



SUSTAINABILITY
REPORT
2021

A LAUNCH INTO A NEW SPHERE

CONTENTS

SUMMARY

Key figures	4
Norske Skog - The big picture	5
The history of Norske Skog	6
CEO's comments	8
A glimpse of 2021	10

SUSTAINABILITY REPORT

About Norske Skog's operations	14
Stakeholder and materiality analysis	15
The sustainable development goals are an integral part of our strategy	16
Compliance	17
About the sustainability report	17
Sustainability development goals overview	20
Prioritised SDGs	22
Our response to the TCFD recommendations	34
How Norske Skog relates to the other SDGs	36
Key figures	50
GRI standards index	52
Independent Auditor's assurance report	54

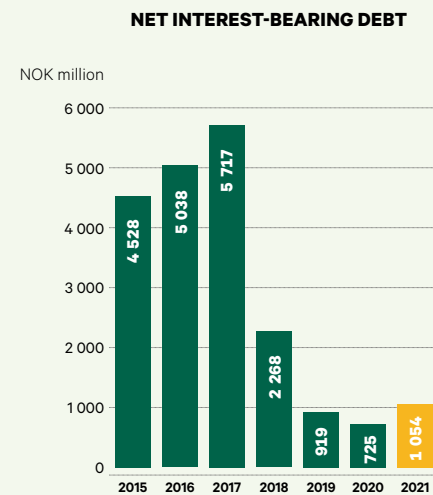
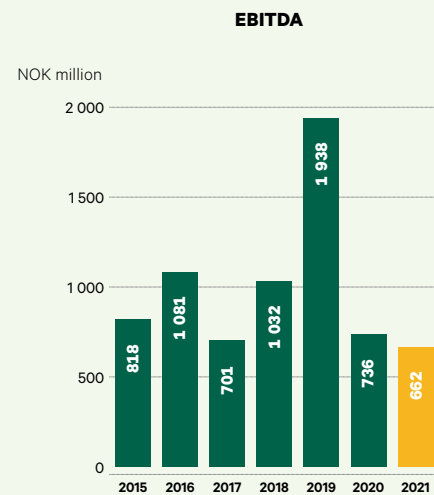
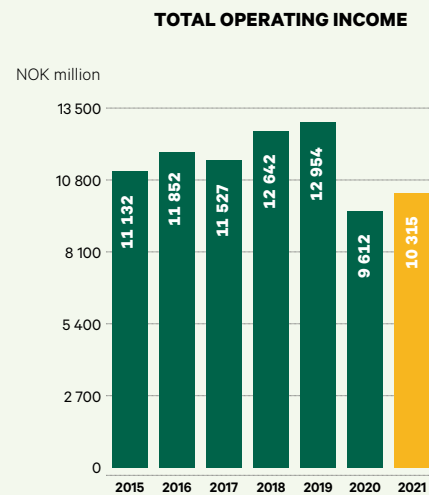
KEY FIGURES

NOK MILLION (UNLESS OTHERWISE STATED)	2015	2016	2017	2018	2019	2020	2021
INCOME STATEMENT							
Total operating income	11 132	11 852	11 527	12 642	12 954	9 612	10 315
EBITDA*	818	1 081	701	1 032	1 938	736	662
Operating earnings	19	-947	-1 702	926	2 398	-1 339	-160
Profit/loss for the period	-1 318	-972	-3 551	1 525	2 044	-1 884	-363
Earnings per share (NOK)**	-13.98	-10.31	-37.67	16.18	21.68	-19.99	-3.85
CASH FLOW							
Net cash flow from operating activities	146	514	404	881	602	549	191
Net cash flow from operating activities per share (NOK)**	1.55	5.45	4.28	9.34	6.39	5.82	2.02
Net cash flow from investing activities	-174	-105	-278	-188	-180	302	-891
OPERATING MARGIN AND PROFITABILITY (%)							
EBITDA margin*	7.3	9.1	6.1	8.2	15.0	7.7	6.4
Return on capital employed (annualised)*	5.2	8.9	6.6	14.1	28.5	2.1	-7.8
PRODUCTION/DELIVERIES/CAPACITY UTILISATION							
Production (1 000 tonnes)	2 366	2 506	2 494	2 492	2 310	1 800	1 921
Deliveries (1 000 tonnes)	2 356	2 520	2 491	2 485	2 285	1 825	1 952
Production/capacity (%)	85	93	93	95	89	77	89
BALANCE SHEET							
Non-current assets	9 620	7 184	4 939	4 789	5 248	4 084	4 538
Assets held for sale	0	0	0	0	631	0	0
Current assets	3 512	3 313	3 170	3 776	4 360	3 703	4 587
Total assets	13 133	10 497	8 109	8 565	10 240	7 787	9 125
Equity	4 729	2 090	-1 427	2 365	5 493	3 219	3 133
Net interest-bearing debt	4 528	5 038	5 717	2 268	919	725	1 054

* As defined in Alternative Performance Measures.

** Cash flow per share and earnings per share are calculated based on 94 264 705 shares.

An analysis of 2021 key figures compared with 2020 is included in the Report of the Board of Directors.



5 mills in 4 countries

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

2 092
Employees

12%
Female employees

89%
Certified fibres

84%
Renewable energy

1.9
Lost time injuries per million working hours

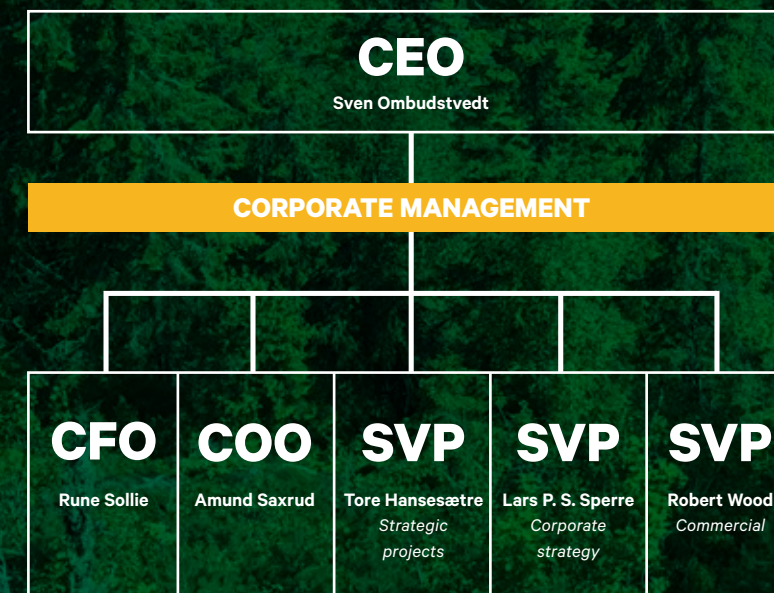


Photo: Carsten Dybevig

THE HISTORY OF NORSKE SKOG

Norske Skog was established in 1962, but our Boyer, Bruck and Saugbrugs mills have been in operation much longer. Until the 1990s, the company grew in Norway, acquiring businesses in pulp, paper and wood-based construction materials.

Through the nineties, Norske Skog expanded internationally, first with the construction of a mill in France and later through acquisitions of other newsprint and magazine paper companies all over the world. The activities within other paper grades, market pulp, energy and construction materials were sold off. In recent years, the company has entered into several projects related to recycled containerboard, energy and bio products.

As of 2022, Norske Skog has five mills in four countries and is one of the world's largest producers of publication paper to newspapers, magazines, periodicals and for advertising purposes. Norske Skog is listed on the Oslo Stock Exchange, and had about 2 100 employees at year-end 2021.



1962

Norske Skog was established by Norwegian forest owners. The purpose was to exploit timber resources in central Norway, and a newsprint mill was built at Skogn, starting production in 1966.



2006

Five newsprint machines shut down, shares in the Canadian business sold.



2008

Sale of two mills in South Korea, sale of property, shut-down of two paper machines in Europe.

2009

Sale of two mills in China, shut-down of one paper machine in Europe.



2015

Closure of the Walsum mill in Duisburg, Germany.

2017

The board of Norske Skogindustrier ASA filed for bankruptcy. Open new biogas facility at Saugbrugs.

2018

New beginning with Oceanwood purchasing the mill portfolio.

2019

New three-leg strategy within publication paper, packaging paper, and bio products and energy related products.

Norske Skog ASA was listed on the Oslo Stock Exchange.



2020

Sale of the Albury mill in Australia and the forest in Tasmania. Establishing commercial activities within nanocellose and expansion in biopellets.



Expansion in Norway 1970 - 1990



Global expansion 1991 - 2005

1992

Expansion outside Norway, Start-up of production in Golbey in France, our first business outside of Norway.

1996-1997

Purchase of paper mills in Austria and the Czech Republic.



2001

Purchase of mills in Germany and the Netherlands.

Comprehensive restructuring of the business, and divestment of activities outside the defined core area of newsprint and magazine paper.

2000

Sale of pulp mills in Norway. Purchase of Fletcher Challenge Paper in New Zealand, a firm with operations in Australasia, South America, Canada and Asia.



Comprehensive restructuring 2005 - 2014

2012

Sale of two mills in Chile and Netherlands, shut-down of Follum paper mill in Norway.

2013

Sale of two mills in Brazil and Thailand. Two machines idled at Tasman and Walsum.

2014

Ramp-up of a converted newsprint machine to LWC-products at Boyer in Australia.



New beginning 2019 -

2021

Closure of Tasman mill in New Zealand. Expansion into biocomposites and starting construction of a waste-to-energy plant at Bruck. Financing the conversion of two newsprint machines at Bruck and Golbey into containerboard production.

2022

Sale of Nature's Flame 90 000 tons pellets facility in New Zealand. Plan to start-up waste-to-energy of plant and recycled containerboard production at Bruck.



GREEN TRANSFORMATION TO A BRIGHT FUTURE



CEO Sven Ombudstvedt interviewed by Marius Lorentsen at HegnarTV about the quarterly results in November 2021.

Our transformation from a pure publication paper business to a packaging and bio-based company with an assembly of new green products are progressing according to plans with sound financing and dedicated employees. In 2022, we will fulfil our strategic ambitions through diversification of our product portfolio. At the same time, we are exploring new fibre- and energy business opportunities at every mill.

“

I want to thank all our employees for splendid morale and efforts in 2021, once again a different year for all of us.

The huge containerboard and energy projects at Bruck will be part of our revenue streams in 2022. In 2023, the Golbey projects will be commissioned. These transformations are designed according to sustainable business models and satisfy the global economic ambitions of circularity for three reasons:

1. We will be a large independent producer in a growing containerboard market with 760 000 tonnes of cost-competitive capacity,
2. Our containerboard operations will be fully based on recycled fibre,
3. We will utilise green energy generated from the new waste-to-energy facility at the Bruck industrial site and later a new biomass plant at the Golbey industrial site.

During 2021, we have seen more volatile markets for our publication paper products, especially in Europe where the abrupt energy price hikes put a tremendous challenge to our commercial team. Without this well-handled customer response, the business situation would have been very different for our European mills. However, we will still be a committed and reliable supplier of high-quality publication paper grades in the future.

In addition to the new containerboard conversions, we have during the year proudly communicated our excellent new fibre business opportunities regularly in different channels with excitement from key stakeholders. The promotion of our environmental efforts and growth story will strengthen the valuation of the entire group and most importantly the local reputation of each mill. Europe will until 2050 strive to fulfil the common commitments of a carbon neutral industry. Through our strategic choices, we are without doubt well positioned to be a competitive business leader in the transition to a low-carbon economy. Our green transformation initiatives demonstrate this:

- Golbey won the Choose France Award in the Green Transition category presented by the Minister of Economy and Finance. Golbey received the award for the environmental commitments by the conversion of one machine to packaging paper and the Green Valley (CRE5) energy project. In addition, Golbey has been awarded the Ecovadis platinum level for their outstanding sustainability performance.
- Through the construction of two energy plants based on waste residues at Bruck and biomass at Golbey, we will have access to green energy and significantly reduce our carbon footprint. This will enable us to become one of the best performers in the industry. The waste-to-energy plant at Bruck will commence commercial production in first half of 2022.
- New green products like CEBINA and CEBICO developed at Saugbrugs, have successfully entered new markets, replacing high carbon footprint products. The production of fibre composite products at Saugbrugs has a huge market potential, especially considering the decommissioning of fossil based plastic products expected long before 2050.

- Through the 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.
- Skogn is successfully contributing to innovative resource and energy efficiency improvement of the pulp and paper industry through the integration of process wastewater and biogas production enabling a 65% CO₂ emission reduction.
- Nature's Flame received in 2021 a prestigious recognition at New Zealand's Energy Excellence Awards for greatly reducing the carbon footprint for a large customer by shifting from brown coal to green bio-pellets. The facility was sold in 2022 to Talley's, a New Zealand based industrial company.

In June, our Tasman mill in New Zealand unfortunately ceased production due to a difficult market situation, and unpredictably high and volatile energy prices. We tried hard for many years to secure the operations and jobs for many good colleagues by alternative production to no avail. In France and Austria, we are investing EUR 350 million at the mills because we believe in a prosperous future. A long-term stability in the political conditions, effective and predictable operational environment and loyal customer relations are evaluated as important pre-requisites for such investments.

I want to thank all our employees for splendid morale and efforts in 2021, once again a different year for all of us. At Norske Skog, we are acutely aware that we are in charge of our own destiny. We are committed to be competitive in the global marketplace, leaving us with no other options than being innovative, creating new products and exploring new business opportunities in a safe working environment for all our employees. I am glad to say that we are undergoing a promising green transformation to a bright future.

SVEN OMBUDSTVEDT
CEO

Norske Skog creates green values from sustainable fibre and energy for the benefit of all stakeholders:

STRATEGY:

Publication paper:
Improve and optimise publication paper cash flows



Packaging paper:
Become a leading European producer of renewable packaging



Bio products and energy:
Diversify and innovate within bio products and energy



OPERATIONAL EFFICIENCY TARGETS:

Publication paper:
Achieve an EBITDA margin of at least 10%

10%

Maintain an operating rate of at least 90%

90%

Packaging paper (from 2025-26):
Achieve an EBITDA margin of at least 20%

20%

Maintain an operating rate of at least 95%

95%

A GLIMPSE OF 2021

Norske Skog receives Norwegian environmental award

In connection with the World Environment Day on 5 June, Norske Skog's Skogn production facility was awarded Norwegian political party SV's local environmental award.

This is the third time Norske Skog Skogn receives this recognition since the award was established in 1985. The award pointed to Norske Skog Skogn as a sustainable cornerstone business.

Norske Skog Skogn received the award specifically for their efforts in the road to rail strategy, which has brought Norske Skog Skogn's timber transportation from trucks to trains. In collaboration with Bane NOR and CargoNet, Norske Skog Skogn has taken 30 000 cubic metres of timber off the roads, corresponding to 25 fewer trucks on the roads per week in the district of Trøndelag, Norway. This means reduced CO₂ emissions, safer roads, less airborne dust, and lowered exhaust emissions in the communities in which Norske Skog operates.



Becoming a diversified player in growing markets

"From being a focused publication paper company we are now transforming Norske Skog towards becoming a more diversified company, with projects in several categories for growth," says Tore Hansesætre, Senior Vice President Strategic Projects in Norske Skog.

Norske Skog has a strong portfolio of projects aimed at growing markets. In Continental Europe, the company is pushing towards making Norske Skog a leading independent producer of recycled containerboard, targeting a rapidly growing packaging market.

"The conversions of Norske Skog Bruck PM3 and Norske Skog Golbey PM1 to producing recycled containerboard, as well as the two new energy facilities at Bruck and Golbey, are four individually large, sustainable and attractive growth projects. Together, they will reinforce each other and will contribute to Norske Skog quickly picking up the pace on revenue and earnings growth," says Hansesætre.



Award from Choose France to Norske Skog Golbey for green investment

In 2021, Norske Skog was awarded the Choose France Award in the Green Transition category for its €250 million investment at Norske Skog Golbey, for the conversion of one newsprint production line to 100% recycled containerboard.

The award was presented to Norske Skog by the Minister of Economy and Finance during his visit to Norske Skog Golbey.

"We are humble and proud to receive this award for the investments in our Golbey mill. This recognition proves that our future oriented projects not only make business sense, but also contributes to the benefit for the environment, the societies and the economy in the societies in which we operate," says Norske Skog's CEO Sven Ombudstvedt.



Continued commercialisation of CEBINA

CEBINA continues to see strong commercial traction and high customer attention. Commercial development of CEBINA has seen good progress during 2021, and the commercial entry into a new application area is a key milestone. In addition, it represents the first sales contract with regular volume delivery.

"The sale of CEBINA into a new application is very exciting, as it provides further evidence of the wide-ranging and environmentally beneficial potential of the product. In addition, we will be able to generate regular sales and revenues, and start building the financial foundation for the CEBINA business," says Hugo Harstad, Commercial Development Director of CEBINA at Norske Skog Saugbrugs.

CEBINA is a natural fibre-based product that adds rheology control in fluids and armouring in solid materials. CEBINA is produced by breaking down the wood fibre to very small parts, called cellulose nano fibrils (CNF) or micro fibrillated celluloses (MFC). One gramme of CEBINA can cover an entire tennis court, or be stretched eight times around the earth. These incredible surface and length properties give CEBINA its unique qualities. Norske Skog Saugbrugs has worked closely with the R&D institutions RISE PFI, NORCE and Re-Turn. Support from The Research Council of Norway and Innovation Norway has been key to the success.



Energy project at Bruck reaches key milestone

Norske Skog is investing in a new 50MW energy boiler at the Bruck mill, utilising refuse-derived fuels and paper production residuals. This will improve the carbon footprint, further strengthen the mill's profitability and create new business beyond publication paper. The fuel storage building for the project reached its final height in April 2021.

"It is impressive how Norske Skog in Bruck have managed to successfully advance the energy project, despite the still tense Corona situation. The energy boiler and the machine conversion project will serve sustainably growing markets," says Tore Hansesætre, Senior Vice President Strategic Projects.



Enters the packaging market with Skogn Interliner

The production of Interliner started on Skogn's second production line in March of 2021. Interliner is the liner, which lies between the flutes in double wall corrugated cardboard. The product is manufactured for use in the type of corrugated cardboard, which is produced and utilised in Asia.

Operations progressed well, and the end users provided positive feedback upon testing the Interliner. Based on the feedback the test deliveries received, Skogn mill is actively working to improve the product and to carry out the next test deliveries with enhanced product characteristics.

"We aim to further develop the product and produce greater volumes in 2022. At the same time, we are prioritising the important work of strengthening our expertise surrounding the Interliner product, both to enhance its quality, and to facilitate the Interliner production process' compatibility with our newsprint production," says Håvar Fjerdings, Head of Technical Customer Service at Skogn.



Launching into a new sphere for containerboard production

In 2022 and 2023, Norske Skog will launch into a new sphere as a producer of recycled containerboard, with a clear commitment to become a leading, independent supplier in the packaging industry.

"Over the next two years, Norske Skog will convert two paper machines, entering a fast-growing packaging market with 760 000 tons of recycled containerboard. PM3 at Norske Skog Bruck will start production in fourth quarter of 2022. Norske Skog Golbey will follow almost one year later with their PM1," says Marleen van den Berg, VP Containerboard Sales at Norske Skog.

Marleen van den Berg has been with Norske Skog since the beginning of 2020 and together with the Norske Skog sales team, she has already started to reach out to potential customers across Europe. *"Although we have a long history in producing high quality papers, we are a newcomer in the packaging industry. We need to introduce ourselves, inform people about our projects and our organization,"* she says.



For further information on these and other short stories please visit our website www.norskeskog.com

Norske Skog receives Platinum Sustainability Rating from EcoVadis

Since 2015, Norske Skog Golbey has been assessed by EcoVadis for its performance on environmental and social impact, human rights and responsible purchasing. EcoVadis is an independent organization in charge of evaluating supplier's performance in terms of sustainable development.

For 2021, Norske Skog Golbey scored higher than the industry average across all categories. This means Norske Skog Golbey have achieved a score of 73/100, which awards them an EcoVadis Platinum rating and ranks them in the top 1% of companies in the pulp and paper industry.

"At Norske Skog, we believe that industry must participate actively in the process to drive sustainability. Our mills work continuously to reduce emissions and discharges and to build new, innovative solutions to contribute to the transition. We are very proud of the work done at Golbey and congratulate them with the EcoVadis Platinum rating. They are inspiration for the rest of our company and industry," says CEO Sven Ombudstvedt.



Biogas filling station opened in Trondheim

Biogas is increasingly used as a fossil free fuel for vehicles, replacing diesel and petrol. Norske Skog Skogn mill contributes to innovative resource use and improved energy efficiency of pulp and paper industry effluents through a collaboration between Norske Skog, Scandinavian Biogas and Biokraft AS. In November 2021 a new biogas filling station opened in Tiller, Norway, where heavy transportation vehicles can now fill biogas produced at Biokraft Skogn, a project located at Norske Skog Skogn.

By integrating the paper mill and the biogas production facility, the project was able to reduce CO₂ emissions by 65%, an estimated amount of 3 500 to 9 000 tons per year. The demonstration project was supported by the EU LIFE Programme.

ABOUT NORSKE SKOG'S OPERATIONS

SUMMARY

Norske Skog is a world leading producer of publication paper with strong market positions and customer relations in Europe and Australasia. The Norske Skog group operates four mills in Europe, of which two will produce recycled containerboard following planned conversion projects. In addition, the group operates one publication paper mill in Australasia. Norske Skog ceased production at one converting grade mill in June 2021 and sold one pellet facility in New Zealand in January 2022.

Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of promising converting, energy and bio products projects. The group has approximately 2 100 employees in four countries, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

PUBLICATION PAPER

The group's newsprint paper products include standard and improved grades, while the group's magazine paper products comprise uncoated super-calendared paper ("SC") and lightweight coated paper ("LWC"). The end uses of the group's products are mainly newspapers and magazines, but also include catalogues, inserts/flyers, supplements, free-sheets, directories, direct mail, brochures and book paper. The group sells its products under well-known brands, including Nornews, Norbright, NorX, Norstar, Norcote, NorSC, Norbook, 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 36% of revenue.

The group's market shares based on production capacity for newsprint, SC magazine paper and

LWC magazine paper in Western Europe are approximately 23%, 9% and 5% respectively, according to PPPC. In Australasia, the group is the sole producer of publication paper, but the group estimates a market share in terms of publication paper deliveries of approximately 80% for newsprint and 55% for magazine paper.

NEW ACTIVITY

Norske Skog plans to become a leading European producer of recycled containerboard by converting two newsprint machines, one at Norske Skog Bruck and one at Norske Skog Golbey. The conversions will introduce 760 000 tonnes of competitive containerboard capacity to meet the growing demand for renewable packaging. The group has chosen Strato as the new recyclable packaging paper product brand name. The Strato commercial team prepares several promotional activities and campaign to attract new customer to our new packaging products. The Skogn mill produces Skogn interliner, a complementary packaging paper product to Strato, on one of its three newsprint machines to serve the Asian packaging markets.

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

Norske Skog actively works to realise value from the industrial sites by developing existing infrastructure and industry competence. Norske Skog ceased production at the Tasman mill in June. The Tasman mill site is in the process of being sold. The 90 000 tonnes wood pellets production facility was sold to the New-Zealand based food company Talley's in January 2022.

Norske Skog is the largest shareholder in Circa Group, which has been granted EUR 9.2 million from the EU Flagship Grant for the production of a first-of-its-kind 1 000 tonnes biochemicals plant in France. Circa Group was listed on the Euronext

Growth market in Oslo during the first quarter of 2021. Circa successfully completed a NOK 575 million private placement, in which Norske Skog ASA invested NOK 50 million. The proceeds will be used to fund the construction of the ReSolute plant in France, further market development, and development of new products. Norske Skog Australasia has worked closely with Circa since 2015 at its Boyer Mill in Tasmania, providing significant industrial and process competence to enable the scalability of Circa's unique and patented Furacell technology.

Following significant marketing efforts and further customer testing in 2021, CEBINA is now sold and delivered to customers in Norway and internationally. CEBINA is a natural fibre product developed at Norske Skog Saugbrugs, which adds rheology control in fluids and armouring in solid materials.

The continued development of CEBICO (bio composites) progressed well during the year. The installation of a NOK 25 million extruder or pilot-plant at Norske Skog Saugbrugs, enabling a significant increase in the ability and quality of testing with potential customers, was installed and is now effectively producing bio-composites. Innovation Norway has granted NOK 15 million to a pilot bio-composites plant.

Through the 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.

STAKEHOLDER AND MATERIALITY ANALYSIS

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

The materiality analysis highlights areas of opportunity and risk that will be fundamental to the group's strategy and integrated in daily operational activities. 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 also through the years been nationally recognised for its labour practices and excellent work environment, and the outstanding health and safety performance compared to the industry average.

The materiality analysis has been revised and approved by the corporate management. The SDG strategy is based on both external and internal input. **The outcome of the materiality review are listed below.**

THE GRI STANDARDS TOPICS WITH THE MOST VITAL IMPACT ON NORSKE SKOG'S OPERATIONS



Economic performance



Waste



Occupational Health and Safety



Energy



Public policy

THE GRI STANDARDS TOPICS WITH THE MOST VITAL IMPACT ON NORSKE SKOG'S EXTERNAL STAKEHOLDERS



Economic performance



Water and effluents



Customer health and safety



Non-discrimination

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

THE SUSTAINABLE DEVELOPMENT GOALS ARE AN INTEGRAL PART OF OUR STRATEGY

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

Norske Skog supports all 17 SDGs, but realize that some are more relevant to our business than others. During 2021, we have assessed which of these 17 goals that we consider are the most relevant for Norske Skog, and those where we believe we can make a difference and contribute positively.

WE HAVE ASKED OURSELVES THESE QUESTIONS:

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

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

Norske Skog shall create value for people and society in a responsible way, while promoting a sustainable environment and principles of circular economy.

To be a profitable business is fundamental for creating jobs and value for society through our operations and products. Profit must be created in a sustainable and responsible way. Innovations and operational excellence will spur a long-term profitable business. We have a strong commitment to maintain a high-level governance practice combined with an operational safety focus for our employees. Our operations must be based on sustainable sourcing, e.g. using certified wood and chips documented through the Chain of Custody and use of recycled paper. We must be resource and energy effective in all our operations. Environmental impacts from our supply chain and our mills must be minimized.

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

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

These strategic goals are communicated extensively throughout the organisation, and are well known to external, crucial stakeholders, especially the press and investors. In 2021, the group reviewed the business climate risks and opportunities and related these findings to define ambitions, target settings for the prioritized SDGs and relate these to the already determined strategic choices of the group. The purpose of the assignment was to align the corporate strategy with a selection of the most relevant of the 17 UN Sustainable Development Goals.

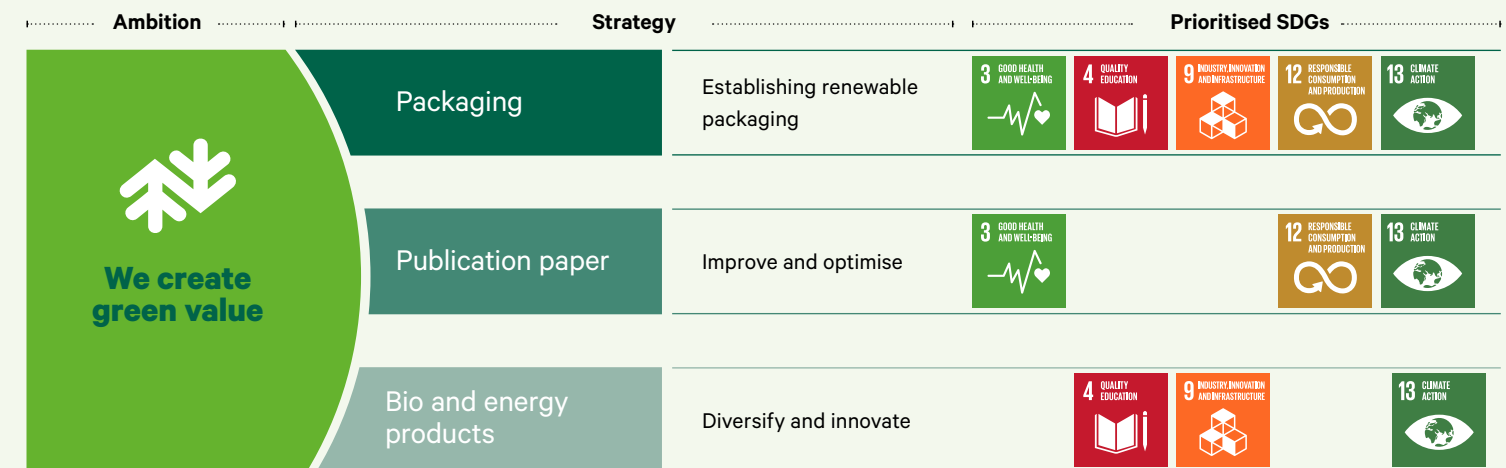
To make the SDG targets relevant for the board, management and the rest of the group, the intention was to align and integrate the 5 prioritized sustainable development goals to the resolved strategic goals already effectuated by the board of directors.

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

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

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

THE SDGS ARE AN INTEGRAL PART OUR STRATEGY



Compliance

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

Norske Skog has common standards for all business units and employees to ensure compliance (the Steering Guidelines - <https://www.norskeskog.com/sustainability/steering-guidelines>) to which all of our business partners shall adhere. This strengthens the quality of our operations and promotes our predictability and credibility with customers, suppliers and other partners, and consequently Norske Skog's commercial position. Norske Skog board of directors has appointed a compliance officer for the group to ensure that the Steering Guidelines are up to date and adequate global and local internal control systems exist. However, the responsibility to comply with the Steering Guidelines on a day-to-day basis lies with the line organisation at each of our business units as compliance must take place where the risk lies, primarily in the production and commercial operations and their associated activities.

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

About the sustainability report

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

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

The report covers material sustainability topics to Norske Skog. For the environmental data, it covers the value chain of the group's activities. Sustainability data for 2021 includes the five Norske Skog paper mills at Boyer, Bruck, Golbey, Skogn and Saugbrugs operating at 31 December 2021, and data for the Tasman mill until the end of June 2021, when it ceased production.

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

The sustainability report consists of three elements:

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

**Lisa
Grimstad**
SAUGBRUGS, NORWAY



Lisa Grimstad has a Master of Science in Process Technology and has been with Norske Skog for 17 years, both in the Norske Skog Research & Development department and at the Saugbrugs mill. She is now responsible for health, environment and safety, quality assurance and sustainability. She has a passion for continuous improvement, a sustainable future for Norske Skog and a safe work environment for all employees 24/7.

"We have created green value! I see a sustainable Norske Skog in all dimensions. We will continue with successful growth projects at Saugbrugs with CEBICO and CEBINA amongst others, and still holding a leading position in publication paper."

Sustainability goals overview

E/S/G & E*

Ambition/ Area

Targets

Planned activities



S	Inspire others to learn from our 'best in class' occupational health and safety standards.	Share knowledge through relevant professional forums and industry organizations.	<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 intranet 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.
	Increase job attendance for all employees.	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.
	Ensure a healthy and safe working environment.	Reach zero occupational injuries (LTI and TRI).	<ul style="list-style-type: none"> - Use DNV GL's tool "Synergy" to report LTI and TRI, and complete training programmes for relevant personnel. - Develop a new HESQ leadership training program. - Perform regular self-assessments to identify focus areas for improvement.



S	Attract and keep top talent.	<ul style="list-style-type: none"> - Achieve at least 75 % of new hired skilled workers to be recruited from apprentices programs by 2025. - Offer ten trainee positions or internships for master degree students annually. 	<ul style="list-style-type: none"> - Implement advanced apprentice programs and extended training programs at all mills. - Cooperate with local schools and selected universities about relevant programs.
	Invest in our people through training and development.	Establish three knowledge networks to capture critical competence and facilitate knowledge transfer throughout the group.	<ul style="list-style-type: none"> - Establish and operate three knowledge networks by the end of 2022.
		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 by 2023.		<ul style="list-style-type: none"> - Stimulate mid-level managers to carry out performance reviews and annual plans for training and development.
Prepare Norske Skog for entering the containerboard market in 2023.	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"> - Establish a containerboard knowledge network in 2022. - Review the sales organisation. - Deliver a market knowledge program.



G & E	Create shareholder value.	<p>Publication paper:</p> <ul style="list-style-type: none"> - Achieve an EBITDA margin of at least 10%. - Maintain an operating rate of at least 90%. <p>Packaging paper (from 2025-26):</p> <ul style="list-style-type: none"> - Achieve an EBITDA margin of at least 20%. - Maintain an operating rate of at least 95%. 	<ul style="list-style-type: none"> - Adhere to operational budget plans and implement necessary corrective actions.
	Develop sustainable industrial clusters utilizing existing site infrastructure and contribute to economic growth.	Achieve net debt/EBITDA ratio of 2 or less.	<ul style="list-style-type: none"> - Finance activities adapted to operational profit capabilities.
	Align innovation activities with the long term group strategy.	Achieve 50 % of revenue from new business areas by 2030.	<ul style="list-style-type: none"> - Invest in packaging, energy and fibre projects.
	Perform R&DI activities at all business units based on Norske Skog's position in the fiber value chain.		<ul style="list-style-type: none"> - Ensure alignment through group annual strategy discussions in corporate management. - Report R&DI activities in the mills to corporate management through the budget process.
	Commercialize promising and profitable innovation results.	<ul style="list-style-type: none"> - Achieve 50 % of revenue from new business areas by 2030. - Achieve at minimum an IRR of 10% on new investment projects. 	<ul style="list-style-type: none"> - Establish 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.



S	Understand the actual and potential impacts our operations have on local communities, and to understand their expectations and needs.	Report the significant social, environmental, safety and economic impacts our operations have on the local communities.	<ul style="list-style-type: none"> - Cooperate with local community organization and being open and honest about environment, safety and economic issues with relevant community bodies.
	E	Report the extent of development of significant infrastructure investments and services supported, both current or expected impacts on communities and local economies.	<ul style="list-style-type: none"> - Cooperate and communicate openly with the local community about company strategy and investment plans as early as possible.



E	Ensure sustainable use of materials and energy in our operations.	Achieve efficient use of biprocess streams in the production process to create biobased-energy or biproducts for sale.	<ul style="list-style-type: none"> - Utilise bi-products from the entire production process.
	Operate mills with high energy efficiency.	Measure the level of CAPEX used on energy efficiency/energy-source improvements.	<ul style="list-style-type: none"> - 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.	Install anaerobic wastewater treatment and biogas at all European mills (% installed) within 2030.	<ul style="list-style-type: none"> - Invest in anaerobic waste water treatment and biogas production at all European mills.
	Reduce emissions of Sulphur Dioxide (SO ₂) and Nitrogen Oxide (NOX) from our operations.	Ensure compliance with emission permits and regulations.	<ul style="list-style-type: none"> - Perform mill activities related to SO₂ and NOX improvements.
G	Reduce waste from our operations.	Deliver no ash to landfill in 2030.	<ul style="list-style-type: none"> - Establish procedures and/or ash product development.
	Ensure sustainable sourcing of raw material.	Achieve 100% certification of all wood used for our products.	<ul style="list-style-type: none"> - Review internal control routines to measure and reach the certification target.



E	Reduce greenhouse gas (GHG) emissions.	Reduce GHG emission kg/tonne paper (baseline 2015) by 55% in 2030 (Scope 1 & 2).	<ul style="list-style-type: none"> - Invest in packaging and promising energy and fibre projects.
		Net zero GHG emission kg/tonne paper in 2050.	<ul style="list-style-type: none"> - Participate in CCS and CCU activities at Norske Skog Skogn and Norske Skog Saugbrugs.
		Reduce Scope 3 GHG emissions by collaborating with external parties.	<ul style="list-style-type: none"> - Collaborate with transporters to utilize CO₂-free vehicles such as train for truck programs at the mills.
	Use sustainable energy sources.	Reduce dependency of fossile energy sources.	<ul style="list-style-type: none"> - Invest in biomass-boilers to replace fossile energy sources at the mills.
	Handle climate risk and business opportunity understanding.	Review the annual climate risk plan and business opportunity analysis.	<ul style="list-style-type: none"> - Perform an annual climate risk and opportunity analysis for each business unit.



G	Abstain from financial and in-kind political contributions.	Report which political topics and influence channel the group has used.	<ul style="list-style-type: none"> - Be involved in political tasks through the Norwegian Federation of Trade and Industry, the Norwegian pulp and paper organization, CEPI, and through other relevant partnerships.
S	Ensure our customers healthy and safe working environment.	Report percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	<ul style="list-style-type: none"> - Perform reviews of relevant health and safety hazards our products expose to our customers.
G	Abstain from anti-competitive behaviour and adhere to relevant competitive legislation.	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 organization has been identified as a participant. Report the main outcomes of completed legal actions, including any decisions or judgments.	<ul style="list-style-type: none"> - Perform annual reviews with relevant personell and agents on relevant anti-competitive legislation and Norske Skog steering guidelines.
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.	Report the total number of incidents of discrimination during the reporting period.	<ul style="list-style-type: none"> - 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).
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.	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 organization 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.
		Prohibit the use of child labor within our operations and avoid contributing to the use of child labor suppliers and customers.	<p>Report operations and suppliers considered to have significant risk for incidents of:</p> <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.

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



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

PRIORITISED SDGS



E/S/G & E*	Ambition/ Area	Targets	Planned activities
S	Inspire others to learn from our 'best in class' occupational health and safety standards.	Share knowledge through relevant professional forums and industry organizations.	<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.
	Increase job attendance for all employees.	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.
	Ensure a healthy and safe working environment.	Reach zero occupational injuries (LTI and TRI).	<ul style="list-style-type: none"> - Use DNV GL's tool "Synergy" to report LTI and TRI, and complete training programmes for relevant personnel. - Develop a new HESQ leadership training program. - Perform regular self-assessments to identify focus areas for improvement.

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

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, requirements and local requirements where we operate, but shall always meet the requirements of our health and safety standards for international activities. Our goal is a safe working environment where health and safety receive equal attention in planning and in the daily operations of the company.

The Process for Safety Excellence (PSE) is an ongoing, structured process integrated into the day-to-day business of the company 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.

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

OUR IDENTIFIED NINE KEY ELEMENTS (STANDARDS) ARE:



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

THE OBJECTIVES OF THESE STANDARDS ARE AS FOLLOWS:

- To define the minimum requirements for the Health and safety systems at all levels of operation
- To provide a framework for health and safety systems measurement
- To encourage a consistent approach to health and safety systems
- To identify and share the best practice between business units
- To provide the business units the opportunity to assess themselves against the standards and continually improve their systems
- To enable inter-mill/unit reviews to provide an external perspective and recommendations for improvement

Where Norske Skog has no operational responsibility, but has an equity stake, or where -significant NorskeSkog assets are involved in a subcontracting site, arrangements shall be made to ensure that comparable standards of safety are maintained. We strongly believe in behavioural based safety observations and audits. These are observations of people's workplace behaviour that enables positive feedback for safe behaviour, recognition and correction of unsafe acts.

Our Norwegian business units have signed a letter of intent regarding a more inclusive workplace (IA Agreement with supplementary agreements) 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 Life database system (Synergi), which is also a source for the transfer of experience and sharing of best practices. Reports from Synergi are analysed and form the basis for our internal HSE audits conducted by our HSE staff at the group level.

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

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

PERFORMANCE:

Norske Skog had an absence rate due to illness of 4.2 per cent in 2021, which is on the same level as last year. The total number of accidents at the mills are almost at the same level in 2021 as in 2020, but it was an increase in lost time injuries per million working hours (H1 or LTI) in 2021 compared to 2020.

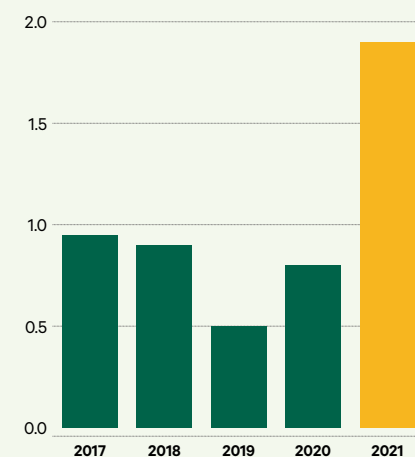
The IA-agreement has been renewed and continues the operational objectives for the cooperation:

- 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



	2017	2018	2019	2020	2021
LTI ²⁾ (H1)	1.0	0.9	0.5	0.8	1.9
TRI ²⁾ (H2)	7.3	7.4	9.8	6.6	5.9
Absence due to illness	3.5	3.8	3.7	4.2	4.2

²⁾ 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.

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



E/S/G & E*	Ambition/ Area	Targets	Planned activities
S	Attract and keep top talent.	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.
	Invest in our people through training and development.	Establish three knowledge networks to capture critical competence and facilitate knowledge transfer throughout the group.	- Establish and operate three knowledge networks by the end of 2022.
		Provide training modules for technical core skills, soft skills and compliance skills.	- Offer training and supplementary education for all through their entire job career. - Reinvigorate the Norske Skog Academy. - Reinvigorate NSPS-modules.
Prepare Norske Skog for entering the containerboard market in 2023.	Achieve a 100 % completion rate for annual performance reviews and development plans by 2023.	- 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.	- Establish a containerboard knowledge network in 2022. - Review the sales organisation. - Deliver a market knowledge program.

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

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

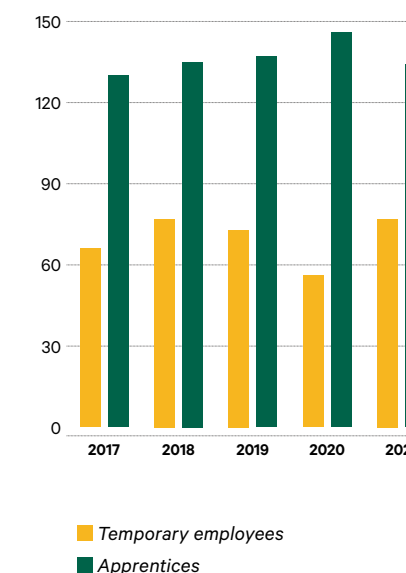
Our goal is to have a broad access to qualified personnel in a short and long-term perspective.

PERFORMANCE:

Norske Skog has a structured process for assessing people performance and creating targeted professional development 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 2021, 6.4% of our employees were apprentices and trainees. In Norway, 38% of new hired skilled workers are recruited from apprentice programs, whereas the group achieved 17%. During 2021, a containerboard knowledge network has been established. It has been established a platform for other knowledge networks. Most business units cooperate with selected schools, colleges, and universities. Our engagement embraces activities such as mill visits, project work, diploma theses, trainee, and apprentices' programmes. In our internal continuous improvement programmes, we aim to share knowledge and learnings. The group is working to further improve the execution of annual performance reviews and development plans by 2023.

NUMBER OF APPRENTICES AND TEMPORARY EMPLOYEES



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



E/S/G & E*	Ambition/ Area	Targets	Planned activities
G & E	Create shareholder value.	Publication paper: - Achieve an EBITDA margin of at least 10%. - Maintain an operating rate of at least 90%. Packaging paper (from 2025-26): - Achieve an EBITDA margin of at least 20%. - Maintain an operating rate of at least 95%.	- Adhere to operational budget plans and implement necessary corrective actions.
	Develop sustainable industrial clusters utilizing existing site infrastructure and contribute to economic growth.	Achieve net debt/EBITDA ratio of 2 or less.	- Finance activities adapted to operational profit capabilities.
	Align innovation activities with the long term group strategy.	Achieve 50 % of revenue from new business areas by 2030.	- Invest in packaging, energy and fibre projects.
	Perform R&DI activities at all business units based on Norske Skog's position in the fiber value chain.		- Ensure alignment through group annual strategy discussions in corporate management.
	Commercialize promising and profitable innovation results.	Achieve 50 % of revenue from new business areas by 2030. Achieve at minimum an IRR of 10% on new investment projects.	- Report R&DI activities in the mills to corporate management through the budget process.
	Increase the level of sustainability through knowledge sharing across business units to strengthen continuous improvement activities and product development within the existing core business.	Reach a minimum of 20 annual continuous improvement activities across all mills.	- Establish 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.
		- Evaluate the continuous improvement activities and the impact they have on the SDG targets compared to planned activity.	

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

Norske Skog's research and development work is performed at each business unit often in cooperation with external research institutions. The work is coordinated centrally, with the aim of leveraging synergies and best practices throughout the group. There are continued focus on improving paper products and new innovative, green alternatives in synergy with existing production process.

Norske Skog continuously engages in low-cost R&D activities to explore new revenue sources. The efforts include both short-term and long-term projects across a wide range of initiatives. The initiatives are at various stages of the development cycle, from early-stage research to final stages of implementation and range from bioenergy production to development of biochemical and fibre products. Investments into projects for alternative use of fibre and development of biochemicals are being done in the form of pilot plants that, if successful, can contribute to growth when commercialised.

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

PERFORMANCE:

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

Norske Skog plans to become a leading European producer of recycled containerboard by converting two newsprint machines, one at Norske Skog Bruck and one at Norske Skog Golbey. The conversions will introduce 760 000 tonnes of competitive containerboard capacity to meet the growing demand for renewable packaging.

The group has chosen Strato as the new packaging product brand name, and has established a commercial team that is already performing marketing activities and developing customer relations.

Norske Skog employs dedicated R&D staff at all the paper mills, engaging in both the development of new publication paper products and researching opportunities within biochemical and fibre products than can replace petrochemical products. In addition to the R&D staff, the group employs personnel involved in developing and executing on opportunities for biogas, waste-to-energy facilities and alternative or additional

methods of reusing the by-products from the production processes. The business units are all continuously working on improving existing publication paper products and finding new alternative purposes for our paper. For example, the Skogn mill has switched from producing standard newsprint to interliner, which is a product within the packaging paper segment. Norske Skog engages in several early-phase research projects into biochemical and fibre products.

Norske Skog has together with the Circa Group developed the Furacell process, which could represent the first biochemical solvent for use in the pharmaceutical industry to replace petrochemical products. Norske Skog is the largest shareholder in Circa Group, which has received a EUR 9.2 million EU Flagship Grant for the production of a first-of-its-kind 1 000 tonnes biochemicals plant in France. Circa Group was

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

The group is also engaged in developing nanofibrils for strengthening paper products, enhancing paint and glue, developing 3D composites and additives in nutritional products. Following significant marketing efforts and customer testing in 2021, CEBINA is now sold and delivered to customers in Norway and internationally. CEBINA is a natural fibre product developed at Norske Skog Saugbrugs, which adds rheology control in fluids and armouring in solid materials.

Norske Skog has built a 300 tonnes capacity pilot plant for fibre composites at the Saugbrugs mill in

Norway, which Innovasjon Norge has granted NOK 15 million. In early 2022, Norske Skog Saugbrugs, together with its research and industry partners, have been granted NOK 60 million in research funding from the Research Council of Norway and Innovation Norway under the Green Platform Programme. The portfolio of products to be developed aims to remove or greatly reduce the use of petroleum-based raw materials and harmful materials, as well as to contribute to increased recycling of plastics.

Through the 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.



Photo: Enzo Zadra

Enzo Zadra
BRUCK, AUSTRIA

While the managing director at Norske Skog Bruck in Austria, Enzo Zadra, points to external factors as corona, energy prices, and shortage of important raw materials for production, he picks internal factors as organisational development when asked to point to what is key for the future success of his mill.

"It is important to use the existing know-how and to learn from each other to develop the mill further towards our ambitious climate and business goals."

"We will put lots of effort into attracting young talents to work in our team. A zero-harm working environment and a sound working atmosphere is at the base of our activities. The last two years have shown that it is essential to combine global thinking and local acting and sourcing to safeguard our business."

Ensure sustainable consumption and production patterns



E/S/G & E*	Ambition/ Area	Targets	Planned activities
E	Ensure sustainable use of materials and energy in our operations.	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.
	Operate mills with high energy efficiency.	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.
	Reduce Chemical Oxygen Demand (COD) to recipient.	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.
	Reduce emissions of Sulphur Dioxide (SO ₂) and Nitrogen Oxide (NOX) from our operations.	Ensure compliance with emission permits and regulations.	- Perform mill activities related to SO ₂ and NOX improvements.
	Reduce waste from our operations.	Deliver no ash to landfill in 2030.	- Establish procedures and/or ash product development.
G	Ensure sustainable sourcing of raw material.	Achieve 100% certification of all wood used for our products.	- Review internal control routines to measure and reach the certification target.
	Ensure responsible supplier value chain handling.	Ensure supplier adherence to Norske Skog code of conduct within 2023.	- Mature sustainable sourcing practices by updating code of conduct, questionnaire for suppliers on ESG-topics and routines for audit of suppliers.

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

The highly simplified diagram on page 36 illustrates the paper production process. Main input materials are wood and/or recovered paper, as well as electricity and chemicals. Wood and recovered fibres are separated during pulp production in two different processes.

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

The residues from the production processes are reused or disposed of in a number of ways: energy recovery, landfill, agriculture or sale/delivery. Where possible, process residues are used to generate energy for the pulp and paper manufacturing process. Some customers want paper based entirely on recovered paper. However, a value chain based only on recovered paper is not sustainable. About one third of the paper is lost in

the recovered paper cycle. Factors such as consumer awareness, waste disposal and collection systems and alternative uses for used paper influence its collection rate. The structure and strength of the fibres of paper degrade with successive use. Recovered paper fibres that are no longer suitable for papermaking are rejected in our mill pulping processes and are generally used as a source of renewable energy. To make the recovered paper value chain sustainable, fresh fibre from forests, plantations or sawmill by-products must be added.

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

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

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

PERFORMANCE:

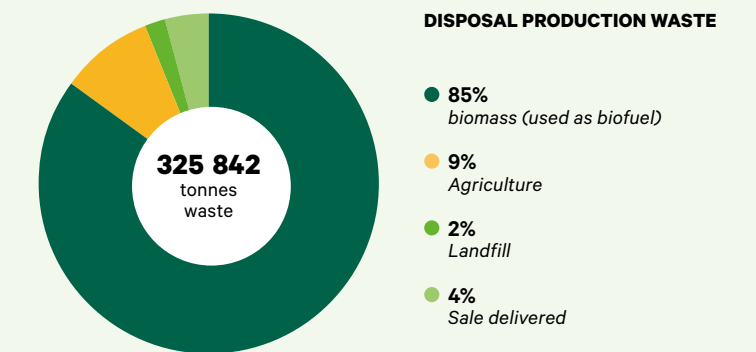
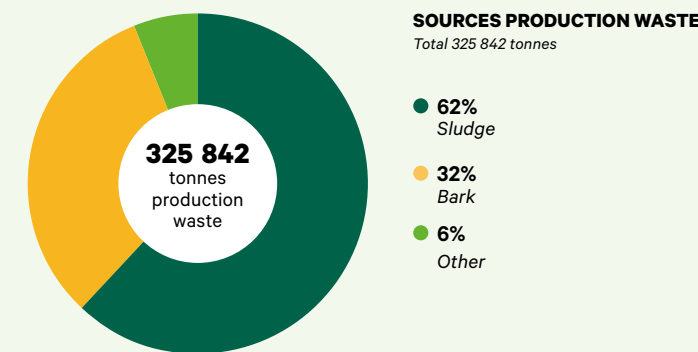
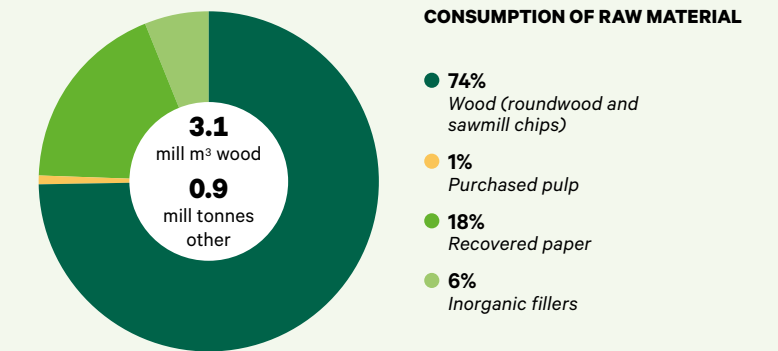
Norske Skog has systems and processes to make sure that all wood used in Norske Skog's products comes from sustainably managed forests. All Norske Skog mills utilising fresh fibre have third-party verified Chain of Custody (CoC) certification systems in place. The average share of certified fresh fibre in 2021 was 89%, in line with last year.

In 2021, Norske Skog consumed 3.1 million m³ of fresh fibre and 0.65 million tonnes of recovered paper. On a tonnage basis, our largest consumption of recovered paper takes place in continental Europe. The fibre source used at the different Norske Skog mills depends upon availability and economic considerations. The minimisation of transport distances and costs is an increasingly important economic and environmental consideration.

The total quantity of production waste generated by the group in 2021 was 325 842 dry tonnes. 122 579 tonnes of ash were generated from combustion. In 2021, 85% of the waste was used as biofuel. Other residues, for example ash, are used in concrete or brick making, or in road construction. Agricultural re-use is also an option for some ash and organic materials. Part of the production residues are deposited in landfills. Hazardous

SHARE OF RECOVERED PAPER IN PAPER PRODUCTION:

Norske Skog Bruck, Austria	79%
Norske Skog Golbey, France	42%
Norske Skog Skogn, Norway	14%



waste amounted to 426 tonnes in 2021. Hazardous waste is disposed through authorised collection systems in accordance with national regulations.

Norske Skog makes great efforts to ensure that the wastewater treatment meet the highest standards. In 2020 and 2021, the operations in Australasia had an increase in discharges of organic substances (COD) and Suspended Solids (SS). This is due to the closure of two mills with very beneficial environmental profiles, leading to increased KPI values for the region.

Many of our mills participate in projects to find alternative or additional methods of reusing the by-products from the production processes. Our products come with an environmental product declaration for paper (Paper Profile) which guide the paper buyer according to environmental performance on standardised environmental parameters. All of Norske Skog's business units are certified in accordance with ISO 9001 and 14001.

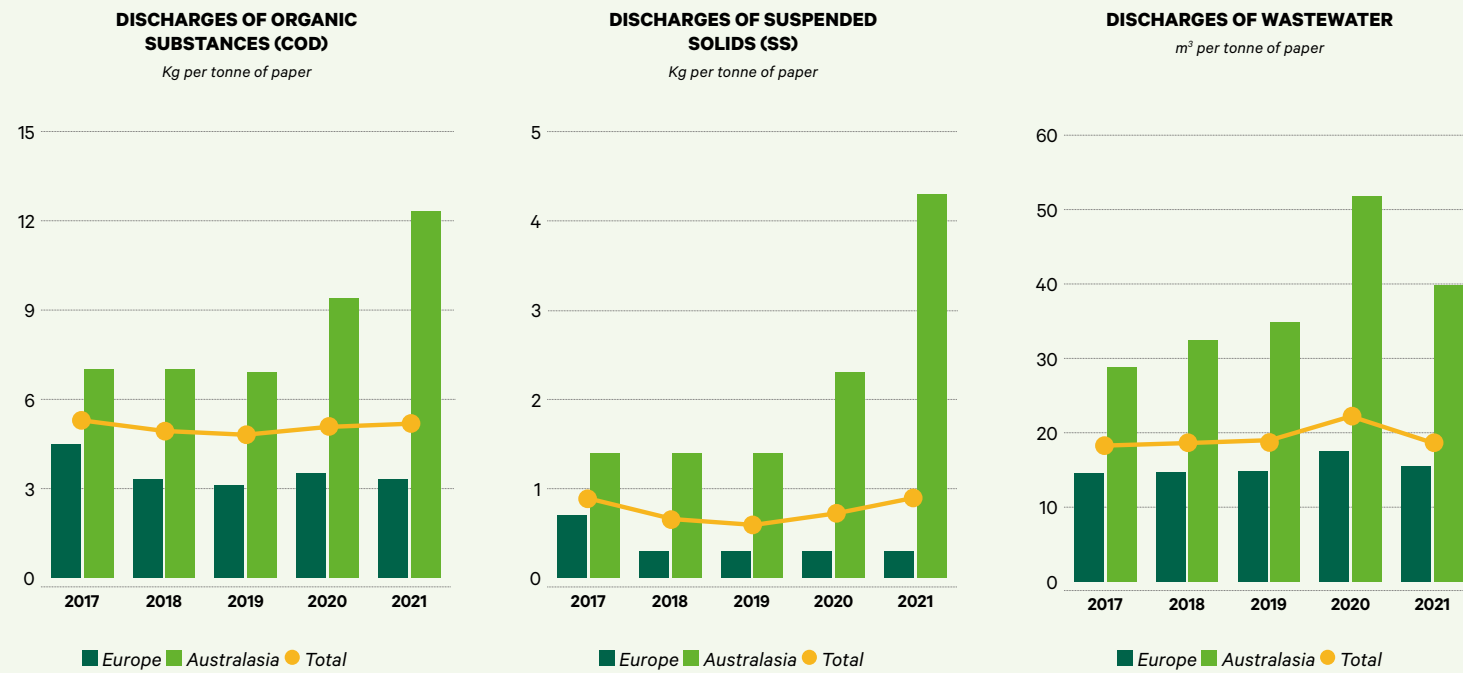
Please refer to SDG 15 about sustainably managed forest and fibre sourcing, SDG 6 about clean water, and SDG 7 to read about energy utilisation.



Photo: Finn-Arne Bjørnstad



Take urgent action to combat climate change and its impacts



E/S/G & E*	Ambition/ Area	Targets	Planned activities
E	Reduce greenhouse gas (GHG) emissions.	Reduce GHG emission kg/tonne paper (baseline 2015) by 55% in 2030 (Scope 1 & 2).	- Invest in packaging and promising energy and fibre projects.
		Net zero GHG emission kg/tonne paper in 2050.	- Participate in CCS and CCU activities at Norske Skog Skogn and Norske Skog 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.	
	Use sustainable energy sources.	Reduce dependency of fossile energy sources.	- Invest in biomass-boilers to replace fossile energy sources at the mills.
	Handle climate risk and business opportunity understanding.	Review the annual climate risk plan and business opportunity analysis.	- Perform an annual climate risk and opportunity analysis for each business unit.

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

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. The EU together with member state governments have introduced a comprehensive energy plan including various common and state programmes within technology development, energy efficiency and energy consumption to fulfil this ambitious goal.

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. We are committed to contribute to combat global climate change. Climate change is the environmental issue receiving the greatest attention today. Norske Skog has a long-term goal to achieve net zero GHG emission by 2050, and a 55% reduction within 2030 from the baseline in 2015. Norske Skog has a tradition of setting ambitious goals of greenhouse gas reduction.

Emissions to air occur primarily from energy generation processes, and the majority of solid wastes occur from the processing of fibre inputs (wood or recovered paper) and from the treatment of effluent (fibre and biological solids). Most of our mills have their own boilers or incinerators for

producing thermal energy from these solid residues. Fossil fuels in the form of natural gas, oil and coal may also be used. The main emissions associated with these activities include carbon dioxide, particulates, sulphur dioxide and nitrogen oxides. A number of technologies are used to reduce and control these discharges. Ash residues result from combustion processes involving solid fuels.

To demonstrate Norske Skog's commitment to combating climate change, and to make critical information available to investors, customers and the market, we will start reporting to Carbon Disclosure Project (CDP) in 2022.

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. For 2021, only the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities of the net turnover, operational expenditure, and capital expenditure shall be disclosed. An economic activity is considered eligible if it is included in the list of activities covered by the delegated acts of the Taxonomy Regulation.

Norske Skog's main activities, paper and cardboard 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 harmful or unsustainable. This is also true for the non-eligible activities in Norske Skog. Norske Skog will closely follow the EU Taxonomy regulation as it gets updated with new eligible activities that might be relevant for our business, and will assess the eligibility for new products and services from Norske Skog under development.

PERFORMANCE:

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

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

Carbon stored in forest products (biogenic carbon) is separately reported to the Norwegian Environment Agency. Norske Skog has set forth ambitious goals to reduce our carbon footprint. In 2021, we reached a level of 466 kg CO₂/tonne of paper – a slight reduction from 2021. Our greenhouse gas emissions were at the same level in 2021 as in 2020. In 2022, Norske Skog Bruck will during the year reduce the use of fossile gas and substitute the gas with energy from the waste-to-energy plant.

In 2021, the Norske Skog Boyer mill and Norske

PAPER PRODUCTION PROCESS

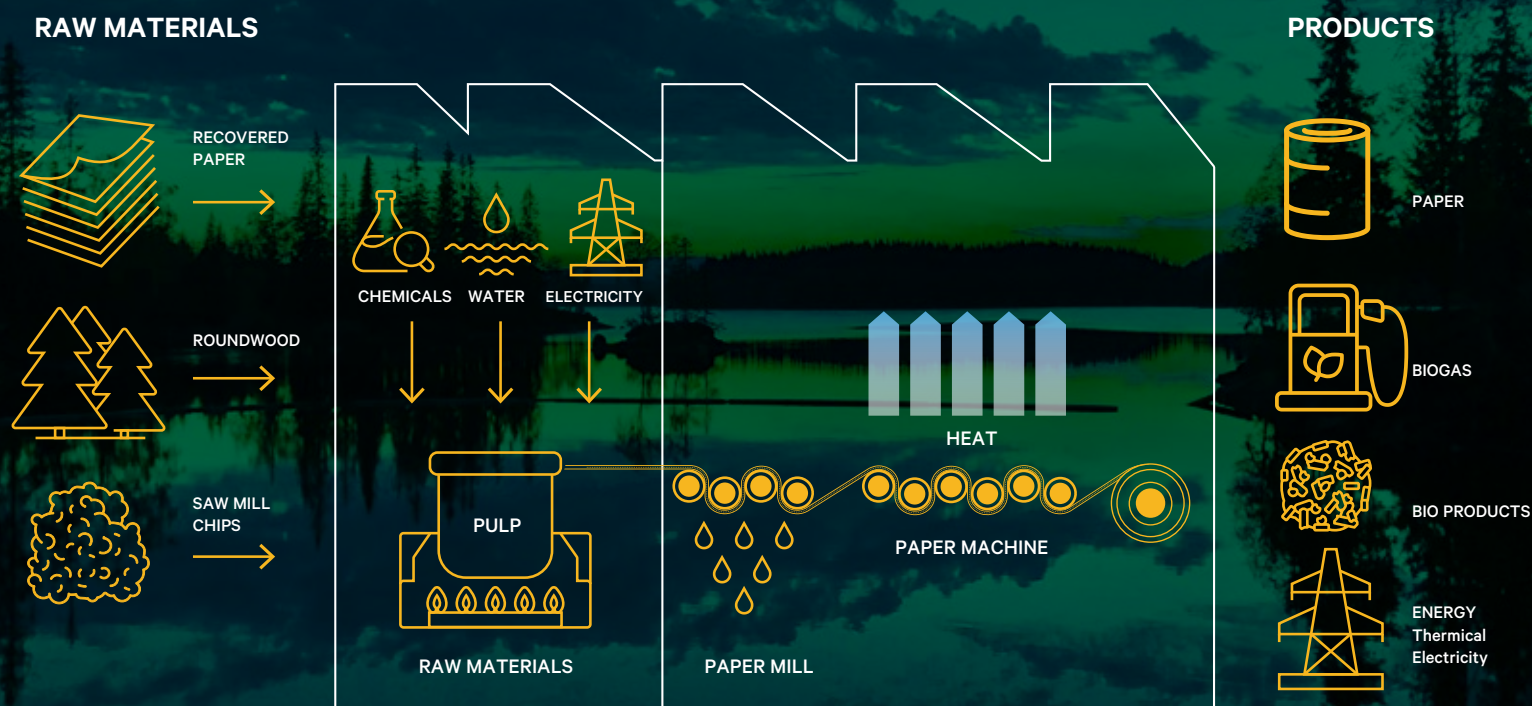


Photo: Carsten Dybevig

Skog Bruck mill encompass for about 80% of the CO₂ emission; whereas, the two Norwegian mills had around 3% of the total CO₂ emission in the Group. Through the 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.

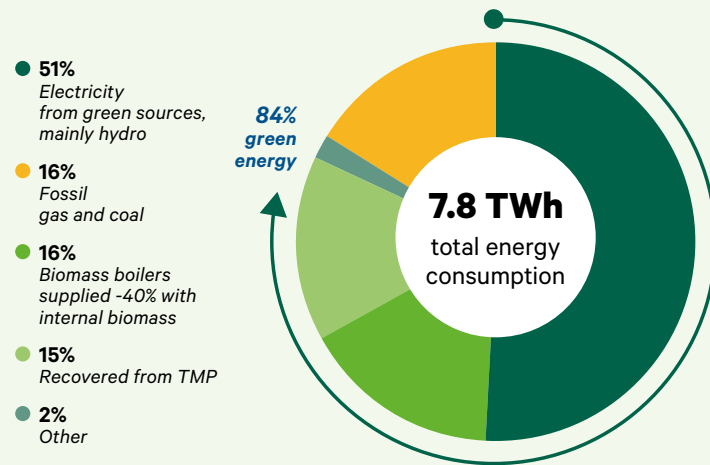
Some of our mills are located in areas where access to water and/or flooding might become a risk with climate change. In 2021, Norske Skog reviewed these climate risks related to our mills.

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

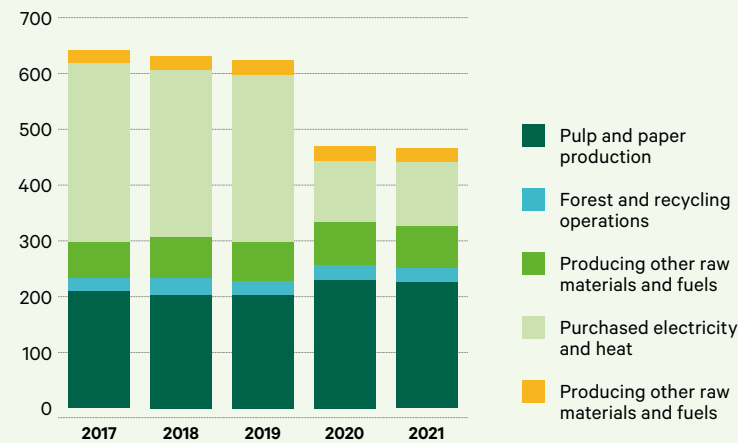


Photo: Erik Sandersen

84% GREEN ENERGY FOR CURRENT PAPER CAPACITY



CARBON FOOTPRINT DEVELOPMENT
Kg CO₂/tonne of paper



NORSKE SKOG GREENHOUSE GAS EMISSIONS

	CO ₂	CH ₄	N ₂ O	CO ₂ -equiv
Direct (Scope 1) Emissions	1 000 tonnes	tonnes	tonnes	1 000 tonnes
Direct emissions from stationary fuel combustion	422	19	3	423
Direct emissions from transportation and mobile sources	4	0	1	4
Total direct emissions	426	19	3	427
Indirect (Scope 2) Emissions				
Indirect emissions from steam and power imports	218	0	0	218
Total Fossil Fuel Based Emissions (Direct & Indirect)	644	19	3	644
Direct & Indirect				
Biogenic CO ₂ emissions from combustion of biomass *	483	0	0	0

* Wood and bark residues only

Nick Bäuml
SKOGN, NORWAY

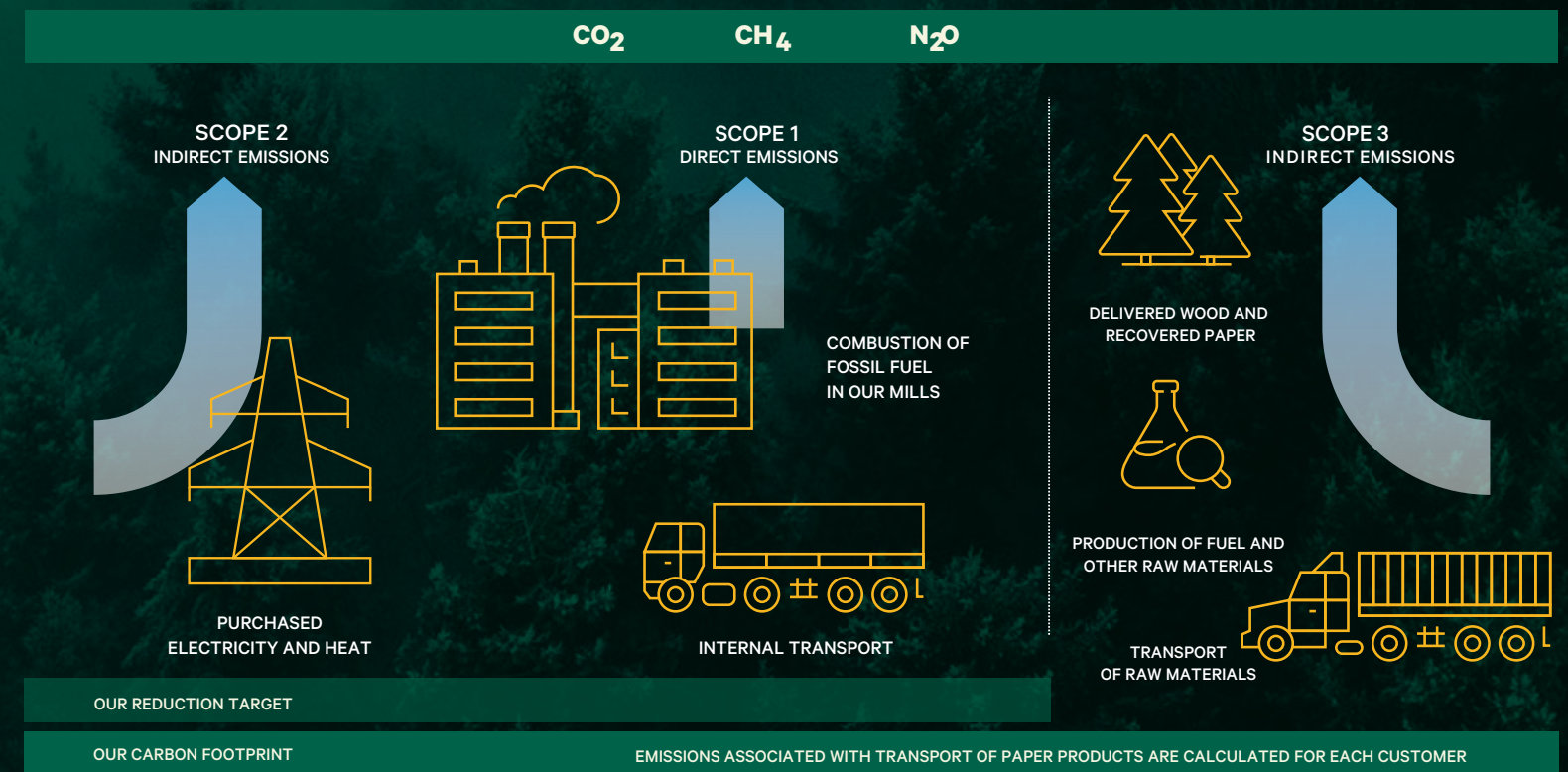
Nick Bäuml started his career as an apprentice at Norske Skog after two years of studying Chemical process engineering at Levanger College. He wanted to work in the process industry and saw Norske Skog as a large and interesting employer with advanced control systems.

"I get many exciting and varied work tasks and new challenges. I enjoy the learning experience."

Bäuml thinks Norske Skog's future looks good. Keeping environment and sustainability in mind, he believes wood fibre is the green future.

"We also need to find new products based on wood fibre in addition to the publication paper we produce today. I really believe in the future of Norske Skog and know that I want to learn more and develop. I want to continue my education at Norske Skog whilst I work here."

SOURCES OF GREENHOUSE GAS EMISSIONS



OUR REDUCTION TARGET

OUR CARBON FOOTPRINT

EMISSIONS ASSOCIATED WITH TRANSPORT OF PAPER PRODUCTS ARE CALCULATED FOR EACH CUSTOMER

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

1. Governance	Disclose the organisation's governance around climate-related risks and opportunities.
A. Describe the board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> The board reviews the climate risks annually as part of the overall risk assessment for the group. The board reviews the long-term climate-related targets annually as an integral part of the business budget and strategy process. The business risks and opportunities are discussed and considered in defining the business plans. The targets are described under each relevant SDG, with the reduction of greenhouse gas emissions as a key part of our business strategy. The goal is to reduce energy consumption, change the sources of energy and to optimise the use of process chemicals and transport. In an annual SDG review process for the entire group, the board set ambitious SDG targets, especially for environmental and climate-related issues. The board closely follows up the 2030 and 2050 group climate goals specifically.
B. Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> Corporate management assesses business risk and opportunities, strategies, corporate ambitions and targets for environmental aspects, including climate-related topics. The environmental data is sent monthly to corporate management. At each mill, the managing director is the main responsible for environmental issues. Each mill also has a responsible manager for environmental issues. Each mill has regular contact with national permit agencies and immediately reports any irregularities and deviances from the permits. Some mills have partnerships, memberships or collaboration with external environmental and certification NGOs, professional national trade organisations and Forest Owner Association. Each mill management team regularly receives, usually on a monthly basis, internal environmental reports regarding emission data. Environmental reporting is part of the agenda at mill management meetings. Specific environmental incidents receive specific attention.

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

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

3. Risk management	Disclose how the organisation identifies, assesses, and manages climate-related risks.
A. Describe the organisation's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> Annually, the board, corporate and business unit management make an extensive and systematic risk and opportunity evaluation as described in the SDG report. Legal factors may constitute a business risk, especially if climate-related regulatory requirements are not evenly implemented among peer countries. Politically imposed grid tariffs, especially tariffs not based on cost and efficiency as in Norway, will be a competitive disadvantage and thus constitute a severe business risk. Policy related to energy, energy transmission and other regulatory energy issues may increase energy market prices, with a negative impact on Norske Skog. Energy constitutes about 15-20% of the mill gate cash costs.
B. Describe the organisation's processes for managing climate-related risks.	<ul style="list-style-type: none"> Norske Skog handles business risks by securing delivery of energy and fibre through long-term contracts. Norske Skog representatives participate in national organisations to influence and monitor political developments.
C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<ul style="list-style-type: none"> In 2021, the group reviewed the business climate risks and opportunities and used these findings to define ambitions, set targets for the prioritised SDGs and relate these to the already determined strategic choices of the group. The purpose of the assignment was to align the corporate strategy with a selection of the most relevant of the 17 UN Sustainable Development Goals. In the process, the corporate management and key employees were involved in prioritising, and setting new ambitions and specific targets for each of the 17 UN SDGs after an extensive evaluation of climate-related risks.

4. Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
A. Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> In the materiality analysis, a set of factors related to energy, raw material, emissions, water and legal issues are given specific risk assessments, and their potential financial and operational impact on the business. Production and environmental data: A large set of key figures are reported at the end of the sustainability report. There are no specific established targets to measure climate-related threats and opportunities. However, each mill reviews the most imminent risks and business opportunities in relation to the annual revision of the materiality and risk analysis. In the budget process, there are assessments of the long-term financial effects of changes in the forward energy prices in each market. Energy constitute on average about 15-20% of the mill gate cash cost for the group. The high energy prices seen during 2021 and into 2022 in Europe are not sustainable. There needs to be a political commitment to maintain a competitive long-term industrial energy regime in Europe to ensure Europe's competitiveness on a global scale in parallel with the transition to a low-carbon economy. The licence and permits to operate are reviewed and discussed both internally but also with relevant governmental agencies. Today, the revenues derived from fossil resource-substitution activities and the low-carbon economy represent about 10% of the total revenue. In 2030, the group revenues from such activities will constitute about 50%.
B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<p>Our carbon footprint, based on the CEPI carbon footprint tool, covers emissions from several elements of our value chain:</p> <ul style="list-style-type: none"> Pulp and paper production Forest and recycling operations Production of other raw materials and fuels Purchased electricity and heat Transport, excluding transport to final customer which is calculated on a case-by-case basis Carbon stored in forest products (biogenic carbon) is reported separately <p>Performance 2021:</p> <ul style="list-style-type: none"> Scope 1: 326 kg/tonne of produced paper Scope 2: 113 kg/tonne of produced paper Scope 3: 26 kg/tonne of produced paper Key figures are reported in the back of the sustainability report.
C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> The group and the mills have set E-index targets for 2021 for the parameters included in the E-index, as well as the results achieved during the last five years. The EU Commission finalised the BAT conclusions under the Industrial Emissions Directive 2010/75EU in September 2014. Norske Skog has since 2015 used revised BAT levels in the environmental index. In 2020, through an extensive involvement and anchoring process throughout the entire organisation, new GHG-emission targets were set along with new SDG targets and planned activities. Norske Skog's targets for CO₂ emissions with baseline 2015: <ul style="list-style-type: none"> A 55% reduction in CO₂ emissions by 2030 A zero CO₂ emission target by 2050 The ambitions are in line with the target set by the EU. The ambitious targets will be fulfilled through the newly established strategy converting newsprint into packaging and innovation of low carbon footprint products based on recycled materials and fresh fibre resources, and renewable energy sources. Under each relevant SDG section, a set of realistic targets and subgoals are defined.

Séverine Buthier
GOLBEY, FRANCE



Director of Human resources at Golbey, Séverine Buthier, has worked 20 years in the steel industry before joining Norske Skog in 2011.

"Norske Skog attracted me because I wanted to work for an ambitious company."

One of Buthier's main missions is to develop the appeal of the company to attract and retain the best talents for all jobs.

"I see Norske Skog as a market leader in containerboard production, a profitable company with a reputation for being a great place to work, and innovative in terms of social responsibility."

HOW NORSKE SKOG RELATES TO THE OTHER SDGS

Martin Simmler

BRUCK, AUSTRIA



Martin Simmler went straight from university to Norske Skog and has stayed with the company ever since. He holds a Master of Science in Environmental Engineering and a Master of Science in Engineering Management. For the past 14 years, he has been heading the Energy & Environment Department at Bruck.

"Norske Skog Bruck offered a wide field of interesting work in engineering and environmental topics. The high importance of safety and environment is a clear signal and sets Norske Skog apart from other companies."

Simmler enjoys working with a company that has great ambitions on the sustainability agenda. He sees the coming years as crucial in reaching the climate goals.

"The energy sector will have to change a lot to reach the goal of being climate neutral. It is great to be part of the change in the energy sector in general and in Norske Skog in particular"



End poverty in all its forms everywhere

OVERALL AMBITION:

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

PERFORMANCE:

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



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

OVERALL AMBITION:

To have a neutral impact on sustainable agriculture.

PERFORMANCE:

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

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



Achieve gender equality and empower all women and girls

OVERALL AMBITION:

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

DESCRIPTION OF ACTIVITIES:

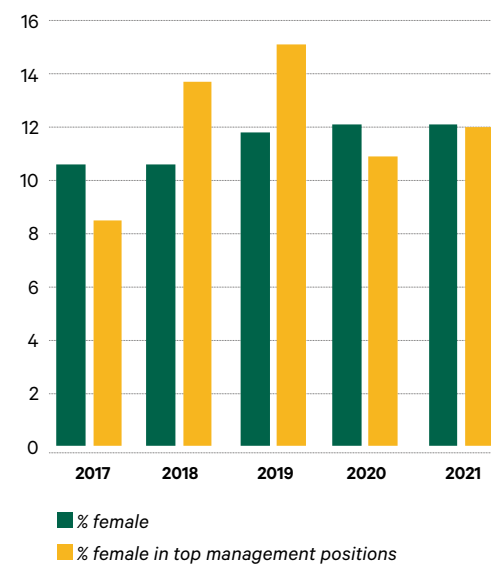
In 2022, Norske Skog will conduct an analysis of certain aspects of equality and diversity, including data on equal pay and parental leave. Based on the outcome of this analysis, Norske Skog will further develop its targets and initiatives.

PERFORMANCE:

The paper industry has traditionally attracted few female employees. At Norske Skog the share of female employee has been around 10% for many years. In 2021, the female share of the total workforce was 12%. Our female share in top management positions is 12%, representing the top level in group management at the headquarter, the management teams at the business units and the Managing Directors at the sales offices. Our female share in other leadership positions is 13%. We are committed to search for female talents for a wider range of roles in our company.

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

PROPORTION OF FEMALE (%)



Ensure availability and sustainable management of water and sanitation for all



OVERALL AMBITION:

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

DESCRIPTION OF ACTIVITIES:

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

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

goals given by the local authorities.

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

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

PERFORMANCE:

The water usage in 2021 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.

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

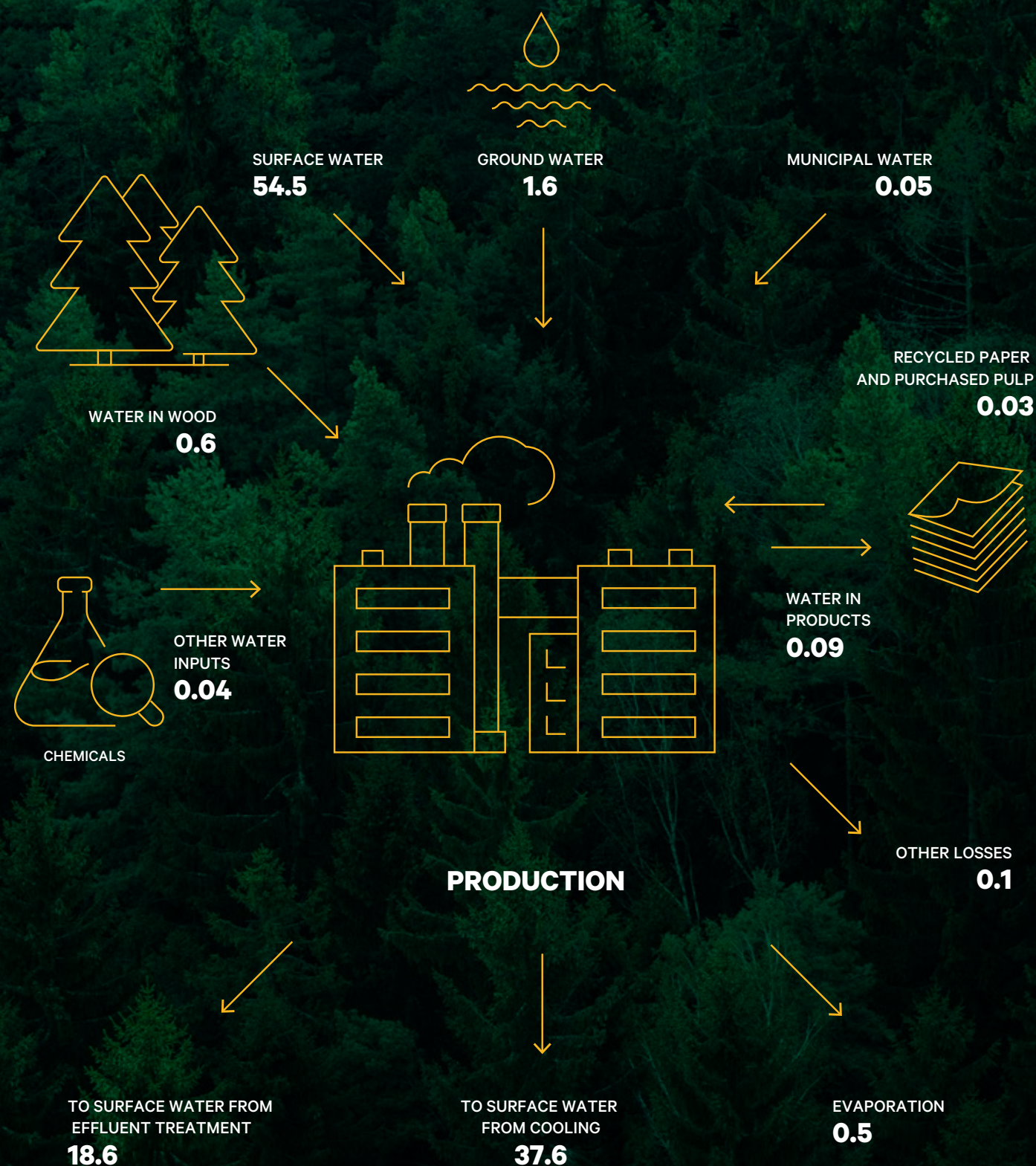
The table below shows the targets for 2020 and 2021 for the parameters included in the E-index, as well as the results achieved during the last five years. The EU Commission finalised the BAT conclusions under the Industrial Emissions Directive 2010/75EU in September 2014. Norske Skog has since 2015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

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

ENVIRONMENTAL INDEX		Achieved 2017	Achieved 2018	Achieved 2019	Achieved 2020	Achieved 2021	Target 2022
Discharged process water	m ³ /tonne	17.2	17.7	20.4	22.0	18.6	19.1
Discharges of organic substances	kg/tonne	5.1	4.3	4.3	4.6	4.7	4.3
Suspended solids	kg/tonne	0.89	0.61	0.59	0.68	0.91	0.55
Nitrogen oxides	g/GJ	93.2	89.2	102.4	86.0	73.9	94
Waste to landfill	kg/tonne	22.7	25.5	25.5	24.8	17.2	24.2
Total energy consumption	GJ/tonne	12.4	12.0	14.7	13.1	12.5	12.0
Environmental index		1.29	1.18	1.18	1.25	1.05	1.17

NORSKE SKOG GLOBAL AVERAGE WATER USE AND DISCHARGE

m³/tonne of paper



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



OVERALL AMBITION:

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

DESCRIPTION OF ACTIVITIES:

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

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

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

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

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

Norske Skog has comprehensive programmes in place to continuously reduce energy consumption and to become more environmentally friendly by changing the sources of energy. Norske Skog is utilising the mill effluent to produce biogas with its own biogas plants at Saugbrugs and Golbey. Effluent from Skogn is delivered to an external biogas plant adjacent to the mill. Norske Skog will continue to explore projects within bioenergy that support and develop the business. At Bruck in Austria, the group will open a new 50MW wide range energy boiler, utilising refuse derived fuels and paper production residuals in April 2022.

In France, the Green Valley Energie (GVE) project, supported by a partnership between Norske Skog Golbey (NSG) and Véolia Industries Global

Solutions (Véolia), involves the design and construction of a new biomass cogeneration plant, which will produce 200 GWh of electricity and more than 500 GWh of steam.

PERFORMANCE:

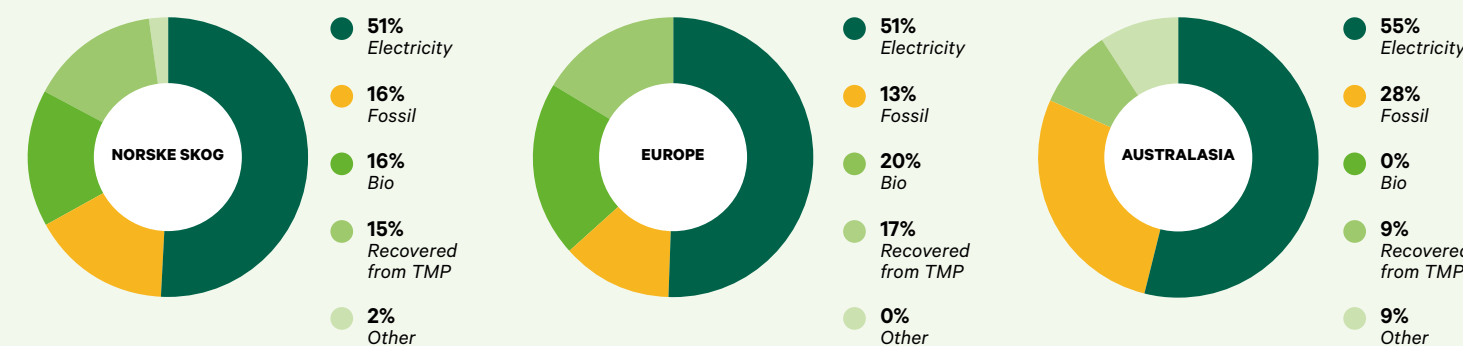
Thermal energy, mostly heat recovery from the thermomechanical pulping (TMP) or effluent treatment processes or from combustion of mill residues (biofuel), is used for the heating and drying of paper. This accounts for in total about 31%, in addition, electricity covers about 51% and fossil sources 16% of the total energy consumption in 2021.

85% of the production-related waste generated at the site is used to generate thermal energy.

Biogas facilities at the Golbey and Saugbrugs paper mills, provide energy for the mills' operations and opportunity for energy sales to external customers. The biogas plants employ biowaste from paper production as fuel, contributing to a reduced carbon footprint and an improved environmental profile for the group.

NORSKE SKOG ENERGY CONSUMPTION (TOTAL AND BY REGION)

Total 7 843 GWh, 4.09 MWh/tonne of paper

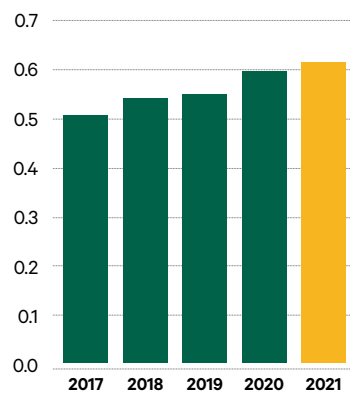


The waste-to-energy facility at the Bruck mill is estimated to provide new revenue from waste handling as well as cost savings in the publication paper production. The project is progressing according to plan. Bruck delivers enough heat to the local district heating system to supply 1 500 households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

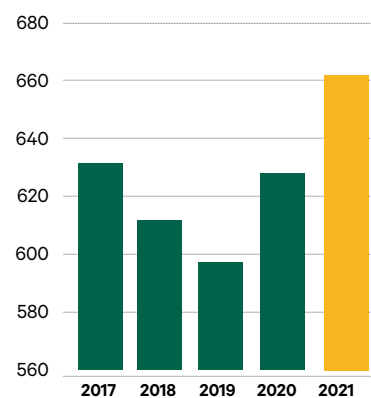
The wood pellets plant in New Zealand had an annual capacity of approximately 90 000 tonnes. The additional production capacity was aimed at producing industrial grade pellet fuels for both the domestic New Zealand commercial and industrial market. The Nature's Flame plant was sold in the beginning of 2021.

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

CONSUMPTION OF FOSSIL FUEL PER TONNE PAPER
KWh/tonne




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



Tristan Delahousse

GOLBEY, FRANCE



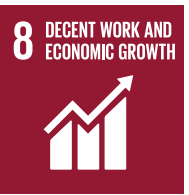
Engineer Tristan Delahousse joined Norske Skog one and a half years ago. He was attracted by the ambitious transformation going on in the company. Today, he is an onsite deputy project manager, reporting to the senior vice president Strategic Projects.

"Norske Skog will be a different company in the future, with Golbey as our flagship in the containerboard market. I am confident there will be exciting opportunities for our employees."

Delahousse says he is proud to be part of the journey that will secure the future of Norske Skog.



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



OVERALL AMBITION:

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

DESCRIPTION OF ACTIVITIES:

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

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

Norske Skog respects and supports the human rights of all individuals potentially affected by our

operations and subscribes to the United Nations Global Compact principles.

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.

TRANSPARENCY ACT:

The Norwegian Parliament passed in June 2021 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 general 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 and that offer goods and

services inside or outside Norway. The Act enters into force on 1 July 2022. Norske Skog will comply with the obligations under the scope of this Act.

PERFORMANCE:

As of 31 December 2021, Norske Skog employed 2 092 people in Europe and Australasia, which is a reduction from last year due to the shut-down of Norske Skog Tasman mill. The turnover of people, including retirement, was close to 10%. Our employment levels are not subject to seasonal variations, and the share of temporary employment is around 4% of the total.

In 2021, unions represented 87% 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.



Reduce inequality within and among countries



OVERALL AMBITION:

- To commit to an inclusive work culture, which appreciates and recognises that all people are unique and valuable and should be respected for their individual abilities and views.
- To encourage the Norwegian Discrimination Act's objectives within our business.
- To promote gender equality, ensure equal opportunities and rights.

- To prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith.

DESCRIPTION OF ACTIVITIES:

Norske Skog shall promote diversity and inclusion by providing equal employment opportunities and treat all employees fairly and with respect. We shall also show commitment to developing programs

and actions to encourage a diverse organisation based on the principle of equal opportunities.

PERFORMANCE:

During 2022, we will further examine the risk of discrimination and other barriers to equality in our organisation. We follow the principle of equal pay for equal work and will examine further the actual status related to this principle during 2022.

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



OVERALL AMBITION:

- To understand the actual and potential impacts our operations have on local communities, and to understand their expectations and needs.
- To report the extent of development of significant infrastructure investments and services supported, both current or expected impacts on communities and local economies.

achieved by working with the community in various ways, both authorities and private partners and through open and honest dialogue about environment, safety and economic issues.

Our activities affect employees, suppliers, customers and partners in many countries, regions, towns, and villages. Our decisions and activities, production and sales have an impact on a multitude of individuals, groups, and companies, both financially and otherwise. We recognise our impact and consider this when making decisions. This is why we aim to cooperate and communication openly with local communities about company strategies and investment plans as early as possible.

PERFORMANCE:

To improve and maintain our role in society and as an important employer in local communities, our business units are encouraged to be active and open in their communication and contact with local stakeholders. Examples include reports to neighbours and other local stakeholders, open days for the public to inform about our business, engagement in nature protection projects, support to local museums, involvement in sports and cultural initiatives, support to charitable organisations, as well as integration of immigrants and disabled persons through vocational training. We encourage employees to take part in local community work as many of them do.

E/S/G & E*	Ambition/ Area	Targets	Planned activities
S	Understand the actual and potential impacts our operations have on local communities, and to understand their expectations and needs.	Report the significant social, environmental, safety and economic impacts our operations have on the local communities.	- Cooperate with local community organization and being open and honest about environment, safety and economic issues with relevant community bodies.
E	Report the extent of development of significant infrastructure investments and services supported, both current or expected impacts on communities and local economies.	Report examples of significant identified indirect economic impacts of the organization 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.

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

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



OVERALL AMBITION:

- To improve water quality through effluent treatment.

DESCRIPTION OF ACTIVITIES:

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

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

PERFORMANCE:

Two mills (Norske Skog Boyer and Norske Skog Golbey) reported minor non-compliance issues to the respective local authorities in 2021. None of the instances have resulted in any further actions from the authorities.

respectively both up by 8% and 38% compared to 2020 due to more frequent halt in production than normal. The discharge of nitrogen increased by 3% and discharge of phosphorus per tonne of paper increased by 2% compared to 2020. The difference in results from one year to the next is the result of many factors, including process improvements, utilisation of equipment, production-related issues and product changes.

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

Norske Skog's objective is to prevent and reduce pollution of all kinds. We are committed to follow

The discharges of dissolved organic material and suspended matters per tonne of paper were



Photo: Shane Coetsee

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



OVERALL AMBITION:

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

DESCRIPTION OF ACTIVITIES:

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

Custody (CoC) certification systems in place. Our goal is to have 100% certified wood in our products. The main global forest challenges are related to deforestation in developing countries and forest biodiversity degradation through the logging of high-conservation areas in many parts of the world. In order to meet these challenges, we need to ensure that more of the world's forest areas are managed on a sustainable basis. Forest certification is an important tool in this context.

PERFORMANCE:

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

The roundwood component of our fresh fibre came from both forests (80%) and plantations (20%). In all countries where Norske Skog sources wood, forest areas are increasing. The average share of certified fresh fibre in 2021 was 89%. In 2021, Norske Skog consumed 3.12 million m³ of fresh fibre and 0.65 million tonnes of recovered paper.

Roundwood accounted for 72% of our consumption of fresh fibres in 2021. Sawmill chips, a by-product from the sawmill industry, accounted for the remaining 28%.

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

Bjørn-Einar Ugedal
SKOGN, NORWAY



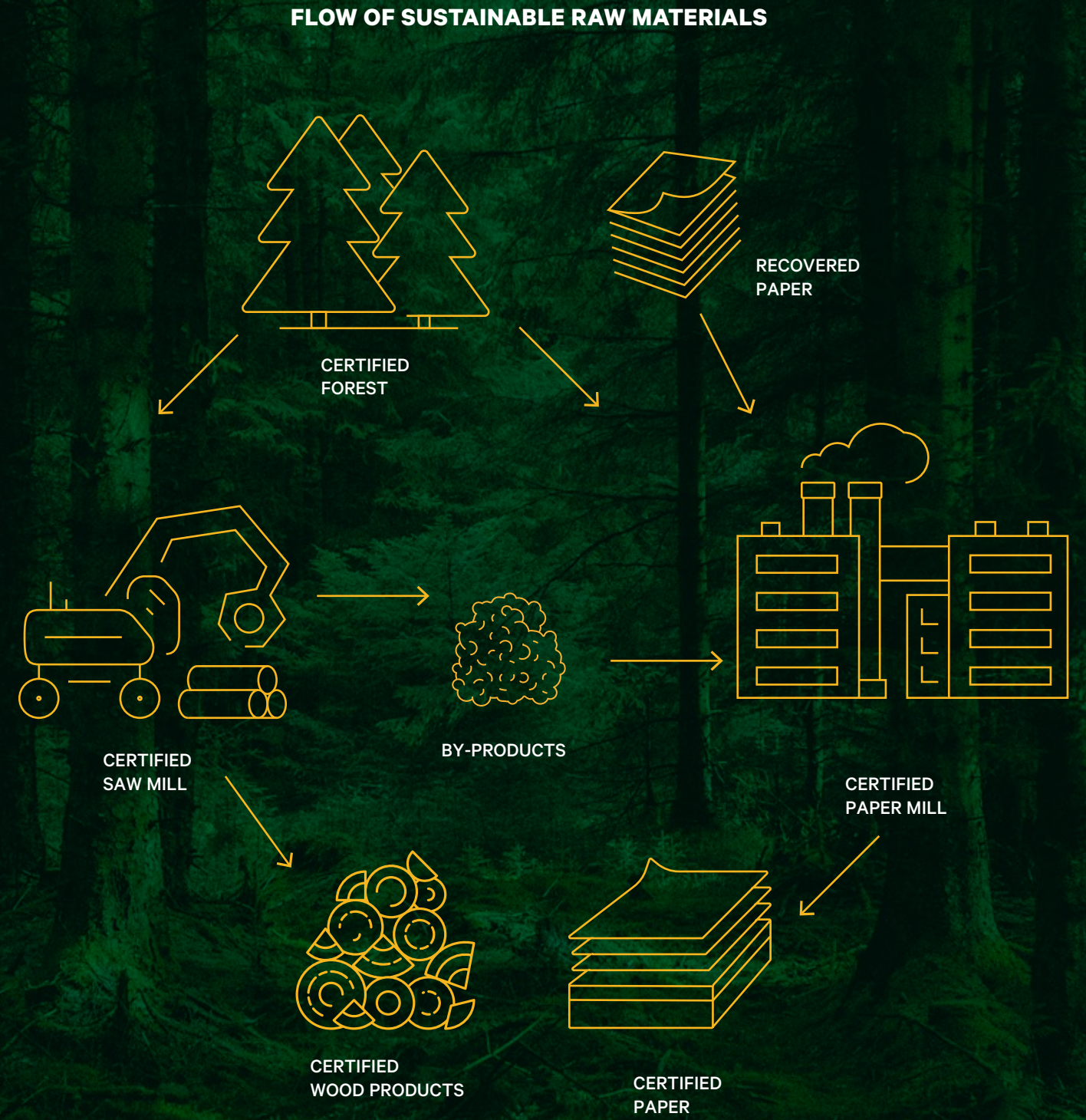
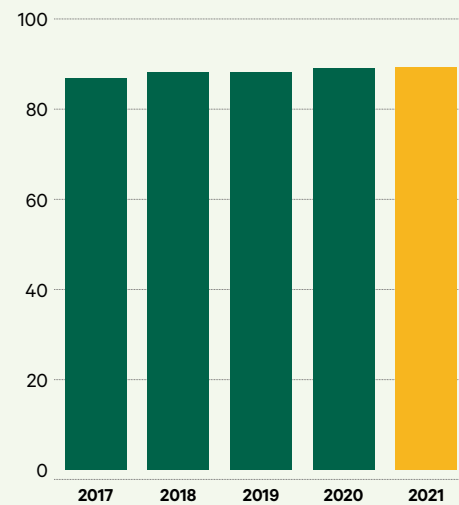
Bjørn-Einar Ugedal is managing director at Norske Skog Skogn and has high ambitions for the future of the mill site at Skogn.

"We are very dedicated to looking into future plans for our mill at Skogn, including possible new products and new initiatives that can have synergies with current operations."

Going forward, Ugedal has his eyes set on expanding the collaboration with other companies that have similar goals and values as Norske Skog.

"We are putting significant efforts into development activities, working with various technology providers to map possible future options and synergies with other related and sustainable industries. And further work towards developing the mill site into a modern industrial cluster consisting of "green" and sustainable companies with operational synergies."

CERTIFIED PROPORTION OF FRESH FIBRE (%)
Roundwood and chips



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



E/S/G & E*	Ambition/ Area	Targets	Planned activities
G	Abstain from financial and in-kind political contributions.	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 organization, CEPI, and through other relevant partnerships.
S	Ensure our customers healthy and safe working environment.	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.
G	Abstain from anti-competitive behaviour and adhere to relevant competitive legislation.	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 organization 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.
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.	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).
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.	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 organization or its employees.	- 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.
	Prohibit the use of child labor within our operations and avoid contributing to the use of child labor suppliers and customers.	Report operations and suppliers considered to have significant risk for incidents of: - child labor and young workers exposed to hazardous work, - child labor either in terms of type of operation (such as manufacturing plant) and supplier; or - countries or geographic areas with operations and suppliers considered at risk.	- 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.

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

OVERALL AMBITION:

- To abstain from financial and in-kind political contributions
- To ensure our customers healthy and safe working environment
- To abstain from ant-competitive behaviour and adhere to relevant competitive legislation
- To have no tolerance for discrimination on grounds of race, color, sex, religion, political opinion, national extraction, or social origin as defined by the ILO, or other relevant forms of discrimination involving internal and/or external stakeholders.
- To have no tolerance for practices such as bribery, facilitation payments, fraud, extortion,

collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust. This also include practices such as embezzlement, trading in influence, abuse of function, illicit enrichment, concealment, and obstructing justice.

- To prohibit the use of child labor within our operations and avoid contributing to the use of child labor suppliers and customers.

DESCRIPTION OF ACTIVITIES:

Norske Skog's goal is to create competitive shareholder values aligned with our strategic

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

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

PERFORMANCE:

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

Norske Skog's business units have a high degree of independence and accountability. Local

managers are responsible and accountable for decisions and results within their unit. Norske Skog has common standards of conduct for all business units and employees through our Steering Guidelines. We apply a uniform basis for our operations across countries and cultures with regard to HESQ (health, environment, safety and quality), people development, financial reporting and legal compliance. In these areas, our conduct must be based on the same sustainable principles

to promote the shared interests of Norske Skog and our stakeholders.

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

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



OVERALL AMBITION:

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

DESCRIPTION OF ACTIVITIES:


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

Federation of Trade Unions concerning employee rights on a global basis.

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

PERFORMANCE:

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



Per Ivar Berg
SAUGBRUGS, NORWAY

Per Ivar Berg looks back on December of last year as a huge milestone for Norske Skog, as the commissioning of the CEBICO demonstration plant was finalised and started up.

"Several years of development work led to a grant of NOK 15 million from Innovation Norway for the investment in this new technology. With a capacity of 300 tonnes per year, the demonstration plant will verify the scaled-up production process and provide larger product volumes for customer testing in new applications."

The CEBICO product is a wood fibre and thermoplastics composite material that can be used for standard injection moulding and pipe extrusion to produce for instance furniture, transportation boxes, automotive parts and drainpipes.

Berg points to the importance of being cost-effective as well as investing in an improvement programme as key factors for success in the future.

"At the same time, we must continue the commercialisation of CEBINA and CEBICO and succeed in growing the sales. Framework conditions are also crucial for future success and especially the CO2-compensation scheme."

KEY FIGURES

KEY FIGURES – EMPLOYEES

Business Unit	Number of employees (FTE) 31 December 2021					Female share in %		% of employees covered by collective agreements
	Ordinary	Temporary	Apprentices	Other	Total	Top mngt positions	Other mngt positions	
						End 2021	End 2021	End 20201
Norske Skog Saugbrugs	413	7	35	1	456	14	10	89
Norske Skog Skogn	362	15	20	4	401	0	10	91
Corporate Headquarter	30	0	0	0	30	0	0	7
Norway total	805	22	55	5	887	5	10	87
Norske Skog Bruck	345	30	37	2	414	0	25	100
Norske Skog Papier Recycling	28	0	0	0	28	0	0	100
Norske Skog Golbey	346	10	26	0	382	29	8	100
Sales offices in Europe	49	1	1	0	51	20	15	31
Europe total	768	41	64	2	875	17	12	96
Norske Skog Boyer	242	7	15	6	270	0	20	75
Norske Skog Tasman	12	7	0	0	19	100	0	67
Nature's Flame	17	0	0	0	17	0	0	0
Australasia Shared Services	24	0	0	0	24	33	33	0
Australasia total	295	14	15	6	330	20	20	64
Norske Skog group total	1 868	77	134	13	2 092	12	13	87

	2017	2018	2019	2020	2021
Health & Safety					
H1 ¹⁾	1.0	0.9	0.5	0.8	1.9
H2 ²⁾	7.3	7.4	9.8	6.6	5.9
Absence due to illness	% 3.5	3.8	3.7	4.2	4.2
People					
Total employees	FTE 2 414	2 444	2 359	2 332	2 092
Temporary employees	FTE 66	77	73	56	77
Apprentices	FTE 130	135	137	146	134
Average age of employees	FTE 47.0	47.3	47.1	46.6	44.9
Female employees	% 10.6	10.6	11.8	12.1	12.1
Female in top management position	% 8.5	13.7	15.1	10.9	12.0
Female in management position	% 8.5	10.1	10.2	12.1	12.7
Turnover of people (incl. demanning and retirement)	% 8.6	11.2	8.9	7.7	10.1
Employees w/ collective agreements	% 84.3	84.1	83.3	86.5	86.9

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.

KEY FIGURES OPERATIONS

	2017	2018	2019	2020	2021
Production					
Paper	tonnes 2 495 000	2 494 000	2 308 000	1 799 020	1 919 574
Consumption of raw materials					
Roundwood	m ³ 2 810 000	2 785 000	2 586 000	1 930 000	2 241 800
Sawmill chips	m ³ 1 018 000	1 031 000	1 093 000	917 000	870 324
Recovered paper	tonnes 814 000	871 000	777 000	608 000	645 686
Purchased pulp	tonnes 50 000	43 000	31 000	27 000	29 215
Inorganic fillers	tonnes 320 000	308 000	282 000	215 000	223 321
Energy consumption					
Electricity	GWh 5 571	5 526	5 316	4 203	4 365
Heat	GWh 4 325	4 161	4 127	3 425	3 478
Discharges to water					
Discharged process water	mill m ³ 46	48	46	41	36
Discharges of organic substances	tonnes 12 831	10 623	9 226	8 283	8 958
Suspended Solid (SS)	tonnes 2 227	1 529	1 329	1 259	1 746
Phosphorus (Tot-P)	tonnes 41	31	37	29	30
Nitrogen (Tot-N)	tonnes 302	280	303	262	268
Emission to air					
CO ₂ -equivalents (direct)	tonnes 514 000	500 000	466 000	410 000	427 294
SO ₂	tonnes 198	175	162	297	401
NOX	tonnes 908	772	786	701	879
Production waste					
Sludge (dry)	tonnes 246 000	249 000	246 000	186 000	198 892
Bark	tonnes 98 000	128 000	133 000	93 700	106 958
Other	tonnes 14 000	25 500	18 000	17 400	19 992

PRODUCTION CAPACITY

in tonnes

Business Unit	Newsprint (including improved NP)	Packaging paper	SC (magazine paper)	LWC (magazine paper)	Total capacity
Norske Skog Bruck	122 000	-	-	260 000	382 000
Norske Skog Golbey	558 000	-	-	-	558 000
Norske Skog Saugbrugs	-	-	320 000	-	320 000
Norske Skog Skogn	465 000	15 000	-	-	480 000
Total Europe	1 145 000	15 000	320 000	260 000	1 740 000
Norske Skog Boyer	141 000	-	-	120 000	261 000
Total Norske Skog Australasia	141 000	-	-	120 000	261 000
Total Norske Skog group	1 286 000	15 000	320 000	380 000	2 001 000

GRI STANDARDS INDEX 2021

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

The index refers to where information about each GRI disclosure can be found in the Norske Skog – Annual Report 2021, regardless of whether they are fully or partly reported relative to GRI.

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

AR = Annual Report 2021
SR = Sustainability Report 2021, part of Annual Report 2021

General disclosures – Organisational profile		Reference and/or response
102-1	Name of the organisation	Norske Skog ASA
102-2	Activities, brands, products, and services	AR – Key figures SR – About Norske Skog's operations
102-3	Location of headquarters	Oslo, Norway
102-4	Location of operations	AR – Key figures
102-5	Ownership and legal form	AR – Corporate governance
102-6	Markets served	AR – Key figures SR – About Norske Skog's operations
102-7	Scale of the organisation	AR – Key figures
102-8	Information on employees and other workers	SR – Key figures employees; Key figures operations
102-9	Supply chain	SR – SDG 12
102-10	Significant changes to the organisation and its supply chain	AR – Green transformation to a bright future
102-11	Precautionary principle or approach	SR – About the sustainability report; SDG 17 Embedded in the UN Global Compact principles
102-12	External initiatives	SR – SDG 3; SDG 17
102-13	Membership of associations	SR – SDG 8; SDG 17
General disclosures – Strategy		SR – SDG 3; SDG 17
102-14	Statement from senior decision-maker	AR – CEO's comments; Report of the Board of Directors
General disclosures – Ethics and integrity		Reference and/or response
102-16	Values, principles, standards, and norms of behaviour	AR – Corporate Governance SR – Compliance; SDG 17
General disclosures – Governance		Reference and/or response
102-18	Governance structure	AR – Corporate Governance
General disclosures – Stakeholder engagement		Reference and/or response
102-40	List of stakeholder groups	SR – Stakeholder and materiality analysis
102-41	Collective bargaining agreements	SR – SDG 8; Key figures - employees
102-42	Identifying and selecting stakeholders	SR – Stakeholder and materiality analysis
102-43	Approach to stakeholder engagement	SR – Stakeholder and materiality analysis
102-44	Key topics and concerns raised	SR – Stakeholder and materiality analysis
General disclosures – Reporting practice		Reference and/or response
102-45	Entities included in the consolidated financial statements	SR – Consolidated financial statements, Note 16
102-46	Defining report content and topic boundaries	SR – Stakeholder and materiality analysis; About the sustainability report;
102-47	List of material topics	SR – Stakeholder and materiality analysis; The sustainable development goals are an integral part of our strategy
102-48	Restatements of information	No significant restatements
102-49	Changes in reporting	No significant changes
102-50	Reporting period	2021
102-51	Date of most recent report	23 March 2021
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	info@norskeskog.com
102-54	Claims of reporting in accordance with the GRI Standards	SR – About the sustainability report; GRI Standards Index 2021
102-55	GRI content index	SR – GRI Standards Index 2021
102-56	External assurance	SR – Independent auditor's assurance report

Main category: Economy		Reference and/or response
103 1-3	Management approach for economic standards and disclosures	AR – Corporate governance; Report of the Board of Directors SR – Compliance; About the sustainability report; SDG 16
GRI Standard: Economic performance		Reference and/or response
201-1	Direct economic value generated and distributed	SR – Key figures; Consolidated financial statement, Income statement and notes
201-2	Financial implications and other risks and opportunities due to climate change	SR – SDG 13; Our response to the TCFD recommendations
201-3	Defined benefit plan obligations and other retirement plans	SR – Consolidated financial statements, Note 20
GRI Standard: Anti-corruption		Reference and/or response
205-3	Confirmed incidents of corruption and actions taken	No confirmed incidents in 2021
GRI Standard: Anti-competitive behavior		Reference and/or response
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No such legal actions in 2021

Main category: Environment		Reference and/or response
103 1-3	Management approach for social standards and disclosures	AR – Corporate governance; Report of the Board of Directors SR – Compliance; About the sustainability report; SDG 9; SDG 11; SDG 12; SDG 13; SDG 16; SDG 17
GRI Standard: Materials		Reference and/or response
301-1	Materials used by weight or volume	SR – SDG 12; SDG 15; Key figures operations
301-2	Recycled input materials used	SR – SDG 15; Key figures operations
GRI Standard: Energy		Reference and/or response
302-1	Energy consumption within the organisation	SR – SDG 7; Key figures operations
302-3	Energy intensity	SR – SDG 7
302-4	Reduction of energy consumption	SR – SDG 7
GRI Standard: Water		Reference and/or response
303-3	Water withdrawal	SR – SDG 6
303-4	Water discharge	SR – SDG 6; Key figures operations
303-5	Water consumption	SR – SDG 6
GRI Standard: Emissions		Reference and/or response
305-1	Direct (Scope 1) GHG emissions	SR – SDG 13; Key figures operations
305-2	Energy indirect (Scope 2) GHG emissions	SR – SDG 13
305-3	Other indirect (Scope 3) GHG emissions	SR – SDG 13
305-4	GHG emissions intensity	SR – SDG 13
305-5	Reduction of GHG emissions	SR – SDG 7; SDG 13
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	SR – Key figures operations
GRI Standard: Waste		Reference and/or response
306-3	Waste generated	SR – SDG 12; Key figures operations
306-4	Waste diverted from disposal	SR – SDG 12
306-5	Waste directed to disposal	SR – SDG 12
GRI Standard: Environmental compliance		Reference and/or response
307-1	Non-compliance with environmental laws and regulations	SR – SD14

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



Munkedamsveien 45
Postboks 1704 Vika
0121 Oslo
www.bdo.no

Independent Auditor's Report

To the board of directors in Norske Skog

We have been engaged by the Management of Norske Skog ASA to provide limited assurance in respect of the information presented in the Sustainable Report section ("the Report") included in the Norske Skog - Annual Report 2021.

Conclusion

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

- Norske Skog applies a reporting practice for its sustainability reporting aligned with the Global Reporting Initiative (GRI) Standards reporting principles and the reporting fulfils level Core according to the GRI Standards.
- Norske Skog's GRI index presented in the Report appropriately reflects where information on each of the disclosures of the GRI Standards is to be found within the Norske Skog - Annual Report 2021.
- Sustainability information presented for 2021 is consistent with data accumulated and appropriately presented in the Report.

Management's Responsibilities

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

Our independence and quality control

We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards - IESBA Code, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

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

Considering the risk of material misstatement, our procedures included, among others:

- Meetings with central and local management (Norske Skog Saugbrugs and Norske Skog Bruck) to discuss issues, risks, important sustainability topics and procedures for collecting and reporting relevant data
- Analytical review of development and changes from prior reporting periods
- Review of evidence supporting the information in the report on a sample basis



We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for a conclusion with a limited level of assurance on the subject matters.

Oslo, 29 March 2022

BDO AS

Terje Tvedt
State Authorised Public Accountant



NORSKE SKOG ASA

Sjølyst plass 2, 0278 Oslo / www.norskeskog.com / [twitter: @Norske_Skog](https://twitter.com/Norske_Skog)

