



**Norske Skog**

Modern Slavery Report

2021

Prepared by Norske Skog Australasia



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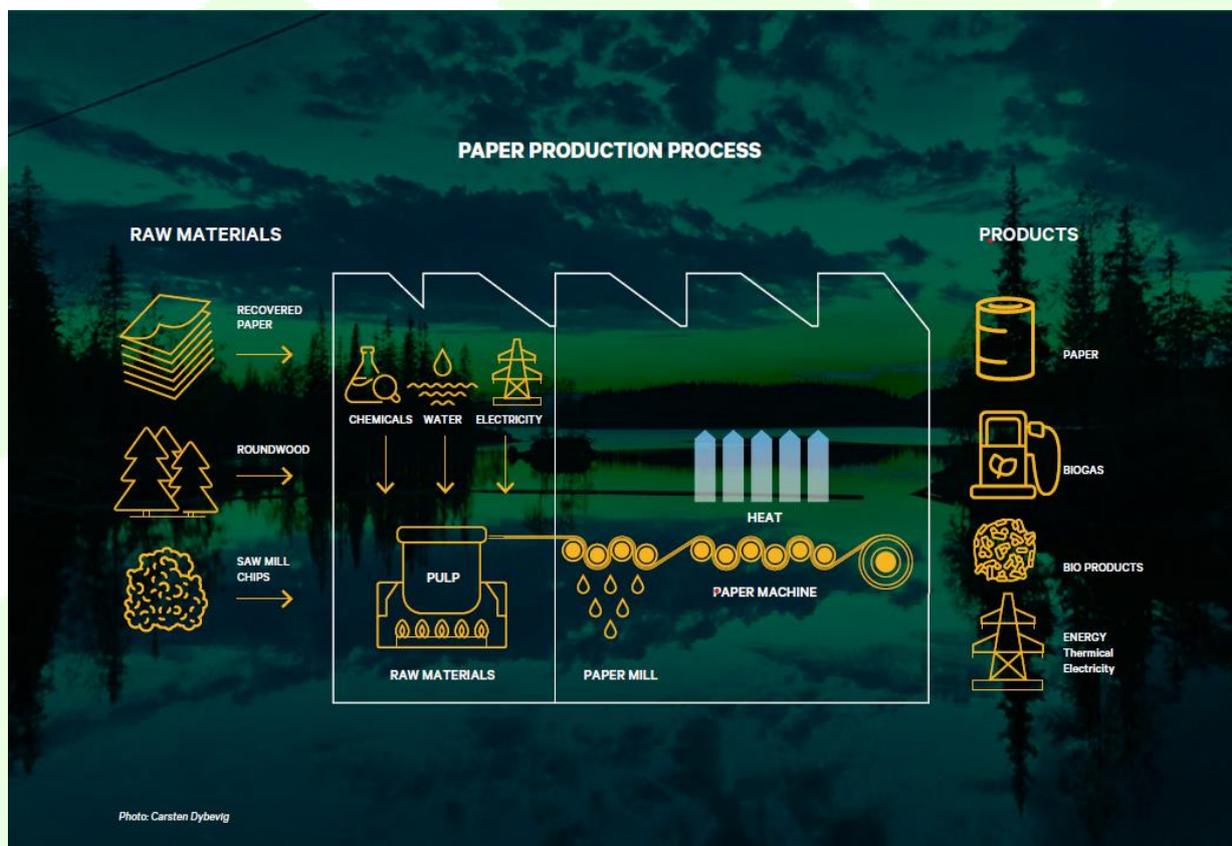
### The Reporting Entity

This consolidated statement covers the activities of Norske Skog Industries Australia Limited (referred to as “Norske Skog Australia”), ABN 50 003 902 985 and its controlled entities; Norske Skog Paper Mills (Australia) Ltd ABN 84 009 477 132, Norske Skog Paper Mills (Albury) Pty Ltd ABN 70 070 866 607, Norske Skog (Australia) No.2 Pty Ltd ABN 82 059 566 362 and Norske Skog (Australasia) ABN 21 003 274 673 Pty Ltd for the 2021 reporting year.

# Structure, operations, and supply chains of Norske Skog Australasia (NSA)

Norske Skog is one of the world’s largest producers and suppliers of newsprint and magazine paper, with 5 paper mills located in 4 countries across Europe and Australasia. Norske Skog was founded in 1962 with its first paper machine built in Skogn, Norway in 1966. Norske Skog expanded its operations into Australasia in 2000 by purchasing the Albury and Boyer paper mills in Australia and the Tasman Mill in New Zealand. Globally,

Norske Skog has approximately 2100 employees (295 in Australia) with over 22 sales offices and agents worldwide. Recently, as a consequence of declining domestic publication paper demand the Albury mill has been sold, and the Tasman mill has been closed ready for sale, leaving the Boyer mill as the sole remaining plant in operation within the Australasian region.

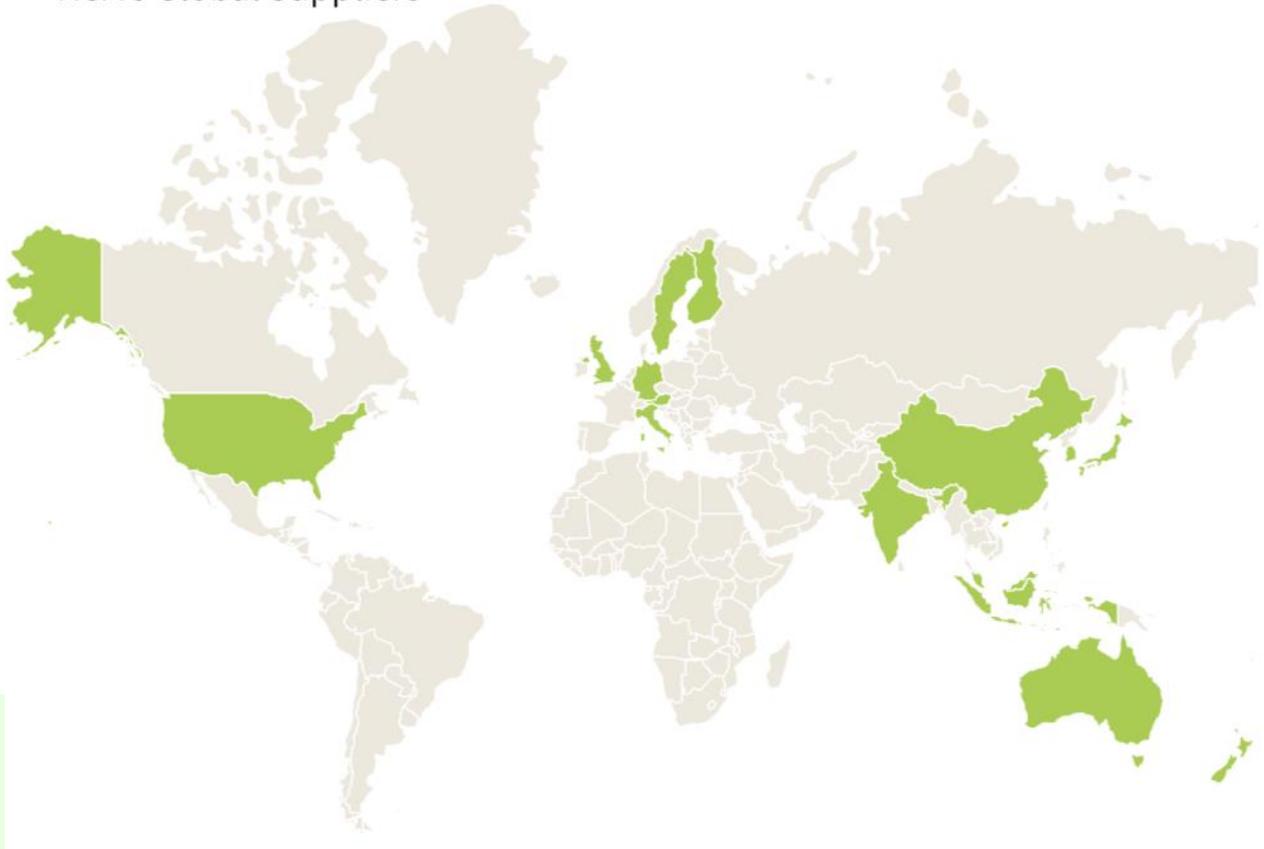


\*Diagram shows typical paper production. Some inputs and outputs may not be used at Boyer

The Norske Skog Boyer Mill consumes the bulk of the Australasia supply chain inputs, primarily those used directly in the paper making process. Pinus Radiata pulp logs and sawmill chips are sourced from PEFC/FSC Certified and Controlled plantations within Tasmania combined with fibre additives and fillers sourced both domestically and imported. The utilities, being electricity, coal, gas and water are also

supplied domestically. Various chemicals are sourced both locally and imported. Production consumables, maintenance spare parts and general paper making equipment are purchased domestically and imported. Combined across our Boyer Mill and corporate office in Sydney, NSA purchase office consumables, technology, postal distribution sources, and rely on freight logistics services.

## NSA's Global Suppliers



- Australia
- Austria
- China
- Finland
- Germany
- India
- Indonesia
- Italy
- Japan
- Malaysia
- New Zealand
- South Korea
- Sweden
- United Kingdom
- USA

The majority of products NSA source are from Australia and New Zealand, with the remainder sourced from Europe, USA, and Asia. NSA has assurance processes in place for Fibre (certification & chain of custody). Utilities, such as water and electricity, are sourced within Australia. The next largest spend categories are chemicals, production consumables, general parts and equipment supplied to each entity.

NSA previously identified some hotspot areas within our supply chains as raising some concern by using spend, aggregated volume and country of origin as metrics. These areas included chemicals - items such as brightening agents, biocides, solvents, dyes, and flocculants that we import via agents from countries including China and parts of South East Asia, that are known to have some history of using low skilled, low wage labour and possible slavery and human trafficking in their business activities. Where possible, NSA supports other Australian manufacturing industries and chooses to 'buy local', but as a considerable volume of items these days are imported either directly by us or indirectly via another party, we have identified these as potential risk 'hotspots' where we have limited visibility further down the supply chain to the item's country of origin and the associated manufacturing and labour conditions.

## Norske Skog Australasia Entities

The below entities make up the business units of Norske Skog Australasia. Each provides a different function within the region to support the business as a whole

### **Norske Skog Industries Australia Limited**

Holding Company. Operates with consultants and other legal and financial advisors

### **Norske Skog Australasia Pty Ltd. “Corporate”**

Delivering shared services and corporate business functions across the Australasian group including: Regional Management; Sales and Marketing; Finance, Accounts Payable and Accounts Receivable; Information Technology and data; Commercial, governance and investments; HR, training and resourcing; Regional logistics services and administration on behalf of the group

### **Norske Skog Paper Mills (Australia) Ltd. “Boyer Mill”**

Delivering our core business function of manufacturing Newsprint and Light Weight Coated paper grades. Includes supporting activities such as: Procurement of goods and services; Receiving material inputs such as wood (logs), fibre additives, chemicals, spare parts and production consumables; Processing materials by means of chipping, pulping, drying and paper production; Manufacturing and packaging finished goods for sale; Distribution and transport of finished goods to customers; Related services and facility management

### **Norske Skog (Australia) No.2 Pty Ltd**

Non-operating company. Note that Investments in FC5 Pty Ltd, Licella Holding Limited and Circa Group Ltd have been sold in previous reporting “years”

### **Norske Skog Paper Mills (Albury) Pty Ltd. “Albury Mill”**

Non-operating company. Note: Plant and assets were sold to Visy in March 2020 and all Albury Mill employees were made redundant and paid their full redundancy entitlements.

## Identifying supply chain risks of Modern Slavery

NSA has recognised the importance of accepting the guidelines in the Australian governments Modern Slavery Report. It provides a framework towards acting as a socially conscious global partner, ensuring that we look internally at what we do as a company, and how the decisions we make impact upon the lives of those both abroad and home. We acknowledge that there are inherent risks in our supply chain, given its broad global scope.

We have undertaken a risk assessment of our supply chains in the 2021 reporting period and while we did not identify any new incidents from the previous reporting period, the following risks that remain present within our global supply chain may include:

- Sourcing products from countries with low labour force standards
- Deceptive practices on behalf of our suppliers
- Long supply chains where visibility of risks is unknown

## Steps towards mitigation

Norske Skog takes its Corporate and Social Responsibility (CSR) seriously, with key corporate governance initiatives implemented both locally in Australia and across Europe. Norske Skog's Steering Guidelines, Code of Conduct and Sustainability Report are significant examples of the standards, goals, plans, and actions outlining what Norske Skog is doing to assess a range of human risks (including such risks associated with modern slavery). The Norske Skog Sustainability Report is built on Norske Skog's commitment to the UN Sustainable Development Goals (SDGs). The SDGs are made up of 17 sustainability goals which include goals such as; No Poverty, Decent Work and Economic Growth and Reduced Inequalities all of which relate in some form to addressing the risks associated with modern slavery. Following these guidelines, we have identified the below key areas in which we are impacted, or can impact upon Modern Slavery risks

### Key risk areas we are working to close

#### Supply locations

The general risk of such incidents in the NSA supply chains is considered very low given the vast majority of spend is domestic within local markets and in controlled processes with reputable suppliers. Where possible, NSA supports other Australian manufacturing industries and chooses to 'buy local'.

However, as a considerable volume of items these days are imported either directly by us, or indirectly via another party, we have identified these as potential risk 'hotspots' where we have limited visibility further down the supply chain, to the item's country of origin and the associated manufacturing and labour conditions.

#### Communication from suppliers

Beginning with our first statement, NSA sought to engage with our suppliers on a regular basis to discuss and question their own supply chains. We have sought to do this through direct meetings with our suppliers where possible, or otherwise engaged through electronic mediums. We acknowledge that there is a risk our suppliers may engage in malicious practices by not disclosing Modern Slavery practices within their supply chains. The NSA supply and logistics team continue to work closely with our suppliers from a

business perspective, but we seek to include them in the work we do and use these close relationships to better understand the veracity of their claims to us.

#### Our public declarations

NSA has embraced the goals of Australia's Modern Slavery report and continues to take action to mitigate any potential impacts. Our Modern Slavery statement that we make each year, and promote in the public sphere, acts as a declaration to our suppliers that we take the risks seriously and will act upon any actions needing be taken where identified.

#### Internal knowledge

Following the review of our supply chains in 2021, we have not engaged any new suppliers that pose a potential risk of modern slavery practices. We followed the same assessment processes as years past, and considered risks that may possibly cause, contribute and/or be directly linked to modern slavery practices. We also took into consideration other risk factors such as the industry sectors, types of products and services, geographic locations, and business models. Our ongoing internal audits aim to reduce the knowledge gap that we have towards our supply chain

## Impact of COVID-19

We understand that the ongoing effects of COVID-19 continue to exacerbate existing vulnerabilities within our supply chain, which have no doubt contributed to an increased risk of Modern Slavery.

The impact this has had not only on us, but that of our suppliers, has meant a reduction in the visibility of where the risks may present further down the supply chain. This lack of visibility has been most attributable to lack of physical access to our overseas suppliers for firsthand inspections.

While some impacts of COVID-19 remain, we are continually assessing ways to mitigate the risk and implement appropriate controls.

## Direct actions

At the Boyer Mill in Tasmania, we have taken the following direct actions towards mitigating our Modern Slavery Risk. These serve to be assessable by the NSA team by providing clear, measurable actions towards a better future. We continue to develop these since their implementation, and into the future, as new information comes to hand. NSA will continue to utilise Norske Skog's global frameworks, incorporating our values and code of conduct in our approach to address the various risks of modern slavery practices in our day-to-day business dealings and procurement processes.

### Information

- A central depository has been set up on 'i source' (the Norske Skog document management system) to hold any information that relates to the Modern Slavery Act and reporting. This is accessible to all NSA employees. Any relevant updated information that is provided in the public sphere is to be added to this register.

### Supplier engagement

- Norske Skog Boyer has implemented various email communications with suppliers in regard to compliance and policies relevant to Modern Day Slavery. Where possible, in person and video meetings also offer a chance to regularly question our suppliers' supply chains. A key priority supplier list has been generated which outlines our 'at most risk' suppliers to prioritise engagement with on this topic. With the ongoing COVID-19 issues this will be undertaken as possible.

### New contract clauses

- Norske Skog Boyer has introduced additional clauses in all new contracts/agreements with suppliers that covers their requirements to comply with all applicable laws and regulations, including Corporate Social Responsibility, Human Rights etc.

### Refresh whistle-blower policy

- An update to our existing whistle-blower policy is being made to ensure it encapsulates the needs of Modern Day Slavery concerns. When completed it will be sent to all NSA employees via regular communications.

## Communication with other entities of NSA

With the closure of the Albury Paper Mill in NSW the remaining operating entities in Australia are the Regional Head Office in Sydney and the Boyer Paper Mill in Tasmania. Several of the region's key executives are located at the Boyer Mill premises which makes communication between entities simple and effective. Furthermore, the Board of NSIAL consists of the Global CEO, CFO, VP Strategy, COO as well as the NSA Regional President and VP Finance. Because this Board has representatives from across the globe and meets at a minimum quarterly, communications flow very effectively between NSA and Corporate Office in Oslo.

Norske Skog also requires the production of annual reports/updates to its Steering Guidelines, SDG report, annual code of conduct incident statistics and corporate compliance program, all of which provide additional channels for the reporting of and action resolution for any code of conduct matters (including but not limited to Modern Slavery).

## Conclusion

There were no incidents of modern slavery reported within NSA, both internally or from supply chains, in the reporting year. The general risk of such incidents in the NSA supply chains is considered very low given the vast majority of spend is domestic within local markets and in controlled processes with reputable suppliers. Any high-level risk assessment of high spend suppliers has not provided any information or indications of any violation by our suppliers or general business partners.

All areas of life across the world were significantly impacted by COVID-19 in 2021 and the economic impact on our business was considerable. There was a significant reduction in customer demand for publication paper due to lower economic activity and the associated reduction in newspaper and magazine advertising. This market decline required a strong management focus within NSA on business survival and retention of jobs within our workforce. Notwithstanding these challenges, we are pleased to report progress on previously identified initiatives to address the risk of modern slavery practices within our operations and supply chains. Work on these initiatives will continue in 2022 and beyond.

This statement has been approved by the Board of Directors for Norske Skog Industries Australia Limited on 16 November 2022.



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Mr Eric Luck

Regional President Australasia and Director of Norske Skog Industries Australia Limited  
7 December 2022