

# DOUBLE MATERIALITY ASSESSMENT

REPORT 2023

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# INTRODUCTION TO THE DOUBLE MATERIALITY ASSESSMENT



Borregaard has conducted a double materiality assessment according to the [ESRS](#) and follows the practices of a materiality assessment according to [GRI](#) Universal standards of 2021. This double materiality assessment is in accordance with the [EFRAG](#) Draft Implementation Guidance Materiality Assessment (December 2023). Double materiality defines a company's impact on the environment and people, and the outside world's impact on the company's value creation, and results in material topics within environment, social and governance (ESG).

In this report we describe how Borregaard has identified actual and potential, negative and positive impacts on ESG topics concerning the environment and society including impacts on human rights, as well as financial risks and opportunities arising from sustainability matters across our activities and business relationships. We describe how we have prioritised the material topics for reporting based on the significance of the impacts and how we have involved our stakeholders in the process. In the Sustainability statements in The Board of Directors report

(Management report), which is a part of Borregaard's Annual report, we describe strategy, impacts, risks and opportunities and metrics as well as targets for all ESG material topics.

A double materiality assessment is the process by which we determine material matters and material information to be reported on in our sustainability statement. This assessment is not limited to Borregaard's own operations but includes the upstream and downstream value chain. Double materiality assessments require that we recognise how Borregaard can affect and be affected by sustainability matters. The output is topics that are important for both Borregaard and our stakeholders, and they are the focus of our sustainability reporting. Here, Borregaard assesses its impacts on society and environment (impact materiality) and risks and opportunities for Borregaard (financial materiality).

The due diligence process for results is in accordance with both GRI and ESRS disclosure requirements, the GRI standards require only impact materiality.

# PROCESS AND METHOD



Borregaard's sustainability context derives from the fact that our business model itself, the way we run our company and the products we produce, is sustainable and meets global needs. Borregaard have prioritised six of the UN's Sustainability Development Goals (SDGs) based on our contributions to solving the global sustainability challenges through our activities and solutions. The SDGs are used as a framework for guiding, communicating and reporting on the company's vision, strategy, goal and activities.

The identification process for our impacts, risks and opportunities is part of our day-to-day activities and is an integrated and multidisciplinary part of the Groups management processes. Examples of processes where impacts, risks and opportunities related to environment and society are identified:

- Risk processes
- Management control and reporting systems
- Audit processes (internal, customers, suppliers, authorities)
- Purchasing processes
- Sales and marketing processes
- Stakeholder assessment
- Former materiality assessment
- Scenario analysis

- Human rights risk assessment
- Climate and nature risk assessment
- Life Cycle Assessment

Borregaard identifies and assesses our impacts on the environment and the society regularly while engaging with relevant stakeholders and experts. When assessing matters concerning environment, social and governance, our stakeholder's views and concerns are evaluated through regular dialogue, media analyses, meetings, as well as other relevant arenas. The stakeholder dialogue and impact assessment through research of output from our day-to-day process, results in an overview of our negative and positive impacts. This provides us valuable input on the actual and potential positive and negative impact on the environment and society including human rights for each of the stakeholder groups. The results are documented and reported to our internal Sustainability Board (SB) by the responsible for each stakeholder group. Throughout the year we have separate meetings for each material stakeholder group where the results from the impacts of relevant material topics are discussed. The results of the discussion are used as input to the annual update of the impact materiality assessment presented in the Board of Directors Report, published in

the Annual Report and in a separate Double Materiality Assessment Report.

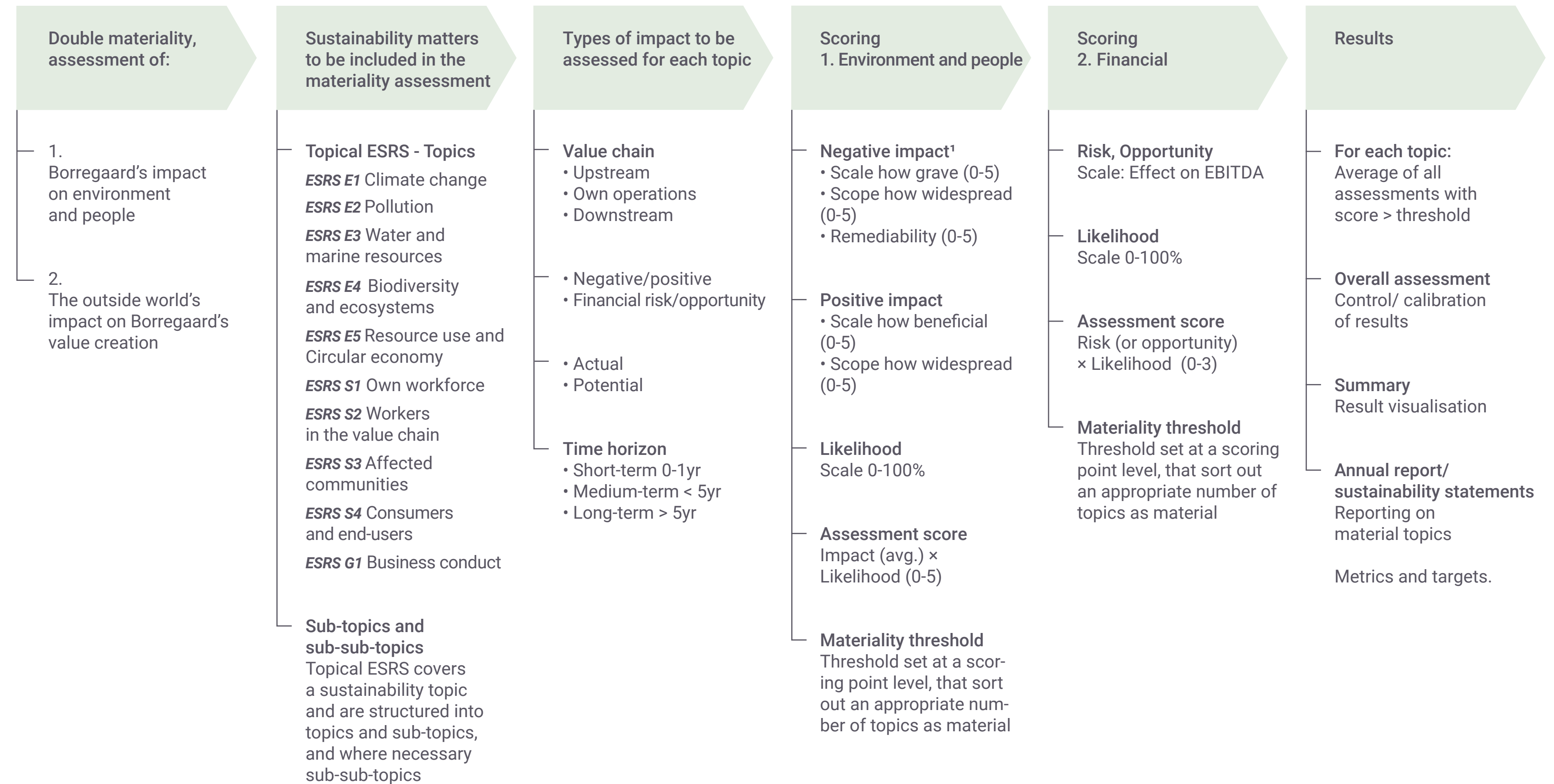
Climate and nature-related impacts, risks and opportunities are disclosed in line with the International Financial Reporting Standards (IFRS) S2, which includes a scenario analysis, and Nature-Related Financial Disclosures (TNFD) framework and presented in the separate Climate and Nature Risk report. To understand our impacts, risks and opportunities, the assessment is based on a value chain mapping of our business relationships, our stakeholder dialogue, and additional relevant sources. This way we can identify impacts, risks and opportunities directly connected to Borregaard's own operations and indirect impacts through our business relationships. The results are included in our double materiality assessment.

Our business model is based on the life cycle assessment approach which includes the entire value chain and gives us valuable input regarding our environmental impact. This also includes the impact of using a sustainable product from Borregaard as an alternative to fossil-based products.

Borregaard's Sustainability Board (SB) is responsible for the due diligence process of materiality outcome. SB addresses and monitors the material topics and reports the results of the Sustainability Statements in the Annual Report. SB initiates processes to develop the policies, sets new targets, and measures and updates the risk picture within sustainability. SB reports to the CEO and is chaired by the Senior Vice President of Organisation and Public Affairs. This double materiality assessment has been conducted by the SB, together with an interdisciplinary group of in-house specialists from relevant areas and experts from the most important stakeholder groups. The assessment is reviewed annually, and the identified material topics are approved by Borregaard's Board of Directors.

The process steps for determining the material topics are described in the figure to the right. In the materiality assessment we have included all the topical ESRS topics and its subtopics. For each topic we have used the information described above to assess each topic. The value chain mapping and use of stakeholder dialogue and the scoring criteria used for impact materiality and financial materiality is described in the following sub chapters. All impacts are categorised in short, medium or long-time horizons following ESRS 1 Chapter 6 Time Horizons. Short-term is the reporting year, medium-term is 1-5 years and long-term is defined as more than 5 years.

## ESRS DOUBLE MATERIALITY ASSESSMENT BORREGAARD - METHOD



## VALUE CHAIN MAPPING AND STAKEHOLDER ENGAGEMENT

We have used value chain mapping to assess the impacts on and of Borregaard’s operations, focusing on risks, opportunities and dependencies as described in the [Climate and Nature Risk Report](#). This systematic analysis provides valuable insights into the direct and indirect activities in the supply chain and further the strategies to reduce risks related to the environment and people in our value chain. Additionally, this evaluation reveals opportunities for the integration of sustainable practices and innovative solutions.

The mapping of dependencies within the value chain allows for the identification of vulnerabilities and interconnections that may amplify risks. This enables us to implement strategic measures for resilience, ensuring a proactive approach to addressing potential challenges and enhancing the sustainability of our operations.

Our stakeholders’ feedback is vital to assess the significance of impact by degree of severity of benefit or significance of risk and opportunities by financial effect and likelihood in the value chain mapping process. The stakeholders can be divided into two groups, affected stakeholders and users of sustainability statements. The first one mostly consists of suppliers, employees, local communities and the society in large, as well as nature.

Users of sustainability statements are often customers, investors, lenders and authorities.

We have identified our stakeholders by surveying the groups, organisations and individuals that are either impacted by our operations or which, in a variety of ways, have an impact on our strategy and goal achievement. Our stakeholders include existing and potential customers, investors and lenders, current and potential employees, the authorities, suppliers, local communities and neighbours, business partners, organisations and the media.

The most important stakeholders are shown in the figure below.



The individual units in the Borregaard Group continuously assess issues that are relevant for the relationship between the company and society. We believe a good dialogue with our stakeholders is a valuable means of building trust and understanding of the role we play in local communities and society.

Complaints and other enquiries from external stakeholders are considered and dealt with appropriately, including through our grievance mechanisms. Borregaard has established guidelines on whistleblowing, how expressions of concerns are handled, and which channels can be used for addressing concern. In 2023, we will include public disclosure of grievances logged and actions taken in our reporting. The Transparency act, relating to transparency and work on fundamental human rights and decent working conditions entered into force in Norway on 1 July 2022, further expanding our focus on our value chain and external stakeholder engagement.

The most important subject in the stakeholder dialogue in 2023, was resilience towards uncertainty in the global economy and how this may impact Borregaard’s markets, cost inflation and interest rates. This was especially important for our customers and investors. Several of our stakeholders pay increasing attention to sustainability issues such as climate impact from our products,

scope 3 emissions, nature-related risks (in particular biodiversity) from the use of wood as a raw material as well as emerging changes in sustainability regulations from the EU Green Deal. Transparency in the value chain is important for our stakeholders to better understand impacts, risks, and opportunities from our business, including human rights.

On the next page is an overview of topics that our stakeholders are concerned with, as well as their expectations with respect to the company and our measures.

| STAKEHOLDER GROUP  | IMPORTANT TOPICS IN STAKEHOLDER DIALOGUE   | STAKEHOLDER EXPECTATION AND HOW WE RESPOND   |
|--|--|--|
| <b>C</b> <b>I</b> <b>E</b>                                     | Business environment; potential economic slowdown                                  | <ul style="list-style-type: none"> <li>• Security of supply, act on the basis of a long-term perspective and predictability in the market. Transparent and available information</li> </ul>  |
| <b>C</b> <b>S</b> <b>I</b>                                     | Cost inflation   | <ul style="list-style-type: none"> <li>• Competitive terms and conditions</li> <li>• Clear and consistent reporting on important and relevant factors</li> <li>• Profitability</li> </ul>  |
| <b>C</b> <b>S</b> <b>I</b> <b>L</b> <b>E</b> <b>A</b> <b>B</b> | Borregaard's Sustainability Strategy   | <ul style="list-style-type: none"> <li>• Environmental, climate and social responsibility</li> <li>• Product safety, quality, performance and sustainability including certifications</li> <li>• Our market position and reputation</li> <li>• Compliance with regulations - High governance standard</li> </ul> |
| <b>C</b>   | Environmental and climate footprint of products                                    | <ul style="list-style-type: none"> <li>• Documented climate and environmentally friendly products, EPD's and certifications</li> <li>• Product safety, quality, performance of products</li> </ul>   |
| <b>C</b> <b>S</b> <b>I</b>                                     | Scope 3 emissions  | <ul style="list-style-type: none"> <li>• Contribute to reduced scope 3 emissions both in supply chain and to the customers</li> </ul>  |
| <b>C</b> <b>S</b>  | Transparency in the value chain  | <ul style="list-style-type: none"> <li>• Product safety, quality, performance and sustainability including certifications</li> <li>• Predictability/long-term perspective, Business ethics</li> <li>• No human rights violations</li> </ul>  |
| <b>C</b> <b>S</b> <b>I</b> <b>L</b> <b>A</b>                   | Transition plan to cut climate gas emissions to air and effluents to water by 2030 | <ul style="list-style-type: none"> <li>• Documentation of sustainability/ESG, no greenwashing</li> <li>• High ESG score – take position as a climate leader</li> </ul>   |
| <b>I</b>   | EU Taxonomy  | <ul style="list-style-type: none"> <li>• Transparent and available information about aligned and eligible economic activities, "Green" financing</li> </ul>  |
| <b>L</b> <b>A</b>  | Renewable energy supply and grid capacity  | <ul style="list-style-type: none"> <li>• Energy and climate measures</li> <li>• Flexibility in energy consumption, security of supply</li> </ul>   |
| <b>C</b> <b>S</b> <b>I</b>                                     | Forest certification/changes in EU forest regulations                              | <ul style="list-style-type: none"> <li>• Sustainable sourcing of certified wood</li> <li>• Predictability/long-term perspective</li> </ul>   |
| <b>L</b> <b>E</b> <b>A</b>                                     | Employee branding of Borregaard  | <ul style="list-style-type: none"> <li>• Sustainable and attractive jobs and educational systems</li> </ul>  |
| <b>I</b> <b>E</b>  | Investment forecast and financial resilience                                       | <ul style="list-style-type: none"> <li>• To have a comprehensive risk management including climate and nature related risks</li> <li>• Transparent and available information about investments</li> </ul>  |

- Customers **C**
- Suppliers **S**
- Investors and lenders **I**
- Local communities **L**
- Employee **E**
- Authorities **A**
- Business partners **B**

### IMPACT MATERIALITY SCORING

An ESG topic is material based on the impact of our activities on the environment and people across the value chain. The impacts were evaluated and scored based on their severity and likelihood. Severity is based on scale, scope and irremediable character as defined in ESRS 1. The impacts severity and likelihood were scored from low (1) to high (5),

#### Environmental impact

To determine the severity and likelihood of our positive and negative environmental impacts we have evaluated the impact Borregaard has and possibly can have. An environmental aspect is defined as an element of an organisation’s activities, products or services that may impact, or is impacting, the environment. An environmental impact is a result of an environmental aspect. The metric of scale has been delineated following legal mandates and Borregaard’s current situation, serving as a criterion to assess the actual or potential scale of the impact. The determination of scope is dependent on the pervasiveness of the impact on the environment, exemplified by factors such as greenhouse gas emissions having a global effect on the environment. Remediation is defined as how difficult it is to reverse the impact on the environment.

For the negative impact on environment, we have used the scoring criteria in table 1.

TABLE 1. NEGATIVE ENVIRONMENTAL SCORE: SEVERITY (A+B+C)/3

| Points A/B/C | Scale- negative (A)<br>How grave is the impact on the environment?            | Scope (B)<br>How widespread is the impact on the environment?      | Remediability (C)<br>How difficult is it to reverse the impact on the environment? |
|--------------|---|--|--|
| 5            | Very high<br>(ex. worst in has been in recent years)                          | Global/total   | Irremediable/irreversible  |
| 4            | High<br>(ex. impact and not reaching goal or leagle requirements)             | Widespread   | Very difficult to remedy or long-term  |
| 3            | Medium<br>(ex. impact but fullfilling legal requirements)                     | Medium<br>(ex. COD, SO2, NOX, dust, P, N, waste; Resource use,...) | Difficult to remedy or mid-term  |
| 2            | Low<br>(ex. impact but reaching own goal if stricter than legal requirements) | Concentrated<br>(ex. Site soil..)                                  | Remediable with efforts short-term   |
| 1            | Minimal Impact  | Limited  | Relatively easy to remedy short-term   |
| 0            | None  | None   | Very easy to remedy  |

For the positive impact on environment, we have used the scoring criteria in table 2.

TABLE 2. POSITIVE ENVIRONMENTAL SCORE: (A+B)/2

| Points A/B | Scale- positive (A)<br>How beneficial is the impact on the environment?<br>(Contribution to UN Sustainable Development goals) | Scope (B)<br>How widespread is the impact on the environment?      |
|------------|---|--|
| 5          | Very high   | Global/total   |
| 4          | High  | Widespread<br>(ex. our products)                                   |
| 3          | Medium  | Medium<br>(ex. COD, SO2, NOX, dust, P, N, waste; Resource use,...) |
| 2          | Low   | Concentrated<br>(ex. Site soil..)                                  |
| 1          | Minimal   | Limited  |
| 0          | None  | None   |



**Social impact**

To determine the severity and likelihood of our positive and negative impact on people, we have defined a scoring based on the scale of the impact and size of the stakeholder groups effected. The definition used for scale of the impact is centred around legal mandates and international standards, as well as Borregaard’s current situation. Remediability criteria is set based on how difficult it is to reverse the impact on people.

For the negative impact on people, we have used the scoring criteria in table 3.

For the positive impact on people, we have used the scoring criteria table 4.

For potential impact, the scoring is connected to the likelihood of the impact in the future. Likelihood is scored from very unlikely to near certain (0-100%). In the case of potential negative human rights impacts, the severity of the impact takes precedence over its likelihood.

From the scoring points available in this method, we have set a threshold value to separate the topics that will be material to Borregaard. The threshold value is set to include topics that are important to Borregaard and its stakeholders, and results in a reasonable number of topics.

**TABLE 3. NEGATIVE SOCIAL SCORE: SEVERITY (A+B+C)/3**

| Points A/B/C | Scale- negative (A)<br>How grave is the impact on people? | Scope (B)<br>How widespread is the impact on people? | Remediability (C1) negative<br>How difficult is it to reverse the impact on the environment? |
|--------------|---|--|--|
| 5            | Absolute /Very high                                       | Global/total   | Irremediable/irreversible  |
| 4            | High  | Widespread (Value chain)                             | Very difficult to remedy or long-term  |
| 3            | Medium  | Medium (Borregaard)                                  | Difficult to remedy or mid-term  |
| 2            | Low   | Concentrated (Borregaard)                            | Remediable with efforts (time and cost)  |
| 1            | Minimal/ Very low   | Limited  | Relatively easy to remedy short-term   |
| 0            | None  | None   | Very easy to remedy  |

**TABLE 4. POSITIVE SOCIAL IMPACT SCORE: (A+B)/2**

| Points A/B | Scale- positive (A)<br>How beneficial is the impact on people?<br>(ex. Contribution to UN Sustainable Development goals) | Scope (B)<br>How widespread is the impact? |
|------------|--|--|
| 5          | Very high  | Global/total                               |
| 4          | High   | Widespread                                 |
| 3          | Medium   | Medium                                     |
| 2          | Low  | Concentrated                               |
| 1          | Minimal  | Limited                                    |
| 0          | None   | None                                       |

TABLE 5. FINANCIAL MATERIALITY SCORING CRITERIA

| SHORT-TERM           |               |
|----------------------|---------------|
| EBITDA & investments | Impact points |
| > 50 mill NOK        | 3             |
| 25-50 mill NOK       | 2             |
| 0-25 mill NOK        | 1             |

| MID AND LONG-TERM    |               |
|----------------------|---------------|
| EBITDA & investments | Impact points |
| > 100 mill NOK       | 3             |
| 50-100 mill NOK      | 2             |
| <50 mill NOK         | 1             |

## FINANCIAL MATERIALITY SCORING

In the value chain mapping and stakeholder engagement identified, dependencies and impacts are the basis for the assessment of our financial risks and opportunities, as risks and opportunities are related to or stem from dependencies and impacts. To assess the environmental financial risks and opportunities we have included the results from the Climate and [Nature Risk Report](#) in addition to the scenario analysis.

An ESG topic is material from a financial perspective if it triggers financial effects on the organisation by potentially generating risks or opportunities that influence or are likely to influence the current situation, future development, financial position, cash flows, access to capital and the cost of capital, and therefore the enterprise value of the undertaking in the short, medium or long term but are not captured by financial reporting at the reporting date. This is covered by the EBITDA and our investments. EBITDA is defined by Borregaard as operating profit before depreciation, amortisation and other income and expenses.

In the assessment of financial effect on the material topics, we have categorised all risks and opportunities on low, medium and high EBITDA and investment effect, accounting for the

magnitude the duration of those risks and opportunities. The final scoring of the risks and opportunities includes alongside the EBITDA and investment effect also likelihood of the risk and opportunity to occur within the given time horizon, which is measured on a three-point scale. The EBITDA and investment levels are the same level used throughout all financial risk and opportunities assessments in Borregaard.

The range of the EBITDA and investment is defined in table 5.

The likelihood of a risk or opportunity occurs over short, medium or long term. Likelihood is scored from very unlikely to near certain (0-100%).

After all identified risks and opportunities have been scored and ranked descending, we set a threshold score for financial materiality, making sure to include all material risks and opportunities.

From the scoring points available in this method, we have set a threshold value to separate the topics that will be material to Borregaard. The threshold value is set to include topics that are important to Borregaard and its stakeholders, and results in a reasonable number of topics.

TABLE 6

**DOUBLE MATERIALITY ASSESSMENT RESULTS**

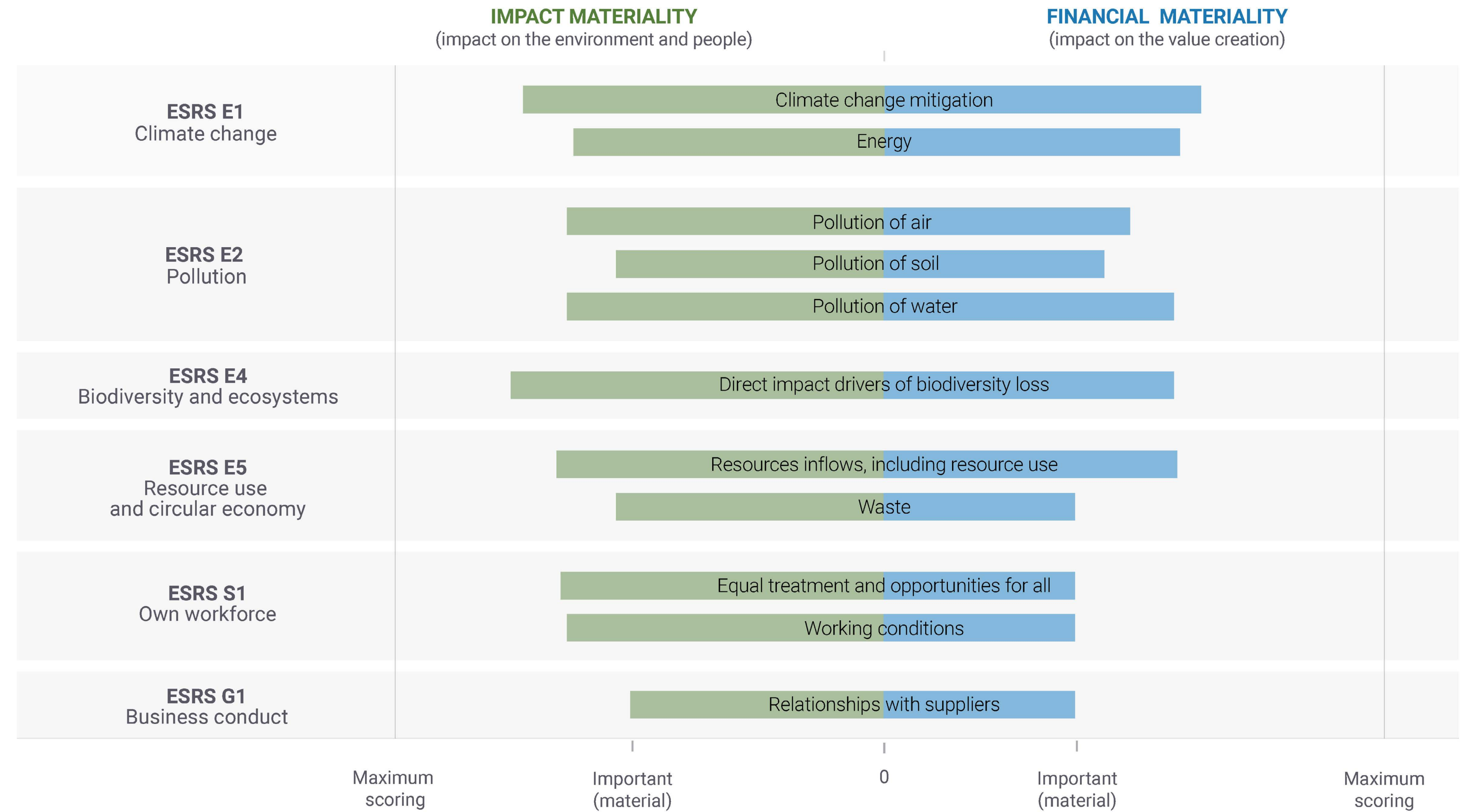
Table 6 shows details of which of the ESRS topics and sub-topics are material. It shows where in the value chain a topic is material, and if it is an impact materiality or financial materiality and if it is a positive or negative impact or a risk or opportunity, depending on where in the value chain they are assessed.

| Topical ESRS | Topic                             | Sub-topic  | Upstream |       |   |   | Own Operations |       |   |   | Downstream |       |   |   |
|--------------|-----------------------------------|--|----------|-------|---|---|----------------|-------|---|---|------------|-------|---|---|
|              |                                   |  | I Neg    | I Pos | R | O | I Neg          | I Pos | R | O | I Neg      | I Pos | R | O |
| ESRS E1      | Climate change                    | Energy   |          |       |   |   |                |       |   |   |            |       |   |   |
|              |                                   | Climate change mitigation  |          |       |   |   |                |       |   |   |            |       |   |   |
| ESRS E2      | Pollution                         | Pollution of water   |          |       |   |   |                |       |   |   |            |       |   |   |
|              |                                   | Pollution of soil  |          |       |   |   |                |       |   |   |            |       |   |   |
|              |                                   | Pollution of air   |          |       |   |   |                |       |   |   |            |       |   |   |
| ESRS E3      | Biodiversity and ecosystems       | Direct impact drivers of biodiversity loss                             |          |       |   |   |                |       |   |   |            |       |   |   |
| ESRS E5      | Resource use and Circular economy | Waste  |          |       |   |   |                |       |   |   |            |       |   |   |
|              |                                   | Resources inflows, including resource use                              |          |       |   |   |                |       |   |   |            |       |   |   |
| ESRS S1      | Own workforce                     | Working conditions   |          |       |   |   |                |       |   |   |            |       |   |   |
|              |                                   | Equal treatment and opportunities for all                              |          |       |   |   |                |       |   |   |            |       |   |   |
| ESRS G1      | Business conduct                  | Management of relationships with suppliers including payment practices |          |       |   |   |                |       |   |   |            |       |   |   |

I - impact on environment and people. R - financial risk. O - financial opportunity. Neg – negative. Pos – positive.

Table 7 shows the results of our double materiality assessment, taking both impact and financial materiality into account. The green and blue columns show the degree of importance within the material topics, both in terms of Borregaard’s impact on the environment and the people around us (green columns) as well as how external conditions linked to climate change and new regulations affect Borregaard’s economic value creation and financial risk (blue columns). The columns show the average of absolute value of positive and negative impact within the various topics. Thus, they show the degree of importance, but not whether the impact is positive or negative. The weighting of the 6 material topics is a combination of the scoring.

TABLE 7. BORREGAARD’S DOUBLE MATERIALITY ASSESSMENT - IDENTIFIED MATERIAL TOPICS



The figure illustrates a double materiality assessment covering Borregaard's material topics. The sub-topics shown makes the topics material.

## MANAGEMENT OF MATERIAL TOPICS

The double materiality assessment guides our main challenges and points out our strategic priorities for improving the impact of material topics and the SDGs we have prioritised. The material topics are categorised in three main areas:

Chapter E: ENVIRONMENTAL

Chapter S: SOCIAL

Chapter G: GOVERNANCE

Our approach and contributions to the material topics are thoroughly covered under the relevant chapters (E, S and G) in the Sustainability statements in the Board of Directors Report in Borregaard's [Annual report](#).

Management of material topics is the part of the sustainability due diligences process where action to address impact, risk and opportunities are taken and the effectiveness of these efforts are tracked. In the Sustainability statements, the management of material topics are divided into four sections. The introduction contains a brief description of the topic, relevant policy and main impacts, risks and opportunities. How we manage the topic and related impact, risks and opportunities are described in "How we work", together with relevant metrics and targets. Progress towards goals and targets and the changes in action taken are described under

"Developments in 2023". Finally, in "The way forward" we present the results from the evaluations of the topic, plans and targets (long and short-term).

Other GRI reporting requirements for the management of the material topics that are not covered by the sustainability statements are described in this report. When identifying our impact, we used several data sources and evidence. These are presented for each material topic.

Our general management approach assigns the Group Executive Management members to manage the material topics within their respective area. They are also responsible for implementing the relevant sustainability measures for each topic. The Sustainability Board (SB) will address and follow up on material topics and initiate processes aimed at developing policies, actions and metrics and targets within the boundaries for the ESG topics. SB reports to the President and CEO. The members of SB represent the whole value chain within Borregaard and have relevant background and experience within sustainability aspects in the company. The Board of Directors evaluates the objectives, strategies and risk profiles annually. Specific targets and metrics linked to the material topics are evaluated by the SB. New targets and

metrics are approved by the Board of Directors. Borregaard has a set of guiding documents for corporate responsibility and code of conduct, as well as manuals and more specific guidelines for different areas such as anti-corruption, competition legislation, responsible sourcing, environment, health and safety, and human rights, see [Borregaard's business policies](#):

- Corporate Governance principles
- Corporate responsibility
- Code of conduct
- Supplier code of conduct
- Responsible Sourcing Policy
- Competition law compliance manual
- Anti-corruption manual
- Policy on Environment, Climate, Health and Safety engagement
- Human rights policy

Borregaard's corporate culture and values are described in the document [The Borregaard Way](#). Our values, sustainability, long-term perspective and integrity are closely linked to how we manage the material topics.



## CHANGES IN REPORTING FROM 2022

The sustainability statements are prepared in accordance with the Global Reporting Initiative (GRI) Universal Standard 2021. The double materiality assessment is prepared according to the new European Sustainability Reporting Standard (ESRS), which covers the requirements in GRI.

With the publication of further guidance documents on materiality assessment of EFRAG and the official launch of the TNFD framework. The methodology for our double materiality assessment in 2023 has been refined. Changes in methodology from 2022 include:

- A more granular value chain mapping, enabling a better understanding of our indirect impacts through business relationships and the risks and opportunities connected to those.
- An updated impact scoring methodology, better capturing the concept of severity as defined by EFRAG.
- A new and updated list of material impacts, as a result of the change in methodology from GRI to ESRS guidelines. ESRS covers the requirements in GRI.

Business ethics (including anti-corruption), human rights and decent working conditions are no longer material topics in our 2023 materiality assessment. This is based on an updated risk analysis including the countries, industries and value chains we operate in. Borregaard's corporate culture, as well as our values within integrity and sustainability set out in Borregaard's culture and value document, The Borregaard Way, include standards and objectives for sound business ethics as well as obligations to operate in a way that avoids violations of human rights. This is further described in our Code of Conduct and Human Rights Policy and more specific guidelines for anti-corruption, competition legislation and responsible sourcing. Borregaard publishes a separate human rights report and compliance report annually.

The predefined topics and sub-topics in the standard have led to changes in the naming of the topics compared to last year, the changes is shown in table 8. Nevertheless, the metrics and targets have remained the same. GRI indicators related to human rights and compliance is included in the scope of the verification of ESG data, as shown in the [GRI index](#).

TABLE 8

| 2022   |         | 2023  |         |
|--|---------|---|---------|
| Material topic name  | Chapter | Material topic name   | Chapter |
| Sustainable and climate friendly products                                      | A       | Climate change  | E       |
| Strong innovation effort   | A       | Climate change  | E       |
| Sustainable forests raw materials  | A       | Biodiversity and ecosystems                                 | E       |
| Climate impact and emissions   | B       | Climate change  | E       |
| Water consumption and effluents  | B       | Pollution   | E       |
| Waste and circularity  | B       | Resource use and circular economy                           | E       |
| Public and process safety  | B       | Pollution/Own workforce                                     | E/S     |
| Safe and healthy working conditions  | C       | Own workforce   | S       |
| Competence development, culture and values that support our goals and strategy | C       | Own workforce   | S       |
| Diversity and equal opportunities  | C       | Own workforce   | S       |
| Sustainable sourcing   | C       | Business conduct  | G       |
| Business ethics and anti-corruption  | C       | Non-material, see <a href="#">Compliance report</a>         |         |
| Human rights and decent working conditions                                     | C       | Non-material topic, see <a href="#">Human Rights Report</a> |         |

# E- ENVIRONMENTAL INFORMATION



## CLIMATE CHANGE

Main sources for impact data:

- GHG emission inventory for all scopes and science-based target.
- Climate and Nature Risk report and scenario analysis.
- LCA and EPD assessments, Climate and Nature Risk Report and scenario analyses.
- LCA, analyses from innovation projects and stakeholder dialogue with customers.

Within climate change, the sub-topics climate change mitigation and energy are material. The impact from climate gas emissions and use of energy in the direct operations are negative, but our transition plan includes a change to more renewable energy sources and flexibility in sourcing. The products represent an opportunity for our customers to reduce their climate footprint, as well as a business opportunity for Borregaard. Climate change adaptation has financial risks related to supply chain and cost of securing operations for physical climate risks such as land slide.

GHG emissions, energy consumption and the progress on reduction targets are reported monthly or quarterly at group level (scope 1 and scope 2) at Borregaard's different sites. The biorefinery in Norway has established an Energy Committee. The committee holds monthly meetings where development in energy prices is reviewed and different energy alternatives, renewable energy consumption as well as progress in relevant KPIs and emission reduction projects are evaluated. Changes in framework conditions within energy and climate (the EU Green Deal) and development in new technologies, for instance Carbon Capture and Storage, is part of the committee's responsibility. Investment proposals for new projects includes energy consumption as a selection criterion, thus several small projects contribute to gradual reductions.

The main element in the management approach is to have documented sustainability impact of the products. Borregaard has engaged an independent third-party, Norsus, to conduct a Life Cycle Assessment (LCA) based on the ISO 14044/48 standard.

The LCA assessment documents the environmental impact of Borregaard's products, from raw materials to finished products and monitors how environmental improvement in the value chain can reduce this impact. Our approach to reduce environmental impact is discussed in chapter E. Environmental Product Declarations (EPDs) are made from the LCA data and verified by a third-party, see [EPD Norge](#). In addition, we compare the EPD data with relevant competing products which gives us information about how our customers can reduce their scope 3 emissions by using our products. LCA tools are also used in the innovation process to check or verify environmental impact from a new product.

The standards for sustainability documentation are developing in a direction of strictly using third-party verified data, standardised methods for calculation of biogenic CO<sub>2</sub> and more comprehensive product category rules to define environmental impact. A result of our management approach review is a plan to increase the number of EPDs and develop them in line with new requirements and standards.

We aim to influence our customers' choices by documenting the sustainability performance of our products through Life Cycle Assessments. Borregaard has established a communication strategy to ensure that this message reaches the

markets and KPIs in the CRM system are established to evaluate the progress. This is an effective way to receive valuable information to continued development of new bio-based products.

The innovation success is evaluated by measuring the innovation rate, which is defined as sales of new products and applications introduced during the previous five years. This is our company specific indicator to disclose the progress of our innovation performance and is used for evaluating our management approach. Implementation of a new assessment tool to improve the sustainability in our innovation projects was successful.

## POLLUTION

Main sources for impact data:

- Disclosure on emissions to water, air and soil
- Environmental risk assessment
- Climate and Nature Risk report and scenario analysis

The sub-topics pollution to water, air and soil are material and has negative impact in direct operations. The risks are dealt with by investments in technology among other measures. Borregaard's products can have a positive environmental impact in our customers' processes and represent a business opportunity for us.

Impacts evaluated under ESRS topics water and marine resources, are discussed in the pollution to water chapter.

Borregaard's major impact on the environment is from the production processes. Two out of six production sites in the Group, the operations in Norway and in Germany, are certified by ISO 14001 Environmental Management and ISO 50001 Energy Management. Our largest operational unit, the biorefinery in Norway, has the major share of the impacts, more than 90% for emissions to water.

The other units are much smaller and are processing lignin raw material into various biopolymers such as liquid or powder. Emissions from the various production units are regulated by national and/or local authorities.

Our risk assessment and management system cover all the production units. More than 99% of Borregaard's effluents to water stems from the biorefinery in Norway. Organic matter (measured as COD) in the water discharge, impacts the water quality in the River Glomma negatively. According to the definition in GRI 303, water stress is referred to as the ability, or lack thereof, to meet the human and ecological demand for water.

The Group Executive Management manage and assess water-related impacts, risks and

opportunities in their respective area of responsibility. The Plant Director at the site in Norway (member of the Group Executive Management) is responsible for reduction of effluents to water from the site in Norway and has dedicated process owners that are responsible for the reduction of COD within their respective processes. A steering committee chaired by the Plant Director reviews the progress at a regular frequency and is responsible for development of a long-term plan for cuts in COD. The purpose of the management approach is to reduce the impact on the water quality in the river Glomma and achieve good ecological status.

Borregaard and the Norwegian Institute for Water Research (NIVA) monitor the River Glomma in accordance with the requirements and standards in the EU Water Framework Directive (WFD). The implementation of WFD in Norway is organised in local areas that have common interests in a special river or lake area. Borregaard participates in a working group organised by the nearby municipalities called "Glomma Sør". The reports from the monitoring of the River Glomma are publicly available.

Best available Techniques Reference Document standards (BREF's) are used for emission permit settings in EU/EEA countries. The documents describe different manufacturing processes, their



respective operating conditions and emission rates. Based on the latest review of these standards, Borregaard's operations in Norway received a new discharge permit from 1 July 2019. The permit has stricter limits for several substances in the effluent, including sub-streams, in shorter average periods. This means that the number of single limits in the permit has increased. The new permit for COD in the effluent is reduced from 69 tonnes to 59 tonnes per 24-hour period (on average over the year) to comply with BAT levels for emissions to water. Components in the effluents to water are measured in accordance with Norwegian or International standards. The most important parameters to water from our operations are COD, AOX (Adsorbable Organic Halogen), copper, suspended solids (fibres), nitrogen and phosphor. In addition to reporting the type of substance, we report the amount discharged to water. For Borregaard in Norway, the emissions to water and air are reported to the Norwegian Environment Agency. The Group's other operations have permits from local or national environmental authorities.

Inquiries or complaints from neighbours on environmental issues are registered in our case handling system and dealt with according to our procedures.

The management approach is evaluated in an annual management review process as required in

the ISO 40001 standard. The management review of our approach to water consumption and reduction of effluent in 2023 resulted in measures for how to be in compliance with all new future requirements related to the EU Green Deal. In 2023, we released the lowest level of COD ever, a reduction from 54 to 46 t/day of COD.

## BIODIVERSITY AND ECOSYSTEMS

Main sources for impact data:

- Climate and Nature Risk report and scenario analysis
- PEFC and FSC certifications

Our impact from using of forests upstream in the value chain is material. PEFC's international sustainable forest management benchmark sets out criteria and indicators vital for the sustainable management of forests. A traceability system tracks all purchased wood back to the harvesting areas. Our purchasing control system is linked to the traceability system (Norwegian Wood Trade System) and our FSC CoC and PEFC CoC system shall ensure that our purchased wood is in accordance with PEFC and FSC certification standards/schemes regarding forest management. To avoid conversion and deforestation, the FSC Controlled Wood makes sure that we are not purchasing wood from controversial sources. The Senior Vice President Strategic Sourcing is

responsible for ensuring sustainable sourcing of natural, renewable raw materials and that Borregaard reaches its target of sourcing only certified wood.

We have selected a company specific indicator as topic-specific disclosure for forest raw material. A KPI for % of certified wood (PEFC and FSC) is established, the target is to increase the certified wood from a level of 99% to 100%.

The management review of the process in 2023 concluded that we have the necessary measures in place to reach our target regarding sourcing of forest raw material.

## RESOURCE USE AND CIRCULAR ECONOMY

Main sources for impact data:

- Calculation for the utilisation of wood raw material
- Waste accounting system and annual report to the authorities
- Scope 3 report (category 8 waste)
- Climate and Nature Risk report

The high utilisation of the wood raw material in the biorefinery results in a material positive impact from resource inflow including resource use in the direct operations. Waste is material as some waste fractions itself can have a negative impact on the environment and on the positive side waste

represents a potential opportunity as a secondary raw material.

Cascading use in Norwegian forests-based industries maximises wood utilisation. Wood construction material drives harvesting of wood as the most valuable part of the tree is used for this purpose. 25% of the wood entering the sawmills becomes residuals in the form of wood chips to our industry. The remaining part of the tree and the residual wood chips from the sawmills are raw materials for Borregaard's sustainable, high value products. Borregaard's biorefinery concept demonstrates high raw material utilisation where 94% of the sourced wood is utilised, of which 82% is turned into commercial products and 12% is used for energy. As a result, high resource usage and circular economy is integrated into our business model.

Controlling the risk of emissions from waste and reducing the amount of waste produced are parts of Borregaard's environment policy. Borregaard's waste management system at the operations in Norway and Germany is covered by the ISO 14001 certification. 98% of the waste from operations in Norway was source separated and processed by certified waste treatment providers in 2023. Waste plans for the industrial facilities, projects and the company's own harbour have been established. The hazardous waste is reported in a declaration

system operated by the Norwegian Environment Agency. Waste generated is reported monthly, data is received from our waste operators, weight bridge tickets and declaration systems and the data are controlled by our internal control routines. The waste treatment providers are selected as described in the sustainable sourcing chapter.

The management approach is evaluated in an annual management review process as required in the ISO 40001 standard. A plan to reduce landfilling and increase energy recovery and material recovery has been established, and our target is to have 100% material and energy recovery in 2030.

# S – SOCIAL INFORMATION



## OWN WORKFORCE

Main sources for impact data:

- Statistics on injuries and employee sick leave from EHS report and grievance mechanism data.
- Statistic on incidents from EHS reporting system and quantitative risk assessment.
- Internal surveys, sick leave and turnover rate.
- Grievance mechanism data, internal surveys and KPIs from HR data system.

Working conditions and equal treatment of all employees are material topics as they contribute positive to the company's value creation. High EHS focus, competence and diversity are the factors that contribute the most.

Norwegian EHS legislation (Internal Control Regulations) includes a requirement for a management system that systematically monitors safety, identifies hazards and employee involvement.

The scope of the management system is both internal employees and external contractors. This is a legal requirement for Borregaard's business in Norway, but we have also implemented this scope in our operations outside Norway. We have added our own requirements and guidelines that follow best practice to ensure high EHS standards for our operations.

Occupational health services are available for all employees. The health of our employees is regularly monitored through medical examinations and working environment surveys. A health and safety committee monitors and advises the occupational safety programmes for all employees at Borregaard's biorefinery in Norway in line with the Norwegian Working Environment Act (AMU).

Occupational health services are available for all employees. The health of our employees is regularly monitored through medical examinations and working environment surveys. A health and safety committee monitors and advises the

occupational safety programmes for all employees at Borregaard’s biorefinery in Norway in line with the Norwegian Working Environment Act (AMU).

Borregaard’s international operations have a world-wide safety management system called Zero Harm. This system is developed from international proven systems to secure a high EHS level. Each of Borregaard’s manufacturing plants outside Norway has established an EHS/Zero Harm organisation which includes and engages all employees. An EHS leadership team consisting of all Managing Directors and safety professionals are leading the safety work together with the EHS Manager for each plant.

Contractors and external workers are required to always follow the safety rules in force at Borregaard.

Weekly meetings with new shifts address EHS incidents and learning points to ensure knowledge transfer.

The process safety management system is according to the standard OSHA 3132 for process safety. Borregaard’s biorefinery in Norway has established a strategy for preventing major accidents in line with Seveso III (Section 7, Annex 3). The Plant Director of the site in Norway manage and assesses risk related to process and public safety at the site in Norway. A cross functional

process management team has monthly meetings supervising the progress within improved process safety. Main activities are updating the process hazard analysis (PHA), improving the mechanical integrity of the maintenance system, updating the emergency plans and providing procedures and training of Borregaard employees and external contractors. Fire prevention is an important area within process and public safety.

In 2022 , we scored 99% in the Supplier EHS audit Together for Sustainability (TfS). TfS is an industry-leading initiative driven by chemical procurement specialists.

Our ambition is to run our operations with zero injuries. That means that the business operates with high safety standards and has developed a strong safety culture for both employees and contractors. Safety is an integral component of all aspects of Borregaard’s operations through a proactive approach that involves safe job analyses, safety barriers and the overall principle of “safety first”. The management has been prioritising safety in the workplace over many years to eliminate injuries. For the prevention and mitigation of occupational health and safety impacts directly linked by business relationships, our suppliers are selected as described in the sustainable sourcing chapter below.

Important measures for eliminating injuries include basic EHS training to strengthen the safety culture, focus on personal responsibility for one’s own safety, clear safety management, reviews of rules for and the practical use of protective equipment, and requirements for order and tidiness in the workplace. All new employees go through a special training and onboarding programme where EHS training is an essential part. Each programme is adapted to the position and workplace of the employee. Training records and certifications are stored and maintained in a competence training database. The need for training and competence is under continuous assessment. Monitoring and investigations of incidents reveal which areas needs to be strengthened and improved.

The Borregaard Group has implemented a systematic procedure for investigating the root causes of incidents before corrective and preventive measures are implemented. An electronical system for reporting deviations is implemented and all employees have access. All injuries and first aid cases are analysed for the root case, conducted by cross functional teams.

The possible financial impact is tightly connected to the occurring injuries, and loss of production.



The work-related hazards that pose a risk of high-consequence injuries has been identified to be:

- Intervention in equipment: Exposure to energy in the form of chemicals (liquid, gas), high pressure, liquids with harmful temperatures, electricity, potential energy (falling objects, torque).
- Entering into confined space.
- Work at height.
- Hot work (include riveting, welding, flame cutting, or similar fire or spark-producing operations).
- Trips and falls.

The hazards 1 to 4 has been identified proactively through risk assessments while the trips and falls hazard has been identified reactively as a result of injuries.

Our reporting is based on requirements from ISO 45001 and the GRI 403 (2018) standard. We are managing our health and safety issues in line with most of the requirements in the ISO 45001 standard.

The management approach is evaluated as a part of our management review process. The output from the evaluation in 2023 was to continue analysing underlying causes for safety incidents, implementing measures regarding near accidents and hazardous situations, as well as frequent

inspections at the facilities. We plan to introduce the principles and framework of Human and Organisational Performance, HOP, to help us improve the way we think, act and respond to failure. KPIs for process safety has been improved and process safety training has been increased.

Borregaard has a comprehensive portfolio of internal training programmes that cover core competencies such as lean production and operations, innovation seminars, sales and application academies, introduction programmes for new employees and management programmes. Training programmes are followed up by a common reporting system where attendances on group, company and individual levels are documented. The system gives valuable data for securing sufficient training activities and diversity among the attendances on the various training sessions. The data has been compiled using our internal HR system “Catalyst One”.

Indicators used for monitoring competence development include attendances (number and diversity) in training programmes, identification of internal succession candidates and turnover which are reported in the annual organisation audits that includes competence mapping and plans. The reports and indicators are evaluated as a part of the annual management review processes in the Group Executive Management

and the Board. The results from 2023 showed that the organisation is robust regarding the general competence level. Most positions have internal succession candidates, and the turnover is generally low.

We collaborate with several educational institutions regarding recruitment activities to encourage interest in an industrial career and relevant qualifications.

By growing a business culture supporting our strategy, our employees work smarter towards the company goals. This has a positive result on productivity and a more efficient workplace. Building culture has a positive effect on the turnover rate, lower recruitment and training cost.

Traditionally there is a high share of male employees in process industry and in management positions, but we have an active policy to increase the share of female employees and managers. This is followed up in reports and KPIs, and female employees are promoted and prioritised in recruitment processes, training and management programmes. The actual and possible positive impact of having a diverse culture could have a positive effect on our productivity and EBITDA as long-term diversity will increase and the resilience of the company is strengthened.

There is an emphasis on closely following up those on sick leave and on adapting tasks for individual employees. For workers that are close to retirement, the company considers reduced work hours or adapting tasks. Borregaard has guidelines for adapting the work situation in different phases of the career. We have transition assistance programmes provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.

Borregaard measures the number of female employees and managers, the number of nationalities in training programmes, age profile and internal recruitment.

The indicators are evaluated as part of the management review processes. In addition, we use the results of the questions regarding diversity and inclusion from the global employee engagement survey distributed to improve our work.

# G – GOVERNANCE INFORMATION



## BUSINESS CONDUCT

Main sources for impact data:

- Data for signed Supplier Code of Conduct and EcoVadis.
- Climate and Nature Risk report and scenario analysis

As procurement makes up a substantial part of our budget and is a vital input in our production, sustainable sourcing is regarded as a material topic for Borregaard. In the ESRS, sourcing sorts under Governance information in the topic Business conduct and sub-topic Management of relationships with suppliers, including payment practices.

The Senior Vice President Strategic Sourcing (SVP) is responsible for Borregaard's sourcing activities, including sourcing of energy, chemicals and transportation which are substantial emissions sources for the Group. The SVP must ensure that all suppliers meet a set of both social and

environmental requirements, and that key suppliers improve their work on sustainability. Responsible sourcing and criteria for supplier selection and management are included in the various processes and in Borregaard's top governing documents and guidelines. Vision and information are provided to procurement personnel to enable them to integrate sustainable sourcing in their work. And finally, transparency is provided through internal and external reporting of the sustainable sourcing activities.

We assess our suppliers, both new and existing, for environmental and social issues (GRI 414 and 308). In our supplier engagement we apply different approaches to new suppliers versus existing relations, to suppliers in different markets and suppliers with divergent risk profiles. We work closer with suppliers we define as strategic and bottleneck, than the non-critical. We decide on a case-by-case basis whether incentives, rewards, prevention, mitigation or remediation will be applied. The mitigation and remediating action will mostly be linked to social impacts, while the

environmental impact also can be addressed by incentives and rewards. Nevertheless, if a supplier does not demonstrate willingness to improve within a specified time frame the relation should be terminated.

In 2023, 1,356 of our suppliers have been assessed for social and environmental impact using the EcoVadis tools. Four were identified as having significant actual and potential negative social impacts, none of them strategic suppliers and none with improvements agreed. Six suppliers were identified as having significant actual and potential negative environmental impacts. In addition, we regard the 289 suppliers in the categories transportation services, chemicals and wood, as having potential negative environmental impacts on a general basis. No significant actual and potential negative social nor environmental impacts have been identified in the supply chain. At the same time, it has not been deemed necessary to terminate the relationship with any of the identified suppliers. We have ended our relationship with three suppliers identified with “high risk” as their products/services were no longer needed.

When we perform our supplier social and environmental assessment, the first step is providing the supplier with a questionnaire. The supplier must provide information about their

management system for Health, Safety and Environment (EHS) and document that they are certified with respect to the following standards or equivalent: ISO 45001, OHSAS 18001, ISO 14001, ISO 50001, or otherwise describe how management of these areas are conducted in the company. The suppliers must provide information about their procedures and guidelines for corporate social responsibility (CSR) and whether these covers human and labour rights, health and safety, ethics, anti-corruption and environment. They must also provide CSR reporting and any membership in relevant organisations. The supplier must provide information about how they qualify their suppliers, if they have a programme in place for doing so, and if that programme covers quality, EHS systems, environment and CSR. The supplier must sign Borregaard’s Supplier Code of Conduct (SCoC) or provide information that they are committed accordingly, as well as providing information on whether they require their own suppliers to sign SCoC.

We use this information to investigate if there are any significant actual and potential negative social and environmental impacts linked to the supplier and their supply chain. We evaluate the risk and categorise the supplier as high, medium or low risk. If they are considered medium or high risk, we will collect additional information prior to entering a relation with the supplier. We apply

a systematic approach, and we document our findings. Borregaard puts most effort into high and medium risk suppliers, those who will be providing important products and/or services and suppliers of limited available products and services.

Should we identify significant actual and potential impacts, we will estimate our purchasing power and the possibility to influence the supplier’s business standard for the better. Our normal response is to follow up through requirements, dialogue and if possible, guidance.

We assess our supplier portfolio annually as a part of our management review process. The aim is to review the suppliers’ performance with respect to our requirements and expectations and identify risks and weaknesses. Non-critical suppliers are excluded from the evaluation. We have a given set of criteria, social and environment amongst them, and each year we have a specific topic of interest. In the evaluation we review the previous year’s supplier audits, and we decide which suppliers shall be audited the following year, for which reasons and which criteria to be applied.

Using the EcoVadis IQ we can profile and map our supplier base for ethical, social and environmental risks and opportunities. We can detect the suppliers’ Overall risk, as well as the risk related to subjects, Environment, Labour & Human Rights, Ethics and



**% SUPPLIERS PER OVERALL RISK LEVEL: IN%**

|                  |      |
|------------------|------|
| Very high risk   | 0 %  |
| High Risk        | 1 %  |
| Medium high risk | 5 %  |
| Medium low risk  | 43 % |
| Low Risk         | 43 % |
| Very low risk    | 7 %  |

| LEVEL OF RISK | NUMBER OF SUPPLIERS | DESCRIPTION  |
|---------------|---------------------|--|
| Very high     | Zero                | N/A  |
| High          | 22                  | 20 defined as strategic suppliers, 1 leverage and 1 non-critical |

Sustainable Procurement. The risk is calculated based on the supplier’s inherent sustainability risk intelligence from the EcoVadis platform and our own procurement data. EcoVadis IQ scan our entire supply base over time, and we have in place a process for updating supplier information, spend and criticality every six months. Updated supplier data in EcoVadis IQ is crucial since changes here can lead to a change in the suppliers’ risk profiles as well as our own.

**RESULTS FOR 2023**

In parallel with the EcoVadis IQ mapping we ran a programme to encourage our suppliers to share their information on the EcoVadis platform (EcoVadis rating). This programme is part of our supplier engagement strategy, and the aim is to collaborate and achieve environmental and social improvements across the value chain. EcoVadis ratings are a measure of a company’s sustainability performance. EcoVadis assesses companies based on their environmental, social, and ethical practices and performance, and provides ratings on a scale from 1 to 100 with higher scores indicating better sustainability performance.

Ratings are based on a comprehensive assessment of a company’s policies, practices and performance, including on-site assessments and data collected from third-party sources.

In accordance with our risk-based approach we started with the suppliers defined as strategic. Seven of the 22 suppliers with high risk from the IQ mapping have conducted the EcoVadis assessment, all with an acceptable rating above 45. Five, and the one classified leverage, are suppliers of wood which have not done the EcoVadis assessment. These suppliers are certified in accordance with PEFC and FSC in which sustainability plays a large role. They have been subject to internal evaluations, and the risk is found acceptable. Out of the remaining, five are suppliers to Borregaard Norway and we are in dialog with them to share information on the EcoVadis Platform. Three are suppliers to Borregaard facilities outside Norway and will be addressed when the EcoVadis tool for supplier assessment is implemented globally in 2023. The non-critical supplier with high risk is a China-based supplier with an annual spend of less than NOK one million, and for which the risk is defined acceptable based on internal evaluations.

Our expectations are primarily stated in the SCoC which the supplier has signed. Our standard clause regarding sustainability, describing our approach, goals and the need for the supply chain to work together are included in our bidding documents.



Some contracts include specific clauses, and our suppliers of forest raw material must comply with the requirements of PEFC/FSC, which specifies social and environmental criteria. Our SCoC include information about Borregaard's whistleblowing channel.

If we find ourselves in a situation where terminations of the relationship with the supplier seems to be the solution, the assessment of the consequences such a termination will have, is done on a case-by-case basis by a cross functional team.

Our suppliers are classified as non-critical, leverage, bottleneck and strategic and we have supplier strategies towards each type. The assessment of the consequences will take these strategies into account as well as the actual situation and the overall risk.

We assess that our management approach for sustainable sourcing in 2023 is sufficient to reach our targets related to responsible sourcing.