



Borregaard

**Green
Financing Framework**

June 2023

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About Borregaard

Borregaard operates one of the world's most advanced and sustainable biorefineries. By using natural, renewable raw materials, we produce advanced and environmentally friendly biochemicals that can replace oil-based products. The Group's business model is closely linked to the integrated nature of its biorefinery in Norway, which utilises the three key components of wood – cellulose fibres, lignin and sugars – to produce a diversified portfolio of products. Utilising the different components of wood, we produce lignin-based biopolymers and biovanillin, specialty cellulose, cellulose fibrils and bioethanol for a variety of applications in sectors such as agriculture and aquaculture, construction, pharmaceuticals and cosmetics, foodstuffs, batteries, and biofuels.

In addition to its biorefinery in Sarpsborg, Borregaard has five production sites outside Norway dedicated to producing lignin-based products. In total, the company has manufacturing operations and sales offices in 13 countries in Europe, Asia and the Americas serving its global customer base.

Borregaard has three main business segments:

- **BioSolutions** develops, produces, and sells biopolymers and biovanillin from lignin. Biopolymers are used in a wide range of end-market applications, such as agrochemicals, batteries, industrial binders and construction. Biovanillin is supplied to flavour and fragrance companies, as well as to the food and beverage industry.
- **BioMaterials** develops, produces, and sells specialty cellulose mainly for use as a raw material in the production of cellulose ethers, cellulose acetate and other specialty products. BioMaterials also includes cellulose fibrils for industrial applications.
- **Fine Chemicals** consists of fine chemical intermediates for contrast agents and advanced bioethanol.



Sustainability at Borregaard

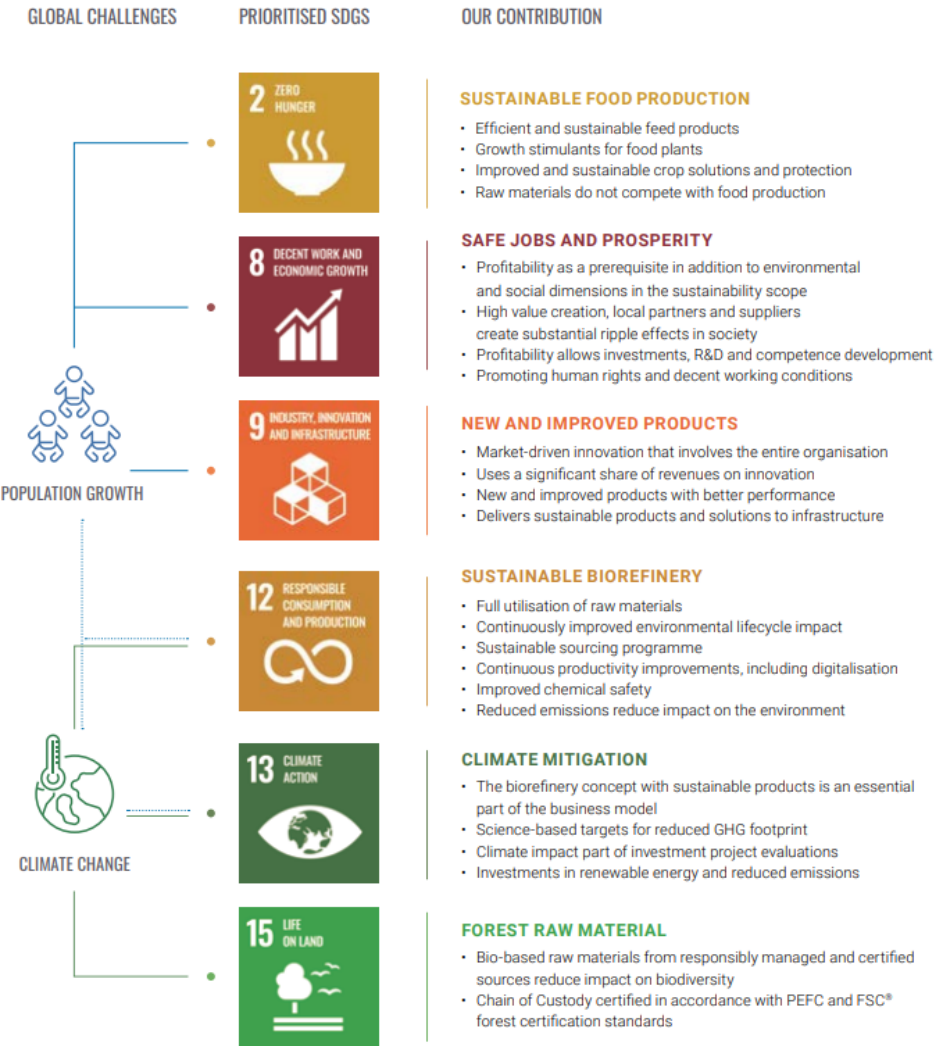
1. Sustainable business model

Sustainability is an integral part of Borregaard's business model. This is reflected in the Group's main objective: Providing sustainable products and solutions based on renewable raw materials and unique competence. Our sustainable products and solutions can play an important role in addressing some of the world's greatest challenges: Population growth and climate change.

The biorefinery utilises 94 percent of the feedstock to make biochemicals, biomaterials and energy that can replace oil-based products. High utilisation of renewable raw materials, as well as products that replace oil-based alternatives, result in low carbon footprints both related to Borregaard's own operation and for our customers. These facts highlight Borregaard's role as a sustainable and innovative company with solutions the world needs.




Borregaard's contribution to the UN's 2030 Agenda

Borregaard has prioritised six of the seventeen Sustainable Development Goals (SDGs) set out in the UN 2030 Agenda for Sustainable Development, based on how we can contribute through our activities and solutions, our unique biorefinery concept and our sustainable products. The six prioritised SDGs are closely linked to our core operations and are in line with our business strategy with respect to the sourcing of natural raw materials, our production processes, and the impact our products have in our customers' value chains.



Sustainable and climate friendly products

The positive environmental impact in our customers' value chains depends on the application and each customer's production process. Reduced energy consumption, increased lifetime of process equipment due to less corrosion, increased utilisation of raw material and increased production capacity, as well as less exposure to hazardous chemicals, are all examples of positive impacts our products have on our customers' processes.

<p>Plant nutrition</p> 	<p>Micronutrients provide nourishment to plants and help them grow healthier and larger and thereby help improve sustainable food production. By replacing oil-based chemicals such as EDTA (an oil-based chemical that binds and holds on to micronutrients) within plant nutrition, our wood-based products contribute to:</p> <p>Sustainable food production</p> <ul style="list-style-type: none"> • 90% CO₂ emission reductions¹ • Better nutrient efficiency
<p>Feed</p> 	<p>By-products from the fishing and aquaculture industry, such as waste from fish farming, gutting and the further processing of fish, can be conserved and turned into valuable feed products for farm animals. When conserving the by-products, the most common preservative is formic acid which requires a lot of energy to produce and creates the toxic gas carbon monoxide during the manufacturing process. By replacing formic acid within animal feed and fish by-products, our products contribute to:</p> <p>Sustainable feed products</p> <ul style="list-style-type: none"> • High utilisation of the raw material • Improved EHS, less corrosivity • 19% CO₂ emission reductions²
<p>Cellulose derivatives</p> 	<p>Cellulose ethers are water-soluble polymers produced from cellulose. They function as stabilisers, thickeners, and viscosity modifiers in many industries, including food, pharmaceuticals, personal care, oil field chemicals, construction, paper, adhesives, and textiles.</p> <p>By replacing pulp from cotton linters as raw material for production of cellulose ethers, our specialty cellulose contributes to:</p> <ul style="list-style-type: none"> • 80% CO₂ emission reductions³ • 50% reduction of potential acidification of soil and water⁴ • Non-GMO products • Preservation of arable land

¹ Soldal and Modahl (2019): Environmental analysis of competing products for lignin from Borregaard OR 39.19, Fredrikstad: Ostfold research

² Soldal (2019): Environmental profile of cellulose from cotton linter AR 08.19, Fredrikstad: Ostfold Research

³ Soldal (2019): Environmental profile of cellulose from cotton linter AR 08.19, Fredrikstad: Ostfold Research

⁴ Europe Chemicals Agency (ECHA) (2021). Substance information, Substance Infocard, Sodium tetraborate ecahydrate, Borax. (Link: <https://echa.europa.eu/substance-information/-/substanceinfo/100.129.152>)

<p>Adhesives for corrugated board</p> <p>12 13</p>	<p>Corrugated board is produced by combining various papers together in layers. The layers are glued together by using corrugated starch adhesives.</p> <p>By using Borregaard's wood-based cellulose fibrils in starch adhesives, the adhesive bonding and strength are improved, contributing to:</p> <ul style="list-style-type: none"> • 21% CO₂ emission reductions from reduced adhesive consumption⁵ • Replacing toxic substances⁶ • Replacing modified starch with native starch • Effective manufacturing and increased capacity • Reduced waste by avoiding delamination and giving flatter boards • Reduced energy consumption in corrugator • USDA Certified Biobased Product
<p>Biofuels</p> <p>7 12 13</p>	<p>Second-generation biofuels are fuels that can be manufactured from various types of non-food biomass such as wood. Borregaard is a significant producer of advanced bioethanol in Europe.</p> <p>By replacing petrol as fuel, our products contribute to:</p> <ul style="list-style-type: none"> • 85% CO₂ emission reductions⁷ • Effective land use (non-food raw material)
<p>Vanilla Flavour</p> <p>2 12 13</p>	<p>Vanilla is one of the world's most used flavourings in food, drinks and perfume. However, the natural vanilla bean covers less than 0.5% of the worldwide demand. Consequently, the vanilla bean is often replaced by vanillin, an artificial vanilla flavour most commonly made from mineral oil. In fact, 90% of vanilla taste and smell derives from petrochemical alternatives. Borregaard is the world's only producer of wood-based vanillin.</p> <p>By replacing oil-based vanillin in food, drinks and perfume, our products contribute to:</p> <ul style="list-style-type: none"> • 90% CO₂ emission reductions⁸ • Natural raw materials

Sustainable forest raw materials

Wood is an essential raw material for Borregaard as our sustainable solutions are based on renewable raw materials and full utilisation of all components of the tree. Borregaard's cellulose and vanillin areas are Chain of Custody certified, and 98% of wood suppliers are certified via PEFC (Programme for the Endorsement of Forest Certification) or FSC (Forest Stewardship Council), with the remaining 2% controlled in accordance with PEFC and/or FSC standards. Borregaard has also received a CDP Forest score of A. Borregaard's use of certified wood implies that we do not purchase:

- Illegally harvested wood
- Wood harvested in violation of traditional and human rights
- Wood from forests in which high conservation values are threatened by management activities
- Wood from forests being converted to plantations or non-forest use; and
- Wood from forests in which genetically modified trees are planted



⁵ Norsus: AR 09.21 Memo_starch adhesive with and without Exilva

⁶ Europe Chemicals Agency (ECHA) (2021). Substance information, Substance Infocard, Sodium tetraborate ecahydrate, Borax. (Link: <https://echa.europa.eu/substance-information/-/substanceinfo/100.129.152>)

⁷ Baxter and Brekke (2016): Competitor product environmental analysis for Borregaard's products, AR.06.16, Fredrikstad: Ostfold Research

⁸ Baxter and Brekke (2016): Competitor product environmental analysis for Borregaard's products, AR.06.16, Fredrikstad: Ostfold Research

In 2022, we sourced 81% of our wood supply from Norway, and 19% from Sweden, and the wood is harvested in accordance with the country of origin's laws on felling and certification standards. Borregaard will continue development of wood supply logistics in the Nordic market and the Baltic Sea region to expand the sourcing area and lower the cost of wood. There are few transportation restrictions to the biorefinery in Norway, and wood can be transported by road, rail, or sea. When available, we will prioritise rail before road for transportation of wood.

Nature dependencies are gaining increased attention, and in 2022 we conducted a nature risk assessment according to the TNFD standard with emphasis on forest and water resources. By using certified wood, we will fulfil our ambitions to reduce our impact on these resources. Borregaard has supported and contributed to the revision of the Norwegian PEFC Standard and the establishment of a Norwegian National Forest Stewardship Standard (NFSS Norway) through the Norwegian Pulp and Paper Association (TFB), which will take into consideration national and regional characteristics such as natural conditions, forest ownership structure and legislation in Norwegian forests.

Going forward, Borregaard will continue securing the supply of forest raw material in a sustainable way, through long-term relationships with our major suppliers. We will evaluate the consequences of the revised certification schemes that are expected to be valid from 2023 and we will continue to communicate our expectations and requirements regarding sustainability to our suppliers. Our target of sourcing 100% certified wood will be maintained, and we aim to maintain our A rating in the CDP Forest reporting category.



2. Climate and environmental engagement

Climate impact and emissions

Climate impact is one of Borregaard’s main challenges, but it also represents an opportunity for our sustainable products and solutions. Our ambitions cover the entire value chain, from reducing negative impacts related to the sourcing of raw materials, to reducing emissions related to production and transportation of products to our customers. Our business model and strategy are compliant with the transition to a climate-neutral economy and with limiting global warming to 1.5°C in line with the Paris Agreement.

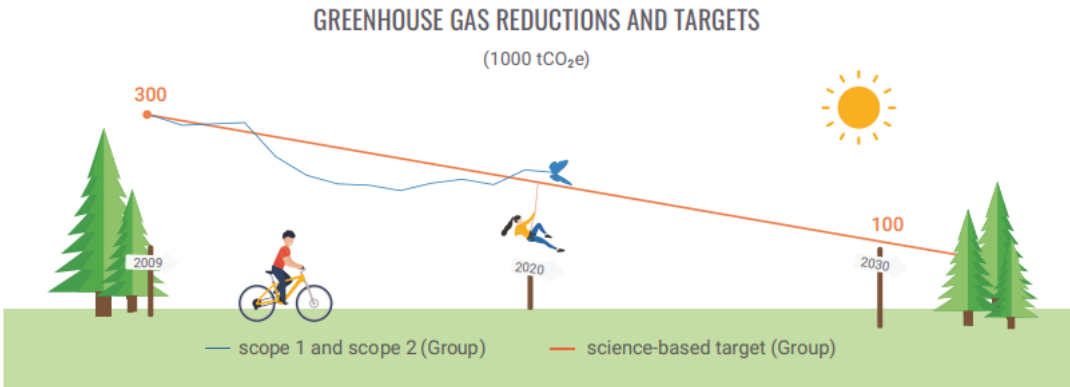
We have committed to reach net-zero greenhouse gas (GHG) emissions by 2050 from a 2020 base year, and our near-term and long-term emissions reduction targets have been verified by the Science Based Targets initiative (SBTi):

- Reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2020 base year⁹
- Reduce absolute scope 3 GHG emissions 25% by 2030 from a 2020 base year

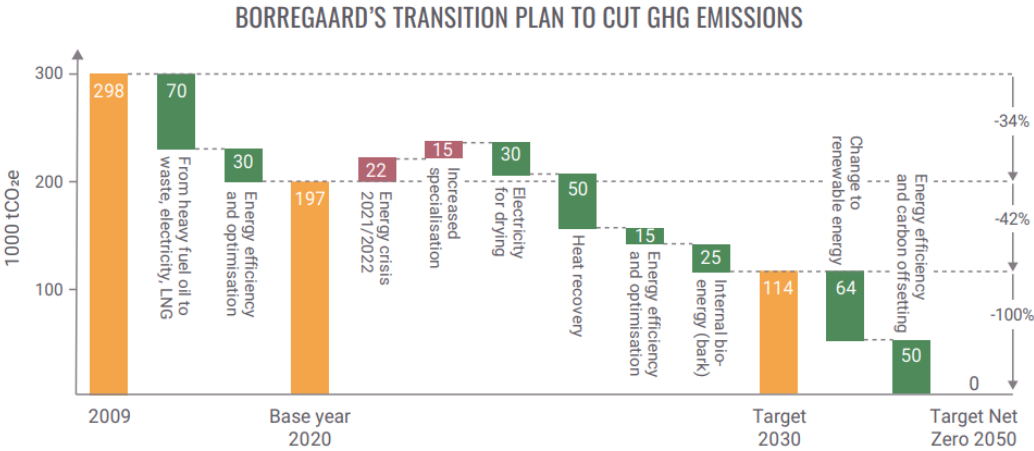


Long-term targets

- Reduce absolute scope 1⁹, 2⁹, and 3 GHG emissions 90% by 2050 from a 2020 base year



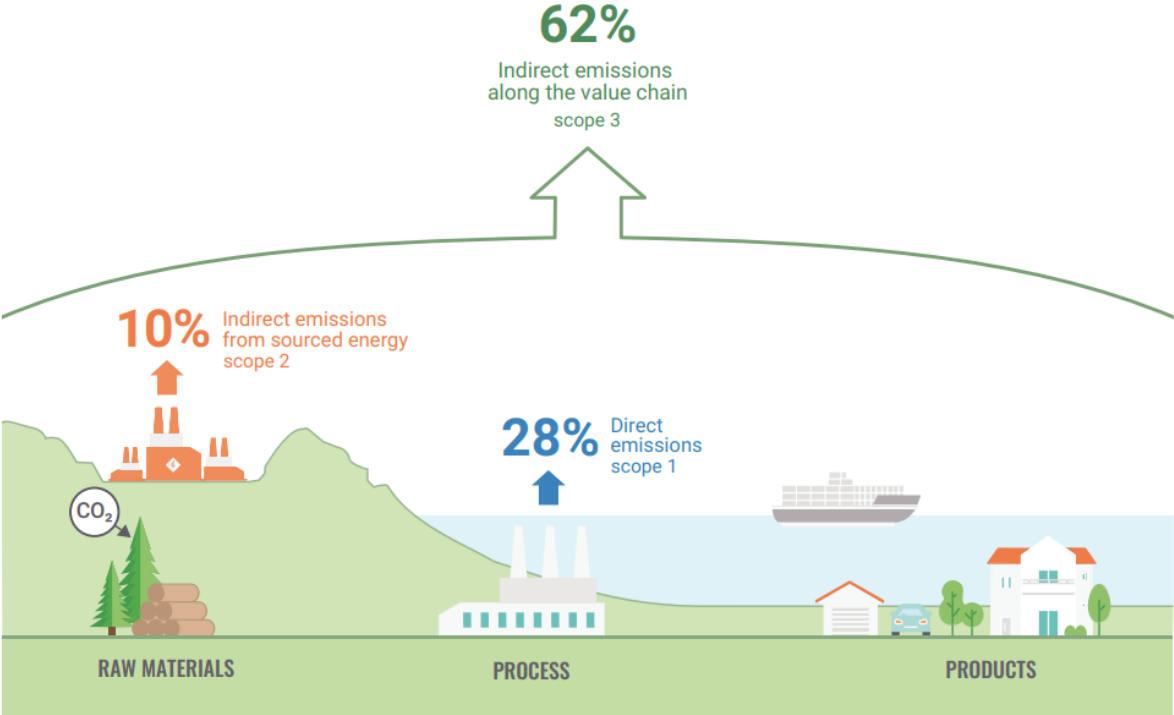
The illustration shows Borregaard’s progress towards our science-based target. Scope 1 and Scope 2 emissions had a slight decrease from 2021 to 2022. The progress has temporary slowed down due to use of more fossil-fuel for energy caused by the energy crisis in Europe.



The diagram shows our measures to reach our science-based target from base year 2020 towards our near-term target in 2030 and net-zero target in 2050, and the results of completed measures from 2009 to 2020. The increase from 2020 is due to increased fossil-fuel for energy as a result of the energy crisis in Europe. Net-zero means 90% absolute reduction and 10% carbon offsetting.

⁹ The target boundary includes biogenic emissions and removals associated with the use of bioenergy.

Scope 1 and scope 2 emissions are mainly linked to our use of energy in the production processes. Thus, Borregaard's strategy to reduce these emissions is switching to renewable energy sources and reducing the consumption of energy. Development in technologies for carbon capture and storage (CCS) or sustainable carbon capture and use (CCU) may be a prerequisite to achieving the target in 2050. Borregaard has joined a cluster of companies in establishing CCUS Norway, a non-commercial and science-based organisation that serves as a knowledge-sharing network. Members from academia, the industry and technology developers come together to share knowledge and experience on environmental and resource efficient carbon capture and storage or usage (CCUS). Indirect GHG emissions are emissions that are a consequence of our activities but occur at sources owned or controlled by another entity. Scope 3 accounts for 62% of our GHG emissions which makes it of great interest for us to survey and reduce:



The illustration shows the distribution of our scope 1, 2 and 3 GHG emissions along the value chain, updated with actual results for 2022.

The products from our biorefinery are made from a renewable raw material, wood, and therefore generate no fossil CO₂ emissions in the usage phase or in the end-of-life treatment phase, thus our scope 3 emissions are low in these two stages. Borregaard's major sources of scope 3 emissions are purchased goods and services (44%), and upstream and downstream transportation and distribution services (29%). To reduce the scope 3 emissions, we engage with our suppliers, both by sharing information and knowledge as well as seeking to learn from our best in-class suppliers, to improve knowledge in the value chain. We prioritise the categories and suppliers accountable for the largest emissions with a potential of making actual changes. Borregaard is among the top 8% assessed companies for supplier engagement on climate change, based on our 2022 disclosure.

Water consumption and reduction of effluents

Borregaard's highest water-related impact in reference to pollution prevention and control is at our main production facility in Norway, where emissions of organic compounds to water (chemical oxygen demand (COD) or biological oxygen demand (BOD)) affect the aquatic environment in the nearby river Glomma. The organic material stems mainly from the washing and processing of biomass into advanced products. Water is one of our main nature related dependencies as it is vital for cooling, steam production and hot water production, as well as washing and transportation of biomass in the production processes. However, most of the water used is returned to the river Glomma.

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). This monitoring shows that emissions of easily degradable organic matter (BOD) from our biorefinery have caused a proliferation of bacteria covering riverbed sediments close to the plant, which causes poor oxygen conditions and has implications for the growth of the river's wild Atlantic salmon stock. As a result, its ecological status is classified as poor and can be defined as a river with water stress. NIVA's measurements of chemical status in accordance with the WFD standards show a good status.

Borregaard has a sustainable water management system, and the Water Risk Filter¹⁰ has been used to identify any physical, transitional, and reputational risks related to water. To reduce our negative impact on the river conditions we have submitted a long-term plan for reduction of COD to water to the Norwegian Environmental Authorities and set a goal to reduce COD emissions to a level below 47 tonnes per day in 2026, which will be a significant improvement to reach the final goal of good ecological status in the river. New analyses show that the conditions in the river Glomma downstream from Borregaard have improved, and that the reduction in emissions of several substances has had a positive effect.

Waste management and circularity

Despite high raw material utilisation, cascading use of sidestreams from one process used as feedstock for the next and reduction of input factors over time, there are still some streams that end up as waste. The most common non-hazardous waste fractions from our operations are gypsum and sludge with some residual organic content, which is mostly landfilled. These are derived from our operations in Norway, Wisconsin (USA) and Germany and represent 40% of the non-hazardous waste. Borregaard is actively seeking possibilities within the circular economy to find solutions for material recovery, and we are a part of several recovery initiatives. Reducing the amount of both non-hazardous and hazardous waste produced and controlling the risk of emissions from waste are important aspects of our waste management system. We have set targets for 100% material recovery of gypsum in Norway by 2025, and 100% material or energy recovery of all types of waste by 2030.

¹⁰ WWF's Water risk filter is a screening tool to help companies prioritise action on what and where it matters the most to address water risks for enhancing business resilience and contributing to a sustainable future, <https://riskfilter.org/water/home>

3. Sustainable operations and business practices

Safe and healthy working environment

Borregaard's ambition is to promote a safety culture that results in no injuries to employees, contractors or third parties or to the environment from unexpected emissions. This is achieved through risk management, systematic efforts to prevent injuries and occupational diseases, both physical and mental, and the involvement of all employees. Borregaard has a target for a TRIF of below 3.5 in 2023, and a long-term TRIF of 0, as well as a long-term target for a sick leave rate of below 3%.

Diversity and equal opportunities

Borregaard has specific guidelines for diversity and equal opportunities. Matters regarding equality, diversity and discrimination are addressed in Borregaard's culture and values document *The Borregaard Way*. The topic is also addressed in further detail in the company's Code of Conduct and other governing documents, such as Supplier Code of Conduct which addresses our expectations and follow-up of suppliers. Our long-term target is to have a minimum of 35% female employees and managers.

Human rights

Borregaard has implemented necessary measures to be compliant with the Norwegian Transparency Act. We comply with the UN's Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, and OECD Guidelines on Multinational Enterprises. Borregaard is also a member of the UN Global Compact, and follows the Ten Principles on human rights, labour, environment, and anti-corruption.



Sustainable sourcing

Our commitment to sustainable sourcing is embedded in our top governing documents, the Procurement policy and the Responsible sourcing policy, and our commitment is further reflected in our 2022 CDP Supplier Engagement Rating score of A, compared to the chemical sector average of C and the Europe regional average of C. Social, environmental and economic factors are integrated into the sourcing decisions and the assessment of suppliers. When purchasing goods and services, we aim to make our supply chain as sustainable as possible. We actively communicate our expectations and requirements to our partners, and we collect information from our suppliers about their businesses as part of our decision-making process. We comply with, and we expect our suppliers to comply with, accepted levels of ethical and responsible practices in areas such as labour and human rights, environment, and anti-corruption. Our suppliers commit to such standards by signing our Suppliers Code of Conduct. As of 2022, 89% of suppliers have signed our Supplier Code of Conduct, and 100% of our new suppliers were screened using environmental and social criteria. In 2022 we also reassessed our existing supplier portfolio with respect to responsible sourcing, and implemented EcoVadis to assess suppliers. Going forward we have targets to continue to assess all new suppliers with respect to responsible sourcing.

Green Financing Framework

The International Capital Markets Association (ICMA) Green Bond Principles (GBP) are a set of voluntary guidelines that recommend and promote transparency and disclosure while promoting integrity in the development of the green bond market by clarifying the approach for issuing green bonds. This Green Financing Framework is structured in accordance with the 2021 ICMA Green Bond Principles (GBP), as well as the 2023 LMA, APLMA and LSTA Green Loan Principles (GLP), and Borregaard may therefore issue different Green Financial Instruments under this framework, including but not limited to green bonds, loans, and Schuldscheins.

This framework consists of the core components of the GBP and GLP:

- 1. Use of Proceeds**
- 2. Process for Project evaluation and selection**
- 3. Management of proceeds**
- 4. Reporting**
- 5. External Review**



Borregaard intends to follow best practices in the market as the standards develop, and this Framework may therefore be amended and/or updated to reflect future changes in market practice.




Exclusions

Proceeds from Green Financial Instruments will not be allocated to projects for which the purpose of the Eligible Assets and Projects is fossil energy production, environmentally harmful resource extraction, or tobacco.



1. Use of Proceeds

The net proceeds of the Green Financial Instruments issued by Borregaard will be used to finance or re-finance Eligible Projects that have been evaluated and selected by Borregaard in accordance with this Green Financing Framework. Refinancing of capital expenditures will have a look-back period of no longer than five years. For operational expenditures, only the previous year's expenditures will be included (on an annual rolling basis). The amount allocated to operational expenditures will not exceed the minimum annual volume of the rolling funding need based on the previous two-year period. The distribution between new and refinanced Eligible Projects will be described in the annual Sustainable Financing Investor Report.








Categories	Eligibility criteria	Mapping to the SDGs and GBP Environmental Objectives
<p>Eco-efficient and/or circular economy adapted products, production technologies and processes</p>	<p>Proceeds may be used to finance ownership, acquisitions¹¹, equipment, facilities, processes, technologies, and R&D related to Borregaard's biobased products and solutions with significant sustainability benefits or lower climate and/or environmental footprints compared to fossil-based products.</p> <p>R&D</p> <ul style="list-style-type: none"> - Research and development related to improving biobased products including increased utilisation of existing raw material, the biorefinery concept through identification of new bio-based raw materials, process improvements, as well as solutions that improve our products' environmental impact, increase efficiency, and/or reduce process emissions, reduction in use of chemicals or substitution of chemicals and other forms of negative environmental impact. <p>Sourcing of raw materials</p> <ul style="list-style-type: none"> - Purchasing of FSC or PEFC certified wood 	<p>GBP Environmental Objective: Climate Change Mitigation</p> <p>SDGs: 8.4, 12.5</p>  
<p>Renewable energy</p>	<p>Proceeds may be used to finance acquisitions¹², development, and expansion of facilities for bioenergy production¹³ (biogas and biofuels utilising process residues¹⁴), as well as supporting infrastructure, and/or towards replacement of fossil energy usage with electricity, and R&D expenses related to enhanced use of renewable energy.</p>	<p>GBP Environmental Objective: Climate Change Mitigation</p> <p>SDGs: 7.2, 8.4</p> 

¹¹ Acquisitions included under this framework will be "pure-play", which is defined as 90% of total assets or turnover meeting the Use of Proceeds criteria of this framework.

¹² Acquisitions included under this framework will be "pure-play", which is defined as 90% of total assets or turnover meeting the Use of Proceeds criteria of this framework.

¹³ Bioenergy from food- or feed crops is excluded (EU RED II and III).



¹⁴ A residue is defined as a substance that is not the end product that a production process directly seeks to produce; it is not a primary aim of the production process and the process has not been deliberately modified to produce it.

		
Energy efficiency	<p>Proceeds may be used to finance activities, projects, services, installations, equipment, and related infrastructure enabling electrification, as well as improved energy efficiency.</p> <p>This includes, but is not limited to:</p> <ul style="list-style-type: none"> Significantly¹⁵ increase the use or efficiency of renewable energy sources. Heat recovery projects converting low temperature heat into hot water or steam, with installation technologies such as heat pumps and compressors, which lead to a significant¹⁴ improvement in energy efficiency. Installation of significantly improved energy efficient technologies in process steps like washing, evaporation, cooling and heating. Improvements to buildings, such as new windows, more energy efficient lightning and roofs with solar panels which lead to an energy efficiency improvement of at least 30%. Professional technical consultations, energy audits and management services related to the improvement of energy performance of facilities 	<p>GBP Environmental Objective: Climate Change Mitigation</p> <p>SDGs: 7.3, 8.4, 9.4</p>   
Pollution prevention and control	<p>Proceeds may be used to finance projects, equipment, and management systems related to emissions and discharge reductions, waste management such as prevention, reduction or recycling of waste as well as enabling infrastructure and facilities. This includes, but is not limited to:</p> <p>Emission and discharge reduction</p> <ul style="list-style-type: none"> Reduction of emissions and discharge to air, water, and soil through physical, chemical, and mechanical methods, not only limited to end of pipe solutions¹⁶, which enables Borregaard to meet its publicly communicated 2030 improvement targets <p>Waste management</p> <ul style="list-style-type: none"> Waste management, such as the reduction of the amount of waste through process efficiency improvements, and solutions for waste to energy recovery¹⁷ or material 	<p>GBP Environmental Objective: Pollution prevention and control</p> <p>SDGs: 3.9, 11.6, 12.4, 12.5</p>   

¹⁵ “Significant/significantly” shall mean that the energy efficiency project will save at least as much energy (in GWh) per amount invested as a new hypothetical greenfield renewable energy project would generate (in GWh) according to calculations made by NVE. The increase or improvement is based on the relevant part of the production facilities or projects.

¹⁶ Emissions include biogenic CO₂, SO₂, NO_x, and dust particles. Water effluents include COD (organic material), AOX (halogenic organic material), suspended solids (fibers), phosphor, nitrogen, and copper.

¹⁷ Waste-to-energy facilities are only eligible where the energy recovery from waste follows a waste hierarchy to ensure that an ambitious amount of the waste is reused and recycled before being converted to energy.

	recovery to avoid landfilling and/or increased utilisation of residuals, which leads to a substantial and recognised performance improvement.	
Sustainable water and wastewater management	<p>Proceeds may be used to finance projects and equipment related to establishment, capacity expansion and upgrade of sustainable freshwater supply and/or wastewater treatment facilities, and the associated infrastructure and water efficiency measures, including:</p> <ul style="list-style-type: none"> • Water and/or wastewater collection, treatment and supply systems, which enables Borregaard to meet its publicly communicated 2030 improvement targets. • Improvement of water efficiency through various measures, which leads to a substantial and recognised performance improvement. • Other sustainable water and/or wastewater management measures including water purification, water saving projects, like improved measurements, conservation and the re-use of water, where each project leads to a substantial and recognised performance improvement. 	<p>GBP Environmental Objective: Pollution prevention and control</p> <p>SDGs: 6.3, 6.4, 12.2, 12.5</p>  

2. Selection and evaluation of eligible projects

To conduct the selection and evaluation of Eligible Projects that are in alignment with the criteria set out in the “Use of Proceeds” section, Borregaard has established a Sustainable Finance Committee (SFC) consisting of representatives from Operations, Finance, and Sustainability functions, where the sustainability representative has the ability to veto. The SFC will meet regularly, at minimum on an annual basis, with the potential for additional meetings when necessary, and ensures that the green project pool is updated annually to reflect the actual portfolio by evaluating and replacing Eligible Projects that may no longer meet the criteria on an annual basis. An initial evaluation of the alignment to the criteria will be part of the project description before approval for the selected projects.

Potential projects are being assessed on alignment with the relevant criteria under the EU Taxonomy (or such other relevant taxonomy if not covered by the EU Taxonomy), and screened for environmental and social risks prior to the Sustainable Finance Committee process. Environmental and social considerations are integrated into Borregaard’s system for risk management in accordance with the Policy for Environment, Climate, Health and Safety engagement. At the innovation stage, Borregaard has a set of assessment criteria to ensure that the entire project portfolio is evaluated in terms of sustainability, and each project proposal, both concerning new products and processes as well as new product applications, is subject to Borregaard’s sustainability criteria throughout the projects’ lifetime, which ensures that potential negative impact is avoided. The assessment includes the use of raw materials, direct and indirect

effects on emissions to air and water, as well as health and safety aspects in the working environment, as well as the products' capabilities to save energy, reduce CO₂ emissions, limit exposure to toxic chemicals and minimise water consumption in our customers' value chains. Projects that do not go through the innovation process must go through an energy and environmental evaluation. For technical projects, criteria for assessing health, safety, and environmental issues are addressed by Borregaard's project handbook and corresponding HSE plan. Additionally, social risks are assessed and addressed through the supplier selection process and requiring suppliers to sign the supplier code of conduct, and Borregaard follows up with suppliers to monitor compliance. When assessing the environmental impact for new products, LCA analysis (ISO 14044/48 standard) is used.

The Sustainable Finance Committee is responsible for:

- **Evaluating** the compliance of proposed projects with the eligibility criteria outlined in the Use of Proceeds section above, applicable laws and regulations, and Borregaard's sustainability strategy and policies.
- **Ensuring** that the pool of Eligible Projects is aligned with the categories and criteria as specified in the Use of Proceeds section.
- **Identify** social and environmental risks associated with the Eligible Projects as well as mitigants to such risks.
- **Replacing** assets and projects that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity/project-characteristics with eligibility criteria, regulatory changes etc.)

On a best effort basis, reviewing, modifying, and updating the content of the Green Financing Framework, and managing any future updates of this document to reflect relevant changes in Borregaard's strategy, market developments, or regulatory changes.

3. Management of proceeds

Borregaard will establish a Green Financing Register to monitor Eligible Projects financed and to provide an overview of the allocation of the net proceeds from the Green Financial Instruments issued to the respective Eligible Projects. The value of the Eligible Projects detailed in the Green Financing Register will at least equal the aggregate net proceeds of all outstanding Borregaard Green Financial Instruments. There may be periods when the total outstanding net proceeds of Green Financial Instruments exceed the value of the Eligible Projects in the Green Financing Register. Proceeds yet to be allocated towards Eligible Projects will be held and managed in accordance with Borregaard's liquidity management policy, in bank accounts or money market funds with relationship banks or other well rated banks. The Green Financing Register will also form the basis for the impact reporting.

4. Reporting

Borregaard will provide an annual Sustainable Financing Investor Report containing information on the allocation and impact of Green Financial Instruments issued under this framework. This report will be published on an annual basis, starting within one year of the first issuance and continuing as long as there are Green Financial Instruments outstanding. This report will include the total amount of Green Financial Instruments issued, the allocation between new financing, refinancing and any unallocated proceeds, and a list of Eligible Projects that have been financed under this framework. The impact assessment will disclose the calculation methodologies and factors, as well as other relevant assumptions, being used to calculate impact, and in the case that no data is available estimates will be made on a best effort basis. The impact reporting may be aggregated to some extent, and if applicable will be based on the Key Performance Indicators (KPIs) presented in the table below.

GBP Categories	Examples of impact indicators
Eco-efficient and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> • Estimated reduction of GHG emissions as a result of the investments • Share of volume of purchased certified wood compared with total volume of purchased wood (%) • Description of the reduction of fossil materials • Reduction or removal of harmful substances used in % comparison to the original product and/or in absolute amount in tonnes p.a. • The % and/or absolute amount in tonnes p.a. of virgin raw materials that are substituted by secondary raw materials and by-products from manufacturing processes
Renewable energy	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided (tCO₂e) • Annual renewable energy generation (GWh) • Capacity of renewable energy (MW)
Energy efficiency	<ul style="list-style-type: none"> • Annual energy savings (MWh/GWh) and/or energy savings linked to specific projects or activities. • Annual GHG emissions reduced/avoided (tCO₂e) and/or savings in GHG emissions linked to specific projects or activities.
Pollution prevention and control	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided (in tonnes CO₂eq.) • Waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/or in absolute amount in tonnes per year and/or % of materiality recovery of waste, % of energy recovery of waste and % of waste to landfill
Sustainable water and wastewater management	<ul style="list-style-type: none"> • Annual water savings and/or water savings linked to specific projects or activities, either reported as water withdrawal or water consumption. • Reduction in COD effluents (COD/day)

5. External review

Second party opinion (pre-issuance)

To secure alignment with national and international guidelines, Borregaard has engaged S&P Global to act as an external verifier of this Green Financing Framework and the Eligible Projects.

Third-Party Review (post-issuance)

Borregaard has appointed an external third party to annually assure that the selection process for the financing of Eligible Projects and that the allocation of the net proceeds of the Green Financial Instruments are conducted in accordance with Borregaard's Green Financing Framework.

Publicly Available Documents

The Green Financing Framework, the second party opinion, the third-party review, and related reporting will be publicly available on Borregaard's website.