Borregaard

CLIMATE AND NATURE RISK

REPORT 2025

Contents

UNDERSTANDING THE CLIMATE-NATURE NEXUS

In the face of mounting climate and environmental pressures, the preservation and regeneration of our planet's natural systems have become paramount. Six of the nine planetary boundaries – established to safeguard the Earth's health have now been breached. Land-use and land-use change, alongside the introduction of invasive species, are recognised as two of the five primary drivers of biodiversity loss, desertification, and land degradation. The United Nations' Sustainable Development Goal (SDG) 15 targets the protection, restoration, and sustainable utilisation of ecosystems to establish a foundation for effective regulation and innovation. This goal aims to significantly contribute to halting and reversing desertification, land degradation, and biodiversity loss. Building upon this framework, the Montreal Kunming Agreement (Global Biodiversity framework), signed in December 2022, emphasises the global significance of nature conservation and restoration. It specifically underscores the interconnectedness of biodiversity, climate change, and the Paris Agreement.

As such, it is crucial for companies to implement strategies aimed at mitigating and minimising their climate and nature impacts. Simultaneously, the restoration and protection of terrestrial ecosystems, which play a vital role in human activities, and in nature and climate restoration must be prioritised.

To systematically evaluate and disclose the climate- and nature-related risks and impacts associated with human actions, Borregaard has assessed our impacts and dependencies on nature and integrated nature into our sustainability strategy. This comprehensive assessment serves as a crucial tool for identifying potential hazards, understanding the extent of ecological harm, and informing targeted mitigation strategies.

In line with the Norwegian Government's Official Report on nature-related risk (NOU, 2024:2), understanding impacts on nature is essential to understanding the transition risks Borregaard faces. The report underscores that dependencies on natural resources, such as Borregaard's reliance on wood, are a key driver of identified physical nature-related risks

In accordance with the standard from the International Financial Reporting Standards (IFRS) S2 for Climate-Related Disclosures and following the recommendations of the Task Force on Nature-Related Financial Disclosures (TNFD), this report aims to provide a comprehensive assessment of climate and nature risk and opportunities. The assessment of impacts and dependencies on nature forms a key input to Borregaard's CSRD-aligned disclosures in the Annual Report 2025. In doing so, we consider our impacts and dependencies on nature and use these as a baseline for understanding our risks and opportunities.

With the aim of adopting more sustainable practices, reducing our environmental footprint, and enhancing our resilience to future ecological challenges, Borregaard seeks to ensure a transition to a more circular economy.

GENERAL REQUIREMENTS

APPROACH TO MATERIALITY

For the report, materiality has been assessed in accordance with the definitions and requirements of the European Sustainability Reporting Standards (ESRS) as part of Borregaard's CSRD double materiality assessment. In parallel, a value chain analysis focusing on climate- and nature-related impacts, dependencies, risks and opportunities was conducted in line with the TNFD guidance and IFRS S2. The outcomes of this analysis were used as methodological input to inform and support the ESRS-based double materiality assessment. This report was subsequently refined in parallel with the CSRD double materiality evaluation.

SCOPE OF DISCLOSURES

Borregaard has conducted a comprehensive location-based assessment of our upstream value chain and direct operations, covering all locations involved in our production chain.

This assessment focused on identifying and analysing the climate- and nature-related risks and opportunities associated with our operations, from sourcing raw materials to distributing finished products. We employed a multifaceted approach to data collection, incorporating supplier information, Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) certifications, and details from production sites.

This ensured a thorough understanding of the environmental impact across the supply chain, while also basing climate-related risk assessments on scenario analysis.

LOCATION OF NATURE-RELATED ISSUES

We have conducted a comprehensive assessment of our nature-related dependencies and impacts across the value chain, from sourcing to production, in alignment with the TNFD recommendations.

By leveraging FSC and PEFC certifications and value chain mapping tools, we have identified and assessed location- specific risks and opportunities associated with our operations. This location-based approach offers stakeholders valuable insights into our environmental performance. The analysis has been disaggregated wherever possible, ensuring that specific locations and ecosystems are considered. However, data on the precise sourcing location for wood has been aggregated to a broader regional level due to limited traceability and the inability to specify exact locations. This aggregated approach ensures that the potential and actual nature risks within the entire region are comprehensively addressed.

Overall, Borregaard's detailed, and location-based analysis aligns with TNFD recommendations, providing stakeholders with a transparent understanding of the company's environmental impact.

INTEGRATION WITH OTHER SUSTAINABILITY-RELATED DISCLOSURES

Climate- and nature-related impacts, dependencies, risks and opportunities are material to Borregaard's governance and strategic planning. As such the disclosures in this climate and nature risk report, aligned with the recommendations from TNFD, are also integrated in Borregaard's Annual Report, in relation to the disclosures of the material topics covered by ESRS E1 Climate change, ESRS E2 Pollution and ESRS E4 Biodiversity and Ecosystems.

TIME HORIZONS CONSIDERED

To ensure the results of the scenario analysis are relevant, Borregaard has differed the definition of the medium- and long-term horizons presented in the annual report and double materiality report which aligns with ESRS. The short-term corresponds to the reporting period covered in Borregaard's financial statements, the medium-term spans from the end of the short-term reporting period up to 9 years, and the long-term encompasses periods exceeding 10 years.

ENGAGEMENT WITH INDIGENOUS PEOPLES, LOCAL COMMUNITIES AND AFFECTED STAKEHOLDERS

Borregaard actively engages with all its stakeholders through continuous dialogue, employing a multifaceted approach that includes regular meetings, media analyses, and participation in various relevant forums. By fostering open communication channels, we gather valuable feedback, build trust and promote transparency. This ongoing engagement ensures that stakeholder perspectives are considered, concerns are addressed promptly, and collaborative solutions are developed to overcome challenges and drive mutual growth.

Borregaard's operations are located in regions where Indigenous Peoples, as defined under internationally recognised frameworks, are not present. Consequently, engagement activities primarily focus on local communities, employees, authorities, customers, suppliers and other affected stakeholders.

GOVERNANCE

BOARD OVERSIGHT AND MANAGEMENT OF CLIMATE - AND NATURE-RELATED RISKS AND OPPORTUNITIES

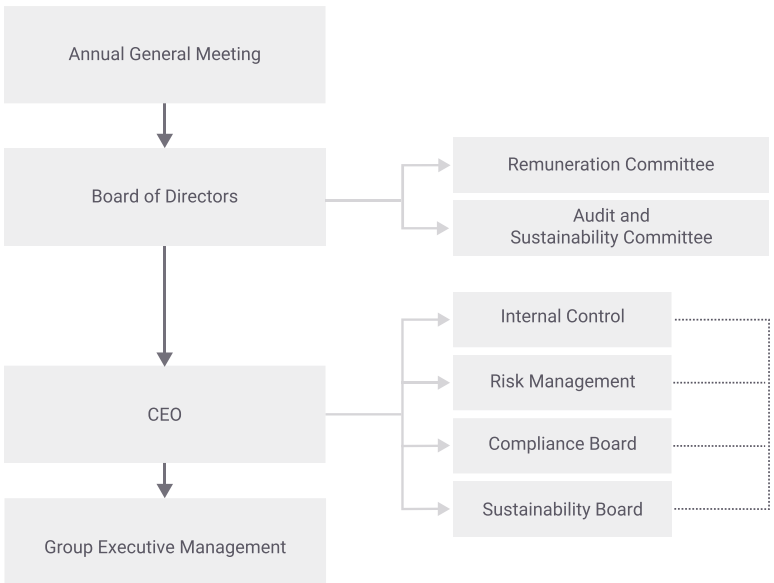
Both climate and nature management are integral to Borregaard's governance mechanisms. The Board of Directors considers climate- and nature-related issues when reviewing and guiding strategy, risk management policies, annual budgets and business plans, as well as setting Borregaard's performance objectives.

Restorative and sustainability objectives are part of the business plan, which is prepared by the internal Sustainability Board, that addresses and monitors key sustainability topics, and initiates processes to develop guidelines, goals, and measures. The Sustainability Board (SB) advices and guides the CEO, as well as the Group Executive Management, on which sustainability issues to address and the measures to be implemented. It reports to the CEO and is chaired by the Senior Vice President of Public Affairs and Sustainability. The SB comprises three members from the Group Executive Management, as well as other key employees responsible for the entire value chain and relevant functions. The SB informs and guides the CEO and the Group Executive Management of which sustainability issues to address and the measures to be implemented.

The CEO reports on current issues, including sustainability and nature-related matters to the Audit and sustainability committee (ASC) and the Board of Directors. The Board has established this committee (ASC) to monitor and evaluate specific issues and plans on its behalf, in preparation for Board meetings. The ASC also oversees the impacts, risks, and opportunities related to material sustainability matters. The CEO meets the Board and ASC 6-8 times a year. Each quarter, the Board reviews climate- and nature-related issues, and the Board sets overall climate-related goals for the company annually.

An annual summary of climate objectives, climate risks and opportunities, and other material issues is included in the Annual Report, which is approved by the Board of Directors. The Board also oversees major capital expenditures, acquisitions, and divestitures where climate-related risks are considered throughout the process.

Members of the Group Executive Management are responsible for managing and assessing climate- and nature-related risks and opportunities within their respective area of responsibility. As sustainability is a fundamental core value of Borregaard it is inherent in the duties of the senior management to maintain a strong focus on climate and sustainability considerations within their roles.



BOARD-LEVEL OVERSIGHT

The administrative function of the the Board is led by the CEO. The Board has a separate Remuneration Committee, which monitors, reviews, and makes recommendations to the Board on specific matters concerning the various elements of remuneration, including performance criteria linked to ESG issues. The Audit and Sustainability committee (ASC) oversees the impacts, risks, and opportunities related to material sustainability matters. Members of the Group Executive Management are responsible for managing and assessing climate- and nature-related risks and opportunities within their respective area of responsibility. The Group Executive Management consists of 10 members. The internal Sustainability Board report directly to the CEO and the Group Executive Management.

STAKEHOLDER ENGAGEMENT

Borregaard is committed to advancing human rights and ensuring fair working conditions throughout our entire value chain. Upholding the dignity of individuals is a fundamental priority, and we remain vigilant in preventing any infringements upon human rights or violations of fair labour practices. While we hold ourselves accountable for our operations, our responsibility extends to our interactions with partners, suppliers, subcontractors, and all entities affected by our business activities.

Our suppliers are required to sign our Supplier Code of Conduct (SCoC), committing to comply with or actively pursue compliance with the standards set by the International Labour Organisation (ILO) and The Ten Principles of the UN Global Compact across their entire value chain. As a signatory to the UN Global Compact, we reaffirm our dedication to combating human and labour rights abuses through robust policies and guidelines. Our Human Rights and Decent Working Condition report outlines our efforts to monitor human rights and fair working conditions within our operations, collaborations with business partners, and throughout our supply chain, in alignment with the Norwegian Transparency Act. This legislation ensures public access to information regarding corporate efforts in these areas. Anchored in the UN's Guiding Principles on Business and Human Rights (UNGP) and the OECD's guidelines for multinational enterprises, the Transparency Act requires organisations to conduct comprehensive due diligence assessments. Our approach to due diligence comprises six key steps:

1. Ensure accountability in policies and management systems
2. Monitor and assess negative impacts/risks within the enterprise itself, supply chains and business partners
3. Stop, prevent or reduce negative impacts/risks
4. Supervise implementation and results
5. Engage with directly affected parties and rights holders to communicate how impacts are handled
6. Ensure remedies are provided or collaborate on appropriate solutions where necessary

STRATEGY

Borregaard's business model and strategy are deeply rooted in the sustainable and efficient utilisation of raw materials, with a strong focus on the importance of sustainably managed forest ecosystems. By identifying climate- and nature-related risks and opportunities we aim to address our impacts and dependencies on raw materials used in production. Our goal is to further enhance Borregaard's climate and nature resilience while identifying strategic adjustments to our approach. This commitment supports maintaining biosphere integrity and achieving relevant sustainability targets.

RISKS AND OPPORTUNITIES

In combining our climate and nature risk assessment, we used separate methods to identify the material risks and opportunities.

At the company level, climate risks were identified and assessed within our risk management model (ISO 31000). Additionally, in 2024 we conducted a scenario analysis to identify the most significant climate- and nature-related driving forces relevant to Borregaard, focusing on potential positive or negative financial or strategic impacts. By mapping our value chain and direct operational sites we assessed our interference with nature throughout our value chain, identifying risks and opportunities linked to our impacts and dependencies on nature. Using a location- based approach following the LEAP method, we identified priority areas by considering the sourcing location of our raw materials and our production sites.

Priority locations for Borregaard include both material and sensitive locations, as defined by TNFD criteria. Borregaard's production sites are considered material because we have identified material nature-related dependencies and impacts at these locations. Sensitive locations were determined by identifying sites in the value chain located in areas critical for biodiversity and/ or high ecosystem integrity, see the figure below. Borregaard's nature- and climate-related risks and opportunities were identified based on the activities and related impacts at all locations in both direct operations and the upstream value chain.

To identify these sites, we used online tools including WWF Biodiversity risk filter, IBAT, Nibio, Naturvardsverket and ENCORE.

Our analysis using WWF Water Risk Filter highlighted long-term risks for water quality at the production sites in Sarpsborg, Karlsruhe, Warrington, and Paskov. However, after further evaluation during our materiality analysis, and considering the impact metrics at each location, we determined that these sites do not present material water- related risks. Borregaard's location in Sarpsborg, Norway, is considered a priority and sensitive location due to its impact on the ecological status of the River Glomma, resulting from the content of organic material (COD) in the wastewater from the biorefinery process. The significance of ongoing measures to monitor and reduce this impact makes it a key focus area for us.

Spatial maps showing Borregaard's production sites, sensitive locations, and sourcing locations for wood

	LOCATION	ACTIVITY	DESCRIPTION OF MATERIALITY	IMPACT/DEPENDENCY PATHWAYS	TIME HORIZON
	Sarpsborg (Norway), Florida (US), Wisconsin (US), Karlsruhe (Germany), Paskov (Czech Republic), Warrington (UK)	Production sites	Material for direct operations due to impacts (non-GHG emissions, pollution, and resource use).	Production sites impact local environments through pollutants and other disturbances. The state of nature at each production site has remained unchanged.	Short to long term
	Harlingen, Netherlands	Sourcing Salt	High materiality, sensitive area with protected ecosystems and biodiversity.	Borregaard's salt sourcing from Harlingen in the Wadden Sea is influenced by impact drivers such as resource extraction, as well as external factors such as climate change, leading to habitat alteration and biodiversity loss. These changes, in turn, affect the availability of vital ecosystem services, such as water filtration and habitat provision, in the region.	Short to long term
	River Glomma, Sarpsborg, Norway	Production site and sourcing	Material for direct operations due to effluent impacts; sensitive location due to the wild Atlantic Salmon population.	Borregaard's production site by the River Glomma in Sarpsborg contributes to pollution, impacting water quality. Combined with external factors such as climate variability, this harms the wild Atlantic Salmon population and disrupts ecosystem services, including biodiversity support and natural water purification (NIVA, 2025).	Short to long term
	Sourcing locations	Sourcing of wood	Using the filters in Naturvårdsverket and IBAT, several locations have been identified with protected and/or sensitive species in the areas where wood is sourced and are therefore considered sensitive locations. The following locations are identified as having high or very high risk of impact on ecosystem intactness: Poltar (SK), Innlandet, Akershus, and Buskerud (NO), Dalsland (SE).	Borregaard has a dependency on wood raw materials for its production. To mitigate impacts on sensitive areas, Borregaard ensures that 100% of sourced wood complies with FSC® Controlled Wood requirements, and at least 98% of all sourced wood is certified in accordance with PEFC. Adhering to the strict criteria of these certification schemes contributes to protection of biodiversity-sensitive areas.	Short to long term

An assessment of the ecological state of nature in the River Glomma downstream from the biorefinery was conducted by NIVA in 2025. The map on the right shows measurement points recorded at the Sarpsborg location.

The biological quality elements benthic invertebrates (ASPT), benthic algae (PIT) and heterotrophic growth (HBTI2) were investigated. The results of the HBTI2 and benthic invertebrate surveys indicated that the company's effluents affected the lower part of the Glomma. In contrast, the benthic algae were good or high status at all stations. For all the stations downstream the emission point, it has been a gradually improvement in HBTI2, these improvements are likely due to Borregaard's reduction of COD and BOD discharges in recent years (see Metrics and Targets for emissions metrics).

Electrofishing surveys were carried out in the Glomma River near Borregaard in September 2025 to assess the density of young Atlantic salmon in key spawning and nursery areas. A total of 66 salmon fry were recorded, with density levels comparable to the 2022 survey and within the mid-range of historical observations. Analysis of a small sample of individuals showed a mix of wild and stocked fish, indicating that natural reproduction contributed significantly to the juvenile salmon population in 2025. Other species observed included alpine bullhead, European eel, common bleak, European perch and burbot, confirming that the habitat supports a diverse and healthy fish community.

Mapping the impacts from Borregaard's key locations and value chain has informed the risk and opportunity assessment. The results of the materiality assessment on climate- and nature related risks and opportunities are summarised in the table below. Climate- and nature-related risks and opportunities have been identified for the short, medium, and long term, and are categorised as either transition or physical risks. The time horizons for these risks and opportunities were assessed based on their duration and impact. Long-term risks are defined as those with impacts extending 10 years or more. Medium-term risks are assessed based on a 1–9-year period and short-term risks are those occurring within the reporting year, with strategies and impacts also confined to that year. Based on the climate and nature scenario analyses, financial impacts were also estimated using desk research and internal discussions, considering the financial materiality thresholds from the double materiality assessment.

The description of the risks is based on the inherent risk from the key drivers and does not take into consideration any mitigating measures. The financial impact reflects the estimated cost of mitigating and adaptive measures needed to address inherent risks.

Key drivers of physical and transition risks include stricter regulations on forest management, land-use changes, and climate-related emissions, along with resource availability (including renewable energy), climate change, and mitigation measures. These transitions also drive demand for sustainable products, presenting significant opportunities for Borregaard.

Wild Salmon stock in Glomma

Borregaard has invested in a salmon stock facility at the biorefinery in Sarpsborg to support the preservation of the salmon population in the river Glomma. In addition to enhancing strategic resilience to transition risk associated with regulations on the salmon populations and water quality, this initiative contributes to strengthening the resilience of the salmon population in the river.

Ecosystem condition of HBI2 at different sampling stations in the River Glomma (NIVA, 2025) . Black arrows upstream station 4 are Borregaard's effluent discharge points.

CLIMATE RISKS AND OPPORTUNITIES

DRIVER	DESCRIPTION OF RISK/ OPPORTUNITY	VALUE CHAIN STAGE			LOW EMISSION SCENARIO (SSP1-2.6 & NZE)			HIGH EMISSIONS SCENARIO (SSP5-8.5)		
		Upstream	Direct	Downstream	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
RISK: PHYSICAL										
Tropical cyclones at Fernandina beach affecting logistics and production sites.	Increased hurricane activity in Florida disrupts logistics, damages equipment, and halts production at Fernandina Beach. Prolonged closures from strong winds and storm surges can reduce income.		X	X	🟠	🟠	🔴	🟠	🟠	🔴
Landslides and flooding due to heavy rainfall impacting logistics at the Sarpsborg site.	Increased rainfall heightens the risk of quick clay landslides and disrupts the site, road and rail transport, increasing operational costs. Rising Glomma water levels worsen these logistics issues.		X		🟢	🟠	🟠	🟢	🟠	🔴
Increased periods of drought affecting logistics at the Karlsruhe site.	Dependence on Rhine River logistics in Karlsruhe faces higher costs due to reduced water levels during drought periods.		X	X	🟢	🟢	🟢	🟢	🟠	🟠
RISKS: TRANSITION										
Regulatory-driven wood scarcity risk	Stricter climate, nature and carbon removal regulations may reduce the availability of certified wood, increasing sourcing costs and supply chain risk.	X	X		🟠	🟠	🔴	Transition risks are only evaluated based on an NZE scenario.		
Evolving climate-related carbon pricing mechanisms, including EU ETS	Evolving carbon pricing mechanisms, including the EU ETS at Borregaard in Sarpsborg, may increase operating costs and affect investment and energy sourcing decisions for Borregaard		X		🟢	🟠	🟠			
Climate transition away from fossil fuels reducing the availability of sulphur from high-sulphur crude oil	Reduced availability of high-sulphur crude oil may increase sulphur prices and supply risks, requiring alternative sourcing or technological solutions for Borregaard	X	X		🟢	🟢	🔴			

🟢 *low risk/opportunity* 🟠 *medium low risk/opportunity* 🔴 *high risk/opportunity*

DRIVER	DESCRIPTION OF RISK/ OPPORTUNITY	VALUE CHAIN STAGE			LOW EMISSION SCENARIO (SSP1-2.6 & NZE)			HIGH EMISSIONS SCENARIO (SSP5-8.5)		
		Upstream	Direct	Downstream	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
OPPORTUNITY: PRODUCTS AND SERVICES										
Maximising biomass utilisation to produce high-value, bio-based products.	Borregaard's advanced biorefinery maximises biomass utilisation by converting 94% of wood feedstock into highvalue biochemicals, biomaterials, and bioenergy. This includes producing lignin-based biopolymers, speciality cellulose, bioethanol, and vanillin, replacing oil-based alternatives and reducing carbon footprints across various industries.		X	X	🟠	🟠	🔴	Transition opportunities are only evaluated based on an NZE scenario.		
OPPORTUNITY: ENERGY SOURCE										
Switching from fossil fuels to renewable energy to reduce emissions and costs.	Investments in increased use of renewable electricity, bioenergy and energy efficiency support the 2030 climate targets and strengthen resilience to energy price volatility and future carbon costs.		X		🟢	🟢	🟠			
OPPORTUNITIES: MARKETS										
Expanding markets for biochemicals and biomaterials, with low carbon footprint.	Borregaard's innovations, such as lignin-based biopolymers and bioethanol, replace fossil-based products. This addresses the growing demand for sustainable solutions across diverse industries.		X	X	🟢	🟠	🔴			
Market resilience through diversified bio-based product portfolio.	Borregaard's diversified portfolio of more than 800 bio-based products across multiple end-markets reduces exposure to cyclical demand. Continued R&D investments support flexibility in sourcing and enable development of new products to meet evolving market needs.			X	🟢	🟠	🔴			

🟢 *low risk/opportunity* 🟠 *medium low risk/opportunity* 🔴 *high risk/opportunity*

NATURE RISKS AND OPPORTUNITIES

DRIVER	DESCRIPTION OF RISK/ OPPORTUNITY	VALUE CHAIN STAGE			AHEAD OF THE GAME (SSP1-2.6 & NZE)			SAND IN THE GEARS (SSP5-8.5)			
		Upstream	Direct	Downstream	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term	
RISK: PHYSICAL											
Ecosystem degradation and biodiversity loss affecting forest productivity	Impacts on forest ecosystems, including biodiversity loss, soil degradation and land use change, may reduce the health and productivity of forests. Over time, this could affect the availability and quality of wood, leading to higher raw material costs.	X			●	●	●	●	●	●	
Climate-driven forest degradation and pest risk	Rising temperatures and longer growing seasons increase pest pressure, including spruce bark beetles, threatening coniferous forests and wood availability. As Borregaard is dependent on wood, reduced supply may lead to higher raw material costs and delays across the value chain.	X	X		●	●	●	●	●	●	
RISK: TRANSITION											
Stricter nature protection requirements for salt mining in sensitive marine ecosystems	Stricter nature protection requirements for salt mining in the Wadden Sea may disrupt salt supply and increase sourcing and processing costs for Borregaard, including the need to source from alternative suppliers and to invest in additional salt purification.	X	X		●	●	●	Transition risks are only evaluated based on an NZE scenario.			
Stricter forest conservation and biodiversity regulations affecting wood sourcing	Strengthened EU and international regulations aimed at forest conservation and biodiversity protection, including requirements for sustainable forest management and deforestation-free supply chains, may limit the availability of wood for industrial use. These regulatory developments increase requirements related to land use, biodiversity protection and traceability in wood sourcing. As Borregaard is dependent on wood as a key raw material, stricter nature conservation requirements may increase sourcing costs, require adaptations in procurement practices and affect the company's market position over time	X	X	X	●	●	●				

● *low risk/opportunity* ● *medium low risk/opportunity* ● *high risk/opportunity*

DRIVER	DESCRIPTION OF RISK/ OPPORTUNITY	VALUE CHAIN STAGE			AHEAD OF THE GAME (SSP1-2.6 & NZE)			SAND IN THE GEARS (SSP5-8.5)		
		Upstream	Direct	Downstream	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
RISK: TRANSITION *cont.*										
Stricter water quality requirements affecting COD emissions to the River Glomma	COD emissions from Borregaard's biorefinery affect the ecological status of the River Glomma, including the wild Atlantic salmon population, as documented by NIVA. Evolving water quality requirements may require continued investments in emission reduction, with implications for regulatory, financial and reputational risk.		X		●	●	◐	Transition risks are only evaluated based on an NZE scenario.		
Stricter deforestation-free sourcing and traceability requirements under the EU Deforestation Regulation (EUDR)	Stricter deforestation-free sourcing and traceability requirements under the EUDR may increase compliance costs and affect the availability of certified wood, with implications for sourcing costs and supply chain resilience.	X	X	X	●	●	●			
Stricter air quality regulations on NOx and SO_2 emissions from industrial operations	Stricter air quality regulations on NOx and SO_2 emissions may increase operating and compliance costs at Borregaard's Sarpsborg site. The risk is mitigated through investments in emission reduction technologies and increased use of electricity for steam production.		X	X	●	●	●			
RISK: SYSTEMIC										
Systemic ecosystem risk related to permitted salt extraction in the Wadden Sea.	Borregaard's salt supply relies on extraction in the Wadden Sea, which is currently permitted and operated in compliance with conditions related to land subsidence. However, continued extraction in a biodiversity-sensitive area is dependent on ecosystem stability. If subsidence or ecosystem degradation exceeds acceptable limits, this could disrupt salt availability and quality, require alternative sourcing and additional investments, and expose Borregaard to higher costs, operational disruption and reputational risks linked to systemic nature impacts.	X			●	◐	●	Transition risks are only evaluated based on an NZE scenario.		

● *low risk/opportunity* ● *medium low risk/opportunity* ● *high risk/opportunity*

DRIVER	DESCRIPTION OF RISK/ OPPORTUNITY	VALUE CHAIN STAGE			AHEAD OF THE GAME (SSP1-2.6 & NZE)			SAND IN THE GEARS (SSP5-8.5)		
		Upstream	Direct	Downstream	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
OPPORTUNITIES: RESOURCE EFFICIENCY										
Increased value creation through resource efficiency and cascading use of renewable raw materials	Efficient cascading use of wood and side streams improves resource efficiency, supports circular value chains and drives long-term market growth, supported by continued investments in R&D and technological development	X	X	X	●	●	●	Transition opportunities are only evaluated based on an NZE scenario.		
Growing demand for bio-based and circular products driven by policy, consumers and society	The transition towards a climate- and nature-focused economy is increasing demand for bio-based products that can replace fossil-based alternatives and reduce environmental impacts across value chains. This demand is driven by policy measures, consumer preferences and broader societal expectations for sustainable solutions. Borregaard's strategy and product portfolio enable customers to reduce downstream impacts on climate and nature, support circular value chains and create market value through differentiated, sustainable products.	X	X		●	●	●			
High water availability and low exposure to water scarcity across production locations	Borregaard's production sites have access to abundant water resources, resulting in low exposure to water scarcity risks. This ensures a reliable water supply for core production processes, even under climate change scenarios, and supports operational resilience and continuity. As a result, water availability represents a physical opportunity that strengthens the robustness of Borregaard's operations compared with regions where water scarcity poses material constraints.	X			●	●	●			
OPPORTUNITIES: BUSINESS PERFORMANCE										
Growing availability of sustainability-linked capital aligned with climate and circular economy objectives	Borregaard's Green Financing Framework enables access to sustainability-linked capital aligned with climate and circular economy objectives, supporting transition investments and strengthening financial flexibility	X	X		●	●	●			

● *low risk/opportunity* ● *medium low risk/opportunity* ● *high risk/opportunity*

BUSINESS MODEL AND VALUE CHAIN

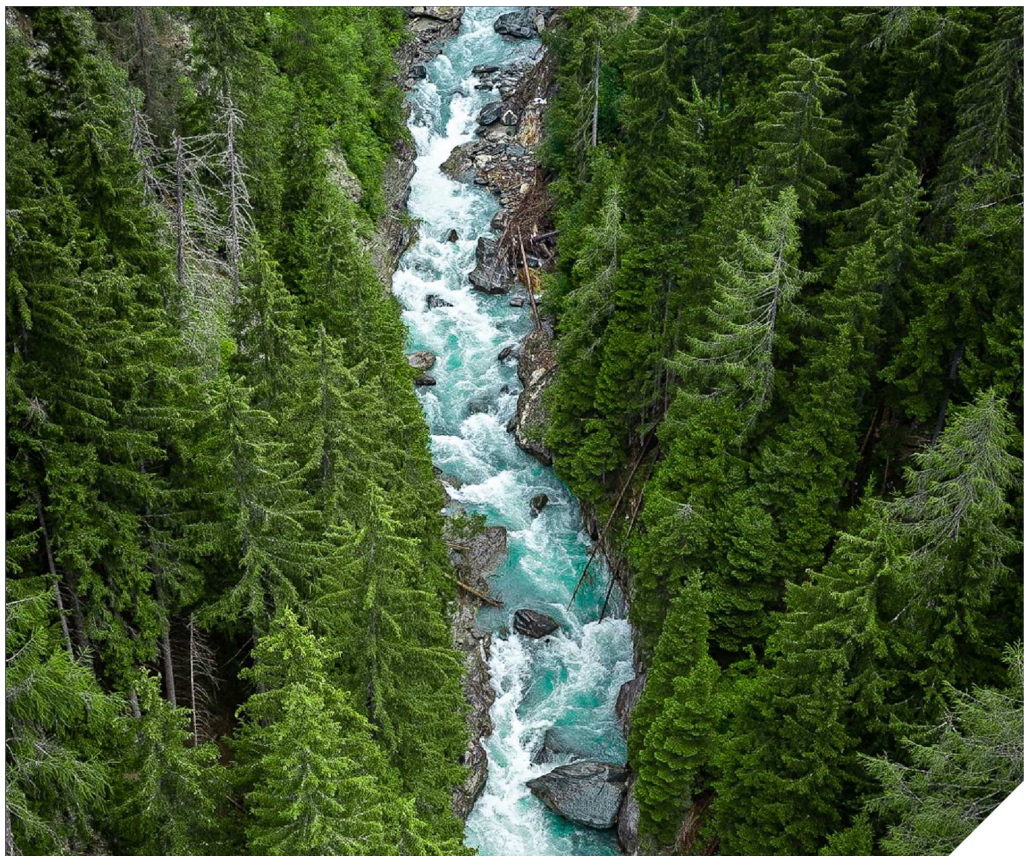
Borregaard's operations are already facing physical climate- and nature-related impacts. At the Sarpsborg biorefinery, flooding can disrupt production schedules, Increase maintenance demands, and necessitates investments in slope stabilisation and drainage systems. The Fernandina Beach facility in Florida faces the current risk of more frequent and intense hurricanes. In the last 3 decades sea surface temperatures in the Gulf of Mexico (which gives rise to a high number of hurricanes) have increased by 0.3°C. The effects are already evident, as data show hurricane activity in the region has increased in frequency and intensity in the last decade alone. These effects are exacerbated by rising sea levels and an increase in mean global heat content of the oceans. Both of which have shown an upward trend in the last 3 decades. In Germany, drought-induced low water levels on the Rhine River constrain barge transport, leading to increased logistics costs and delivery delays to the Borregaard site in Karlsruhe.

At Sarpsborg, heavy precipitation, rapid snowmelt, and river overflow from the Glomma cause localised flooding and landslides, threatening infrastructure and transport routes. The risk level of this location according to the WRI Aqueduct Water Risk Atlas is already between mediumhigh. Spring in particular faces the highest risk of flooding as the combination of snowmelt and heavy precipitation can lead to more frequent occurrences.

Projected climate scenarios suggest future challenges for Borregaard's operations. At the Sarpsborg site, precipitation is expected to rise by 5.7% under the SSP5-8.5 scenario, intensifying flood risks and further straining infrastructure. New requirements for existing and new buildings to mitigate changes due to climate are already being brought in. These add to costs associated with climate-related risks for Borregaard. In Germany, rising maximum surface air temperatures under SSP5-8.5 could increase by 19.3% by 2059, prolonging Rhine River droughts and requiring costlier logistics shifts to road and rail. In Florida, sea surface temperatures are anticipated to rise by over 2°C by 2059 under SSP5-8.5, resulting in more intense hurricanes that risk operational shutdowns, infrastructure damage, and higher recovery costs. Additionally, disruptions in the value chain, particularly in the sourcing of salt and wood, could significantly impact productivity in a high-emissions, long-term scenario.

Borregaard's advanced biorefinery converts over 94% of wood feedstock into biochemicals, biomaterials, and bioenergy, minimising waste and reducing fossil fuel reliance.

Borregaard's climate transition plan has two main activities, increased electrification and greater use of biofuels, which are expected to reduce GHG emissions by approximately 83,000 tonnes by 2030, representing a 42% reduction compared with



emissions in the 2020 base year. In 2025, the Borregaard Group achieved a 15% reduction in Scope 1 and 2 GHG emissions relative to the base year. As an example, a recently completed project at the Sarpsborg biorefinery has reduced GHG emissions by 30,000 tonnes annually, improved energy flexibility, and lowered dependence on natural gas, showcasing Borregaard's climate resilience strategy.

To further avoid harm, we prioritise sustainable sourcing by selecting raw materials such as FSC- and PEFC-certified wood, ensuring sustainable forest management. Bi-annual supplier monitoring and collaboration with stakeholders, including environmental organisations, mitigate risks of deforestation and ecosystem conversion. Flexible logistics and diversified sourcing strategies further reduce dependence on vulnerable ecosystems, safeguarding access to natural capital.

To reduce the environmental footprint, Borregaard invests in innovative technologies that lower the climate, and nature-related impacts of its products. For example, efforts to reduce COD emissions aim to improve water quality and achieve good ecological status for the River Glomma by 2033, thereby addressing harm to riverbed sediments and supporting the Atlantic salmon population. Restoration efforts focus on improving degraded ecosystems through participation in multistakeholder initiatives such as watershed management, enhancing biodiversity and ecosystem functionality in line with Target 2 of the Global Biodiversity Framework (GBF). Through these efforts, Borregaard demonstrates a comprehensive approach to integrating the mitigation hierarchy into its business practices.

Central to its strategy, the biorefinery maximises resource efficiency by extracting value from wood logs and wood chips from sawmills and transforming side streams into bioethanol, lignin-based biopolymers, biovanillin, speciality cellulose and cellulose fibrils. This cascading approach ensures optimal resource use, enabling it to serve more customers with the same volume of raw materials while reducing environmental impact. By advancing R&D and technology, Borregaard enhances its ability to deliver biobased alternatives, such as lignin biopolymers for industrial use and wood-based vanillin for cosmetics, that replace fossil-based products. These efforts solidify its role as a leader in biochemicals and biomaterials, driving growth and innovation in sustainable markets.

CONCENTRATION OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Borregaard's climate-related risks and opportunities are concentrated across key regions, facilities, and logistics networks.

The Sarpsborg biorefinery faces growing risks from heavy rainfall and flooding. Annual precipitation is expected to rise from 895 mm to 946 mm by 2059 under SSP5-8.5, a 5.7% increase. This increase also heightens the risk of more heavy precipitation events occurring. Intense rainfall could overwhelm drainage systems and destabilise slopes, particularly those that contain large deposits of quick clay, threatening infrastructure and access routes. Investments in slope stabilisation and drainage systems are essential for mitigation. Increases in flooding events at the site, driven by climate-related forces, also have the potential to indirectly negatively impact nature. Heavy rainfall and river overflow can wash pollutants from production areas, storage facilities, or nearby industrial zones into local watercourses, such as the Glomma River. Saturated soils and overwhelmed drainage systems increase the likelihood of run-off carrying chemicals, organic materials, or other contaminants into the river, potentially impacting water quality and local ecosystems. This not only raises environmental concerns but could also result in regulatory scrutiny, clean-up costs, and reputational risks for Borregaard. Ensuring robust containment measures, improved drainage infrastructure, and regular monitoring of run-off are critical to mitigating this risk.

In Florida, the Fernandina Beach facility is highly vulnerable to hurricanes and storm surges. Under SSP5-8.5, sea levels could rise by over 1 meter by 2059, increasing the risk of catastrophic flooding. Rising SSTs and reduced vertical wind shear may lead to more frequent and severe hurricanes, further endangering operations.

In Germany, the Karlsruhe site depends on the Rhine River for logistics but faces risks from drought. Under SSP1-2.6, temperatures are expected to increase to 11.3°C by 2059, and under SSP5-8.5, to 12°C. These changes will exacerbate low water levels, restricting barge navigation and increasing reliance on road and rail logistics. This shift could raise transport costs and disrupt supply chains, requiring strategic adjustments to ensure continuity.

Despite these risks, the focus on bio-based innovation presents significant opportunities. Borregaard is investing in technologies supporting decarbonisation and meeting regulatory demands. New products, such as granulated lignin-based biopolymers for detergents and agricultural applications, cater to the growing demand for eco-friendly solutions. Investments in bio-based start-ups like Alginor ASA and Kaffe Bueno expand Borregaard's capabilities and diversify its value chain, reinforcing its leadership in green markets.

FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOW

Current Financial Effects

During the reporting period, Borregaard experienced notable financial effects from climate- and nature-related risks and opportunities. Key investments to reduce GHG emissions, in line with our transition plan, are integrated into Borregaard's financial planning, with capital expenditures estimated at approximately NOK 1,000 million through 2030. Of this, around 85% relates to ongoing and completed projects, with NOK 446 million spent by the end of 2025.

For 2026–2028, investments under the transition plan will be in the range NOK 350 to 450 million. This capital expenditure has lowered energy costs through reduced LNG consumption and improved energy efficiency.The projects were complemented by a long-term electric power contract covering 10–15% of Sarpsborg's energy needs, stabilising costs and mitigating fossil fuel price volatility.

Borregaard has had average annual revenue growth of 7.4% over the past five years. Borregaard's bio-based products contribute substantially to climate change mitigation and often serve as less polluting substitutes for hazardous chemicals. However, for the 2025 Taxonomy reporting, Borregaard's eligible economic activities are limited to the climate change mitigation objective, 34% % of the turnover are taxonomy aligned.

Borregaard has reduced the organic material, measured as chemical oxygen demand,(COD) discharges to Glomma to be ahead of stricter emission limits introduced in 2019 and continues to reduce emissions to meet anticipated future requirements, recognising that COD discharges negatively affect the river's ecological status. These measures form part of Borregaard's actions under ESRS E2-6 to prevent and reduce pollution to water and to support the achievement of long-term environmental targets. The monitoring includes regular sampling and reporting of water quality, with the company bearing the costs of this oversight.Disruptions in the sourcing of wood could arise from among other things stricter forestry regulations and climate impacts on forests, driving up raw material costs and potentially halting production. Such risks highlight the need for proactive resource management and investment in sustainable practices to safeguard operations and financial stability.

Anticipated Financial Effects

Over the short-, medium-, and long-term, Borregaard anticipates that climate- and nature-related risks and opportunities will influence its financial position, performance, and cash flows. In the short-term, capital expenditures are expected to rise due to ongoing investments in emissions reduction and efficiency projects.

These initiatives aim to meet the growing market demand for sustainable solutions while advancing the company's netzero emissions strategy.

Although these projects may increase near-term costs, they are projected to deliver substantial medium- and long-term benefits through cost savings and revenue growth from market diversification. Under the SSP1-2.6 scenario, stable climate conditions may enable Borregaard to prioritise these investments without major disruptions. However, operational costs could increase due to sourcing challenges for critical raw materials such as salt and certified wood.

Disruptions in salt mining from biodiversity-sensitive areas and difficulties in securing certified wood may lead to higher procurement costs and delays, impacting cash flows. Furthermore, investments in technologies to reduce emissions and improve water quality are likely to elevate short-term expenses as Borregaard works to meet our targets for emission reduction of COD in 2026 and 2030.

In the medium term, physical climate risks such as increased flooding at Sarpsborg and more intense hurricanes at Fernandina Beach could elevate maintenance and operational costs, particularly under a high emissions scenario. Additional cash outflows may be required for mitigation measures like slope stabilisation and facility fortifications. However, Borregaard's investments in biobased innovation are expected to drive revenue growth in high-demand sectors like batteries, agriculture, and homecare, cushioning financial impacts. In the long term, sustained investments in renewable energy and electrification will be critical to achieving net-zero targets. These expenditures will likely be offset by increased revenues from climate-resilient products such as biopolymers, advanced bioethanol, and cellulose fibrils. Under SSP5-8.5, more severe climate impacts may necessitate greater adaptation costs. Additionally, further cost pressures from systemic and transition risks could occur in the medium-term. Resource scarcity, such as the reduced availability and quality of wood, may face higher sourcing costs. Efforts to clean salt and improve the environmental impact of its operations may require capital expenditure. The investment in improving water quality and addressing SO_2 emissions will contribute to increased operating expenses, as Borregaard aligns with emerging environmental regulations.

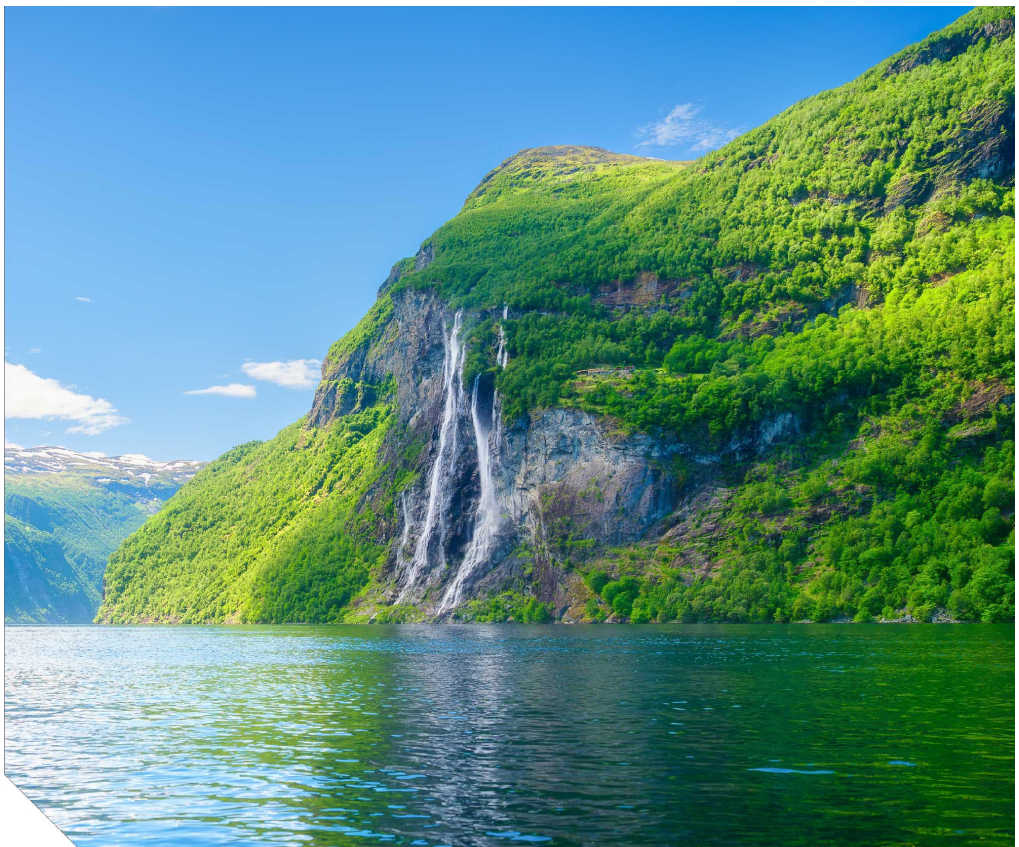
While current operations are financially robust, various scenarios outlined in Borregaard's climate analysis suggest divergent future impacts. Under SSP1-2.6, milder climate disruptions could sustain steady investments, while SSP5-8.5's severe impacts may necessitate higher adaptation costs, affecting cash flow stability.

Extreme weather events pose material risks to Borregaard's assets, particularly at Sarpsborg and Fernandina Beach. Projected increases in flooding at Sarpsborg and intensified hurricanes in Florida could require adjustments to asset depreciation rates and higher maintenance provisions. Prolonged droughts impacting the Rhine River threaten transportation logistics at the Karlsruhe site, potentially increasing valuation adjustments for transport-related assets. Under SSP1-2.6,these risks remain moderate and manageable, while SSP5-8.5 forecasts escalating challenges that may lead to greater financial adjustments, including higher contingency reserves and strategic reallocations of resource Long-term impacts concerning nature loss may involve sustained pressure on revenues and expenses if biodiversity degradation continues to destabilise ecosystems, threatening the longterm availability of raw materials. The need for increased investments in alternative sourcing, cleaner production technologies, and stricter supply chain traceability could drive up costs.

Additionally, liability risks related to environmental degradation or supply chain disruptions could affect Borregaard's asset values, potentially leading to reputational damage and increased insurance costs. These long-term risks could influence Borregaard's ability to attract financing, depending n its ability to demonstrate resilience and accountability in managing nature-related risks. Over different time horizons, Borregaard expects varying financial impacts aligned with its climate strategy.

In 2023, Borregaard established a green financing framework that enables Borregaard to issue green financing instruments. The framework is structured in accordance with the 2021 ICMA Green Bond Principles (GBP) and the 2023 LMA, APLMA, and LSTA Green Loan Principles (GLP). S&P Global Ratings has provided a second-party opinion on the framework. In June 2023, Borregaard successfully issued NOK 500 million in new senior unsecured green bonds. In addition, Borregaard has a term loan and credit facilities linked to Borregaard's sustainability targets, where the margins can be adjusted based on progress are expected to enhance long-term revenue streams.

Medium-term revenues will benefit from increased production of specialised biopolymers for batteries and detergents, offsetting rising adaptation costs such as slope stabilisation and infrastructure fortifications. In the long-term, as Borregaard transitions to net-zero emissions by 2050, stable revenue growth from biopolymers, speciality cellulose, cellulose fibrils and bioethanol is anticipated to maintain financial resilience, though expenditures under high-impact scenarios like SSP5-8.5 could exceed projections due to intensified climate-related disruptions. Overall, while Borregaard's investments in sustainability and resource efficiency can drive revenue growth in the



long-term, nature-related risks pose substantial financial challenges, requiring strategic investments and ongoing adaptation plans to mitigate these risks.

Climate and Nature-related risks and opportunities serve as a key input to Borregaard's financial planning processes by informing strategic decisions on sourcing, investments, and operational improvements. These factors are incorporated into cost forecasts, risk management strategies, and long-term business planning, ensuring that the company is prepared for potential disruptions, such as resource scarcity or regulatory changes, while also capitalising on opportunities to innovate and meet market demand for sustainable products. As such, climate and nature-related risks and opportunities are integral to Borregaard's financial models, enabling the company to align its growth ambitions with environmental sustainability goals, see metrics for anticipated financial impact resulting from climate risks and opportunities.

STRATEGY AND DECISION-MAKING

Response to climate-related risks and opportunities

Borregaard's strategy is to provide sustainable solutions with a documented favourable environmental and climate impact, helping our customers improve their climate footprints or substitute chemicals of concern. To support this strategy, we have developed a GHG transition plan, that is fully embedded in and aligned with our overall business strategy.

Our continuous efforts to reduce GHG emissions by enhancing our energy efficiency, increasing the use of renewable energy, improving resource efficiency in production, and sourcing input chemicals and raw materials with a lower footprint, will reduce the input factors per tonne of product produced. In this way, the GHG footprint of our products is continuously lowered. Because the products are made from renewable wood and generate only biogenic emissions during use and at end-of-life, they have low Scope 3 emissions and help reduce our customers' Scope 3 footprint compared with fossil-based alternatives.

In the period 2020–2030, investments allocated to the climate transition plan, to reduce Scope 1 and 2 emissions, improve energy efficiency, and increase energy flexibility are being operationalised at our biorefinery in Norway - where over 85% of emissions originate.

The investments so far has resulted in a reduction of 29,000 tonnes of CO_2, contributing to the total net reduction target of 83,000 tonnes between 2020 and 2030. The actual reduction in scope 1 and 2 GHG emissions compared with the 2020 base year, is 15%

The transition plan assumes stable access to renewable energy, supportive policies, and technological advances. Dependencies include the development of green energy infrastructure and partnerships to enable product transitions.

Progress is monitored through detailed emissions tracking and periodic reporting, ensuring accountability for achieving science based targets.

By focusing on innovation and productivity, we aim to enhance the value-added outputs from our unique biorefinery in Norway, as well as from our production units in Europe and the US. With a diversified portfolio of around 800 products across numerous applications, Borregaard captures a material opportunity by reducing exposure to cyclical markets and strengthening business resilience. We continue to advance our radical innovations, including our cellulose fibrils business, through continued market development across diverse applications and geographies.

Borregaard is investing NOK 100 million in a new technology platform. This includes the construction of a demonstration plant dedicated to next-generation lignin-based biopolymers, as well as the granulation of existing and new products.

Target application areas include homecare, industrial cleaners, water treatment, and agriculture. These initiatives exemplify our strategy of innovation-driven growth and targeted capital expenditure.

Borregaard's strategic priorities remain increased specialisation and value growth, with sustainability as a key driver. In 2025, the second of two investments to debottleneck and expand capacity at the Sarpsborg site was announced. Combined, these two investments are expected to increase capacity by 5–10%, with a total investment of approximately NOK 800 million.

Production output is expected to increase gradually from the 2nd quarter of 2027. In addition to increasing capacity for speciality cellulose, lignin-based biopolymers, and bioethanol, the investments will enable higher raw material utilisation and reduce effluents to water.

Sitespecific adaptations include improved drainage systems and slope stabilisation at Sarpsborg to mitigate flooding risks and landslides. In Florida, hurricane preparedness measures include facility fortifications and contingency planning to address extreme weather. Indirect mitigation efforts focus on customer and supply chain collaboration.

Resourcing climate-related activities

Borregaard allocates significant resources to support its climate strategy. The investments in the GHG transition plan, are integrated into the financial planning, with capital expenditures estimated at approximately NOK 1,000 million through 2030. Of this, around 85% relates to ongoing and completed projects, with NOK 446 million spent by the end of 2025. For 2026—2028, investments under the transition plan will be in the range NOK 350 to 450 million. The total impact of operating expenses related to the transition plan is not considered material.

The company's investment in R&D focuses on innovative, sustainable solutions. Dedicated teams within sustainability and operational departments oversee these initiatives, ensuring alignment with corporate goals. Collaboration with suppliers, government agencies, and research institutions bolsters these efforts, ensuring that Borregaard's activities are supported by external expertise and funding where available.

Borregaard has made substantial progress on previously disclosed climate-related initiatives. The NOK 70 million biopolymer expansion was completed in 2024, with new production lines being phased into operation.

Complementing the technical projects are commercial agreements for long-term power supply. A 10-year Power Purchase Agreement (PPA) with Å Energi commenced in January 2024. From January 2025, a similar 10-year supply contract with Hafslund Kraft began, with both contracts covering an annual volume of 88 GWh. These long-term power contracts increase the share of renewable electricity in Borregaard's energy mix and directly contribute to reducing Scope 2 emissions in line with the company's transition plan to reduce GHG emissions.

Transition risks are only evaluated based on an NZE scenario. These achievements reinforce Borregaard's ability to execute its climate strategy effectively, building confidence in its capacity to meet long-term sustainability objectives while remaining aligned with global climate goals.

Response response to nature-related risks and opportunities Borregaard has not finalised a nature transition plan or set science-based targets for nature, however, is actively working to minimise risks and impacts in the value chain.

RESILIENCE OF BORREGAARD'S STRATEGY AND BUSINESS MODEL

Borregaard has analysed how climate change may impact its operations and the value chain through a scenario analysis in accordance with IFRS and TNFD recommendations. The scenarios were selected to test Borregaard's strategic resilience and better understand future strategic and financial impacts in both favourable and non-favourable scenarios. External factors such as strengthened forest and biodiversity protection, increased use of natural sinks as carbon storage, and the occurrence of extreme weather events, have been identified as potential challenges impacting wood availability and prices. The identified physical and transition risks and opportunities materialise in different ways in different scenarios in the short-, medium- and long-term, and has allowed for further analysis of the resilience of Borregaard's strategy going forward in the upstream value chain and Borregaard's direct operations.

The analysis of climate-related scenarios can also contribute valuable insights to the examination of nature-related risks, with the latter being a more exploratory approach in exploring plausible scenarios, examining the negative feedback loops between increasing rates of climate change and nature loss.

The scenarios explore two critical uncertainties: the rate of degradation of ecosystem services and the balance between market forces, such as supply chain disruptions and resource scarcity, and non-market forces, including regulatory changes and societal pressures, to assess their combined impact on economic and environmental systems.

Physical risks

Borregaard's climate resilience assessment demonstrates how its strategy and business model are designed to address climate risks and leverage opportunities. For example, infrastructure upgrades at key sites enhance operational continuity by addressing vulnerabilities to extreme weather. However, significant uncertainties persist, including the timing and severity of physical climate and nature risks, as well as the scalability of renewable energy infrastructure necessary for operational electrification. Addressing these uncertainties through more refined scenario planning and adaptive strategies will further enhance Borregaard's climate and nature resilience.In a low emissions scenario for physical risks Borregaard's availability of wood is not at risk, as climate change slows and resource efficiency improves. Additionally, with the rise of more initiatives for carbon emissions reductions and conservation efforts, the availability of sustainably sourced materials increases. Sustainably sourced wood and sustainable forest management 25 are peaking, ensuring forest health and the regeneration of trees for material production.

In the high emission physical scenario, there is some misalignment between climate and nature action, which may impact the availability of sustainably managed forests. But still in the medium-term, the effects of climate change do not have a significant impact on Borregaard's sourcing of wood. In the long term, climate change impacts local biodiversity, extreme weather and soil degradation due to continued overharvesting of forests. Rising temperatures affect leaf phenology (bud break, leaf maturation, and leaf senescence), which increases vulnerability to late spring frosts and soil freezing, stressing trees and reducing their productivity. Warmer temperatures paired with drier conditions during the growing season can also cause tree stress and decrease overall forest productivity (i.e., tree growth) and will impact availability of wood raw materials.

The degradation of ecosystem services under various temperature scenarios directly affects wood availability. In Norway and Sweden, warmer temperatures are expected to influence forest health and increase the risk of wood degradation due to heightened insect activity. While moderate warming under the SSP1-2.6 scenario is unlikely to significantly alter pest dynamics, sustained temperature increases in the SSP5-8.5 scenario could lead to more frequent pest outbreaks, as warmer conditions would accelerate the life cycles of destructive pests like the spruce bark beetle. This could allow multiple pest generations per season, leading to widespread tree damage, weakened tree health, and a potential decrease in wood quality and availability for Borregaard. As trees become stressed by higher temperatures and drought, they would be more susceptible to infestations, accelerating forest degradation. This would impact Borregaard's raw material supply, particularly if pest populations grow uncontrollably, necessitating the exploration of alternative sourcing strategies and potential supply chain adjustments.

Borregaard reinforces its commitment to sustainable forest management through its Responsible Sourcing Policy , its Wood Sourcing Policy and its Policy for Environment, Climate, Health, and Safety Engagement, ensuring that all wood sources are certified. The active pursuit of ensuring that 100% of wood procurement adheres to FSC or PEFC certification contributes significantly to promoting sustainable forest management while safeguarding economic, social, and environmental values.

The resilience of Borregaard's strategy is rooted in the diverse product portfolio of over 800 items, which makes the company adaptable to market shifts and reduces exposure to cyclical industries. The growing demand for low-carbon products is anticipated to drive revenue growth, supported by Borregaard's strategic investments in R&D and the expansion of its product offerings.

With ongoing efforts to ensure flexible sourcing, particularly in energy and basic chemicals, Borregaard enhances its resilience to climate change and market fluctuations.

These opportunities are aligned with Borregaard's long-term sustainability goals, including its commitment to the Global Biodiversity Framework (GBF), specifically supporting targets related to sustainable production, reducing ecosystem degradation, and promoting the circular economy. Sustainable forest management in Norway has had a significant positive impact on standing volume in Norway's forests. Thus, by diversifying supply of wood, Borregaard's resilience to the changing landscape of forest regulation and timber prices remains strong.

Transition risks

In a Net Zero scenario, upcoming legislations addressing the climate and nature transitions such as the EU green deal, Paris Agreement, CSRD reporting requirements, the EU Deforestation Regulation (EUDR), and the Global Biodiversity Framework's targets emphasise the pathway in which the global economy is shifting. These initiatives are expected to influence procurement practices; and Borregaard is actively monitoring these developments and implementing measures to ensure compliance. As a result, the company faces a low to medium risk from new EU regulations, supported by its robust approach to transition risk management, and diverse product portfolio.The current and planned investments focusing on emissions reduction, renewable energy adoption, and expanding production capacity for sustainable products strengthen Borregaard's position in low-carbon markets while also mitigating climate-related risks such as extreme weather events. Furthermore, the planned investments in innovative technologies, such as next-generation biopolymers, are expected to support long-term revenue growth by meeting the increasing demand for climate-friendly solutions, as the directives and emerging requirements materialise. Borregaard's business model, centred on enhancing the value of existing products and developing innovative bio-based alternatives, underscores the need for an ambitious purchasing policy to maintain its reputation as a leader in sustainability. The company prioritises sustainable sourcing, ensuring resilience in the face of supply chain pressures. For instance, the Russian invasion of Ukraine has heightened competition for Nordic wood due to bans on Russian imports. Despite this, Borregaard remains well-positioned as stricter regulations, such as the EU's RED III directive, could reduce the use of wood for bioenergy, potentially increasing the availability of wood for biorefinery applications. By leveraging these shifts, Borregaard strengthens its capacity to adapt to evolving market and regulatory landscapes while reinforcing its commitment to sustainable and nature-positive operations.

Monitoring of the River Glomma conducted by NIVA indicates that COD emissions negatively impact river ecosystems. Borregaard is actively engaged in ongoing initiatives to ensure compliance with the EU Water Framework Directive and stakeholder reporting. To improve water quality, Borregaard annually invests in technologies that reduce emissions, aligning with long-term targets and preparing for stricter future discharge limits. Similar

to previous studies, the results show that there is little organic load upstream of Borregaard's discharge points and a significant load downstream of these points. The monitoring by NIVA indicates that the ecological status of the river outside the company's operations is affected by COD emissions, posing a risk to the vulnerable wild Atlantic salmon stock.

Continued salt mining causing subsidence and ecosystem collapse is a systemic nature risk with cascading effects on interconnected systems. It disrupts services like water purification, flood regulation, and soil stability, causing environmental and economic harm, infrastructure damage, and financial liabilities. For Borregaard, salt mining in biodiversity-sensitive areas poses a risk of disrupting salt supply. Ecosystem collapse could lead to increased costs, the need for sourcing alternatives, and potential damage the company's reputation. Reliance on an unstable supply chain tied to systemic risks undermines resilience and long-term sustainability, especially amid growing stakeholder demands for environmental accountability.

Factors such as heightened forest protection and increased demand driven by stringent carbon pricing in Europe further constrain access to wood supply. While the demand for wood is expected to rise as companies shift towards lower-carbon materials, Borregaard's robust market position enables it to absorb higher wood prices. However, less established companies may encounter challenges or face closure due to elevated costs or specific regulations. In a business-as-usual scenario, weather events also pose potential impacts. However, the use of wood for bioenergy (EU's RED III directive) and other purposes may face stricter regulations, leading to a reduced use of wood for these applications and an increased availability of wood as raw materials for biorefinery concepts.

SCENARIO ANALYSIS

The following chapter provides an overview of the methodologies and assumptions applied in the climate and nature scenario analyses. These analyses are interconnected, with the nature scenario analysis building upon the narratives and frameworks established in the climate scenarios to explore the dynamic relationship between climate and nature, often referred to as the climate-nature nexus. This approach ensures a holistic understanding of how climaterelated changes influence nature and vice versa, offering a comprehensive perspective on the interdependencies between these critical systems.

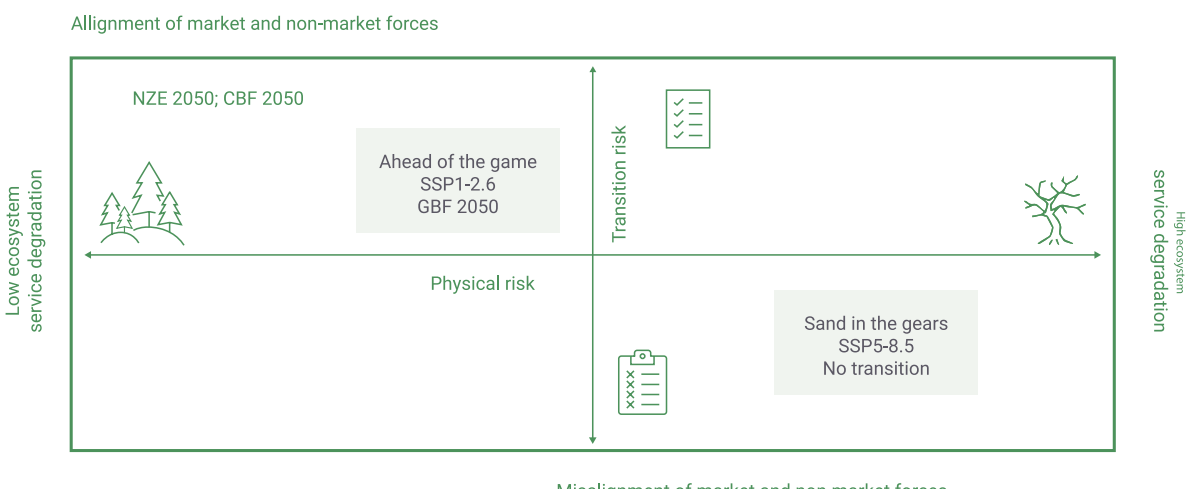
Climate

Borregaard conducted its climate-related scenario analysis in 2024 to assess its resilience to climate-related risks and opportunities across short (1 year), medium (2–9 years), and long (10+ years) time horizons. The analysis focused on key operational sites, including the Sarpsborg biorefinery in Norway, the Fernandina Beach facility in Florida, and the Karlsruhe logistics hub in Germany, as well as critical dependencies such as the Rhine River for logistics and various forests across Europe and America that Borregaard relies on for raw materials. Borregaard selected three climate-related scenarios for the analysis: SSP1-2.6, representing a low-emissions pathway with strong mitigation efforts, SSP5-8.5, which models high emissions and severe physical risks, and the IEA NZE 2050 (Net Zero Emissions) scenario, aligned with global decarbonisation goals. These scenarios were chosen to address a diverse range of potential futures, encompassing both physical risks (e.g., flooding, hurricanes, droughts) and transition risks (e.g., regulatory shifts, decarbonisation efforts). The IEA NZE scenario specifically focuses on the transition to a net-zero economy, while the SSP scenarios provide a broader view of physical climate risks under varying levels of mitigation. These scenarios were selected for their relevance to Borregaard's operational resilience and longterm sustainability, with SSP1-2.6 and IEA NZE aligned with the Paris Agreement's climate goals.

Nature

Unlike climate scenarios, such as the SSP's, RCP's and NZE, there are currently no universally accepted, standardised definitions for naturerelated scenarios. To address this gap, Borregaard employs climate change as a central driver of biodiversity loss, examining how these changes might impact the natural resources and dependencies critical to its operations. By positioning climate change as a key factor in these scenarios, we aim to understand its indirect effects on nature and how these changes might amplify the company's exposure to naturerelated risks.

In addition, the analysis follows TNFD's Scenario Analysis guidance throughout the process and have evaluated the scenarios presented by TNFD as explained under each scenario in this chapter. The scenarios are informed by the latest climate and nature science from the UNCCD report, and the Intergovernmental Science-policy Platform on Biodiversity and Ecosystem Services (IPBES).



NARRATIVE SCENARIO DESCRIPTIONS

PHYSICAL RISK

LOW EMISSION SCENARIO (SSP1-2.6)

Climate

The SSP1-2.6 scenario envisions an optimistic trajectory driven by sustainable practices, global cooperation, and significant investments in education, health, and human well-being. Global population peaks at 8.5 billion mid-century and declines to 7 billion by 2100, with rapid urbanization reaching 92% by 2100. GDP rises from $100 trillion in 2020 to $565 trillion by 2100, supported by technological progress, energy efficiency, and equitable economic growth, including rapid development in poorer countries. Energy demand remains at 50% of today's levels, driven by a shift to renewables and biomass, with minimal reliance on coal and oil. Emissions peak between 2040-2060, even without climate policies, and decline to 22-48 giga tonnes of CO_2 by 2100, leading to 3-3.5°C warming. SSP1 assumes improved management of global commons, low population growth due to advancements in education, and income convergence. When paired with RCP2.6, which limits warming to 1.5°C, the scenario highlights the importance of global cooperation and effective climate policies, although uncertainties remain around ocean-atmosphere processes and non-CO_2 GHG impacts, the dynamics of which can be lacking in some climate model projections.

Nature

The Low-Emissions Scenario (SSP1-2.6) envisions a world with ambitious carbon reduction efforts, including extensive ecosystem restoration and protection, covering nearly half of Earth's land by 2050 (based on the SSP1-2.6 low emissions scenario). It leads to a tripling of protected areas, particularly in Sub-Saharan Africa and Latin America, preserving biodiversity, water regulation, and carbon storage. This protection will also limit agricultural expansion, requiring 9% higher yields by 2050. Additional carbon storage of 83 gigatons will be achieved, and biodiversity loss will decrease by a third. The shift to more efficient technologies, like electric heat pumps and increased nuclear energy, along with investments in circular economies, will reduce resource consumption and environmental impacts. Policies linking carbon and nature goals, such as carbon taxes and nature-positive product labelling, will drive change, while a stable economy supports long-term investments in nature-positive initiatives. This scenario will help assess physical nature risks over the short-, medium-, and long-term.

HIGH EMISSION SCENARIO (SSP5-8.5)

Climate

The SSP5-8.5 scenario envisions a world of rapid economic growth and technological progress, driven by an energyintensive, fossil fuel-based economy. Population peaks at 8.5 billion in 2050 and declines to 7.38 billion by 2100, while Energy demand triples to 1,500 EJ per year, dominated by fossil fuels, with coal, oil, and gas use remaining high and renewables contributing only 186 EJ by 2100. Emissions peak at 130.4 GtCO2 annually by 2100, resulting in a global temperature rise of 4-5°C. Unlike SSP1, this scenario assumes no significant climate mitigation, reflecting a "business-as-usual" trajectory under RCP8.5. Economic development is tied to resource-intensive lifestyles, abundant fossil fuel exploitation, and minimal climate policy intervention. Despite assumptions of global cooperation, the lack of mitigation policies and uncertainties in ocean-atmospheric processes and non-CO2 GHG impacts increase the risks associated with this pathway.

Nature

In the High-Emissions Scenario (SSP5-8.5) environmental assets deteriorate rapidly due to a global prioritization of short-term economic growth over long-term sustainability. Fragmented and slow political and financial systems fail to implement broad actions against degradation. Organizations focus on mitigating immediate disruptions, externalizing costs and compounding overexploitation. Under the SSP5-8.5 high-emissions pathway, no significant efforts to protect or restore natural assets are made by 2050. Rapid economic expansion drives widespread land degradation, with 16 million km² expected to degrade, particularly in Sub-Saharan Africa, as agricultural expansion meets a 45% rise in food demand, reducing natural areas by 3 million km², especially in Sub-Saharan Africa and Latin America. CO_2 emissions from land-use changes and soil degradation will rise by 69 gigatons, while worsening soil quality and drought risks reduce crop yields. Weak nature protection policies and inefficient resource use leave ecosystems vulnerable, widening inequalities between developed and developing economies in managing resources. Unequal distribution of benefits from environmental assets amplifies global inequities. Short-term exploitation incentives dominate, hindering sustainable management, while carbon reduction efforts remain disconnected from nature-based solutions, escalating long-term risks. This scenario highlights high economic vulnerability from weak nature policies and environmental degradation, emphasizing the costs of ignoring the interconnectedness long-term.

TRANSITION RISK

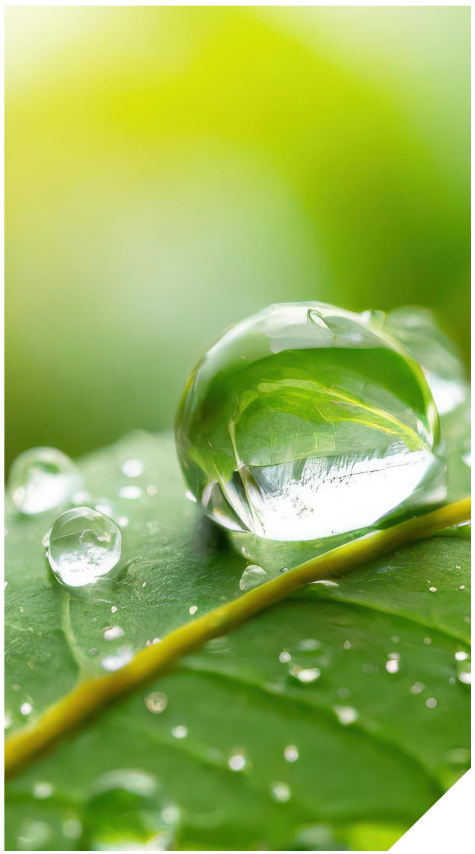
Climate

The IEA Net Zero Emissions (NZE) scenario incorporates global policies aimed at achieving a net-zero economy, including the European Union's Fit for 55 bill and other sector-specific decarbonization measures for power, industry, buildings, and transport. It also factors in regional policies, such as carbon markets and standards in large regions or states, which significantly influence global energy systems. Economic activity and population growth are key drivers of energy demand, with energy prices based on international fossil fuel prices and regional subsidies/taxes. The population is projected to grow from 8 billion in 2022 to 9.7 billion by 2050, with slower growth according to the UN's medium variant. Global economic growth is projected at an average of 2.6% per year to 2050, influenced by regional investment dynamics, employment rates, and trade changes

Nature

For transition risks, we use a scenario based on the targets of the Global Biodiversity Framework for 2030 and 2050, similar to how the IEA NZE scenario supports the goal of limiting global warming to 1.5°C, in line with the Paris Agreement. Just as the IEA NZE provides a clear path for climate goals, the Global Biodiversity Framework aims to halt and reverse biodiversity loss, offering a structure for sustainable nature-related actions aligned with climate goals. Progress in carbon reduction and climate policies is accelerating the development of a policy and macro-prudential framework aimed at achieving nature-positive outcomes. Despite this momentum, the tangible losses from nature degradation remain relatively low. This presents opportunities for organizations to take leadership roles in advancing nature-focused initiatives. However, growing scepticism surrounds potential overreach in this area, driven by the lack of concrete evidence on impact and risk, as well as limited visible opportunities tied to carbon-neutral growth. In developed economies, consumers are calling for greater transparency regarding the environmental impact of products, mirroring their existing demand for clarity on carbon footprints. Responding to this trend, major retailers are beginning to display both carbon and nature scores on their products, promoting informed and sustainable consumer choices.

RISK AND IMPACT MANAGEMENT



PROCESS FOR IDENTIFYING, ASSESSING, AND PRIORITISING CLIMATE- AND NATURE-RELATED RISKS

A sound risk culture in Borregaard's operating units is a prerequisite for a successful risk management process. Comprehensive risk assessments related to both operations and projects are conducted on an ongoing basis in all operating units and reported to the next management level.

Borregaard follows the ISO 31000:2009 Risk management principles and guidelines as the definition of risk terminologies. Borregaard further uses ISO 31000 as a risk management model to identify, assess, and manage risk, including climate-related risk. The process defines the financial or strategic impact of climate- and nature-related risks.

The 2024 NIVA report also informs this process, particularly regarding the assessment of risks tied to the ecological status of local ecosystems. For example, the report underpins efforts to manage COD (chemical oxygen demand) emissions, which are directly linked to ecological health. Borregaard uses data-driven methods to identify and assess risks by setting clear targets, such as achieving good ecological status by 2033. Current assumptions, like maintaining COD emissions below 40 tons per day after 2030, are informed by thorough analysis. However, recognizing the dynamic nature of ecosystems, Borregaard continuously prioritises risks by monitoring environmental conditions. If measurements indicate insufficient progress, additional measures are implemented to address the risks effectively. As defined by Borregaard, risks with substantial financial impact are risks with low, medium, or high negative effect on the Group's EBITDA in short-, medium-, and long-time horizon.

The double materiality assessment was conducted in accordance with the ESRS and EFRAG IG 1, and informed by the TNFD framework to ensure a structured assessment of nature-related impacts, risks and dependencies. This evaluation ensures that Borregaard's impact on the environment and people, as well as the outside world's impact on our financial performance, are thoroughly considered with a focus on material topics within environment, social and governance, particularly those related to nature and biodiversity. The results from the materiality assessment conducted under TNFD are integrated and utilised further in Borregaard's Annual Report. A scenario analysis was conducted to help identify and inform management on climate-related risks and opportunities over the short-, medium- and long-term. Input on nature-related risks comes from using risk maps, stakeholder dialogue, environmental risk assessment of our operations (ISO 14001) and regulatory compliance. We conducted a comprehensive risk assessment by examining various risk maps, including WWF Biodiversity and Water risk filter, as well as resources from Integrated Biodiversity Assessment Tool, Norwegian Institute of Bioeconomy Research (NIBIO) and Swedish Environmental Protection Agency. These maps offered valuable insights into potential environmental and biodiversity threats.

Borregaard identifies and assesses asset-level climate- and nature-related risks and opportunities within the framework of our unified process for risk and opportunity management. Sources of risk, areas of impacts, events, and potential financial or strategic consequences are identified, and mitigation activities are implemented accordingly. The risk identification process begins with the initiation phase, where the acceptance criteria associated with the risk are set to ensure the correct probability and consequence scales for the business. The sequence is then to assess, analyse, plan for initiatives, implement the initiatives and review them. There is a set of predefined criteria for how risks are assessed using a risk register scale. The probability and the consequence of the risk are rated as "Low", "Medium" or "High" and are visualised in a matrix. Once a risk has been assessed and defined as high, and thereby prioritised, initiatives to mitigate it are implemented. The identified risks present an aggregated risk

picture for Borregaard covering the entire Group's operations. The owner of the risk factors implements relevant mitigation strategies and activities and consults the Group Executive Management in the process.

PROCESS FOR MANAGING CLIMATE- AND NATURE-RELATED RISKS AND OPPORTUNITIES

Managing climate- and nature-related risks and opportunities is integrated multidisciplinary parts of Borregaard's business processes and are assessed more than once a year. Risk management shall ensure that risks relevant to Borregaard's objectives are identified, analysed, and dealt with early and in a cost-effective manner. The risk assessment is presented and reviewed quarterly by the Audit and Sustainability Committee (ASC) and at least annually by the Board. An operating unit's risk assessment identifies the principal risk factors associated with the unit's value chain. The individual unit managers in the Group are responsible for familiarising themselves with all significant risk factors within their area of responsibility, thereby contributing to a financially and administratively sound handling of these risks. Borregaard has established a central risk management function at the Group level, headed by the Chief Risk Officer (CRO), who is responsible for Borregaard's risk management model and implementation support.

Borregaard applies a consistent approach to evaluating nature-related risks and opportunities alongside other types of risks. Through Borregaard's double materiality assessment, nature-related risks are assessed using the same framework as other risks, ensuring comparability and integration into broader decision-making processes. Environmental factors are evaluated to determine their potential impact, while financial implications are used to quantify the risk factor. This enables Borregaard to prioritise nature-related risks and opportunities on an equal footing with other risk categories, ensuring that responses and management decisions are aligned with their overall risk profile and strategic objectives. Within the risk framework, the sequence is to initiate, assess, analyse, plan for initiatives, implement and review. To identify opportunities, Borregaard's R&D department works in close co-operation with sales, manufacturing, customers (actual and potential), external institutes, and universities in several countries. This co-operation has resulted in innovative developments of low emissions products and solutions.

Environmental factors are integrated into the sourcing decisions and the assessment of suppliers. New suppliers must sign the Supplier Code of Conduct (SCoC) and are subject to a risk assessment with respect to responsible sourcing. The existing supplier portfolio is assessed annually. A decision tree is in place to guide the implementation of actions based on the results of these assessments.

Sustainable forestry is crucial to Borregaard's strategy for sourcing raw materials as well as responding to nature-related dependencies, impacts, risks and opportunities. The long-term availability of certified raw material is essential,and a cross-functional initiative has been established to identify and assess measures to secure it. Further, our involvement with multipartnership or stakeholder initiatives is key to achieve our goal of 100% certified wood. To concretise Borregaard's risk management strategy, we are an active member of PEFC and FSC through our membership in the Norwegian Pulp and Paper Association (TFB), where we have two board members, including the vice chair. Since 2019, a National Risk Assessment (NRA) of Norway has been established by the FSC Working group to assess the impact on activity on the status of ecosystem and habitats.

The following stakeholders are board members in FSC Norway, former Foreningen Skogen:

- Social chamber: Protect Sapmi, and Norsk Friluftsliv
- Economic Chamber: Norges skogeierforbund, Treindustrien, and TFB
- Environmental Chamber: Sabima and WWF.

An example of action taken in 2024, is mutual financial agreements with our wood suppliers to preserve the forest ecosystem by participating in the mapping of Capercaillie lek sites and the development of soil moisture maps to reduce track damage during harvesting. The financial agreement is designed to support sustainability measures aimed at securing natural resources, maintaining biological diversity, and other sustainability initiatives. As a part of the financial agreement, the forest owners are also required to provide insight into their sustainability efforts, focusing on elements that are relevant to share.

METRICS AND TARGETS

Climate and nature play a significant role in Borregaard's sustainability strategy and management of risks and opportunities. To fully integrate a climate- and nature-based approach into our strategy, we report transparently and in accordance with relevant metrics for our operations. Furthermore, the disclosure metrics below, selected to comply with the requirements of the CSRD and the European Sustainability Reporting Standards (ESRS), and informed by the TNFD framework, demonstrate our initial efforts to collect relevant data in order to identify risks and opportunities in a quantitative manner. In our business, which is reliant on wood raw material, aligning with TNFD and IFRS S2 metrics is an ongoing effort. Our data collection and analysis processes are adapting to the recommended disclosures. At this stage, metrics are primarily qualitative in nature. However, Borregaard is transitioning towards the definition of quantitative metrics and targets where appropriate. Over the coming twelve to twenty-four months, future disclosures are expected to reflect increased data maturity and a more comprehensive and consistent approach to metrics and targets for climate and nature-related risks.

IMPACTS AND DEPENDENCIES METRICS AND TARGETS

The following tables with metrics are used to quantify Borregaard's impacts and dependencies on climate and the state of nature, using the recommended metrics from the IFRS S2 and the TNFD framework.

The first metric table shows the drivers of nature change, most of the metrics are also reported in the Annual Report 2025, in the ESRS E1, E2 and E4 chapters.

The next metric table is the climate risk and opportunities metrics. This table is the same as ESRS E1-9 in the Annual Report, except that non-material physical risk are included, which can be material in long term perspective exceeding 2030. Likewise climate opportunities from carbon pricing and incentives are included.

The last metric table is the response metrics and targets towards 2030, this are identical with the 2030 metrics in the Annual Report.

DRIVER OF NATURE CHANGE		OUR METRIC	STATE IN 2024	STATE IN 2025	EXPLANATION/ UNIT	STATUS
Climate change						
IFRS S2	GHG emissions	Scope 1	120,312	105,935	t CO_2e	
		Scope 2	62,468	61,539	t CO_2e	(Location based)
		Scope 3	694,863	624,618	t CO_2e	
Land use change						
TNFD	Total spatial footprint	Sum of area controlled (m^2)	1,534,387	1,534,387	m^2	Total area of each production site Borregaard has. The sites are not located near or in any biodiversity sensitive areas.
C1.0		Sarpsborg	1,500,000	1,500,000	m^2	
		Karlsruhe	20,000	20,000	m^2	
		Paskov	~200	~200	m^2	
		Wisconsin	12,525	12,525	m^2	
		Florida	1,662	1,662	m^2	
C1.1	Ecosystem use change by type of ecosystem and business	Type of ecosystem: Forest Business activity: Sourcing wood				
	Ecosystem that is used sustainably managed by type of ecosystem	Forests				

DRIVER OF NATURE CHANGE		OUR METRIC	STATE IN 2024	STATE IN 2025	EXPLANATION/ UNIT	STATUS
Pollution						
C2.0	Pollutants released to soil split by type					Not included as pollution to soil is not deemed material for Borregaard.
C2.1	Wastewater discharge	Volume of water discharged (total)	54,049	54,487	Megalitres	
		Amounts of key pollutants				
		COD	53	47	tonnes/24 hours	Main water challenge: Emission of organic matter in Norway's River Glomma. COD measures organic content. Emission monitoring essential for water quality. The permit for COD in the effluent is 59 tonnes per 24-hour period (on average over the year) to comply with BAT levels for emissions to water.
		BOF	11	9	tonnes/24 hours	
		Copper	0.01	0.01	tonnes/24 hours	
		AOX	0.25	0.18	tonnes/24 hours	
		Phosphor	0.02	0.03	tonnes/24 hours	
		Hg	0.94	1.11	kg/year	
		Nitrogen	0.31	0.31	tonnes/24 hours	
		Fibres (suspended solids)	5.21	5.05	tonnes/24 hours	
C2.2	Waste generation	Hazardous	5,041	4,097	tonnes/year	
		Non hazardous	34,773	36,371	tonnes/year	
	Disposal	Recycling / Recovery	18,967	17,237	tonnes/year	
		Directed to disposal / landfilling	20,847	23,231	tonnes/year	
C2.3	Plastic pollution	Total weight of plastics	1,300	1,300	tonnes/year	
C2.4	Non GHG air pollutants	Particulate matter ($PM_{2.5}$ and/or PM_{10})	55	66	tonnes/year	
		Nitrogen oxides (NO_2, NO and NO_3)	111	102	tonnes NOX/year	
		Sulphur oxides (SO_2 , SO, SO_3 , SOX)	57	57	tonnes SO_2/year	

DRIVER OF NATURE CHANGE		OUR METRIC	STATE IN 2024	STATE IN 2025	EXPLANATION/ UNIT	STATUS
Resource use						
C3.0	Water withdrawal and consumption	Water withdrawal	54,359	54,753	megalitres	
		Water consumption	310	306	megalitres	
		Water discharge	54,049	54,487	megalitre	
C3.1	Proportion of total natural commodities	Amount of wood raw materials	1 mill	1 mill	fm³	Used in Borregaard Biorefinery, Norway
		Limestone (CaCO3)	20,169	22,459	tonnes	From Visnes Kalk, Norway
		Sulphur, as produced SO_2	35,244	34,947	tonnes	From Preem Petroleum Lysekil, Sweden
		Sodium chloride (NaCl)	72,074	68,966	tonnes	From Frisia Zout BV Harlingen, Netherlands
	Sourced under a sustainable management plan	Proportion of total high risk natural commodities	95	98	%	

CLIMATE RISKS AND OPPORTUNITIES METRICS

TYPE	MATERIAL FINANCIAL RISKS AND OPPORTUNITIES	CURRENT EXPOSURE, PRICE LEVEL AND COST	FUTURE (2030) EXPOSURE
Climate regulatory transition risk	Risk. Current and emerging carbon pricing mechanism, other climate-related regulatory issues such as EU RED III. Investment costs related to transition plan.	• EU ETS: 90,718 tCO_2 in 2025.The EU Emissions Trading System is governed by the European Commission under Directive 2003/87/EC and requires companies covered by the EU ETS to hold allowances for every tonne of CO_2 they emit. • Emission rights owned (beginning of 2025): 647,269 • Scope 1 and 2 emissions: 167,473 tCO_2e • CO_2 Tax for waste incineration: 42,385 tCO_2. Set by the government and administered by the Ministry of Finance, the Norwegian CO_2 Tax Act obliges waste-incineration plants to pay a tax on the fossil CO_2 emitted from each tonne of waste incinerated.	• EU ETS: Remaining exposure in 2030 20,000 t CO_2/year, future EUA price and no free allowances (unlike today). Expect free allowances to cover CO_2 emissions to 2030. Plan to reduce CO_2 emissions will reduce future need for emission rights. • CBAM: Main raw materials sourced within EU. Borregaard's products produced outside of EU is not included in the first phase of CBAM.
Energy price and power supply transition risk	Risk. Increased energy prices, long-term power supply contracts. Potential requirements for Guarantees of Origin, Power Purchase Agreements (PPAs), and grid capacity may pose future risks.	• Total energy 1,847 GWh, energy from fossil-based sources is 587 GWh (from LNG, light oil and waste), whereas 1,260 GWh is from renewable sources (power supply, biofuel and biogas) of which 793 GWh is from electricity. • Long-term power supply contracts. • Energy is 8% of total cost in 2025, NOK 472 million • CO_2 compensation 2025 NOK 125,6 million, see Note 34	• Main factors that impact energy cost in 2030: • Long-term power supply contracts • Risk of insufficient grid capacity, 35 MW increase necessary. • Uncertain future framework for CO_2 compensation for power consumption
Transition plan investment and implementation risk	Risk. Capital investments aimed at reducing energy consumption and improving efficiency through grid optimisation. investment cost related to transition plan	• Investments under Borregaard's transition plan are estimated to a total of approximately NOK 1,000 million through 2030. Of this, about 85% relates to ongoing and completed projects. For 2026–2028, investments according to the transition plan will be in the range NOK 350 to 450 million.	• Risk of delay in investments due to unclear frame conditions, grid capacity.
Scope 3 transition and physical disruption risk	Risk. Potential increase in transportation (cat.4 and cat.9) and raw material cost (cat.1) to meet Scope 3 emission reduction targets in 2030 (Science Based Target), including changes in routes due to physical climate incidents.	• Supply chain/Operations: Challenging river conditions (Rhine and Glomma) • Scope 3 GHG emissions: 624,618 tCO_2 for 2025.	• Physical climate risk: • More challenging river conditions (Glomma and Rhine) can increase supply chain cost. Increased risk of hurricanes and possible downtime cost for the operations. • Scope 3: • Transportation cost (volume) to reduce Scope 3 high, or solutions not available. • Increased transportation cost related to EU ETS.

TYPE	MATERIAL FINANCIAL RISKS AND OPPORTUNITIES	CURRENT EXPOSURE, PRICE LEVEL AND COST	FUTURE (2030) EXPOSURE
Physical acute climate risk	• Supply chain/Operations - Challenging river conditions (Rhine and Glomma). • Operations: Hurricanes in Florida. • Operations: Investigation and measures to reduce risk related to ground conditions due to heavy precipitation, risk of landslide. • Remediation of contaminated soil.	• Costs related to supply chain alternatives not considered to be material. • NAT/CAT Insurance in place. • Accrual related to remediation of contaminated soil of NOK 30 million in period 2023- 2025.	• More challenging river conditions (Glomma and Rhine) can increase supply chain cost. Increased risk of hurricanes and possible downtime cost for the operations. • Increased precipitation may impact ground conditions (may lead to higher expenditure related to buildings and infrastructure). • Changes in weather conditions may impact growth rate, forest health and harvesting conditions may increase the wood cost. • NAT/CAT cost is expected to increase. • Future costs for environmental remediation depends on a number of uncertain factors, such as changes in regulations or approval from authorities for the extent of actions. Monitoring of contaminated areas will continue to confirm that implemented measures are sufficient, and if not sufficient, additional costs will incur.
Physical chronic climate risk	Current exposure low, the risk is not likely to have consequence before 2030.	• N/A	• Sea level rise in Florida could have an effect after 2030, but relevant climate scenarios was considered when the plant was build.

TYPE	MATERIAL FINANCIAL RISKS AND OPPORTUNITIES	CURRENT EXPOSURE, PRICE LEVEL AND COST	FUTURE (2030) EXPOSURE
Operational resilience	Opportunity. Renewable energy/flexibility in variable load. Flexibility in sourcing of raw materials, resilient business model.	• Total energy 1,847 GWh, 1,260 GWh from renewable sources. CO_2 emissions from energy is the major emissions source. Technology is available to invest in more renewable energy solutions to achieve our science-based emission targets. • Flexibility for variable load (LNG, electricity and light oil). • Average electricity spot price (Oslo region) at 684 NOK/MWh in 2025.	• Investments under Borregaard's transition plan of NOK 350-450 million in 2026–2028 will reduce exposure to CO_2 emission cost and increase energy flexibility. • Maintained flexibility for variable load in strained periods for renewable energy, results in reduced energy cost. Heat recovery solutions reduces demand for new renewable energy capacity.
Market resilience	Opportunity. Resilience, 800 different products in numerous applications reduces exposure to cyclical markets. Markets that will grow or decline due to climate change are identified, supported by regulatory changes. Business opportunities from Borregaard's products.	• About 50% (NOK 3.8 billion) of Borregaard's sales revenues in 2025 came from bio-based products with lower climate/environmental footprint compared with fossil-based products. 800 different products in numerous applications, reduced exposure to cyclical markets. • Markets that will grow or decline due to climate changes are identified. • Average sales price in 2025: • BioSolutions products NOK 12,027 per mtds. • BioMaterials products NOK 17,678 per mt	• Increased value of bio-based products. Changes in EU chemical and environmental regulations may favour Borregaard's products. • Upgrading the product portfolios in both BioSolutions and Speciality Cellulose. • Innovation portfolio and sustainability offering new opportunities. • Maintained/increased flexibility in sourcing, especially within energy and basic chemicals. • Increased value creation pr tonnes of CO_2.
Capital markets	Opportunity. Capital markets: Positive effect from funding of investment and innovations. Green bonds, effect from taxonomy. Investors.	• 86% of long-term financing (including Revolving Credit Facilities) at the end of 2025 had a sustainability linked margin or were issued in accordance with Borregaard's Green Financing Framework ("green financing"). • There were indications that the margin on the green bond issued in 2023 got a slight discount compared to a traditional bond issue. However, it is difficult to quantify the exact effect	• 100% "green financing" ambition in 2030. Expect the margin discount on "green financing" to increase towards 2030, which will mean lower interest expenses.
Value creation through internal carbon pricing	Opportunity. Internal carbon pricing supports investment and energy decisions by applying a consistent price per tonne of GHG emissions, strengthening transition planning and capital efficiency	• Borregaard continuously assess the annual prognosis as shown by the price curve in relation to our transition plan and net-zero by 2050. For current and shortterm analyses, we utilise both the carbon price curve from the Norwegian Ministry of Finance and data derived from ICE on futures (ICE owns exchanges for financial and commodity markets).	• The price curve shows the following price until 2050: 1010 NOK /tonnes (2030), • 1720 NOK/tonnes (2040), 1960 NOK/tonnes (2050).
Climate-linked incentives	Executive remuneration linked to climate and ESG performance incentivises delivery on sustainability targets and supports long-term value creation.	• Short-term incentive plan: CPO is member of the Group Executive Management and part of the company's bonus scheme with a max gain of 50% of annual salary. The bonus criteria are based on financial performance, health and safety performance (max 7.5%) and personal goals with mandatory targets within sustainability/ESG (0-10%). • Long-term incentive plan: CPO is entitled to an option programme which gives a certain number of options with a 3–5-year investing period. Max gain is 100% of annual salary. The number of options awarded is dependent on a set of criteria met; financial, innovation and sustainability/ESG. The sustainability criteria are linked to performance; "Results among the top 10% in at least two recognised third-party assessments" (e.g CDP and EcoVadis) 15% of the max number of options awarded are dependent on these criteria met.	

RESPONSE METRICS AND TARGETS

METRIC	BASE YEAR	TARGET YEAR	TARGET STATUS
CLIMATE			
Near-term emissions (Scope 1+ 2)	2020	2030	Target reduction from base year: 42% Result (2025): 15% reduction
Near-term emissions (Scope 3)	2020	2030	Target reduction from base year: 25% Result (2025): 14% reduction
Long-term net zero (SBTi)	2020	2050	Target reduction from base year: 90% Result, scope 1 and scope 2 (2025): 15% reduction
NATURE			
Purchased wood to the biorefinery in Sarpsborg shall be certified (FSC or PEFC).	2024	2030	Target % certified wood: 100% Result (2025): 98%
Reduce COD emissions to Glomma	2018	2030	Target: Emissions of COD reduced to 40 tonnes COD/day in 2030 Result (2025): 47 tonnes COD/day We have reduced the emission of COD with 52% since 2010, the plan targets COD reduction to 46 t/day by 2026 and 40 t/day by 2030 which will give a positive impact on SDG 12.4.
Production, consumption, and sourcing of raw materials that is traceable (%)	2020	2030	Target: 100% of our raw materials is traceable to the source
We have a long-term target to reach a chain of custody certification for all our mills outside Norway			Target: 100% of all mills have Chain of Custody certification
Total area set off for voluntary protection in sourcing area (ha)	To meet our commitment for "Restoration and compensation for historical deforestation and/or conversion," our 2021 Supplier Development Action plans mandated a mutually agreed Key Performance Indicator (KPI) for voluntary protection in Viken County for all strategic wood suppliers in Norway. Certified suppliers must compensate for past deforestation.		In total, the conservation decision encompasses 71.8 km^2 of new protected areas. Of this, 42.9 km^2 is productive forest. After the conservation decision, just over 5.2% of the forest in Norway is protected. Just over 3.9% of the productive forest in Norway is protected.

Our ambition is to set a Science Based Target for Nature (SBTN). Because of Borregaard's nature-dependency on wood and forest-related issues will be considered throughout the lifespan of the company

FORWARD LOOKING – CLIMATE AND NATURE

CLIMATE

Looking ahead, climate considerations will continue to be a central element of Borregaard's strategic planning and risk management. The company's transition pathway is anchored in science-based targets aligned with the Paris Agreement and supported by a clearly defined investment plan towards 2030 and beyond. Ongoing electrification, increased use of renewable energy and long-term power purchase agreements are expected to further reduce dependence on fossil fuels and strengthen resilience to future carbon pricing and regulatory changes.

Over the coming years, Borregaard will continue to enhance data quality and coverage, particularly for Scope 3 emissions, through closer engagement with suppliers and customers. Scenario analysis based on both low- and high-emission pathways will remain an important tool to test the robustness of the business model under different transition and physical risk outcomes. While transition risks related to regulation and investment requirements are expected to increase, Borregaard sees growing opportunities in rising demand for bio-based, low-carbon products and access to sustainable financing as climate policies accelerate.

In 2026 market expansion efforts will focus on low carbon technologies, leveraging successful product launches and identifying new opportunities, particularly in sustainable chemicals regulated by the EU. Strategic priorities include specialisation through innovation, enhancing value creation from the biorefinery, and exploring new raw materials and products. Initiatives encompass lignin-based biopolymers, cellulose fibrils, and speciality cellulose, aiming for growth, improved sustainability, and market diversification.

NATURE

Borregaard's future approach to nature-related risks and opportunities focuses on reducing negative impacts while strengthening the resilience of key natural resources on which the business depends, in particular water, and wood-based raw materials. Continued reductions in emissions to air and water at the Sarpsborg biorefinery, combined with long-term action plans for COD and other priority parameters, are expected to support compliance with evolving environmental standards and contribute to improved ecological conditions in the River Glomma.

By comprehensively assessing climate- and nature-related risks and opportunities, Borregaard has gained a holistic perspective on future risks and identified the interlinkages between environmental factors. Moving forward, Borregaard intends to expand and refine its scenario analysis on both climate-related and nature-based risks and opportunities, to ensure the resilience of the business model.

In alignment with the European Water Framework Directive and EU Green Deal Initiative, we are committed to reducing effluents to water, aiming for a good ecological status in the River Glomma by 2033. Borregaard's transition plan outlines measures for a gradual reduction of COD, with targets set for 2026 and 2030. This also focuses on water efficiency improvement projects and establishing long-term targets for water withdrawal reduction. In anticipation of the revision of the EU's Industrial Emissions Directive in 2024, Borregaard is prepared to meet regulatory requirements by emphasizing resource optimization and circularity in our operations going forward. The climate transition plan will increase the use of renewable electricity, positively impacting local air quality. Long-term plans are in place to address SO_2 emissions, aligning with anticipated stricter air quality directives from 2030

Borregaard will continue ensuring sustainable forest raw material supply through long-term partnerships and transparent communication of sustainability expectations. Borregaard intends to improve and expand our location assessment activities going forward. Borregaard will actively engage with stakeholders to assess naturerelated risks, particularly focusing on compliance with the Regulation on deforestation-free products (EUDR). The regulation mandates that wood-based products in the EU market must demonstrate origins from non-deforested land or contributing to forest degradation, replacing the EU Timber Regulation.Borregaard has launched a project with the objective of ensuring timely compliance and maintaining the accessibility of our products in the market after the regulation is enforced.

Looking ahead, bio-based products will remain a central pillar of Borregaard's strategy to address climate- and nature-related risks and opportunities while supporting long-term value creation. Operating one of the world's most advanced biorefineries, Borregaard is well positioned to increase the positive environmental contribution of its product portfolio by replacing fossil-based chemicals and materials with renewable, low-carbon alternatives. Demand for such solutions is expected to grow as customers respond to stricter climate, chemical and deforestation-related regulations and seek to reduce their environmental footprint, including Scope 3 emissions.

Borregaard's forward-looking focus is on continued specialisation and innovation within high-value niche applications, where bio-based products such as lignin-based biopolymers, speciality cellulose, biovanillin and advanced bioethanol can deliver both performance and environmental benefits. Ongoing investments in research and development, combined with targeted capacity expansion and improved energy efficiency, are expected to strengthen the sustainability profile of existing products and enable the introduction of new solutions that support circular economy principles and resource efficiency.

Biorefineries represent a crucial pathway toward achieving sustainability goals, yet they are currently not recognized as an economic activity within the EU Taxonomy for advancing the circular economy. Borregaard, alongside CEPI, has submitted a proposal to include biorefineries in future considerations for circular economy contributions. Anticipating that products like speciality cellulose and cellulose fibrils will eventually be covered by the EU Taxonomy, we aim to further expand our eligible economic activities. Commitment to reaching 100% material or energy recovery from all waste fractions by 2030 remains steadfast.

SUMMARY

Borregaard's forward-looking approach to climate and nature is characterised by ambitious science-based targets, significant investments in decarbonisation and pollution reduction, a strong focus on sustainable sourcing and biodiversity, and a robust risk management framework. The company is well-positioned to capture opportunities arising from the global transition to a low-carbon, nature-positive economy, while proactively managing regulatory and physical risks.

APPENDIX A – TNFD INDEX

Chapter	Page number	ESRS DR
GOVERNANCE **Disclose the organization's governance around nature-related dependencies, impacts, risks, and opportunities**		
a) Describe the board's oversight of nature-related dependencies, impacts, risks, and opportunities.	5-6	ESRS 2 GOV-1 :20 ESRS 2 GOV-2: 26 ESRS 2 GOV-5: 34
b) Describe management's role in assessing and managing nature-related dependencies, impacts, risks, and opportunities	6	ESRS 2 GOV-1: 22 ESRS 2 GOV-2: 26
c) Describe the organisations human rights policies and engagement activities and oversight by the board and management, with respect to indigenous peoples, local communities, affected and other stakeholders, in the organisations assessment of, and response to, nature-related dependencies, impacts, risks and opportunities	7	ESRS 2 GOV-4: 30 ESRS 2 SBM-2: 45b ESRS 2 MDR-P: 65e, f ESRS E4-2: 23; 24 ESRS S3-1: 17; AR10
STRATEGY **Disclose the actual and potential impacts of nature-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.**		
Describe the nature-related dependencies, impacts, risks, and opportunities the organization has identified over the short, medium, and long term.	14-17	ESRS 2 SBM-3: 48 ESRS 2 IRO-1: 53c(i) ESRS E4 SBM-3: 16a; AR9
b) Describe the impact/effect of nature-related dependencies, impacts, risks, and opportunities have had on the organization's businesses model, value chain, strategy, and financial planning, as well as any transition plans or analysis in place.	17-26	ESRS 2 SBM-3: 48b; d ESRS E4-3: 28a ESRS E4-2: 23d ESRS E4-6: 42

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c) Describe the resilience of the organization's strategy: to nature-related risks and opportunities, taking into consideration different scenarios.	26-27	ESRS 2 SBM-3: 48f ESRS MDR-A: 69 ESRS E4-1: 13; 18S ESRS E4-6: 44a; b
d) Disclose the locations where there are assets and/or activities in the organisation's direct operations, and where possible, upstream, and downstream value chain(s) that meet criteria for priority locations.	9-12	ESRS E4 SBM-3: 16 ESRS E4 IRO-1: 17; 19 ESRS E2 IRO-1: 11; AR5
RISK AND IMPACT MANAGEMENT **Disclose how the organization identifies, assesses, and manages nature-related dependencies, impacts, risks, and opportunities.**		
a) Describe the organization's processes for identifying and assessing nature-related dependencies, impacts, risks, and opportunities in i) its direct operations and ii) its upstream and downstream value chain(s).	29-30	ESRS 2 SBM-1 ESRS 2 IRO-1: 53 ESRS E4 IRO-1: 17a; b; AR 9b ESRS E4-5: AR27
b) Describe the organization's processes for managing nature-related dependencies, impacts, risks, and opportunities.	30	ESRS 2 IRO-1: 53 ESRS E4-2: 20
c) Describe how processes for identifying, assessing, prioritizing, and monitoring nature-related risks are integrated into the organization's overall risk management	29-30	ESRS 2 IRO-1: 53
METRICS AND TARGETS **Disclose the metrics and targets used to assess and manage relevant nature-related dependencies, impacts, risks, and opportunities where such information is material.**		
a) Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	35-38	ESRS E4-6 ESRS E2 MDR-M: 77
b) Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	31-35	ESRS E4-5
c) Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and performance against targets.	38	ESRS 2 MDR-T:79 ESRS E2-3

APPENDIX B – IFRS S2 INDEX

Chapter	Page number	ESRS DR
GOVERNANCE **Disclose information on governance controls, processes, and procedures an entity uses to monitor, manage, and oversee climate-related risks and opportunities.**		
Information on governance body or individual responsible for oversight of climate risks and opportunities	5-6	ESRS 2 GOV 1: 22(a, b, d); 23 ESRS 2 GOV 2: 26(a, b)
Management's role in the governance processes, controls and procedures used to monitor, manage, and oversee climate risks and opportunities Management's role in the governance processes, controls and procedures used to monitor, manage, and oversee climate risks and opportunities	6	ESRS 2 GOV 1: 22(ci, cii)
STRATEGY **Disclose the entity's strategy for managing climate risks and opportunities.**		
Climate-related risks and opportunities	9-12	ESRS E2 SBM-3: 48(a, e)
Business model and value chain	17	ESRS E2 SBM-3: 48(a, b)
Strategy and decision-making	21-22	ESRS E2 SBM-3: 48(a, e) ESRS E2 MDR-A: 68(a-e); 69(a-c) ESRS E1 SBM-3: AR8(b) ESRS E1-1: 14; 16(a-j); AR2-5 ESRS E1-3: 26-28 ESRS E1-4: 30, AR31
Financial position, financial performance and cash flows	19-21	ESRS 2 SBM-3: 48(d, e) ESRS E1-9: AR70(a); AR73(a); AR74(a)
Climate resilience	22-27	ESRS E1 SBM-3: 19; AR6; AR7(b); AR8(a, b) ESRS E1 IRO-1: 20(ci), 21; AR11(d); AR12(c); AR13(b, c, d); AR15 ESRS E1-3: AR19(a, b)

Chapter	Page number	ESRS DR
RISK MANAGEMENT **Disclose how the organization identifies, assesses, and manages climate-related risks and opportunities**		
The processes and related policies the entity uses to identify, assess, prioritise, and monitor climate-related risks	29	ESRS E1 IRO-1: 20; 21 ESRS E1-2: 22; 23; 24 ESRS E1-6: 53(cii, ciii, e, g, h) ESRS E1-9: 65(a)
The processes the entity uses to identify, assess, prioritise, and monitor climate-related opportunities	30	ESRS 2 IRO-1: 53(c) ESRS E1 SBM-3: 19(b, c) ESRS E1 IRO-1: 20(c) ESRS E1-2: 24 ESRS E1-9: 65(a)
Integration of processes in the entity's overall risk management process.	29-30	ESRS 2 IRO-1: 53(e, f)
METRICS AND TARGETS **Disclose the entity's performance in relation to climate risks and opportunities, including progress towards any set climate targets and any targets it is required to meet by law or regulation**		
Metrics	31-38	ESRS 2 GOV-3: 29(c) ESRS 2 MDR-M: 77(a, b); 80(i) ESRS E1 GOV-3: 13 ESRS E1-1: 16(c, e, f); AR4 ESRS E1-6: 44(a, b, c); 49; 50; AR39(a, b); AR42; AR45(c, d); AR46(b, c, f, i); AR47(g) ESRS E1-8: 62, 63(a, c) ESRS E1-9: 64(c); 66(a, d); 67(a-e); AR78
Targets	38	ESRS 2 MDR-T: 79, 80 ESRS E1-4: 30; 33; 34; AR23; AR24; AR25; ESRS E1-7: 59(a, b); 61; AR57(b); AR62(b, c)