

Transparency Act Statement on human rights 2023

1. Introduction

Norske Skog respects and supports fundamental human rights and decent working conditions of all individuals potentially affected by our operations and business relationships. These human rights are understood, as a minimum, as internationally recognized Human Rights as defined in [The Universal Declaration of Human Rights](#) and the [International Labour Organization \(ILO\) Declaration on Fundamental Principles and Rights at Work](#).

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

This statement has been prepared in accordance with the requirements of the Norwegian Transparency Act, which was implemented on July 1st 2022. It covers Norske Skog ASA, Norske Skog Saugbrugs and Norske Skog Skogn and the periode 01.01.2023–31.12.2023. The statement has been approved and signed by the CEO and Board of Directors of the Norske Skog group and mills in Norway.

In this Transparency Act Statement, Norske Skog account for its due diligence process and how the company embeds its commitment to human rights in its operations, business relationships and supply chain.

2. General Information

a. Norske Skog business and operations

Norske Skog is one of the world's largest producers of publication paper to newspapers, magazines, periodicals and for advertising purposes. In addition, the group is expanding its business into packaging paper and bio products.

The group operate four mills in Europe, of which two will also produce recycled containerboard following the conversion to containerboard in 2023-24. In addition, the Group operates one publication paper mill in Tasmania, Australia. Norske Skog has sales offices in Germany, Switzerland and The United Kingdom and is head-quartered in Oslo, Norway.

The group has strong market positions and customer relations in Europe and Australasia and an annual production capacity of 1.5 million tons publication paper and 760 000 tons containerboard.

As of 2023, Norske Skog had 2161 employees in seven countries. Norske Skog hire employees primarily from the local communities where we operate and most of the workforce are full time employees in line with local practices. Temporary employees represent 3% of the workforce.

Norske Skog does not own any forest and sources wood and other goods and services from approximately 3000 global suppliers, most of which are in close proximity to the mills.

b. Governance and steering documents

The ultimate responsibility for the Norske Skog's Human Rights commitments lies with the Group Board of Directors and Corporate Management is responsible for overseeing its implementation. Managing directors of each Business unit are responsible for implementation of the Human Rights Policy in daily processes with support from the local sustainability and procurement teams. The Corporate Sustainability Function is responsible for facilitating the work related to the Transparency Act at group level, updating the policy and making sure that necessary governance documents related to processes and procedures are in place.

Norske Skog's commitment to human rights, decent working conditions, employee rights and social matters, the external environment and anti-corruption and other compliance efforts are addressed in a number of steering documents. These guidelines and principles integrate key considerations in the business strategy, the day-to-day operations and in relation to suppliers, business partners and other stakeholders. These steering documents includes the Norske Skog Steering Guidelines and the Code of Conduct for business partners.

Compliance with the Steering Guidelines and the Code of Conduct is mandatory for all employees in the group and others acting on the group's behalf. Similar conduct and ethical standards are expected from suppliers, customers, other business relations and in partnerships, joint ventures, and partially owned subsidiaries. The Steering Guidelines and the Code of Conduct can be found on <http://www.norskeskog.com/sustainability/governance>.

In 2022, Norske Skog extended its commitment to Human Rights by establishing a Human Rights Policy that was approved by the Norske Skog Board of Directors. The policy and related statements on The Transparency Act are available at: <http://www.norskeskog.com/sustainability/social/human-rights>

Reporting channels and processes of non-compliances is an important element of the corporate governance system. Norske Skog has a channel for reporting concerns related to Human Rights and other ethical misconduct (compliance@norskeskog.com). Reporting of non-compliances through this channel will always be treated in confidence. Where activities have caused or contributed to adverse human rights impacts Norske Skog shall seek to remediate situations.

3. Norske Skog work related to human rights due diligence

Norske Skog does not have direct operations in countries with high risk of human rights violations. As a global company, with suppliers and business partners in a variety of countries, Norske Skog does however recognize that human rights risk may be present in the value chain.

To further facilitate the commitment to Human Rights, Norske Skog established new internal processes for Human Rights Due Diligence into the management systems in 2022. Representatives from legal, operations, procurement and sustainability were involved in this work.

The Due Diligence processes is developed in accordance with the OECD Guidelines for Multinational Enterprises. A Human Rights Manual for internal use that describe roles, responsibilities and annual compliance activities at group and business unit levels has been created. This was supplemented with practical guidance documents to the mills on how to perform supplier risk assessment and checklists for reporting.

a. Identification and assessment of adverse impacts

In 2022, the Norske Skog group started the process of systematically identifying and assessing negative consequences of basic human rights risk for the group.

The corporate sustainability function, representatives from legal, procurement and operations were involved in a high-level mapping of adverse impacts across the value chain. This mapping was done by assessing types of activities which are known to present adverse impact across Norske Skog's value chain, such as job tasks with increased risk of health and safety (e.g. handling of chemicals and heavy machinery).

Results from the high level-identification process concluded that the risk of adverse impacts across Norske Skog's own operations were low. Three areas of priority were however identified with high risk of adverse impacts in the supply chain. These are identified as Norske Skog's salient risks and expectations to suppliers and business partners are described below:

- **Health and safety.** Norske Skog has a strong commitment to safe working conditions, expect that the suppliers in the value chain prioritize the safety and well-being of its workers by implementing robust health and safety protocols. This includes providing proper training, personal protective equipment, and maintaining safe working environments to prevent accidents and injuries.
- **Fair labor conditions.** Norske Skog adheres to fair employment practices, ensuring fair working hours and wages, non-discrimination practices, freedom of associations and no forced- or child labor for all workers within its value chain. This commitment extends to contractors, suppliers, and subcontractors involved in operations.
- **Natural resource-related human rights.** Norske Skog recognizes the negative impact its sourcing and value chain activities, can have on biodiversity and ecosystem services. We expect that business partners and suppliers minimize negative environmental impact on land, water, biodiversity, climate, and air.

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

A detailed account of the due diligence work related to Norske Skog's own operations is available in the annual report 2023 available the webpage.

b. Risk Assessment

The salient human rights risks were identified as particularly high in sourcing of goods and services in the case of Norske Skog. Sector risk represents the first dimension of Norske

Skog's risk assessment process. Desk studies were carried out in 2022 to identify significant risk of adverse impacts in specific sourcing categories and sectors. The document review evaluated research papers from a variety of UN agencies, NGO and research institutions and the review concluded that the salient human rights were most at risk in four sourcing categories of Norske Skog:

- Chemicals
- Transport and logistics
- Paper mill machinery and electronics
- Construction services

Norske Skog is focusing its risk assessment of suppliers in these four sourcing categories. Suppliers in these categories are subject to human rights self-assessment surveys. Sourcing of fresh wood were also assessed but was found to represent low risk due to the sourcing of FSC / PFSC certified wood which include social audits on labor conditions.

Tier one suppliers in the four sourcing categories are subject to additional country risk assessment, representing the second dimension of the risk assessment process. The country risk rating is based on the CSR Risk Check Map, a free service developed by MVO and funded by the Dutch Ministry of Foreign Affairs. Suppliers that are identified with high country risk are identified with a higher risk profile.

A third dimension, enterprise risk, was introduced to the risk assessment framework in 2023. This dimension aims to assess human rights risk associated with specific suppliers such as human rights standards and management systems. This dimension enables Norske Skog to evaluate potential negative consequences on human rights in specific supplier relationships.

4. Measures implemented and next steps

During 2023 Norske Skog took steps to systematically gather information from suppliers in the prioritized sourcing categories related to Norske Skog's salient human rights. A Human Rights self-assessment survey was created and distributed to 330 suppliers and business partners. Eleven of these suppliers was identified with high country risk (China) and were suppliers to the Boyer mill in Australia.

The response rate of the survey was 50%. In 2024 we will evaluate and implement different measures to increase the response rate substantially, with the aim to obtain responses from all participants in the self-assessment survey. Possible measures include distribution of the survey in different languages, adapt survey for SMEs and introduce sanctions for non-responders.

Based on the survey Norske Skog received detailed information about supplier's policies and management practices. The information from these surveys are sources of information for the third dimension of Norske Skog's risk assessment process, enterprise risk. All the suppliers confirmed that they had no confirmed cases of human rights violations in their operations, or in their value chain. During the assessment of responses, Norske Skog did not identify any actual or potential adverse impacts on human rights.

Norske Skog recognizes that supplier engagement plays an important part of identifying potential adverse impacts and mitigating human rights risks. During 2024 Norske Skog aims to establish a group wide process for sustainable sourcing practices that will include supplier engagement on Human Rights in addition to other Environmental, Social and Governance (ESG) topics. Norske Skog expects that these processes will lead to improved knowledge about potential adverse impacts and significant risk of adverse impacts related to sourcing.

In parallel Norske Skog is also aiming to review an update the Business partner Code of Conduct, purchasing conditions and contracting documents with the goal of clarifying expectations to suppliers and business partners in 2024.

During 2023 Norske Skog signed a contract with an ESG software provider that will enable efficient reporting of information from fully owned operations, as well as suppliers related human rights and other ESG topics. This tool will represent an important instrument in the risk assessment and mitigation efforts of adverse human rights impacts going forward. The tool will be implemented and ready for use during 2024.

The table below presents a snapshot our due diligence work in 2023:

Due Diligence	Risk Assessment	New Measures 2023	Focus Areas 2024
Suppliers & business partners	High risk in four sourcing categories: <ul style="list-style-type: none"> • Chemicals • Transport and logistics • Paper mill machinery and electronics. • Construction services 	<ul style="list-style-type: none"> • A third dimension, enterprise risk, has been added to the risk assessment process. • Human Rights Self-Assessment form issued to 330 suppliers. • Contract signed with ESG software provider for ESG management of own operations and supplier follow up 	<ul style="list-style-type: none"> • Evaluate and implement measures to obtain responses from participants in the self-assessment survey. • Implement and use new ESG software for supplier follow up. • Establish group wide process for sustainable sourcing practices. • Update expectations in Code of Conduct, Purchasing conditions and contracting documents.

The statement has been approved and signed by the CEO and Board of Directors of the Norske Skog ASA, and the mills in Norway; Norske Skog Saugbrugs and Norske Skog Skogn.

Norske Skog ASA

Approved by the Board of Directors on May 23rd 2024, Halden, Norway

Signed

Arvid Grundekjøn
Chair

Signed

Trine-Marie Hagen
Board member

Signed

Christoffer Bull
Board member

Signed

Tone Wille,
Board member

Signed

Terje Sagbakken
Board member

Signed

Geir Olav Drangslund
Chief Executive Officer

Norske Skog Saugbrugs AS

Approved by the Board of Directors on June 18th 2024, Halden, Norway

Signed

Geir Olav Drangslund
Chair

Signed

Robert Wood
Board member

Signed

Ole Anders Jansen
Board member

Signed

Øystein Bruce
Board member

Signed

Tore Christian Østensvig
Board member

Signed

Per Ivar Berg
Managing Director

Norske Skog Skogn AS

Approved by the Board of Directors on June 18th 2024, Skogn, Norway

Signed

Geir Olav Drangslund
Chair

Signed

Robert Wood
Board member

Signed

Asbjørn André Dypdahl,
Board member

Signed

Wenche Fuglem
Board member

Signed

Håvard Busklein
Managing Director