

COMPLIANCE AT BORREGAARD

OPEN COMPLIANCE REPORT

2025



1. INTRODUCTION

Compliance at Borregaard is a continuous effort to establish standards and to ensure awareness of, understanding of and compliance with these standards. Borregaard's internal policies, together with applicable national and international legislation, provide the framework for the company's activities. The combination of robust policies and governing documents, supported by a corporate culture built on strong values, training and follow-up, underpins the company's objectives and ambitions in this area.

Borregaard has established governing documents covering a wide range of relevant topics. These documents are regularly revised and distributed throughout the organisation and are now available on digital platforms accessible across the global organisation. Training initiatives are also implemented within the most relevant areas. Continuous efforts are made to systematise compliance activities through control measures, reporting and improvement initiatives.

As part of its management and quality system, Borregaard holds several certifications and third-party approvals. These are also described in this report.

Compliance activities are likewise based on and dimensioned according to risk assessments, with associated measures following Borregaard's established methodology in this area.

The Board of Directors is involved in the compliance work through ongoing dialogue and annual reporting.

The Board report is internal and confidential. This report is a shorter, open version that presents the main elements relating to organisation and responsibilities, key priorities and measures. The open report is intended to meet the expectations and requirements of various stakeholders and assessment bodies.

2. ORGANISATION AND RESPONSIBILITIES

Compliance – a line responsibility

Compliance is a line responsibility at Borregaard. All managers and employees are responsible for complying with applicable legislation and the company's policies and guidelines.

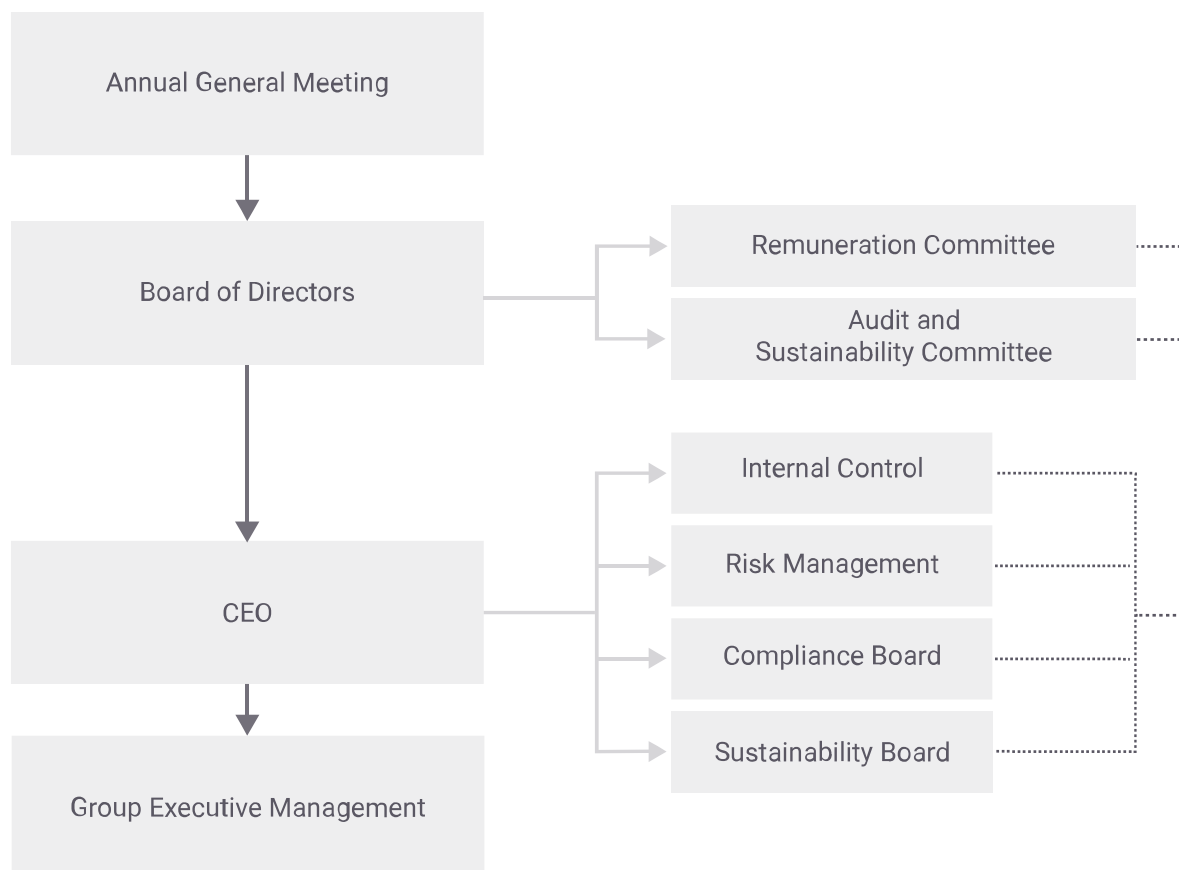
A meeting structure has been established in which the responsible executives (managing directors and board members) of subsidiaries participate (the "Legal Heads Meeting"). A significant part of the agenda relates to the implementation of compliance matters.

Compliance has also been established as a standing agenda item in subsidiary board meetings and in internal steering committees, and presentation templates reflecting this have been developed. A review has also been carried out of formal matters related to the governance of subsidiary boards.

Overall governance structure

Borregaard has several bodies involved in the management and follow-up of the company. The Annual Report contains a dedicated section addressing corporate governance.

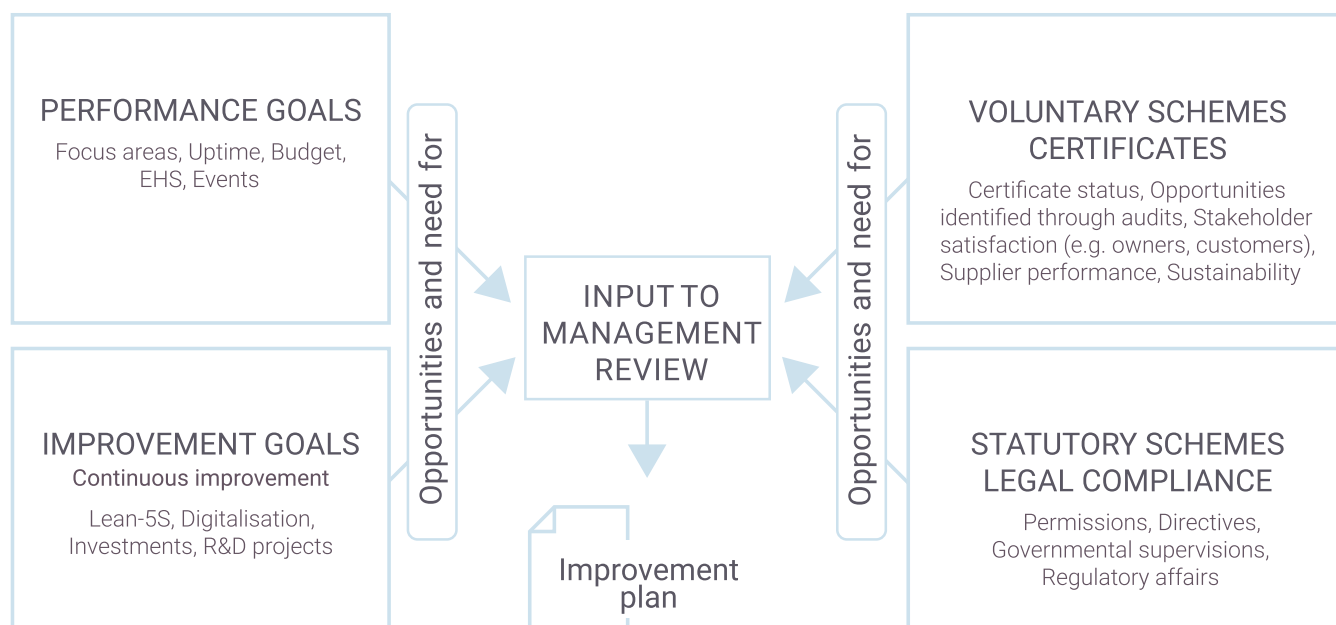
Within the administration, several bodies are involved in matters relating to day-to-day management and the frameworks governing the company's operations.



An integral part of business management

Borregaard seeks to integrate compliance into its ordinary business operations, using established methodologies and forums that are already in place for implementation.

This means that compliance work is risk-based and follows the same structure and methodology as Borregaard's risk identification and risk management processes. Furthermore, the working methods applied in quality assurance and continuous improvement are used, meaning that compliance work follows a continuous cycle of planning, execution, monitoring and corrective or improvement actions.



The group's overarching management review process ensures that both internal conditions and ambitions, as well as external requirements and schemes, provide input to improvement opportunities, which are subsequently reflected in improvement plans. Compliance matters are thus an integrated part of the company's follow-up and improvement activities.

Compliance Board

The Compliance Board is an internal expert body with overall responsibility for contributing to compliance with laws and regulations in line with external and internal requirements and expectations. Through its work, the Compliance Board supports the line organisation through awareness-raising, reporting and contributions to improvements. The work is based on risk assessments.

The Chief Executive Officer appoints the Compliance Board and its chair. The Compliance Board consists of:

- Senior Vice President, Public Affairs and Sustainability (Chair)
- General Counsel
- Head of Internal Audit (VP Finance)
- Chief Risk Officer (CRO)

A separate mandate has been established for the Compliance Board. In 2025, the Compliance Board held six meetings.

Sustainability Board

Sustainability is central to Borregaard's business model, strategy and investments. The topic receives significant attention from key stakeholders, including authorities, investors and financial institutions, employees and an increasing share of value chains that integrate sustainability into their business plans and initiatives.

Borregaard coordinates its sustainability efforts through a dedicated Sustainability Board, which also plays an active role in the company's sustainability reporting in the Annual Report. This reporting is an important source of information for stakeholders that regularly provide assessments and ratings. For both Borregaard and its stakeholders, integration of sustainability across all functions and within the management and governance structure is essential. Certain topics also lie at the interface between compliance and sustainability.

Correspondingly, there are requirements regarding the Board of Directors' role in compliance and sustainability, and these topics are discussed in greater detail in the Board's Audit and Sustainability Committee.

Review of implementation and training

There is increasing internal and external focus on how the company's policies and procedures are implemented and followed up, particularly through training. The Compliance Board has addressed this across several areas, including through dedicated meetings with those responsible for implementing standards and measures in new and important areas. In 2025, the scope of compliance-related training was as follows:

- Non-Disclosure Agreements (NDA), e-learning: 145 participants
- Intellectual Property (IP), e-learning: 563 participants
- Code of Ethics incl. anti-corruption, e-learning: 513 participants
- Competition law: 117 participants
- IP basic training for R&D: 13 participants
- IT training (e-learning), cyber security: 233 participants

Compliance risk profile

An overall compliance risk profile has been developed. The risk profile presents an assessment of the most significant risk factors, the status of related management systems and matters that have been handled. Several cases have been escalated within the organisation as a result of the application of these management systems. Increased training and competence in areas such as corruption, ethics and sanctions regulations are expected to result in more matters requiring assessment going forward.

A trend towards increased complexity is observed, driven by both internal and external factors. Effective compliance systems support sound business decisions by enabling opportunities to be identified and problems detected and avoided at an early stage. Borregaard seeks, as far as possible, to leverage established governance systems and internal expertise with international experience to ensure effective implementation. Where necessary, external specialist expertise is engaged to ensure the quality of decisions.

Identified risk areas

A number of areas have been identified as key drivers of increased complexity in the business:

- Changes in geopolitical conditions, including weakened international cooperation, increased conflict levels, major power rivalry and trade conflicts, as well as interpretation of sanctions regulations. The wars between Russia and Ukraine and in the Middle East, as well as relations between the USA and China, represent significant risk factors.
- Increased enforcement by Norwegian authorities of HSE incidents and non-compliance through administrative fines.
- Information security, increased digitalisation combined with an evolving cyber threat landscape, and the use of artificial intelligence.
- An increasing number of regulatory requirements, particularly from the EU, related to sustainability (Green Deal, Fit for 55, Taxonomy). Several of Borregaard's market segments are subject to significant regulatory oversight. This includes increased requirements and regulations relating to products for food and feed, increased focus on bioethanol for the fuel market, new requirements relating to product content (e.g. microplastics and formaldehyde), lifecycle impacts and recycling, as well as increased requirements for classification and reporting from a financial perspective. The implementation of the EU Deforestation Regulation (EUDR) has become particularly relevant, although its application has been postponed until 30 December 2026. The Corporate Sustainability Reporting Directive (CSRD), which sets requirements for financial and sustainability reporting, entered into force from the 2024 reporting year. The Norwegian Transparency Act entered into force on 1 July 2022. A corresponding EU directive, the Corporate Sustainability Due Diligence Directive, entered into force on 25 July 2024, although national implementation has been postponed. The directive addresses adverse human rights and environmental impacts in the company's own operations and across the value chain.

These developments place increasing demands on competence, capacity and appropriate organisation and coordination of the work.

Risk factors affecting individual business areas are always included in their overall risk assessments. These risk profiles, together with the overall compliance assessment, are regularly reviewed by Group Executive Management.

Whistleblowing

The company's Code of Ethics establishes that employees have both a responsibility and an opportunity to report concerns regarding matters they believe to be in breach of laws or internal guidelines. A whistleblowing notice has been developed in several languages, clearly describing the available reporting options. Procedures have also been established describing how whistleblowing cases are to be handled, including responsibilities, roles and documentation requirements.

Borregaard operates a digital whistleblowing channel. A dedicated group assesses incoming reports and determines who should be involved in their handling. The whistleblowing channel is accessible via the company's website and is available in several languages. Both employees and external parties may submit reports, including anonymously. It also remains possible to report directly to one of the company's external lawyers via the whistleblowing channel.

Two cases received in 2024 were closed in 2025. One new case was received and resolved in 2025.

3. KEY PRIORITIES

Based on an assessment of risk, materiality and relevance, Borregaard has focused its compliance work and follow-up on four main areas:

- Key business-related legislation and the Code of Ethics (see section 3.1)
- Responsible sourcing (see section 3.2)
- Information security, artificial intelligence and privacy (see section 3.3)
- Certifications, management systems and compliance with EU and Norwegian laws and regulations (see section 3.4)

These priority areas do not prevent other matters from being addressed, but the more comprehensive methodology described above is applied particularly within these areas.

3.1 Key business-related legislation and Code of Ethics

By key business-related legislation, Borregaard refers in particular to legislation relating to corruption, competition, international sanctions and human rights, both in the company's own operations and in the supply chain and with other business partners. These areas are considered particularly important due to their ethical significance and because breaches may have severe consequences, including public law sanctions (criminal penalties, fines and administrative penalties), civil law consequences (loss of customers, litigation risk, liability for damages) and loss of reputation and trust.

Plans/documents

Borregaard's Code of Ethics provides overarching guidance in areas requiring awareness and reflection when considering courses of action. Legislation sets requirements and limits in certain areas, while in other areas internal guidelines are necessary.

Where there is a difference between Borregaard's internal guidelines and applicable legislation, the stricter requirement applies.

Within the areas mentioned above, Borregaard has written policies and procedures that have been communicated to relevant employees. To reduce the risk of breaches of international sanctions regulations, the company has established systems to identify high-risk transactions in customer management systems. This includes, for example, a risk-based "know your customer" assessment for all new customers. The responsible account manager must actively confirm that such an assessment has been carried out and that it is documented.

Assessments are based on a commercial approach, meaning that transactions may be carried out if they are economically justifiable within the identified risk profile. The resources required for risk-mitigating measures must be weighed against the commercial opportunities presented by the transaction. In some cases, this may mean that even though a transaction is lawful, it is not carried out because the risk is considered too high or the resources required for

customer due diligence and other mitigating measures are disproportionate. In certain high-risk countries, this may result in no transactions being conducted at all (currently Russia, Belarus, North Korea, Iran and Mali), or only to a very limited extent to fulfil existing contracts with known customers within "safe" application areas such as animal feed and agriculture (Myanmar and Venezuela).

Activities and control measures

Borregaard updated its Code of Ethics in 2023. In 2024, training material linked to the updated guidelines was developed, and a new e-learning programme was initiated in 2025.

Borregaard also operates an anti-corruption training programme combining knowledge of the company's position with dilemma-based training. New employees in relevant positions are required to complete the programme upon employment, and other employees must repeat the training after a defined period.

In 2017, Borregaard conducted a survey targeting managers and other key personnel to assess the risk of corruption within the group. Although Borregaard has significant sales and activities in areas with a relatively high corruption risk, the overall conclusion was that the corruption risk was low. In such areas, the company combines centralised measures with specific local initiatives to ensure awareness of the importance of anti-corruption efforts. Examples include very restrictive use of agents, minimal use of cash transactions, background checks of new distributors and customers, and enhanced training. Corporate culture is further strengthened through discussion, openness and increased awareness and knowledge of corruption risks.

Borregaard is currently updating its corruption risk assessment, which is expected to be completed during the first half of 2026.

From 2023, Borregaard has published annual public statements on its due diligence assessments in accordance with the Norwegian Transparency Act. These statements are available on the company's website, and a dedicated email address has been established for related enquiries.

Competition law is addressed in induction programmes for new employees. Written procedures have been established in subsidiaries with joint owners who are also competitors (currently only Florida). Competition law topics are also included in sales training programmes. Several questions have been raised by employees in Norway and internationally, indicating awareness of these issues. Training in competition law was conducted for relevant employees in 2025 through both physical and digital formats.

Procedures for trade restrictions and sanctions are continuously revised and updated in practice. The system ensures that employees in relevant positions are made aware of the need for careful customer assessments. Based on management's assessment, the system functions as intended. Borregaard has a dedicated resource responsible for systematising and following up matters related to trade restrictions and import and export controls. In 2025, more than 109 cases related to international sanctions were handled through this system (88 in 2024), in addition to enquiries handled directly by the General Counsel. Many of these cases have been resource-intensive due to the complexity of the regulations and the impact of new sanctions on existing contracts, resulting in complex contractual issues.

3.2 Responsible sourcing

Plans/documents

Borregaard has established governing documents to ensure responsible sourcing and quality throughout the supply chain. The Director of Procurement and Strategic Sourcing is responsible for these documents.

Responsible sourcing is anchored in the overarching Procurement Policy and in a dedicated Responsible Sourcing Policy. In addition, a separate procedure provides a detailed description of how supplier approval, including responsible sourcing, is to be carried out. Approval is based on a stepwise, risk-based assessment with associated measures. The documents are available in the Corporate Manual and in the Procurement Portal.

Activities, control measures and initiatives

To achieve a holistic governance and control process in the supply chain, emphasis is placed on prevention through the establishment and clear communication of supplier requirements, control through assessment of received information and risk evaluations, and reporting and follow-up through KPIs, whistleblowing and deviation management. The process is supported by systems that document compliance with applicable legislation and internal guidelines.

Digital tools are used to varying degrees across the group, reflecting differences in scope, complexity and maturity, while also providing a basis for further harmonisation where appropriate. KPI reporting covers sustainability targets, assessment of new suppliers, follow-up of suppliers and compliance in procurement processes, logistics deviations and procurement of timber and chemicals. Risk and compliance, quality, cost, sustainability, safety and responsible sourcing are standing agenda items in Supplier Development Action Plan (SDA) meetings. EcoVadis Ratings are used for supplier approval and follow-up, and EcoVadis IQ is used for risk assessments of the existing supplier base, with a particular focus on high-risk suppliers.

In 2025, a comprehensive review of third-country transport and the European road transport supply chain was conducted. A dedicated EUDR project has been established with cross-functional participation to ensure compliance with EUDR requirements. An official EUDR statement for timber has been prepared, and it has been documented that raw materials are sourced from FSC- and PEFC-certified suppliers.

Global Procurement Days 2025 were conducted as part of Borregaard's One Borregaard initiative, with the aim of strengthening compliance, risk management and transparency across the group's supply chains. A global Champions Team has been established for the Procure-to-Pay (P2P) process in SAP to ensure high-quality master data and standardised, compliant working methods across the organisation.

The Sustainable Procurement Programme 2025 was implemented to strengthen competence in sustainable procurement. The programme aims to build confidence in roles and enable the organisation to carry out sustainable and responsible procurement processes. The Quality Department conducted annual training in food safety and food contact materials for employees in Strategic Sourcing.

Annual maintenance and review of the supplier base were carried out. During the reporting period, the Quality Department conducted seven supplier audits.

3.3 Information security and privacy

The Chief Financial Officer (CFO) has overall responsibility within Group Executive Management for information security and for ensuring that this work is organised and carried out in a secure and effective manner. Operational responsibility for information security rests with the Chief Risk Officer (CRO). This responsibility also includes ensuring that Borregaard operates in compliance with applicable privacy regulations. A dedicated governance structure, including a steering committee, has been established to manage and implement the management system.

The objective of the information security work is to ensure sound information management in business processes by safeguarding confidentiality (preventing unauthorised access), integrity (information quality) and availability (continuity), while ensuring compliance with applicable regulatory requirements.

Plans/documents

Borregaard recognises that its operations may be exposed to various information security threats. Information security risk management is therefore based on an up-to-date understanding of the company's exposure related to operations, changes and projects. Active management of the information security policy focuses on:

- Information governance strategy
- Confidentiality (information classification and ownership)
- Awareness and training
- Availability (criticality and preparedness)
- Document storage (electronic archiving solutions)
- Mobility and access to information
- Social media governance
- Privacy management system
- Business partners and IT procurement requirements
- Culture, risk management and trust
- Organisational changes and access management
- Change management
- Artificial intelligence: an AI policy has been established based on the EU AI Act

Threat landscape

The threat landscape is continuously evolving and is monitored through collaboration partners and reliable information channels. Incidents are handled on an ongoing basis through established governance structures. Significant resources are applied to develop and maintain security levels in line with applicable standards.

Privacy / GDPR

Plans/documents

Borregaard has established a risk-based management system to ensure compliance with GDPR requirements.

The system provides a detailed description of the regulatory framework, Borregaard's responses, methodologies and guidelines to ensure appropriate handling of personal data. The management system and supporting documentation are actively used in assessments of new projects and system changes.

Activities and improvements

- No requests for access to personal data from employees were received
- No breaches of privacy guidelines were reported
- Internal training of apprentices was conducted
- The privacy management system was updated with clarifications relating to system descriptions
- The system is actively used to manage new technologies, including AI; system restrictions have been introduced for AI-based meeting transcription

Selected cases and improvements are followed up as required in the Information Security Steering Committee.

3.4 CERTIFICATIONS AND MANAGEMENT SYSTEMS

Certifications and audits

Borregaard maintains ISO 9001, ISO 14001 and ISO 50001 certifications as the foundation for its management systems for quality, environment and energy. The management system is integrated, ensuring that all standards are addressed within the same processes and used as common foundations for specialised certifications.

On the product side, Borregaard is certified for feed (GMP+) and vanillin (FSSC 22000). Within sustainability, bioethanol for biofuels, Alvamix (by-products) and biogas are certified according to ISCC. Alvamix and biogas are ISCC-certified to demonstrate zero counting of greenhouse gas emissions under the quota system.

Borregaard is PEFC- and FSC-certified for timber and wood chips used in cellulose products and vanillin.

Bioethanol, vanillin, cellulose, hypochlorite and hydrochloric acid are Kosher-certified. Vanillin is also Halal-certified. A significant volume of vanillin products is supplied by external producers in Singapore, Norway, Estonia, China and the USA, all of which hold FSSC 22000, Kosher and Halal certifications.

Audits have been conducted in accordance with certification requirements, and observations and non-conformities have been corrected on an ongoing basis. Audit programmes also provide valuable input for further system improvements.

Internal quality audits

Borregaard has established a programme for internal audits of the management system. Quality standards are audited by the Quality Department and the HSE Department in accordance with certification scopes.

Customer and supplier audits

In 2025, 11 customer audits were conducted, typically involving customers purchasing products for advanced applications such as food, feed, pharmaceuticals, batteries and oil. Supplier audits are based on performance assessments. No significant deficiencies were identified.

Supervision by authorities

In 2025, four inspections were conducted at the Sarpsborg facility by public authorities, including the Norwegian Medicines Agency, the Labour Inspection Authority, the OPCW and the Financial Supervisory Authority. Observations and non-conformities were corrected on an ongoing basis.

Regulatory matters – chemicals

Borregaard has strengthened its organisation within regulatory affairs related to chemicals legislation.

Approval of lignosulphonate as a feed additive

Following many years of work, lignosulphonate was approved as a technological feed additive in the EU/EEA in March 2024.

PFAS restrictions

Borregaard has identified critical production components containing PFAS and follows regulatory developments closely. Updated proposals provide extended transition periods.

Microplastics

The EU restriction on intentionally added microplastics entered into force in 2023 and was incorporated into Norwegian legislation in 2025. Borregaard's products are not directly affected.

4. OTHER MATTERS

In addition to the priority areas, the Compliance Board has continuously assessed other topics and measures, with dialogue initiated both by the Compliance Board and by various departments.

HR reviews

The HR department reviews HR-related matters in subsidiaries based on risk assessments, including employment contracts, insurance, pensions and bonus schemes.

Transport – human rights

Increased regulatory focus on working conditions in international road transport has been addressed through procurement processes and investments in improved facilities for drivers at the Sarpsborg site.

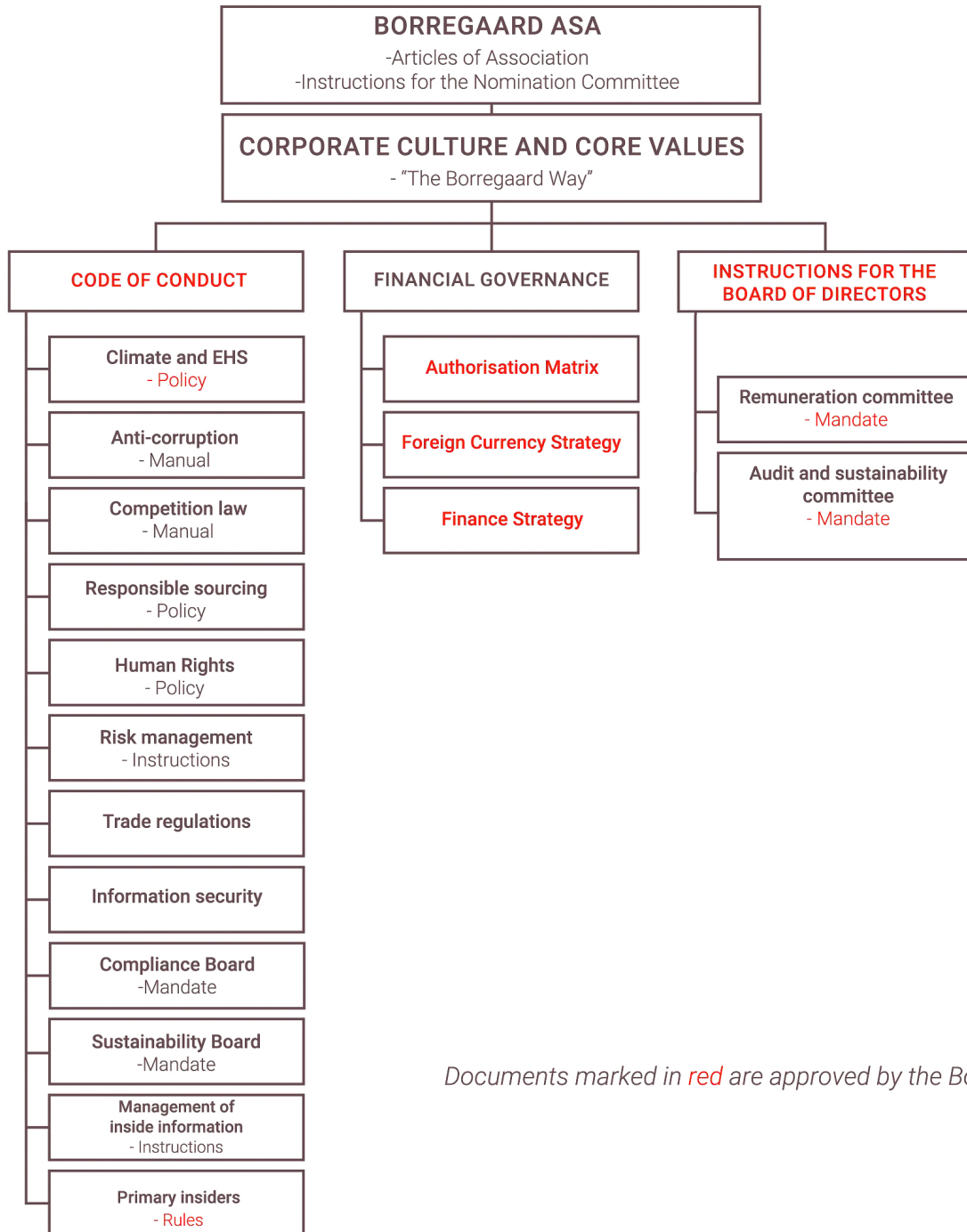
Total preparedness

2026 has been designated a year of total preparedness by the authorities, and increased engagement with public authorities and industry is expected.

Appendix – for information

Structure of governing documents
Mandate for the Compliance Board

Structure – governing documents



Documents marked in red are approved by the Board

Compliance Board - Mandate

Introduction

The Compliance Board is an internal specialist committee that has the overall responsibility for contributing to compliance with public legislation (laws and regulations) and internal regulations. Compliance with such rules and regulations is a line responsibility at Borregaard. Through its work, the Compliance Board will support the line organisation with matters relating to awareness, reporting and contributions to improvements within the area.

The document

The SVP of Organisation and Public Affairs is responsible for this document.

Members

The CEO appoints the Compliance Board and its chairperson.

Mandate and Responsibilities

- Review and evaluate the organisation, training and due diligence measures in priority areas
- Initiate the establishment of guidelines in areas where this is needed
- Register non-conformities and issues, as well as propose improvements to current and relevant areas
- Report on overall issues, relevant topics and improvement measures
- The work must be based on risk assessments

Reporting

The Compliance Board will report to the CEO of the company through the main management meeting. The Board of Directors of the company will also consider reports and recommendations from the Compliance Board.

Reporting to the main management meeting must take place as needed, but at least once per year.

Reporting to the Board of Directors must take place as needed, but at least annually by way of a separate written report that will be included in the Board of Directors' review of the area of Compliance. The report will be reviewed by the Audit and sustainability committee prior to being considered by the Board of Directors