 166	1 457
Recovered Heat	GWh	1 214	1 266	1 354	1 271	1 190	1 074	1 179	1 038	730
Non-renewable	GWh	1 932	1 963	1 955	2 039	1 647	1 539	1 740	1 090	913
Fuel - Coal	GWh	699	718	739	667	600	594	661	660	655
Fuel - Gas	GWh	1 225	1 228	1 209	1 363	1 044	942	1 073	424	251
Fuel - Oil	GWh	8	18	7	9	3	3	6	5	6
Discharges to water										
Total water consumption	1000 m ³	107 885	107 885	111 664	114 255	106 349	102 369	109 033	99 441	87 832
Treated water returned to source	%	98	98	98	98	98	98	99	99	99
Water consumption per tonne	m ³ /tonne	1.05	1.05	1.04	1.04	0.95	1.11	0.56	0.59	0.70
Discharged process water	mill m ³	43	44	46	48	46	41	36	30	28
Organic material (COD)	tonnes	9 886	12 286	12 831	10 623	9 226	8 283	8 958	9 989	7 701
Suspended Solid (SS)	tonnes	1 212	1 723	2 227	1 529	1 329	1 259	1 746	2 030	1 711
Phosphorus (Tot-P)	tonnes	35	41	41	31	37	29	30	27	25
Nitrogen (Tot-N)	tonnes	261	314	302	280	303	262	268	275	249
Emission to air										
Scope 1 CO ₂	tonnes	474 946	485 000	514 000	500 136	465 636	409 970	427 294	294 926	257 268
Scope 2 (location-based) CO	tonnes	865 236	864 920	800 070	734 033	692 672	195 762	186 703	177 807	180 648
Scope 3 CO ₂	tonnes	-	-	-	-	-	-	933 868	756 499	618 146
SO ₂	tonnes	265	217	198	175	162	297	401	360	1 030
NO _x	tonnes	780	763	908	772	786	701	879	709	1 230
Production waste										
Sludge (dry)	tonnes	258 000	254 000	246 000	249 000	246 000	186 000	198 892	152 980	151 858
Bark	tonnes	104 000	114 000	98 000	128 000	133 000	93 700	106 958	102 714	88 151
Other	tonnes	18 000	23 000	14 000	25 500	18 000	17 400	19 992	20 834	18 133



Machinery maintenance at Norske Skog Skogn, Norway
Photo: Thomas Leirvik

Our response to the TCFD recommendations (Task Force on Climate-related Financial Disclosures)

For further details, see our CDP Climate Change report 2023 (<https://www.cdp.net/en/responses?queries%5Bname%5D=norske+skog>)

<p>1. Governance</p>	<p>Disclose the organisation's governance around climate-related risks and opportunities.</p>
<p>A. Describe the board's oversight of climate-related risks and opportunities.</p>	<ul style="list-style-type: none"> The highest level of responsibility on climate related issues sits with the board of directors, led by the chairman. Climate related issues are addressed by the board of directors on an ongoing basis, and environmental performance is part of all board meetings. Recurring and specific issues are scheduled as appropriate and needed. The board reviews the climate risks and opportunities annually as part of the overall risk assessment for the group. Long-term climate-related targets and KPIs are reviewed annually by the board as an integral part of the business budget, strategy process and major capital investment / divestment decisions.
<p>B. Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<ul style="list-style-type: none"> The CEO reports to the board of directors and is the highest-level management position with responsibility for climate-related issues. The CEO has the ultimate responsibility for the business strategy, herein the low carbon transition plan, and for assessing and managing climate related risks and opportunities, including monitoring of performance on climate related targets. The CEO leads the corporate management team (CM) and report climate-related issues to the board. The corporate management team assesses business risk and opportunities, strategies, corporate ambitions, and targets for environmental aspects, including climate-related topics related to their respective areas of responsibility. The chief operating officer is part of the CM and reports directly to the CEO. The COO is responsible for managing climate related issues related to operations across the Norske Skog group including overall responsibility for the strategies targets and monitoring of KPIs. CM receive monthly summary reports of the environmental performance data from the mills. The Head of Sustainability reports directly to the COO and is responsible for the development of climate related strategies, coordinate the practical implementation across the group including monitoring. At each mill, the managing director is the main responsible for environmental issues. Each mill also has a responsible manager for environmental issues. Environmental reporting is part of the agenda at mill management meetings. Specific environmental incidents receive specific attention.
<p>2. Strategy</p>	<p>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.</p>
<p>A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p>	<ul style="list-style-type: none"> Norske Skog assesses climate-related risks and opportunities based on likelihood of occurrence and financial impact on operations. The assessment is based on COSO's Enterprise Risk Management framework applied for the overall risk assessment for the group including recommendations from the TCFD framework. The time horizons applied for the overall assessment of risks and opportunities for the group is short term (1-5 years), medium term (5-10 years) and long-term (10 -30 years). Based on the assessment, opportunities related to renewable, circular and low-emission product development were identified as most material. Based on the assessment, risk related to regulatory changes in energy and carbon markets, physical risk related to access to process water, energy and fresh fibre as well as market risk linked to shifting consumer preferences were identified as most material. <p>Opportunities:</p> <ul style="list-style-type: none"> Products & Markets: The transformation to a larger, more diversified product portfolio with new products will reduce the dependency on publication paper and thus reduce the business and market 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 bio composites. This will in the long run contribute to green growth when commercialised. Energy source: The goal is to reduce energy consumption in production, eliminate the use of fossil energy sources and to optimise the use of process chemicals and transport. Norske Skog has invested in low-emission energy generation in Bruck and Golbey and will continue to evaluate opportunities going forward on our road to Net Zero. After the start-up of the new energy boiler at Bruck in 2022, all the European mills are among the top performers regarding scope 1 and scope 2 emissions in the industry. Resource efficiency: An opportunity to prioritize in- and outbound logistics in the long-term horizon to minimise transport distances and costs, and for environmental considerations is identified. <p>Risks:</p> <ul style="list-style-type: none"> Acute Physical: Some of our mills are in areas where drought/access to water and/or flooding might become a risk in the future with a changing climate. Chronic Physical: The availability of sustainable and affordable biomass for production of publication paper in Norway and Australia may be affected by longer-term shifts in climate patterns in the future. Policy and legal: Norske Skog is subject to many regulatory requirements relating to energy and emissions including the EU Emissions Trading Scheme (ETS), which include CO₂ compensation scheme, and CO₂-allowances. Due to the financial impact such regulations have on our business we monitor associated risks closely. Market: Products from Norske Skog are based on renewable sources, recyclable and contribute to a circular economy but shifting consumer preferences may impact demand for our products. Reputational: Far-reaching consequences of lost reputation may impact relationships with investors, partners, and suppliers, leading to decreased shareholder value, disrupted business operations, and strained contractual agreements, and finally in regulatory scrutiny.
<p>B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p>	<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. This strategy has later been confirmed by the board and the corporate management in 2022. Products and Services: Before the climate-related transition plan, Norske Skog was a pure publication paper company. With change in climate-related goals, change in consumer patterns and customer demand, Norske Skog has expanded and diversified its business strategy from publication paper to three more legs: 1) packaging paper, 2) sustainable energy and 3) biomaterials. All strategic legs are aligned with the environmental and climate action targets. Investments in R&D: Norske Skog actively works to realise value from the industrial sites by developing existing infrastructure and industry competence. Business opportunities include several early-phase research projects in biochemical and fibre products: A) CEBINA, a natural fibre product that adds rheology control in fluids and armouring in solid materials. B) CEBICO, a bio-composite product developed at Saugbrugs. C) Cyrene, developed at a pilot plant in partnership between Norske Skog Boyer and Circa Group, could represent the first biochemical solvent for use in the pharmaceutical industry to replace petrochemical products. Operations: Our operations are impacted by unstable energy markets and increasing carbon prices. Norske Skog has included a reduction of greenhouse gas emissions from fossil energy sources as a key part of our business strategy. The goal is to reduce energy consumption, change the sources of energy, invest in on site green energy generation 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, the energy plant at Bruck uses production process waste, waste from households, and fuels derived from refuse. Value Chain: 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. Forest certification is an important tool in this context and Norske Skog has implemented systems and processes to make sure that all wood used in products comes from sustainably managed forests. Reduction of Scope 3 emissions, particularly from transport, is a forward-looking ambition for the group. The speed of implementing scope 3 initiatives will depend on the ability of our suppliers to transform their business into low-carbon services and of authorities' ability to design effective political tools.

<p>C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<ul style="list-style-type: none"> Norske Skog has adopted a strategy and production process to develop existing and new products in congruence with the vision of a maximum 1.5C 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/tonne product by 2030 based on 2015 figures (Scope 1 & 2). Norske Skog conducted a Climate-Related Scenario together with Nordic ESG Consultancy Cemasy in 2023, testing the business strategy against both low and high emission scenarios. Two risks was identified as most material and set the scope for the scenario analysis. Financial impact, time horizon, and the likelihood of occurrence were utilized as determining factors. The risks identified for the scenario analysis were i) access to affordable green electricity (transition risk) and ii) access to process water (physical risk). As a result of the scenario analysis, Norske Skog has improved its understanding of exposure to climate-related risks, grounded in publicly available scenarios. With respect to focal question 1 (access to process water, physical risk). All locations where Norske Skog has operations were reviewed and it was uncovered that similar to Norske Skog's previous understanding, the Golbey mill located in the Vosges region of France is the location with highest exposure to physical climate-related risks (access to process water). These results may impact our strategic and financial planning for the Golbey mill in the long term related to new investments in e.g. in a closed water system that will reduce risk exposure on access to process water. With respect to focal question 2 (access to affordable green electricity, transition risk), one important finding in the net zero scenario is that the energy system remains in balance, with the surplus of energy supply increasing in both the reviewed time horizons (medium-term 2030 and long-term 2050). Being in an energy-intensive industry, Norske Skog is strongly impacted by changes in the energy systems and their related mechanisms. One concern that arises from the scenario analysis is the sharp increase in carbon prices for electricity, industry, and energy, rising from a predicted \$75 level to \$250 in 2050, without a mention of carbon compensation schemes. Rising electricity costs associated with transitioning towards renewables continue to be a material risk for Norske Skog.
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3. Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks.

<p>A. Describe the organisation's processes for identifying and assessing climate-related risks.</p>	<ul style="list-style-type: none"> Annually, the board, corporate and business unit management make an extensive and systematic assessment of risk and opportunities. Identification of climate-related risk and opportunities are done both in bottom-up and top-down processes. The bottom-up process is based on the management teams in each business unit annually performing a risk- and opportunity analysis using the framework of Task Force on Climate-related Financial Disclosures (TCFD). The teams are made up by senior subject matter experts in different functional areas with local knowledge on topics with strategic importance to the mills. The local management team identify different types of climate related risks and opportunities assess the likelihood and impact that each of these will affect our mill within a short (1-5 years), medium (5-10 years) and long-term (10 -30 years) perspective. The management teams in each business unit report the summary to the company's risk management function and represents the bottom-up process for identification of climate related risks. At group level, the corporate management team is also responsible for identifying climate-related risk and opportunities in their functional areas. The corporate management team summaries the most material risks and present them to the board together with material risks identified in the bottom-up process.
<p>B. Describe the organisation's processes for managing climate-related risks.</p>	<ul style="list-style-type: none"> Climate-related risk and opportunities identified in the bottom-up and top-down process are reported to the groups corporate risk function which in turn consolidates and assesses the related quantitative impact for the group. This provides the basis for the agenda of the corporate management meetings and adequate follow up measures based on the threshold for financial and strategic impact, measured as EBITDA effect. Risks and opportunities with lower impact are monitored and managed by local management teams whereas material risks are reported to the board. The business risks and opportunities are discussed and considered in defining the business plans. Capitalizing on identified opportunities typically require investment decisions in operations and R&D. In an annual risk review process for the entire group, the board set ambitious targets, especially for environmental and climate-related issues and reviews the long-term climate-related targets as an integral part of the business budget and strategy process.
<p>C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</p>	<ul style="list-style-type: none"> Norske Skog's enterprise risk management processes are based on COSO's Enterprise Risk Management framework, and cover financial, operational, market and organisational risks. All sustainability areas covered by Norske Skog's Steering Guidelines, including climate-related risks and opportunities, are also covered by the group's enterprise risk management processes, and is reported to the board of directors. This company-wide risk assessment process is integrated into multi-disciplinary management processes. Annually, the board, corporate and business unit management make an extensive and systematic climate-related risk and opportunity evaluation. In addition, environmental and climate related issues are reported monthly and is part of the agenda on the monthly business review meetings between the corporate management and business unit meetings.

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.

<p>A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>Key data including historical trends are reported in the back of the sustainability report and in the chapter "Environment".</p> <ul style="list-style-type: none"> Ensure sustainable use of materials and energy in our operations, which includes (1) to achieve efficient use of biprocess streams in the production process to create bio based-energy or biproducts for sale, and (2) to utilize bi-products from the entire production process. Operate mills with high energy efficiency, which include (1) to measure the level of CAPEX used on energy efficiency/energy-source improvements; (2) to establish specific activities and investments in energy efficiency and changes in energy source, i.e. activities from the CAPEX-lists and the continuous improvement programs. Reduce Chemical Oxygen Demand (COD) to recipient, which include (1) to install anaerobic wastewater treatment and biogas at all European mills (75% installed) within 2030; (2) to invest in anaerobic wastewater treatment and biogas production at all European mills. Reduce emissions of Sulphur Dioxide (SO2) and Nitrogen Oxide (NOx) from our operations, which means (1) to ensure compliance with emission permits and regulations; (2) to perform mill activities related to SO2 and NOx improvements. Reduce waste from our operations, which relates to (1) deliver no ash to landfill in 2030; (2) establish procedures and/or ash product development Ensure sustainable sourcing of raw material, which implies (1) to achieve 100% certification of all wood used for our products. (2) Review internal control routines to measure and reach the certification target. Ensure responsible supplier value chain handling, which result in (1) to ensure supplier adherence to Norske Skog code of conduct within 2023; (2) to mature sustainable sourcing practices by updating code of conduct, questionnaire for suppliers on ESG-topics and routines for audit of suppliers.
<p>B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</p>	<ul style="list-style-type: none"> Out absolute carbon footprint based on the GHG Protocol <ul style="list-style-type: none"> Scope 1: 254 268 t CO₂e (-13% vs 2022) Scope2 (location-based method): 180 648 t CO₂e (2% vs 2022) Scope 3: 618 146 t CO₂e (-18% vs 2022) Key data including historical trends are reported in the back of the sustainability report.
<p>C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<ul style="list-style-type: none"> Norske Skog Environmental Index (E-Index) is an internally defined KPI for measuring environmental performance based on 6 key climate related parameters critical to our operations. In 2020, through an extensive involvement and anchoring process throughout the entire organisation, new GHG-emission targets were set. Norske Skog's targets for CO₂ emissions with baseline 2015: <ul style="list-style-type: none"> A 55% reduction in CO₂ emissions/ tonne product produced by 2030 A zero CO₂ emission target by 2050

Sustainability goals overview

	E/S/G & E*	Ambition/ Area
	S	Inspire others to learn from our 'best in class' occupational health and safety standards.
		Increase job attendance for all employees.
		Ensure a healthy and safe working environment.
	S	Attract and keep top talent.
		Attract and keep top talent.
		Invest in our people through training and development.
		Invest in our people through training and development.
	G & E	Create shareholder value.
		Create shareholder value.
		Develop sustainable industrial clusters utilizing existing site infrastructure and contribute to economic growth.
		Align innovation activities with the long term group strategy.
		Perform R&DI (research, development and innovation) activities at all business units based on Norske Skog's position in the fiber value chain.
		Commercialize promising and profitable innovation results.
	S	Understand the actual and potential impacts our operations have on local communities, and to understand their expectations and needs.
	E	Report the extent of development of significant infrastructure investments and services supported, both current or expected impacts on communities and local economies.
	E	Ensure sustainable use of materials and energy in our operations.
		Operate mills with high energy efficiency.
		Reduce Chemical Oxygen Demand (COD) to recipient.
		Reduce emissions of Sulphur Dioxide (SO2) and Nitrogen Oxide (NOx) from our operations.
	G	Reduce waste from our operations.
		Ensure sustainable sourcing of raw material.
		Ensure responsible supplier value chain handling.
	E	Reduce greenhouse gas (GHG) emissions.
		Reduce greenhouse gas (GHG) emissions.
		Reduce greenhouse gas (GHG) emissions.
		Use sustainable energy sources.
		Handle climate risk and business opportunity understanding.
	G	Abstain from financial and in-kind political contributions.
	S	Ensure our customers healthy and safe working environment.
	G	Abstain from anti-competitive behaviour and adhere to relevant competitive legislation.
	S	Have zero 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.
	G	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.
		Refrain from the use of child labor within our operations and the value chain.

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

Targets

Planned activities

Share knowledge through relevant professional forums and industry organisations.	<ul style="list-style-type: none"> - Participate in and share knowledge with membership association like Federation of Norwegian Industries and CEPI (Confederation of European Paper Industry). - Define internal knowledge network vital to increase HESQ innovation across Norske Skog. - Review and develop internal e-Learning HESQ-material for local training. - Focus on Contractor Management contracts.
Reduce absenteeism.	<ul style="list-style-type: none"> - Develop local and community BU medical centres. - Provide medical assistance for injuries. - Provide extensive health and well-being programmes for employees.
Reach zero personal injuries (H1 and H2)	<ul style="list-style-type: none"> - Develop HES Leadership Training program. - Perform regular self-assessments to identify focus areas for improvement. - Assess and improve standards and behaviour based on internal audits.
Achieve at least 75% of new hired skilled workers to be recruited from apprentices programs by 2025.	Implement advanced apprentice programs and extended training programs at all mills.
Offer ten trainee positions or internships for master degree students annually.	Cooperate with local schools and selected universities about relevant programs.
Provide training modules for technical core skills, soft skills and compliance skills.	<ul style="list-style-type: none"> - Offer training and supplementary education for all through their entire job career. - Reinvigorate the Norske Skog Academy. - Reinvigorate NSPS-modules.
Achieve a 100% completion rate for annual performance reviews and development plans.	Stimulate mid-level managers to carry out performance reviews and annual plans for training and development.
Establish three knowledge networks and related commercial processes to capture critical competence and facilitate knowledge transfer throughout the group.	<ul style="list-style-type: none"> - Operate the containerboard knowledge network. - Review the sales organisation. - Deliver a market knowledge program.
<ul style="list-style-type: none"> - Achieve an EBITDA margin of at least 15%. - Maintain an operating rate of at least 95%. 	Adhere to operational budget plans and implement necessary corrective actions.
Maintain net debt/EBITA ratio of 2 or less.	Finance activities adapted to operational profit capabilities.
Achieve 50% of revenue from new business areas by 2030.	Invest in packaging, energy and fibre projects.
Achieve 50% of revenue from new business areas by 2030.	Ensure alignment through group annual strategy discussions in corporate management.
Achieve 50% of revenue from new business areas by 2030.	Report R&D activities in the mills to corporate management through the budget process.
Achieve 50% of revenue from new business areas by 2030 Achieve at minimum an IRR of 10% on new investment projects.	Establish project 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.
Reach a minimum of 20 annual continuous improvement activities across all mills.	Evaluate the continuous improvement activities and the impact they have on the SDG targets compared to planned activity.
Report the significant social, environmental, safety and economic impacts our operations have on the local communities.	Cooperate with local community organisation and being open and honest about environment, safety and economic issues with relevant community bodies.
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.	Cooperate and communicate openly with the local community about company strategy and investment plans as early as possible.
Achieve efficient use of biprocess streams in the production process to create biobased-energy or biproducts for sale.	Utilise bi-products from the entire production process.
Measure the level of CAPEX used on energy efficiency / energy-source improvements.	Establish specific activities and investments in energy efficiency and changes in energy source, i.e. activities from the CAPEX-lists and the continuous improvement programs.
Install anaerobic wastewater treatment and biogas at all European mills (% installed) within 2030.	Invest in anaerobic waste water treatment and biogas production at all European mills.
Ensure compliance with emission permits and regulations.	Perform mill activities related to SO ₂ and NO _x improvements.
Deliver no ash to landfill in 2030.	Establish procedures and/or ash product development.
Achieve 100% certification of all wood used for our products.	Review internal control routines to measure and reach the certification target.
Ensure supplier adherence to Norske Skog Code of Conduct.	Review sustainable sourcing practices by updating Code of Conduct, questionnaire for suppliers on ESG-topics and routines for audit of suppliers.
Reduce GHG emission kg/ton paper (baseline 2015) by 55% in 2030 (Scope 1 & 2).	Invest in packaging and promising energy and fibre projects.
Net zero GHG emission kg/ton paper in 2050.	Participate in BECCS and BECCU activities at Skogn and Saugbrugs.
Reduce Scope 3 GHG emissions by collaborating with external parties.	Collaborate with transporters to utilize CO ₂ -free vehicles such as train for truck programs at the mills.
Reduce dependency of fossile energy sources.	Invest in biomass-boilers to replace fossile energy sources at the mills.
Review the annual climate risk plan and business opportunity analysis.	Perform an annual climate risk and opportunity analysis for each business unit.
Report which political topics and influence channel the group has used.	Be involved in political tasks through the Norwegian Federation of Trade and Industry, the Norwegian Pulp and Paper organisation, CEPI, and through other relevant partnerships.
Report percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Perform reviews of relevant health and safety hazards our products expose to our customers.
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. Report the main outcomes of completed legal actions, including any decisions or judgments.	Perform annual reviews with relevant personell and agents on relevant anti-competitive legislation and Norske Skog Steering Guidelines.
Report the total number of incidents of discrimination during the reporting period.	Identify through formal process(es) instance(s) of non-compliance to relevant non-discriminatory Steering Document procedures, including management system audits, formal monitoring programs or grievance mechanisms (whistleblower channels).
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. 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.	<ul style="list-style-type: none"> - Review the Steering Guidelines annually. - Perform mandatory compliance review and training for relevant personell and business partners and others relevant to our business periodically or when needed.
Report operations and suppliers considered to have significant risk for incidents of: <ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - Review the Steering Guidelines and Code of Conduct annually. - Perform mandatory compliance review and training for relevant personell and business partners and others relevant to our business periodically or when needed.

GRI Standards Index 2023

Norske Skog has reported in accordance with the GRI Standards for the period 2023.

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 2023, regardless of whether they are fully or partly reported relative to GRI.

AR = Annual Report 2023

SR = Sustainability Report 2023, part of Annual Report 2023

Disclosure description		Reference and/or response
GRI 2 – General Disclosures		
The Organization and its reporting practices		
2- 1	Organizational details	SR - 3 Corporate governance AR - Note 20 Shares SR - About Norske Skog's operations SR - Key figures operations
2- 2	Entities Included in the organization's sustainability reporting	AR – Consolidated financial statement
2- 3	Reporting period, frequency and contact point	SR - GRI Standards index 2023
2- 4	Restatements of information	No significant restatements
2- 5	External assurance	SR - 3 Corporate governance SR - Independent auditor`s assurance report
Activities and workers		
2- 6	Activities, value chain and other business relationships	SR - About Norske Skog's operations AR - About Norske Skog
2- 7	Employees	SR – Key figures employees
2- 8	Workers who are not employees	Norske Skog's business is mainly managed and carried out by its own employees. For larger projects Norske Skog hires additional resources.
Governance		
2- 9	Governance structure and composition	https://www.norskeskog.com/sustainability/governance
2-10	Nomination and selection of the highest governance body	https://www.norskeskog.com/sustainability/governance
2-11	Chair of the highest governance body	SR - 3 Corporate governance https://www.norskeskog.com/sustainability/governance
2-12	Role of the highest governance body in overseeing the management of impacts	SR – 3 Corporate governance SR - Double materiality analysis SR - Our response to the TCFD recommendations
2-13	Delegation of responsibility for managing impacts	SR - Double materiality analysis SR - Our response to the TCFD recommendations
2-14	Role of the highest governance body in sustainability reporting	SR - Double materiality analysis SR - Our response to the TCFD recommendations
2-15	Conflicts of interest	SR – 3 Corporate governance www.norskeskog.com/sustainability/governance
2-16	Communication of critical concerns	SR – 3 Corporate governance www.norskeskog.com/sustainability/governance
2-17	Collective knowledge of the highest governance body	SR - Double materiality analysis SR – 3 Corporate governance
2-18	Evaluation of the performance of the highest governance body	SR - Double materiality analysis SR – 3 Corporate governance
2-19	Remuneration policies	https://www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel
2-20	Process to determine remuneration	https://www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel
2-21	Annual total compensation ratio	Change in annual compensation ratio: 8.0 Change in annual total compensation: -18.4 The large reduction in compensation ratio for 2023 is due to the shortfall in accounting effects of valuing the synthetic options in the long-term incentive plan for 2022.
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	SR – Navigation through uncertain waters
2-23	Policy commitments	SR – 2 Social - own workforce SR – 3 Corporate governance www.norskeskog.com/sustainability/governance/steering-guidelines
2-24	Embedding policy commitments	SR – 3 Corporate governance
2-25	Processes to remediate negative impacts	SR – 3 Corporate governance https://www.norskeskog.com/sustainability/governance/steering-guidelines/reporting
2-26	Mechanisms for seeking advice and raising concerns	www.norskeskog.com/sustainability/governance/steering-guidelines
2-27	Compliance with laws and regulations	SR – 1 Environment SR – 2 Social SR – 3 Corporate governance
2-28	Membership associations	SR – 2 Social - own workforce
Stakeholder engagement		
2-29	Approach to stakeholder engagement	SR – Double materiality analysis
2-30	Collective bargaining agreements	SR – 2 Social - own workforce

Disclosure description		Reference and/or response
GRI 3 – Material Topics		
Disclosures on material topics		
3-1	Process to determine material topics	SR – Double materiality analysis
3-2	List of material topics	SR – Double materiality analysis
3-3	Management of material topics	SR – 1 Environment SR – 2 Social SR – 3 Corporate governance
Economic performance		
201-1	Direct economic value generated and distributed	AR – Key figures; Consolidated financial statements and notes
201-2	Financial implications and other risks and opportunities due to climate change	SR – Climate change SR – Double materiality analysis
201-3	Defined benefit plan obligations and other retirement plans	AR – Consolidated financial statements, Note 26
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	No reported incidents during the reporting period
Anti competitive behavior		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	SR – 3 Corporate governance
Materials		
301-1	Materials used by weight or volume	SR – About Norske Skog's operations SR – Key figures operations
301-2	Recycled input materials used	SR – About Norske Skog's operations SR – Key figures operations
Energy		
302-1	Energy consumption within the organisation	SR – 1 Environment - climate change - energy
302-3	Energy intensity	SR – 1 Environment - climate change - energy
302-4	Reduction of energy consumption	SR – 1 Environment - climate change - energy
Water		
303-3	Water withdrawal	SR – 1 Environment - water and marine resources SR – Key figures
303-4	Water discharge	SR – 1 Environment - water and marine resources SR – Key figures
303-5	Water consumption	SR – Key figures
Biodiversity		
304-2	Significant impacts of activities, products and services on biodiversity	SR – 1 Environment - climate change
Emissions		
305-1	Direct (Scope 1) GHG Emissions	SR – 1 Environment - climate change SR – Key figures
305-2	Energy indirect (Scope 2) GHG emissions	SR – 1 Environment - climate change SR – Key figures
305-3	Other indirect (Scope 3) GHG emissions	SR – 1 Environment - climate change SR – Key figures
305-4	GHG emissions intensity	SR – 1 Environment - climate change
305-5	Reduction of GHG emissions	SR – 1 Environment - climate change
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	SR – 1 Environment - Pollution SR – Key figures SR – 1 Environment - climate change
Waste		
306-3	Waste generated	SR – 1 Environment - waste performance
306-4	Waste diverted from disposal	SR – 1 Environment - waste performance
306-5	Waste directed to disposal	SR – 1 Environment - waste performance
Employment		
401-1	New employee hires and employee turnover	SR – 2 Social - own Workforce SR – Key figures employees
Labor/Management relations		
402-1	Minimum notice periods regarding operational charges	Follow national laws and practice
Occupational health and safety		
403-8	Workers covered by an occupational health and safety management system	SR – 2 Social - own workforce
403-9	Work-related injuries	SR – Ambition and performance - Key figures - employees SR – 2 Social - own workforce
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	SR – 2 Social - own workforce SR – Key figures employees
Non-discrimination and corrective actions taken		
406-1	Incidents of discrimination and corrective actions taken	SR – 2 Social - own workforce No reported incidents during the reporting period
Freedom of associations and collective bargaining		
407-1	Operations and suppliers in which the right to freedom of associations and collective bargaining may be at risk	SR – 2 Social - workers in the value chain
Child labour		
408-1	Operations and suppliers at significant risk for incidents of child labour	SR – 2 Social - workers in the value chain
Forced or compulsory labour		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	SR – 2 Social - workers in the value chain
Local communities		
413-2	Operations with significant actual and potential negative impacts on local communities	SR – 3 Affected communities

Klaus Eibl, aged 53, is a pivotal member of the management team and serves as the Head of the Technical Department at Norske Skog Bruck. With a 25-year tenure at the company, Klaus's journey began as an engineer in the project department, where he was involved in the erection phase of paper machine PM4 in 1988. Leading the Technical Department, Klaus and his team oversee all technical aspects, maintenance activities, and new projects at the mill.



A highlight of Klaus's career was his role as the lead project manager for the "Strato" rebuild project, which involved revamping the machine, installing a new stock preparation line, and constructing a new anaerobic plant. He values the collaborative spirit and dedication of his team during this challenging yet rewarding endeavor.

Klaus takes pride in the successful restart of "Emma" (PM3 containerboard) in March 2023, surpassing production and quality expectations. He envisions Norske Skog's future built on values such as trust, reliability, and appreciation, committed to further development with the highly competent team.

Throughout his journey, Klaus appreciates Norske Skog's culture and the collective effort to shape the mill's future, expressing gratitude for being part of the Norske Skog family.







To the Board of Directors of Norske Skog ASA

Independent statement regarding Norske Skog ASA's sustainability reporting

We have undertaken a limited assurance engagement in respect of Norske Skog ASA's (Norske Skog) GRI Index for 2023 and Scope 1 and Scope 2 (location and market based) emissions for the period 1 January 2023 - 31 December 2023 (sustainability reporting) as presented in Norske Skog's Annual Report 2023.

Norske Skog's GRI index for 2023 is an overview of which sustainability topics Norske Skog considers material to its business, together with a reference to where material sustainability information is reported. Norske Skog's GRI Index for 2023 is available and included in Norske Skog's annual report for the period ending 31 December 2023. We have examined whether Norske Skog has developed a GRI Index for 2023 and whether mandatory disclosures are presented according to the Standards published by the Global Reporting Initiative 2021 (www.globalreporting.org/standards) (criteria).

Norske Skog has prepared its Scope 1 and Scope 2 (location and market based) emissions in line with the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (2004), applied as explained in the Methodology section under chapter Climate change (the Criteria). We have examined whether the scope 1 and scope 2 emissions have been calculated, estimated and reported in accordance with the Criteria.

Management's responsibility

Management is responsible for the preparation of Norske Skog's sustainability reporting in accordance with criteria as described above. The responsibility includes designing, implementing and maintaining an internal control relevant to the preparation of the sustainability reporting that is free from material misstatement, whether due to fraud or error.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by laws and regulations and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express a conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in

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accordance with International Standard on Assurance Engagements (ISAE) 3000 revised – «Assurance Engagements other than Audits or Reviews of Historical Financial Information» and, in respect of greenhouse gas emissions, (ISAE) 3410 - “Assurance Engagements on Greenhouse Gas Statements” issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement in accordance with ISAE 3000 and ISAE 3410 involves assessing the suitability in the circumstances of the Board of Directors' use of the Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The control procedures we performed were based on our professional judgment and included, among others, an assessment of whether the criteria used are appropriate, as well as an assessment of the overall presentation of the sustainability reporting. Our procedures, based on an assessment of the risk of error, also included meetings with representatives from Norske Skog who are responsible for the material sustainability topics covered by the sustainability reporting; review of internal control and routines for reporting GRI Index and scope 1 and scope 2 emissions; obtaining and reviewing relevant information that supports the preparation of scope 1 and scope 2 emissions; assessment of completeness and accuracy of scope 1 and scope 2 emissions; and controlling the calculations of scope 1 and scope 2 emissions.

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 in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Norske Skog's GRI index for 2023 is not, in all material respects, developed in accordance with the Standards published by The Global Reporting Initiative.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Norske Skog's Scope 1 and Scope 2 (location and market based) emissions for the period 1 January 2023 - 31 December 2023 are not, in all material aspects, calculated, estimated and reported in accordance with the Criteria.

Oslo, 15 March 2024

PricewaterhouseCoopers AS

A handwritten signature in blue ink, appearing to read 'Herman Skibrek', is written over a faint, light blue circular stamp or watermark.

Herman Skibrek
State Authorised Public Accountant



Norske Skog

NORSKE SKOG ASA

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