

Communication on progress – UN Global Compact



We have committed ourselves to contribute to sustainable development. Customers, suppliers and the world at large can rely on us. We take work on environmental and social responsibility issues seriously. Our core values of openness, honesty and cooperation, our policies and our guidelines build on the UN Universal Declaration of Human Rights and the 10 principles of the UN Global Compact (UNGC).

These are not just fine words to Norske Skog, but commitments demonstrated through specific actions. We were accordingly the first international pulp and paper company to sign a global agreement on employee rights with the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM).

On that basis, we have also developed a close and good collaboration with our unions through several channels – most recently the creation of a

Global Employee Forum. The latter provides a common meeting place for employees and management, where we can give and receive information and discuss relevant issues relating to Norske Skog.

We also accept our social responsibility to the local communities in which our operations are pursued. Mills and employees involve themselves in a number of areas in these communities. We support many activities which help to improve the quality of life, health and knowledge.

We have defined education as our topic for the UN's millennium development goals, expressed through our commitment to improving reading skills among young people by using newspapers in education. Special efforts are being made in new democracies where the free press has achieved better conditions.

Through a close relationship with the World Association of Newspapers, we are helping to develop Young Reader programmes in both developing and mature markets.

We also belong to the Global Compact Nordic Network (GCNN), where participants from Denmark, Finland, Norway and Sweden discuss the implementation of the 10 principles and common challenges. Since 2002-03, this network has rapidly expanded its work. It holds regular meetings twice a year, forming working groups and organising other UNGC-specific activities. One recent event included a seminar on human rights and responsibility in the supply chain. A GCNN web site is currently under development, and a GCNN summit in the autumn of 2006 is also on the agenda, hopefully with UN secretary-general Kofi Annan present.

We became sole owner of Pan Asia Paper Company in 2005, and this Singapore-based enterprise is now being integrated in our organisation. With activities in China, Korea and Thailand, we face new challenges based on cultural differences. We will be implementing our values in 2006, including the CSR commitments in which the UNGC plays a key part. We are also preparing an in-house CSR campaign and developing new tools to train employees on different CSR issues. We promote diversity through our leadership planning process, and are one of the few companies in Norway with 50 per cent female directors. We won the national Norwegian award for the best sustainability report in 2005 for the third time.

The UN Global Compact is a voluntary international corporate citizenship network initiated to support the participation of both the private sector and other social players in promoting responsible corporate citizenship and universal social and environmental principles to meet the challenges of globalisation.

UN Global Compact Principles	Corresponding on GRI Indicators	Annual report 2004 page
PRINCIPLE 1 Human Rights: Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence	HR1-HR4	62-63, 104, 150
PRINCIPLE 2 Human Rights: Make sure that they are not complicit in human rights abuses	HR2-HR3	62-63, 104, 150
PRINCIPLE 3 Labour: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	HR5, LA3-LA4	62-63, 65, 104, 150
PRINCIPLE 4 Labour: The elimination of all forms of forced and compulsory labour	HR7	62-63, 104, 150
PRINCIPLE 5 Labour: The effective abolition of child labour	HR6	62-63, 104, 150
PRINCIPLE 6 Labour: Eliminate discrimination in respect of employment and occupation	HR4, LA10-LA11	62-63, 104, 105
PRINCIPLE 7 Environment: Business should support a precautionary approach to environmental challenges	3.13	32-33, 37-38, 104
PRINCIPLE 8 Environment: Undertake initiatives to promote greater environmental responsibility	1.1, EN1-EN16	32-49, 104
PRINCIPLE 9 Environment: Encourage the development and diffusion of environmentally friendly technologies		32-49
PRINCIPLE 10 Anticorruption: Business should work against all forms of corruption, including extortion and bribery	SO2	91-92, 104

Independent auditor's report

n We have reviewed certain aspects of the Norske Skog Environmental Report 2005 presented on pages 30-49, the Global Reporting Initiative (GRI) table and the UN Global Compact table presented on pages 150-155 (in total referred to as the "Report") in the Norske Skog Annual Report 2005. The Report is the responsibility of and has been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 "Assurance Engagements other than Audits and Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews as well as a review on a sample basis of evidence supporting the subject matters referred to above. We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusions

In conclusion, in all material respects, nothing has come to our attention that causes us not to believe that:

- n The environmental aspects presented in the Report comprise the most significant ones at Group level.
- n Norske Skog has applied detailed procedures, summarised on page 48, for the purpose of collecting, compiling and validating environmental data from its reporting units for inclusion in the Report.
- n The aggregated information accumulated as a result of the procedures noted above is consistent with the data reported from reporting units and appropriately reflected in the Report.

- n The environmental information for 2005 reported from a sample of two reporting units visited (Norske Skog Saugbrugs and Norske Skog Follum) was reported according to the procedures noted above and was consistent with the source documentation presented to us.
- n Norske Skog applies a reporting practice for its environmental reporting aligned with the GRI reporting principles. The GRI Index presented on pages 151-155 in the Report appropriately reflects the extent to which the Norske Skog Annual Report 2005 aligns with the indicators listed in the GRI Sustainability Reporting Guidelines. References made in the UN Global Compact table on page 150, appropriately reflects where relevant information is presented in the Norske Skog Annual Report 2005.

Oslo, 2 March, 2006
Deloitte
Statsautorisert Revisjonsaktieselskab



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State Authorised Public Accountant
Environment & Sustainability Services

About the report

The environmental report contains information which Norske Skog believes to cover the most important environmental aspects of the company's business. The environmental accounts cover the wholly-owned paper mills which formed part of the company at 17 November 2005. Norske Skog became the sole owner of PanAsia Paper Company from 18 November, but these mills are not included in the environmental accounts for 2005.

Data for the environmental accounts have been collected from the mills in accordance with established reporting routines. These consist of monthly standardised reporting of the most relevant environmental data, as well as supplementary information collected annually – again in accordance with standardised routines. The monthly reporting includes production volumes, consumption of raw materials, use of energy, emissions and waste handling. Figures from the reports are compared and compiled by the corporate environment department into standardised monthly reports for the corporate management and quarterly reports to the board.

Figures in the environmental report are compared and compiled with a view to presenting the data as uniformly and relevantly as possible. Although great efforts have been made to ensure that information is complete and correct, some uncertainty may attach to parts of the statistical material. In keeping with Norske Skog's efforts to ensure open communication on environmental issues, the company wants the report to be reliable and quality-assured.

As a result, the environmental report has been reviewed for the past 10 years by Deloitte. Norske Skog takes the view that such a review increases the report's credibility. It also provides greater assurance within the company that the data in the report are based on information which has been collected and collated on a systematic basis, and that the necessary documentation is available.