



Borregaard

MATERIALITY ASSESSMENT

REPORT 2022



INTRODUCTION

Borregaard has conducted a materiality assessment according to the GRI Universal standards of 2021 and an analysis of financial impacts according to the Task Force on Climate-Related Financial Disclosures (TCFD) and the Task Force on Nature-Related Financial Disclosures (TNFD). The assessments consider external factors and expectations from stakeholders as well as relevant sources for our positive and negative impact on sustainable development across our value chain. Double materiality analyses requires that we are recognising that we can both affect and be affected by ESG topics. The output is topics that are important for both Borregaard and our stakeholders, and they are the focus of our sustainability reporting.

To understand our impact and possible long-term consequences of climate change and nature risk, we have conducted scenario analysis describing possible impacts for Borregaard's operations and the markets we operate in. For considering the double materiality in our impact assessment from climate and nature related risk's we are reporting according to the standards TCFD and TNFD.

Our business model is based on the life cycle assessment approach which includes the entire value chain and gives us valuable input for our environmental impact, including the impact when end-user are using a product from Borregaard compared with alternatives.

Understanding our sustainability context provides us with critical information to determine and report on our material topics. We have used the UN's Sustainability Development Goals (SDGs) as a framework to identify our impact. Based on how we as a company can contribute to solving the global challenges through our activities and solutions, Borregaard has prioritised six of the seventeen SDGs set out in the UN 2030 Agenda for Sustainable Development; zero hunger, economic growth, innovation, responsible production, climate action and life on land. The areas are closely associated with Borregaard's operations and are in line with the company's business strategy; using natural and renewable raw materials to produce biochemicals

that are sustainable and environmentally friendly substitutes for fossil-based alternatives. The prioritised SDG's are used as a framework for guiding, communicating and reporting on the company's vision, strategy, goal and activities going forward.

The Intergovernmental Panel on Climate Change (IPCC)⁵ Sixth Assessment report released in August 2021 states that rapid and large-scale reductions in greenhouse gas emissions is necessary, limiting warming to 1.5°C. This has impacted our ambitions and in 2021 we committed to near and long-term company-wide emission reductions in line with the 1.5°C Science Based Targets initiative's (SBTi).

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

In this report we describe how Borregaard has identified actual and potential, negative and positive impacts on the economy, environment and people, including impacts on human rights, across our activities and business relationships. We describe how we have prioritised the material topics for reporting based on the significance of the impacts and how we have involved our stakeholders in the process. The annual report describes the main take-aways of all material topics, and other relevant disclosures.

This materiality assessment is also in accordance with the Euronext guidance on ESG reporting of May 2022 (in line with Euronext's "Fit for 1.5°" commitment).

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OUR APPROACH TO STAKEHOLDER ENGAGEMENT

Borregaard exercises corporate responsibility by running and developing its operations profitably and in a manner that conforms with fundamental ethical values and respect for individual people including human rights, society as a whole and the environment. In general, this approach includes maintaining a dialogue with stakeholders, which is important in our day-to-day operations and when decisions are made. Our stakeholders are vital in the process of assessing our impact on the economy, environment and people.

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

The figure below shows which groups of stakeholders are regarded as most important for Borregaard.

The individual units in the Borregaard Group continuously assess issues that are relevant for the relationship between the company and society. We believe a good dialogue with our stakeholders is

a valuable means of building trust and understanding of the role the company plays in local communities and society.

Complaints and other enquiries from external stakeholders are dealt with in a proper manner, including through our grievance mechanisms. Borregaard has established guidelines on whistleblowing, how expressions of concerns are handled, and which channels can be used for addressing concern. In 2023, we will include public disclosure of grievances logged and actions taken in our reporting. In Norway, the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) has entered into force on 1 July 2022.

The most important subjects in the stakeholder dialogue in 2022 were consequences of the Russian invasion of Ukraine, the energy crisis in Europe and COVID-19 pandemic effects. Other topics such as the EU Taxonomy, the European Green Deal, climate targets and emission reduction activities are important to our stakeholders. Nature-related risks and human rights are other topics that have increased attention among our stakeholders. We strive to maintain a constructive dialogue, in accordance with our procedures for stakeholder dialog.



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

Expectations of Borregaard	Arena for dialogue	Important subjects in stakeholder dialog 2022	Borregaard's measures
CUSTOMERS			
<ul style="list-style-type: none"> • Security of supply • Compliance with regulations - High governance standard • Product safety, quality, performance and sustainability • Predictability • Availability, service and communication • Sustainable sourcing and production • Ethical standards (anti-corruption, ethical sourcing human rights, etc.) • Competitive terms and conditions • Development of new and improved products/services • Market position and reputation • Documentation on ESG topics/ESG score • Customer privacy and data security 	<ul style="list-style-type: none"> • Customer meetings • The company's website and marketing communication • Day-to-day operations • Audits from customers • Questionnaires from customers • Customer satisfaction surveys • CRM system HubSpot 	<ul style="list-style-type: none"> • Borregaard Sustainability Strategy • Launching of new webpages • Environmental footprint (EPD), LCA and Safety data sheets. • Covid-19 pandemic (reliable providers) • Russian invasion of Ukraine • Effect of energy crisis in Europe • Innovation projects and testing of new products • Allocation/delivery (volume) • GDPR policy and message in HubSpot 	<ul style="list-style-type: none"> • Risk management: Delivery agreements, preventive maintenance, long-term planning, stock, etc. • Certifications • Governance: Compliance with guidelines for anti-corruption, business ethics, purchasing policies • Grievance mechanism, customer complaints • Reliable transport provider • Innovation efforts to improve products and place new products in the market • Technical customer support, competence-driven organisation • Documentation (LCA/EPD) and reporting to relevant benchmark surveys • CRM database for customer dialogue (HubSpot)

Expectations of Borregaard	Arena for dialogue	Important subjects in stakeholder dialog 2022	Borregaard's measures
INVESTORS AND LENDERS			
<ul style="list-style-type: none"> • Sustainability reporting • High governance standard • Comprehensive risk management including climate-related risks • Transparent and available information • Clear and consistent reporting on important and relevant factors • Quantitative goals • High ESG score/standard • Profitability 	<ul style="list-style-type: none"> • Investor meetings and seminars • Quarterly presentations • Shareholder general meetings • Annual report with sustainability report • Third-party analyses and audits • The company's website • Capital Markets Day • Lender reviews/ meetings • Letters/emails/ e-meetings 	<ul style="list-style-type: none"> • EU Taxonomy • Science Based Target • Covid-19 pandemic (business risk) • Russian invasion of Ukraine and business with Russia • Effect of energy crisis in Europe • Emission to water • Biodiversity • Input to nomination process (Board/ Nomination committee) • Financial results 	<ul style="list-style-type: none"> • Sustainability reporting according to GRI standard, TCFD and TNFD. • Disclosure CDP (Global Compact, Responsible Care) • Disclosure of relevant information • Established relevant and quantifiable goals • Preparing and highlighting policies • Surveying risks and opportunities • Complies with Norwegian code of practise (Corporate governance chapter in Annual Report) • Investor meetings documented in Miracle, • Shareholder analysis 3 times per year (Orient) • Participant survey from Capital Markets Day • Annual feedback from analysts following Borregaard • Dialogue with largest owners regarding nomination process • New sustainability linked loan with NIB

Expectations of Borregaard	Arena for dialogue	Important subjects in stakeholder dialog 2022	Borregaard's measures
EMPLOYEES			
<ul style="list-style-type: none"> • Safe workplaces • Good reputation • Responsible and attractive workplaces • Good working conditions • Employee health and safety • Good social dialogue • Management and employee participation • Compliance with employee rights • Good working terms and conditions <ul style="list-style-type: none"> - compliance with human rights • No child labour, forced labour and human trafficking • Focus on diversity, no discrimination and no harassment • Qualified and competent workforce • Good career management and training 	<ul style="list-style-type: none"> • Onboarding and offboarding programme • Annual plan and development dialogues • General meetings/ departmental meetings • Company democracy meetings • Cooperation meetings with trade unions • Employee surveys • Intranet - company information portal • Teams (cooperation/ share of info) 	<ul style="list-style-type: none"> • Safety • Covid-19 pandemic • Retaining the positive effects/evaluation of remote office environment • Training/development 	<ul style="list-style-type: none"> • Zero harm programme • Reputation building/ employer branding • Leadership training • Internal and external communication measures • Competitive conditions • Training - Competence mapping and evaluation. • Competence programmes and on-the-job-training activities • Grievance mechanism: 3rd party whistle blowing procedure from 2023 • Short decision-making paths

Expectations of Borregaard	Arena for dialogue	Important subjects in stakeholder dialog 2022	Borregaard's measures
THE AUTHORITIES			
<ul style="list-style-type: none"> • Compliance • EHS, energy and climate measures • Comprehensive risk management including climate-related risks • Preparedness • Taxes and duties 	<ul style="list-style-type: none"> • Dialogue meetings and conferences • Supervision, audits and inspections • Public consultation submissions • Visit to the sites 	<ul style="list-style-type: none"> • Water; Plan for emission reductions • Renewable Energy supply • CO₂ compensation and EU-ETS • SO₂ - consideration zones Sarpsborg municipality 	<ul style="list-style-type: none"> • EHS and climate reporting and progress • Clear and long-term goals for EHS and climate • Proactive dialogue with authorities, politicians and NGO's • Complying with both the intention and letter of the law, as well as international guidelines for taxes and duties • Enquiries, with a description of requirements and scope

SUPPLIERS			
<ul style="list-style-type: none"> • Defined quality requirements/security of supply/service level • Predictability/long-term perspective • Willingness to pay, ability and punctuality • Reference • Integrity • External stakeholder human rights 	<ul style="list-style-type: none"> • Supplier meetings • Tenders/Request for Quotations • Negotiation meetings • Day-to-day operations • Audits • Assessments (EcoVadis) 	<ul style="list-style-type: none"> • Borregaard Sustainability Strategy • Forest certification • Biodiversity • Covid-19 pandemic (supply of raw materials and services) • Russian invasion of Ukraine • Avoiding business with Russia • Energy crisis in Europe • Safety • Human Rights – new Norwegian Act • CO₂ emissions and environmental impact from supply chain • Anti-corruption • Security of supply 	<ul style="list-style-type: none"> • Qualifying suppliers based on criteria regarding EHS, quality and code of conduct • Paying on time • Act on the basis of a long-term perspective and predictability in the market • Certified forest raw material • Audits/development of suppliers, supplier evaluations • IP strategy • Grievance mechanism includes supply chain

Expectations of Borregaard	Arena for dialogue	Important subjects in stakeholder dialog 2022	Borregaard's measures
LOCAL COMMUNITIES AND SOCIETY IN LARGE			
<ul style="list-style-type: none"> • Sustainable jobs • Support local business • Apprentice schemes • Transparency on matters that impact neighbours and local communities • Risk control and reduction • Availability and ability to respond to questions • Participation in local support and sponsorship measures 	<ul style="list-style-type: none"> • 24-hour availability • Organisational preparedness • Represented in various local forums/NGO's • Local media and social media • Guided tours/visits • Close contact with schools and colleges/universities 	<ul style="list-style-type: none"> • SO₂ - consideration zones Sarpsborg municipality • Climate and environmental impact and measures • Reputation/quality of local community/region • Education system/deliveries 	<ul style="list-style-type: none"> • Dedicated employees who respond to questions/receive enquiries (Grievance)/give lectures/home visits, etc. • Sponsorship and partnerships • Proactive and reactive information • Being a responsible player • Environment and safety improvements from production sites • Apprentice, pupil and student programmes • Dialogue with NGOs (or: Participation in industry NGO's and special interest organisations)

MATERIALITY ASSESSMENT

IDENTIFICATION PROCESS AND PRIORITY

When assessing our material topics and impact we followed the GRI 2021 standards. The process was conducted in two main steps: stakeholder dialogue and impact assessment through research.

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

The identification process is also a part of our day-to-day activities and is an integrated and multidisciplinary part of the Groups management processes. Examples of the most relevant processes where material information about economic, environmental and social impacts are identified are:

- Risk processes
- Management Control and Reporting Systems
- Audit processes (Internal, Customer, Suppliers, Authorities)
- Sales and marketing processes
- Purchasing processes

The stakeholder dialogue and impact assessment through research of output from our day-to-day process, results in an overview of negative and positive impacts. Scoring was done with a relativistic approach, meaning that the impact scoring was based on its consequence and likelihood in relation to the other impacts. Impacts on geographical locations and products are considered and specified where needed.

A sustainability topic is material based on the impact of our activities on the economy, environment and people across the value chain. The impacts were evaluated and scored based on their scale, scope and likelihood. The impacts scale, scope and likelihood were scored from low (1) to high (3) based on categorisation of economic, environmental and people, and human rights.

The scoring of actual impact on the economy is based on research of the possible consequences. This aspect is our external economic impact which impacts stakeholders, for example the local community by creating jobs or tax payment to the municipality. The impacts are then scored from low to high impact points against other economic impact's scale and scope (severity) and likelihood.

To determine the scale, scope and likelihood of our environmental impacts we use the definitions according to ISO14001:2015. An environmental aspect is defined as an element of an organisation's activities, products or services that may impact, or does impact, the environment. An environmental impact is a result of an environmental aspect. Actual impact on the environment is scored according to our scoring system for environmental impact from requirement in the ISO14001 standard.

Impact effect	ISO14001 scoring	Impact points
NA	0	0
Low	<10	1
Medium	10-14	2
High	>15	3

To determine the scale, scope and likelihood of our impact on people, we have defined actual impact on categorised groups of people, and used number of groups impacted to decide the size of the impact.

Impact effect	Number of groups	Impact points
NA	0	0
Low	1	1
Medium	2	2
High	3-4	3

Vital groups we affect our own workers, workers in the value chain, communities, consumers and end-users.

For potential impact, the scoring is connected to the likelihood of the impact in the future. Low likelihood is up to 50%, medium is between 50-75% and high is over 75%. In the case of potential negative human rights impacts, the severity of the impact takes precedence over its likelihood.

The potential impacts have been considered in a 2030 perspective. Thereafter, we have prioritised the most material impacts and a threshold has been set for inclusion in further materiality assessment. Ultimately, impacts with similar characteristics have been forged into material topics.

Our approach and contributions to the main challenges and material topics are thoroughly covered under the relevant chapters (A to C) in the Sustainability Report. The identified impact material topics will be further presented and explained in this report. When identifying our impact on the economy, environment and people, we used several data sources and evidence. These are presented for each material topic.

LIST OF PRIORITISED IMPACT MATERIAL TOPICS

The table on the next page is a prioritised list of impact material topics defined by the GRI 2021 Standard. This list is solid ranked based on Borregaard's effect on the economy, environment and people. Note that no material topic in the list below has been deprioritised due to lack of financial materiality. Chapter A to C refers to which chapter the material topic is described in the Sustainability Report and in the Materiality Assessment Report.

Chapter	Impact Material Topic
A	Sustainable and climate friendly products
B	Climate impact and emissions
A	Sustainable forest raw materials
B	Water consumption and effluents
A	Strong innovation effort
C	Sustainable sourcing
B	Public and process safety
C	Safe and healthy working environment
C	Business ethics and anti-corruption
B	Waste and circularity
C	Human rights
C	Competence development and a corporate culture that supports our goals and strategy
C	Diversity and equal opportunities

FINANCIAL IMPACT MATERIALITY ASSESSMENT

If a topic affects or has the potential to affect the financial value of Borregaard, it is also material for our business. We are experiencing the need for a double materiality assessment to meet future requirements in the Corporate Sustainability Reporting Directive (CSRD). This double materiality assessment requires that we are looking at both dimensions recognising that our operations can both affect and be affected by economic, environmental and social topics.

A sustainability topic is material from a financial perspective if it triggers financial effects on the organisation by potentially generating risks or opportunities that influence or are likely to influence the future cash flows, and therefore the enterprise value of the undertaking in the short, medium or long term but are not captured by financial reporting at the reporting date. [Double Materiality Guidelines \(efrag.org\)](https://www.efrag.org)

In the assessment of financial effect on the material topics, we have categorised all actual and potential

impacts on low, medium and high EBITDA effect. After the topics' EBITDA effect is identified, they are given 'impact points' that are further categorised into material topics. The potential impacts were considered in a 2030 perspective. EBITDA is defined by Borregaard as operating profit before depreciation, amortisation and other income and expenses.

To assess these financial risks and opportunities we have used the results from the TCFD and TNFD reports in addition to the scenario analysis.

The range of the EBITDA is defined as below:

EBITDA effect	EBITDA	Impact points
NA	0	0
Low	0-25 mill NOK	1
Medium	25-50 mill NOK	2
High	> 50 mill NOK	3

LIST OF PRIORITISED DOUBLE MATERIAL TOPICS

The table below is a prioritised list of the double materiality assessment, taking both impact and financial materiality into account. Chapter A to C refers to which chapter the material topic is described in the Sustainability Report and in the Materiality Assessment Report. The weighting of the 13 material topics is a combination of the scoring and prioritisation of the most material.

No sector standard within GRI is relevant to our business, thus we have selected indicators within the Topic Standards. For a topic that has no relevant GRI indicators we have established company specific indicators (CS). Our selected indicators are show in the GRI Index.

Chapter	Double Material Topic
B	Climate impact and emissions
A	Sustainable and climate friendly products
A	Sustainable forest raw materials
B	Water consumption and effluents
A	Strong innovation effort
C	Sustainable sourcing
B	Waste and circularity
C	Safe and healthy working environment
B	Public and process safety
C	Competence development and a corporate culture that supports our goals and strategy
C	Diversity and equal opportunities
C	Business ethics and anti-corruption
C	Human rights and decent working conditions

MANAGEMENT OF OUR MATERIAL TOPICS

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

Chapter A: A sustainable business model

Chapter B: Climate and environment engagement

Chapter C: Care for people and competence development

In the Sustainability Report, the management of material topics are divided into 4 sections. The introduction contains a brief description of the topic, relevant policy and main impacts. How we manage the topic and related impact are described in "How we work". Progress towards goals and targets and the changes in action taken are found under "Developments in 2022". Finally, in "The way forward" we present the results from the evaluations of the topic, plans and targets (long-term and short-term).

Other GRI reporting requirements for the management of the impact material topics that are not covered are described in this report

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

Borregaard has a set of guiding documents for corporate responsibility and code of conduct, as well as manuals and more specific guidelines for different areas such as anti-corruption, competition legislation, responsible sourcing, environment, health and safety, and human rights, see <https://www.borregaard.com/sustainability/corporate-responsibility/borregaard-s-business-policies>:

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

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

CHANGES IN REPORTING FROM 2021

We are reporting according to the new 2021 GRI Universal standards, and new requirements to the process of identification of material topics are implemented. A more detailed description of the impact of the material topics are given.

In 2022, Borregaard made an initial assessment of the proposed Corporate Sustainability Reporting Directive (CSRD) requirements and evaluated its alignment against the current criteria. The assessment revealed a positive outlook for compliance given smaller adjustments to fully align with CSRD requirements.

A | SUSTAINABLE BUSINESS MODEL

SUSTAINABLE AND CLIMATE FRIENDLY PRODUCTS



Main sources for impact data:

- LCA and EPD analyses, TCFD and scenario analyses.

Main positive impact(s) including potential:

- Our sustainable products have a positive effect on the environment compared with fossil-based alternatives. In addition to giving end-users a more environmentally friendly alternative, they are the foundation for our sustainable business model which contributes to the increased welfare in society through jobs and tax payments.
- When double materiality is considered, the impact will be positive on our EBITDA.

Main negative impact(s) including potential:

- In the production process the environment is impacted from emissions, use of energy and chemicals. Our effort to reduce this impact is described in chapter B.

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

The LCA analysis documents the environmental impact of Borregaard's products, from raw materials to finished products and monitors how environmental improvement in the value chain can reduce this impact. Our approach to reduce environmental impact is

discussed in chapter B. Environmental Product Declarations (EPD) are made from the LCA data and verified by a third party, see [EPD søkeresultat - EPD Norge \(epd-norge.no\)](https://www.epd-norge.no). In addition, we compare the EPD data with relevant competing products which gives us information about how our customers can reduce their scope 3 emissions by using a Borregaard product. LCA tools are also used in the innovation process to check or verify environmental impact from a new product.

The standards for sustainability documentation are developing in a direction of strictly using third-party verified data, standardised methods for calculation of biogenic CO₂ and more comprehensive product category rules to define environmental impact. The result of our management approach review is that we will increase the number of EPDs and develop them in line with new requirements and standards.

We aim to influence our customers' choices by documenting the sustainability performance of our products through Life Cycle Analyses. Borregaard has established a communication strategy to ensure that this message reaches the markets and KPI's in the CRM system are established to evaluate the progress. This is an effective way to receive valuable information to continued development of new bio-based products.

STRONG INNOVATION EFFORTS



Main sources for impact data:

- LCA, analyses from innovation projects, stakeholder dialogue with customers

Main positive impact(s) including potential:

- New sustainable products can have lower negative environmental impact and solve or improve this by its function, which will be positive for end-users. In addition, this will further strengthen the sustainable business model and give positive effects back to the society.
- The impact from new products will have potential positive impact on future EBITDA.

Main negative impact(s) including potential:

- Innovation investment cost might impact negatively if the new product fails in the market

The innovation work is organised in "Innovation Management Teams", one team for each business unit. The teams are cross functional, and work with the whole portfolio from ideas to implementation projects.

Our innovation success in developing sustainable products and solutions is a result of in-house R&D and close cooperation between sales and marketing, production and our customers, as well as external institutes and universities in several countries. The actual impact has resulted in recognition and support from the European Union, Innovation Norway and the Norwegian Research Council, more sustainable products and financial growth. The innovation success is evaluated by measuring the innovation rate, which is defined as sales of new products and applications introduced during the previous five years. This is our

company specific indicator to disclose the progress of our innovation performance and is used for evaluating our management approach. Implementation of a new assessment tool to improve the sustainability in our innovation projects was successful.

FOREST RAW MATERIAL



Main sources for impact data:

- TNFD, TCFD, scenario analysis, PEFC and FSC certifications

Main positive impact(s) including potential:

- Products from forest raw materials can store carbon and have a positive impact on GHG emissions. Borregaard can impact both our high raw material utilisation as well as strict requirements for how the raw material is grown and harvested.
- Sustainable wood raw material is a corner stone in our sustainable business model. A sustainable business model will contribute to increased welfare in the society through jobs and tax payments.
- We create higher value from the wood through our advanced products compared with competing use of the wood raw materials. This can also have a positive effect on the availability and price.

Main negative impact(s) including potential:

- Biodiversity and forest as climate sink can be negatively impacted from the felling of wood, thus good forestry management and certification systems are important.
- There has been an increased cost on raw materials due to the demand of bio-based products, and this trend is ongoing.

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

The Senior Vice President Strategic Sourcing is

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

We have selected a company specific indicator as topic-specific disclosure for forest raw material. A KPI for % of certified wood (PEFC and FSC) is established, the target is to increase the certified wood from a level of 98% to 100%.

The management review of the process in 2022 concluded that we have the necessary measures in place to reach our target regarding sourcing of forest raw material.

B | CLIMATE AND ENVIRONMENTAL ENGAGEMENT

CLIMATE IMPACT AND EMISSIONS



Main sources for impact data:

- GHG emission inventory for all scopes, science-based target, TCFD and scenario analysis.

Main positive impact(s) including potential:

- Biorefinery products contains renewable biogenic carbon.
- Technology available for reducing scope 1 and 2 GHG emissions, emissions reduced with 100,000 tCO₂ from 2009 to 2020.
- We are receiving support from ENOVA for our ongoing energy conservation investments.
- As the world's energy markets are evolving, a potential positive impact is lower prices on renewable energy due to increased availability.
- A shift towards a greener fleet of transportation methods.

Main negative impact(s) including potential:

- Higher cost for fossil fuels for energy from carbon pricing mechanisms
- Impact of GHG emissions

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

WATER CONSUMPTION AND REDUCTION OF EFFLUENTS



Main sources for impact data:

- Effluents to water (GRI 303), TCFD, TNFD, scenario analysis, WWF Water risk filter, GRI disclosures

Main positive impact(s) including potential:

- Strengthen the sustainability aspect of our business model by continuously reducing emissions.
- The cost of water at the biorefinery in Sarpsborg is low compared to similar businesses that operate in areas where water is less abundant, this could represent a potential positive effect on production cost.

Main negative impact(s) including potential:

- Impact from the effluent of organic material, measured as COD, from the site in Norway. Investment plan to reduce impact is established.

Borregaard's major impact on the environment is from the production processes. Two out of six production sites in the Group, the operation in Norway and in Germany, are certified by ISO 14001 Environmental Management and ISO 50001 Energy Management. Our largest operational unit, the biorefinery in Norway, has the major share of the impacts, more than 90% for emissions to water. The other units are much smaller and are processing lignin raw material into various biopolymers such as liquid or powder. Emissions from the various production units are regulated by national and/or local authorities.

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

demand for water.

The Group Executive Management manage and assess water-related impacts, risks and opportunities in their respective area of responsibility. The Plant Director at the site in Norway (member of the Group Executive Management) is responsible for reduction of effluents to water from the site in Norway and has dedicated process owners that are responsible for the reduction of COD within their respective processes. A steering committee chaired by the Plant Director reviews the progress at a regular frequency and is responsible for development of a long-term plan for cuts in COD. The purpose of the management approach is to reduce the impact on the water quality in the river Glomma to good ecological status. The progress is evaluated as a part of the management review process. The result in 2022 was to define a long-term technology plan to reduce the emissions from today's level to below 40 tonnes per day in 2030.

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

Best available Techniques Reference Document standards (BREF's) are used for emission permit settings in EU/EEA countries. The documents describe different manufacturing processes, their respective operating conditions and emission rates. Based on the latest review of these standards, Borregaard's operations in Norway received a new discharge permit from 1 July 2019. The permit has stricter limits for several substances in the effluent, including sub-streams, in shorter average periods. This means that the number of single limits in the permit has increased. The new permit for COD in the effluent is reduced from 69 tonnes to 59 tonnes per

24-hour period (on average over the year) in order to comply with BAT levels for emissions to water. Components in the effluents to water are measured in accordance with Norwegian or International standards. The most important parameters to water from our operations are COD, AOX (Adsorbable Organic Halogen), copper, suspended solids (fibres), nitrogen and phosphor. In addition to reporting the type of substance, we report the amount discharged to water. For Borregaard in Norway, the emissions to water and air are reported at <https://www.norskeutslipp.no/en/Miscellaneous/Company/?CompanyID=5086> together with the permit.

The Group's other operations have permits from local or national environmental authorities.

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

The management approach is evaluated in an annual management review process as required in the ISO 40001 standard. The management review of our approach to water consumption and reduction of effluent in 2022 resulted in measures for how to be in compliance with all new future requirements due to the EU Green Deal. The mapping resulted in setting a long-term target for reduction of COD towards 2030 and an investment plan was finalised.

WASTE MANAGEMENT AND CIRCULARITY



Main sources for impact data:

- Waste accounting system and annual report to the authorities, Scope 3 category 8 waste reporting and TNFD.

Main positive impact(s) including potential:

- Less waste in the supply chain as a result of high

raw materials utilisation, efficient utilisation of side streams and cascading use are cornerstones of a circular economy.

- Circular economy will reduce the cost for handling waste and put the waste material back into the value chain.

Main negative impact(s) including potential:

- Investment cost to reduce waste and increase circularity. Capacity for landfilling will be reduced in the future and also banned for some fractions.

Controlling the risk of emissions from waste and reducing the amount of waste produced are part of Borregaard's environment policy. Borregaard's waste management system at the operations in Norway and Germany is covered by the ISO 14001 certification.

98% of the waste from operations in Norway was source separated and processed by certified waste treatment providers in 2022. Waste plans for the industrial facilities, projects and the company's own harbour have been established. The hazardous waste is reported in a declaration system operated by the Norwegian Environment Agency. Waste generated is reported monthly, data is received from our waste operators, weight bridge tickets and declaration systems and the data is controlled by our internal control routines. The waste treatment providers are selected as described in the sustainable sourcing chapter.

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

PUBLIC AND PROCESS SAFETY

12



Main sources for impact data:

- Statistic on incidents from EHS reporting system, quantitative risk assessment analysis.

Main positive impact(s) including potential:

- Process safety reduces the risk of unexpected situations in production, which can lead to injuries and production loss.

Main negative impact(s) including potential:

- Serious accidents could potentially affect local communities and employees, and have a negative impact on emissions to soil, water and air.

The process safety management system is according to the standard OSHA 3132 for process safety.

Borregaard's biorefinery in Norway has established a strategy for preventing major accidents in line with

Seveso III (Section 7, Annex 3).

The Plant Director of the site in Norway manage and assesses risk related to process and public safety at the site in Norway. A cross functional process management team has monthly meetings supervising the progress within improved process safety. Main activities are updating the process hazard analysis (PHA), improving the mechanical integrity of the maintenance system, updating the emergency plans and providing procedures and training of Borregaard employees and external contractors. Fire prevention is an important area within process and public safety.

The management approach is evaluated in an annual management review process as required in the process safety standard. The results from the last review were to improve the KPI's from process safety and improve process safety training. Number of fires and near-fires are selected as company specific GRI indicators, decreased from 3 to 0 and 11 to 8 respectively, indicating that preventive measures have an effect.

C | CARE FOR PEOPLE AND COMPETENCE DEVELOPMENT

SAFE AND HEALTHY WORKING ENVIRONMENT

8



Main sources for impact data:

- Statistics on injuries and employee sick leave from EHS report and grievance mechanism data.

Main positive impact(s) including potential:

- High focus on safety and health has a positive impact on productivity and reduces risk for unexpected emissions.
- Low sick leave and good working conditions.

Main negative impact(s) including potential:

- Risk of reduced performance that can impact environment negatively.

Norwegian EHS legislation (Internal Control Regulations) includes a requirement for a management system that systematically monitors safety, identifies hazards and employee involvement. The scope of the management system is both internal employees and external contractors. This is a legal requirement for Borregaard's business in Norway, but we have also implemented this scope in our business outside Norway. We have added our own requirements and guidelines that follows best practice to ensure high EHS standards for our operations.

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

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

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

There are weekly meetings with new shifts where EHS incidents and learning points are addressed to ensure knowledge transfer.

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

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

suppliers are selected as described in the sustainable sourcing chapter below.

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

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

The possible financial impact is tightly connected to the occurring injuries, and loss of production. The work-related hazards that pose a risk of high-consequence injuries has been identified to be:

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

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

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

The management approach is evaluated as a part of our management review process. The result from the evaluation in 2022 was to continue with analysing underlying causes for safety incidents, implementing measures regarding near accidents and hazardous situations, as well as frequent inspections at the facilities. We plan to introduce the principles and framework of Human and Organisational Performance, HOP, to help us improve the way we think, act and respond to failure.

COMPETENCE DEVELOPMENT AND A CORPORATE CULTURE THAT SUPPORTS OUR GOALS AND STRATEGY



Main sources for impact data:

- Internal surveys, sick leave and data for turnover rate.

Main positive impact(s) including potential:

- Building culture has a positive effect on the turnover rate, recruitment and training cost.
- Competence building has a positive effect on innovation of sustainable products, leading to new and better products, as well as improved environmental performance of our products throughout their life cycle and increased sales revenue.

Main negative impact(s) including potential:

- Challenging labour market and salary cost for specialists.

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

Indicators used for monitoring competence development include attendances (number and diversity) in training programmes, identification of internal succession candidates and turnover which are reported in the annual organisation audits that includes competence mapping and plans. The reports and indicators are evaluated as a part of the annual management review processes in the Top management group and the Board. The results from 2022 showed that the organisation is robust regarding the general competence level. Most positions have internal succession candidates and the turnover is generally low. Training programmes have been conducted through e-learning alternatives to compensate for lack of physical seminars and meetings due to the coronavirus situation.

We collaborate with several educational institutions in recruitment activities to encourage interest in an industrial career and relevant qualifications. By growing a business culture supporting our strategy, our employees work smarter towards the company goals. This has a positive result on productivity and a more efficient workplace. Building culture has a positive effect on the turnover rate, lower recruitment and training cost.

DIVERSITY AND EQUAL OPPORTUNITIES



Main sources for impact data:

- Grievance mechanism data, internal surveys and KPI's from HR data system.

Main positive impact(s) including potential:

- Impact on results and productivity as it motivates employees to work towards the common goals and objectives. Different views can strengthen the resilience of decisions.
- Impact on results, emission projects and productivity in the long-term as diversity will increase.

Main negative impact(s) including potential:

- Our reputation could potentially be harmed if we do not support and have a diverse workforce.

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

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

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

The indicators are evaluated as part of the management review processes. In addition, we use the results of the questions regarding diversity and inclusion from the global employee engagement survey distributed to all employees in the Borregaard Group in 2022, to improve our work.

SUSTAINABLE SOURCING



Main sources for impact data:

- Data for signed Supplier Code of Conduct, EcoVadis, TCFD, TCFD and scenario analysis

Main positive impact(s) including potential:

- Cost, quality and performance of purchased goods and services.
- Workers' human rights in the whole value chain.
- Supplier engagement and documentation of the value chain could potentially make us the preferred customer.

Main negative impact(s) including potential:

- Human rights could potentially be violated if sustainable sourcing is not dealt with.
- Fines could occur if there is a violation of the Norwegian Transparency Act.

The Senior Vice President Strategic Sourcing (SVP) is responsible for Borregaard's sourcing activities, including sourcing of energy, chemicals and transportation which are substantial emissions sources for the Group. The SVP must ensure that all suppliers meet a set of both social and environmental requirements, and that key suppliers improves their work on sustainability. Responsible sourcing and criteria for supplier selection and management are included in the various processes and in Borregaard's top governing documents and guidelines. Vision and information are provided to procurement personnel to enable them to integrate sustainable sourcing their work. And finally, transparency is provided through

internal and external reporting of the sustainable sourcing activities.

We assess our suppliers, both new and existing, for environmental and social issues (GRI 414 and 308). In our supplier engagement we apply different approaches to new suppliers versus existing relations, to suppliers in different markets and suppliers with divergent risk profiles. We work closer with suppliers we define as strategic and bottleneck, than the non-critical. We decide on a case-by-case basis whether incentives, rewards, prevention, mitigation or remediation will be applied. The mitigation and remediating action will mostly be linked to social impacts, while the environmental impact also can be addressed by incentives and rewards. Nevertheless, if a supplier does not demonstrate willingness to improve within a specified time frame the relation should be terminated.

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

We use this information to investigate if there are any significant actual and potential negative social and environmental impacts by the supplier and their supply chain. We evaluate the risk and categorise the supplier as high, medium or low risk. If they are considered medium or high risk, we will collect additional information prior to entering a relation with the supplier. We apply a systematic approach, and we document our findings. Borregaard puts most effort into high and medium risk suppliers, those who will be providing important products and/or services and suppliers of limited available product and services.

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

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

In 2022, we started using EcoVadis as a tool for assessing suppliers and implemented the two modules EcoVadis Ratings and EcoVadis IQ.

Using the EcoVadis IQ we can profile and map our supplier base for ethical, social and environmental risk and opportunity. We can detect the suppliers' Overall risk, as well as the risk related to the four themes: Environment, Labour & Human Rights, Ethics and Sustainable Procurement. The risk is calculated

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

The results for 2022 are:

% suppliers per overall risk level:	In %
Very high risk	0 %
High Risk	1 %
Medium high risk	5 %
Medium low risk	43 %
Low Risk	43 %
Very low risk	7 %

Level of risk	Number of suppliers	Description
Very high	Zero	N/A
High	22	20 defined as strategic suppliers, 1 leverage and 1 non-critical

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

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

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

Our expectations are primarily stated in the SCoC which the supplier has signed. Our standard clause regarding sustainability, describing our approach, goals and the need for the supply chain to work together are included in our bidding documents. Some contracts include specific clauses, and our suppliers of forest raw material must comply with the requirements of PEFC/FSC, which specifies social and environmental criteria. Our SCoC include information about Borregaard’s whistleblowing channel.

So, what if we find ourselves in a situation where terminations of the relationship with the supplier seems to be the solution? The assessment of the consequences such a termination will have, is done on a case-by-case basis by a cross functional team. Our suppliers are classified as non-critical, leverage, bottleneck and strategic and we have supplier strategies towards each type. The assessment of the

consequences will take these strategies into account as well as the actual situation and the overall risk.

We evaluate that our management approach for sustainable sourcing in 2022 is sufficient to reach our targets related to responsible sourcing.

BUSINESS ETHICS AND ANTI-CORRUPTION



Main sources for impact data:

- Data for signed Supplier Code of Conduct, EcoVadis assessment, Results from risk evaluations and democracy index.

Main positive impact(s) including potential:

- A sustainable business model, high focus on business ethics and anti-corruption reduces risk of situations with reputation loss and loss of business, as well as contributes to a maintained value creation to the society.

Main negative impact(s) including potential:

- Potential fines for breaches of applicable anti-corruption legislation

Borregaard has established a whistleblowing system and a separate channel (grievance mechanism), operated by Borregaard's General Counsel to deal with issues if an employee sees or experience conflicts with our guidelines or expectations, this will be strengthened by a third-party channel in 2023.

Anti-corruption is part of Borregaard's supplier risk assessment. In a questionnaire, suppliers must answer questions regarding anti-corruption. Based on the answers in the questionnaire, Borregaard rates the suppliers. The suppliers must also sign the Supplier Code of Conduct which includes a section on anti-corruption.

Business ethics and anti-corruption are among prioritised topics that Borregaard's Compliance Board

works with and include in reports and follow-up activities. The annual Compliance report is evaluated and approved by the Board of Directors. In 2022, there were no non-compliance incidents.

HUMAN RIGHTS AND DECENT WORKING CONDITIONS



Main sources for impact data:

- Risk evaluations and democracy index published in a separate Human rights report.

Main positive impact(s) including potential:

- Providing all people in local communities and workers in the value chain the same rights.
- Business opportunities and strong business partner relationship.
- Strengthening of our business model by focusing on human rights in our own business and at our business partners. Reduced risk of situations resulting in reputation loss and loss of business. Maintained value creation to the society.

Main negative impact(s) including potential:

- Fines could occur if there is a violation of the Norwegian Transparency Act.

In 2022, Norwegian authorities introduced The Norwegian Transparency Act to ensure compliance with fundamental human rights and decent working conditions in the enterprises themselves, in their supply chains and with their business partners. Further, The Transparency Act shall secure the public access to information on how companies are working with these areas.

Borregaard's Group Executive Management is responsible for the established guidelines referred to above and the overall compliance with the Transparency Act. The work is led by SVP, Procurement and Strategic Sourcing. A work group consisting of employees with different competences within sustainability, legal, procurement and risk has been

established to conduct a due diligence assessment. This group reports to Borregaard's Compliance Board.

Borregaard monitors and follows up compliance with the requirements through internal sustainability reporting and internal audit processes. The status of the companies' human rights activities is reviewed annually as part of the business areas' board meetings. Any registered violations on human rights will be reported to the Compliance Board and to the Board of Directors. All reported incidents will be followed up through our whistleblowing channel.

In a separate Human rights report Borregaard accounts for the due diligence assessments pursuant to the Transparency Act. It describes the process

of how we work to assess whether there are any actual, or risks of, adverse impacts on human rights or decent working conditions in our own operations, our supply chain or in other business relationships. Furthermore, the report accounts for how we follow up on any potential negative impact.

Borregaard is working actively to promote respect for human rights and decent working conditions throughout our whole value chain, and will continue with this in 2023.