Borregaard

ANNUAL REPORT
2024

CONTENTS

THE BORREGAARD GROUP

Borregaard operates one of the world's most advanced biorefineries. The Group provides sustainable solutions based on renewable raw materials and unique competence.

BORREGAARD IN A NUTSHELL

- A biorefinery with high value creation
- Specialisation in global niches
- Strong innovation ability and continuous improvement
- Competence as the main competitive advantage

Borregaard's business model is closely linked to the integrated nature of its biorefinery concept, which utilises the three key components of wood – fibres, lignins and sugars – to produce a diversified portfolio of products.

The biorefinery converts 94% of the feedstock into biochemicals, biomaterials and energy that can replace oil-based alternatives.

In addition to its biorefinery in Sarpsborg, Borregaard operates 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.

At the end of 2024, the Group had 1,141 full-time equivalent (FTE) employees.

SUSTAINABILITY INTEGRATED INTO THE STRATEGY

Borregaard provides sustainable solutions with a documented favourable environmental and climate impact, helping customers improve their climate footprint or replace chemicals of concern. The Group has also committed to science-based targets to further reduce greenhouse gas emissions and enhance its sustainability efforts.

Business segments

BioSolutions

- Market and technology leader in lignin-based biopolymers.
- Only producer of wood-based vanillin.

BioMaterials

- Leading speciality cellulose supplier.
- Pioneer in cellulose fibrils.

Fine Chemicals

- Leading producer of fine chemical intermediates for contrast agents.
- Significant producer of advanced bioethanol.

Borregaard's business model and products are well positioned to support the UN's Sustainable Development Goals (SDGs). The company has prioritised six SDGs based on its ability to contribute to solving these global challenges (see page 27).

BORREGAARD'S THREE BUSINESS SEGMENTS

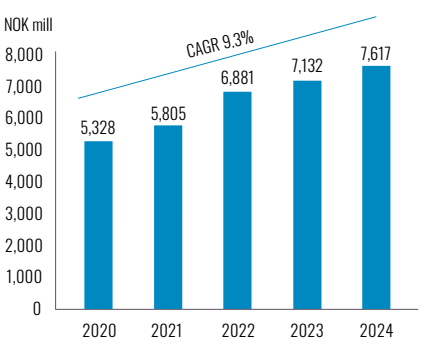
BioSolutions develops, produces and sells biopolymers and biovanillin from lignin. Biopolymers are used in a wide range of end-market applications, such as agrochemicals, batteries, industrial binders and construction.

Biovanillin is supplied to flavour and fragrance companies, as well as to the food and beverage industry.

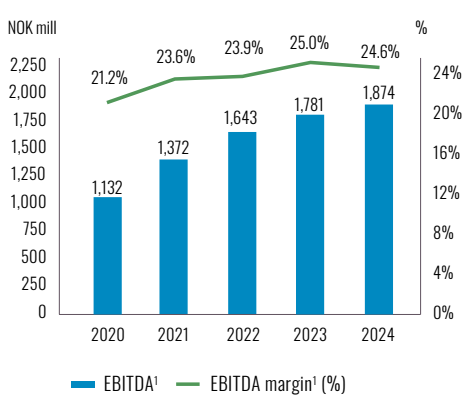
BioMaterials develops, produces and sells speciality cellulose mainly for use as a raw material in the production of cellulose ethers, cellulose acetate and other speciality products. BioMaterials also includes cellulose fibrils for industrial applications.

Fine Chemicals is a supplier of fine chemical intermediates for contrast agents and advanced bioethanol.

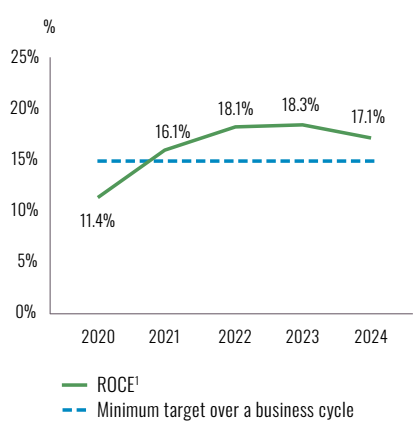
OPERATING REVENUES



EBITDA[1]



ROCE[1]



/ [1] *Alternative performance measures, see page 199 for definition.*

MESSAGE FROM THE CEO

CONTINUED SPECIALISATION

Borregaard hosted a Capital Markets Day in September 2024, where we took the opportunity to outline our strategic priorities for the short to medium term. The key message was that our specialisation journey will persist. This process, which began with Borregaard's transformation from a forest products company to a speciality chemicals company in the 1990s, has now been going on for more than 30 years. Throughout this period, we have continuously upgraded our product portfolio by leveraging the sulphite pulping process in combination with softwood raw materials, along with Borregaard's unique competence in wood chemistry.

A key performance indicator has been the development of value creation over time. Increasing specialisation leads to greater complexity and additional indirect costs in areas such as regulatory affairs and intellectual property. Therefore, measuring value creation per employee is a good indicator of our progress, and this metric has more than tripled over the past 15 years, serving as a strong testimony to the success of our specialisation strategy.

Borregaard's diverse product portfolio includes 800 products serving a broad range of applications worldwide. This extensive portfolio presents significant market opportunities and takes risk out of the integrated operations.

However, there is still a large potential to develop more advanced products to enhance the product mix, utilising our existing raw material base within the biorefinery. We believe that this approach represents the quickest and least risky way forward to further increase our value creation in the short to medium term.

SUSTAINABILITY AND REGULATORY DRIVING INNOVATION

All of Borregaard's innovation efforts are concentrated around increasing specialisation. A distinctive feature of our innovation activities is the number of projects involved. While each project may represent relatively modest market potential, it is the cumulative effect of all these initiatives that makes Borregaard interesting. We are particularly noticing that sustainability and regulatory issues are offering new opportunities for specialisation. Within biopolymers, Borregaard is introducing bio-based alternatives to polyacrylates for use in home care, industrial cleaners, water treatment, coatings, agriculture, leather tanning, and oilfield chemicals. Additionally, a new sustainable feed binder for the aquaculture industry will be introduced as a replacement for synthetic binders based on urea formaldehyde. We have also launched a new dispersing agent for lithium-ion batteries. Our speciality cellulose business is also targeting growth within regulated applications such as food, pharmaceuticals, and personal care.

OTHER GROWTH INITIATIVES

Geographic market penetration is another interesting initiative. We see substantial growth opportunities within agriculture and industrial applications across Asia and have expanded our market presence in several countries through both technical and commercial resources. Additionally, we have increased our R&D capabilities in India to support this growth.

In October 2024, Borregaard announced a NOK 490 million investment to debottleneck and expand capacity at the Sarpsborg biorefinery. The debottlenecking is the first out of two planned steps to increase capacity at the Sarpsborg site, targeting an increase of 5–10% towards 2027. Production output is expected to increase gradually from the second half of 2026. The combination of calcium-based sulphite pulping technology and 100% softwood raw material makes the Sarpsborg biorefinery a unique asset for producing high value speciality cellulose products and lignin-based biopolymers.

We have also increased our total investment in the marine biotech company Alginor to NOK 419 million through pro-rata participation in two capital raises, ensuring retainment of a 35% fully diluted ownership. Alginor is developing a "blue" biorefinery which will produce high-value ingredients for pharmaceutical and nutraceutical applications from kelp.

SUSTAINABILITY

Borregaard remains on track to deliver on our transition plan to reduce Scope 1 and Scope 2 GHG emissions to net zero by 2050. In 2024, we completed a NOK 230 million investment in the electrification of our spray dryers for lignin-based biopolymers at the Sarpsborg biorefinery. This initiative will reduce our overall CO_2 emissions, eliminate our absolute dependence on LNG, and increase flexibility in using alternative energy sources. We have also announced a further NOK 275 million investment to upgrade the electricity transformation capacity at the Sarpsborg biorefinery. This infrastructure investment will facilitate the delivery of long-term environmental goals and provide the capacity needed for future growth projects. This upgrade is expected to be completed in 2028.

Kind regards,
Per A. Sørlie,
President and CEO

THE BOARD OF DIRECTORS

HELGE AASEN – Chair

Chair of the Board and the Board's Compensation committee.
Read more

TERJE ANDERSEN

Member of the Board and Chair of the Board's Audit and Sustainability committee. Read more

TOVE ANDERSEN

Member of the Board and the Board's Audit and Sustainability committee.
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MARGRETHE HAUGE

Member of the Board and the Board's Compensation committee.
Read more

JOHN ARNE ULVAN

Member of the Board and the Board's Audit and Sustainability committee.
Read more

ARUNDEL KRISTIANSEN

Employee elected member of the Board and the Board's Audit and Sustainability committee. Read more

RAGNHILD ANKER EIDE

Employee elected member of the Board and the Board's Compensation committee. Read more

BENTE SELJEBAKKEN KLAUSEN

Employee elected observer of the Board. Read more

ROY KÅRE APPELGREN

Employee elected observer of the Board. Read more

REPORT OF THE BOARD OF DIRECTORS

INCLUDING SUSTAINABILITY STATEMENTS

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HIGHLIGHTS AND MARKET TRENDS

In 2024, Borregaard achieved an all-time high EBITDA[1]. The specialisation strategy has proven resilient amid challenging macroeconomic and geopolitical conditions throughout the year.

Strong market positions and global market exposure provide flexibility and are inherent hedges against market fluctuations.

In BioSolutions, higher demand for lignin-based biopolymers for agriculture was the main reason for increased sales volume and top-line growth. The growth within agriculture was broad-based and supported applications like crop protection, plant nutrition and animal feed. In addition, sales to batteries and oilfield chemicals showed strong growth in 2024. Specialisation through innovation and market development has improved product mix and contributed to an improved result. The biovanillin market continued to be impacted by the high global supply of synthetic vanillin products.

BioMaterials had significantly higher deliveries of speciality cellulose in 2024, driven by increased sales to high-purity casings and cellulose ether grades to regulated applications for food and pharma. The closure of Georgia Pacific's plant in Foley, Florida in the autumn of 2023 and the suspension of RYAM's plant in Temiscaming, Quebec in the summer of 2024 had a positive impact on Borregaard's growth in these applications.

For Fine Chemicals, the market conditions for advanced biofuels continued to be favourable in several European countries throughout most of 2024. Deliveries of both bioethanol and fine chemical intermediates increased compared with 2023. Favourable incentives for advanced bioethanol in Europe have triggered substantial new supply of advanced bioethanol from agricultural waste and other sources, putting pressure on sales prices towards the end of 2024.

Wood prices continued to increase quite substantially in 2024. In total, the wood costs for Borregaard increased by 24% compared with 2023. The pulpwood market in the Nordics is tight and prices have increased significantly from 2022, following the abrupt end of imports from Russia. In addition, strong markets for the Nordic pulp producers have put further pressure on pulpwood prices.

On the positive side, spot prices decreased in 2024 for both natural gas and electricity. Reduced energy prices also had a positive impact on several raw materials and chemicals. In 2024, Borregaard entered into a new 10-year hydropower purchase agreement with an annual contract volume of 88 GWh starting from January 2025. The new contract will further strengthen Borregaard's portfolio of long-term hydropower contracts in accordance with the Group's transition plan to reduce greenhouse gas emissions. Other operating expenses were affected by a continued high general cost inflation and increased labour costs.

/ [1] *Alternative performance measures, see page 199 for definition.*

Sustainability is a key element in Borregaard's business model and one of the Group's three core values. Borregaard contributes to sustainable development, both by minimising the negative environmental impact of our own production, and by improving the environmental impact in customers' value chains. Greenhouse gas emissions (Scope 1 and 2) decreased by 6% mainly due to energy conservation and electrification of spray dryers, which led to lower use of fossil fuel for heat energy. The emissions of organic material (COD) increased by 16% in 2024 compared with the all-time low level in 2023. The increase is mainly due to temporarily lower performance in the wastewater treatment system. The emissions were well below the permitted level. See pages 85 and 89.

The investment to reduce CO_2 emissions, improve energy efficiency and increase energy flexibility at the biorefinery in Norway was completed in the 3rd quarter of 2024. So far, energy savings are above the initial expectations and the reduction in CO_2 emissions is in line with the target of 30,000 tonnes per year.

In 2024, Borregaard announced a NOK 275 million investment to upgrade the electricity transformation capacity at the biorefinery in Norway. This infrastructure investment will facilitate delivery of long-term environmental goals and create headroom for future growth projects.

Further electrification of the Sarpsborg site based on availability of new green energy and transmission capacity in the grids serving our facilities, is a prerequisite for delivery of Borregaard's environmental targets. It is vital that the authorities work in concert with the industry to secure delivery of targeted reductions.

Borregaard's strategic priorities are increased specialisation and value growth with sustainability as a driver. The production capacity for highly specialised lignin-based biopolymers was increased in 2024 with an investment totalling close to NOK 80 million. The new capacity will gradually be phased into attractive niche markets, mainly targeting battery applications.

A NOK 100 million investment in a new green technology platform and an associated commercial scale demonstration plant is ongoing. The new platform will enable the delivery of next generation lignin-based biopolymers and granulation of existing and new products. Targeted application areas include homecare, industrial cleaners, water treatment and agriculture.

In the 4th quarter, Borregaard announced a NOK 490 million investment to debottleneck and increase the capacity at the Sarpsborg site.

The debottlenecking is the first of two planned investments to increase capacity at the Sarpsborg site towards 2027. In total, the expected capacity increase is 5–10%. Production output is expected to increase gradually from the second half of 2026.

Mid-2024, Borregaard maintained its fully diluted pro-rata share (35%) in the marine biotech company Alginor through participation in two capital raises to fund the next step of their biorefinery expansion. Borregaard's investment into Alginor amounted to NOK 419 million at the end of 2024.

FINANCIAL PERFORMANCE

Borregaard's operating revenues increased to NOK 7,617 million (NOK 7,132 million)[2] in 2024. EBITDA[1] reached an all-time high of NOK 1,874 million (NOK 1,781 million). Results improved in both BioSolutions and Fine Chemicals while BioMaterials had a decrease compared with 2023.

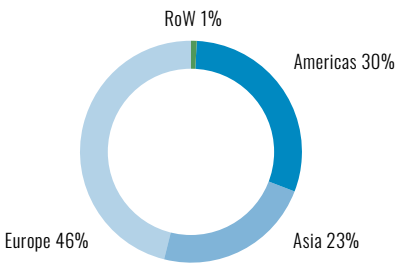
The increased result in BioSolutions was due to higher sales, reduced energy costs and improved product mix. In BioMaterials, total sales volume was 11% higher than in 2023. However, higher wood costs, lower sales prices and an increase in other operating expenses were the main reasons for the reduced EBITDA[1]. Fine Chemicals' result was largely in line with 2023. The net currency effects were slightly negative for the Group.

Other income and expenses[1] were NOK -30 million in 2024. This amount was for an accrual to remediate contaminated soil related to previously phased-out chlor-alkali technology at the Sarpsborg site.

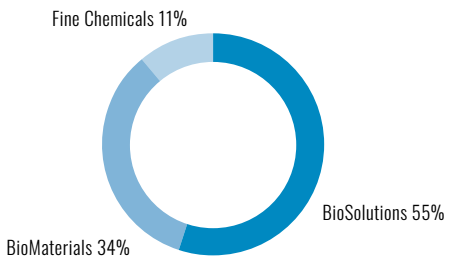
Operating profit was NOK 1,283 million (NOK 1,291 million). Net financial items amounted to NOK -204 million (NOK -167 million). Profit before tax was NOK 1,079 million (NOK 1,124 million). Tax expense was NOK -250 million (NOK -268 million), giving a tax rate of 23% (24%).

Earnings per share were NOK 8.25 (NOK 8.73). Return on capital employed[1] was 17.1% (18.3%), above the targeted level of minimum 15% pre-tax. Borregaard ASA's share price was NOK 182.40 (NOK 171.40) at the end of 2024.

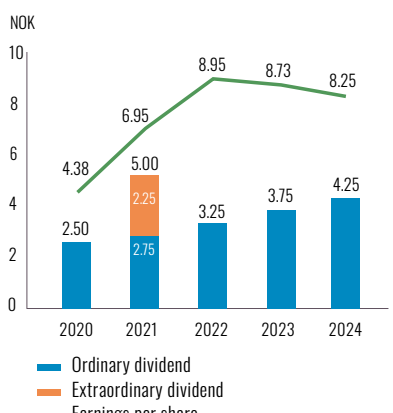
SALES REVENUES BY GEOGRAPHICAL AREA 2024



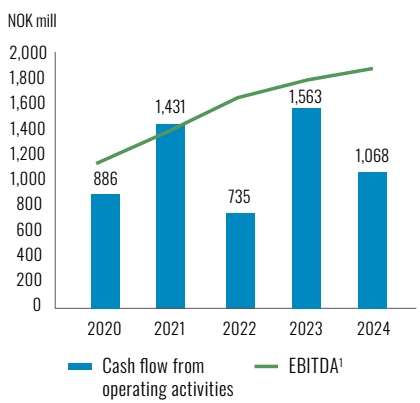
SALES REVENUES BY BUSINESS AREA 2024



EARNINGS PER SHARE AND TOTAL DIVIDEND



CASH FLOW FROM OPERATING ACTIVITIES



/ [1] *Alternative performance measures, see page 199 for definition.*

/ [2] *Figures in parentheses are for the corresponding period in the previous year.*

Business segments

BioSolutions

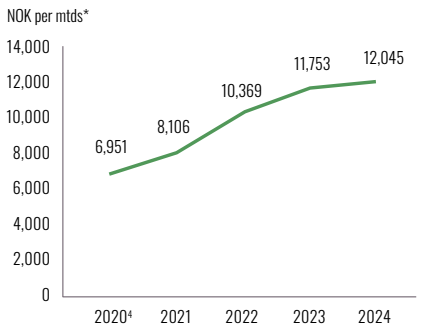
BioSolutions' operating revenues increased to NOK 4,241 million (NOK 3,944 million) in 2024. EBITDA[1] reached NOK 1,104 million (NOK 915 million).

The increased result was due to higher sales, reduced energy costs and improved product mix. These effects were partly offset by cost inflation. The net currency impact was insignificant.

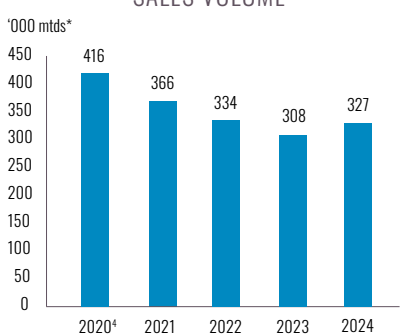
Specialisation through market development and innovation has improved the product mix and contributed to the strong result. The average price in sales currency for BioSolutions was 1% higher than in 2023, and total sales volume was 6% higher. Higher demand for lignin-based biopolymers for agriculture was the main reason for the increased sales volume and the top-line growth in 2024. The growth within agriculture was broad-based and supported applications like crop protection, plant nutrition and animal feed. In addition, sales to batteries and oilfield chemicals showed good growth.

The biovanillin market continued to be impacted by the high global supply of synthetic vanillin products.

GROSS AVERAGE PRICE[3]



SALES VOLUME



* Metric tonnes dry solid

Sales price and sales volume include lignin-based biopolymers and biovanillin.

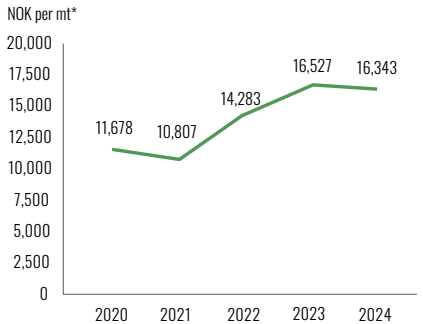
BioMaterials

Operating revenues increased to NOK 2,622 million (NOK 2,439 million). EBITDA[1] was NOK 434 million (NOK 534 million).

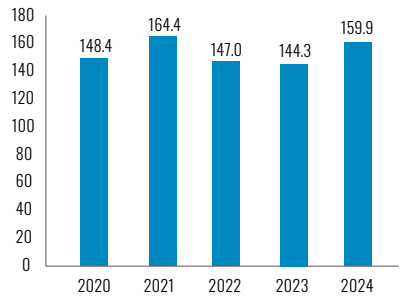
Total sales volume was 11% higher than in 2023. However, higher wood costs, lower sales prices and an increase in other operating expenses were the main reasons for the reduced EBITDA[1]. The average price in sales currency was 3% lower than in 2023. Net currency effects were negative.

BioMaterials had significantly higher deliveries of speciality cellulose in 2024, driven by increased sales to high-purity casings and cellulose ether grades to regulated applications for food and pharma. The closure of Georgia Pacific's plant in Foley, Florida in the autumn of 2023 and the suspension of RYAM's plant in Temiscaming, Quebec in the summer of 2024, contributed to Borregaard's growth in these applications

GROSS AVERAGE PRICE[3]



SALES VOLUME



* Metric tonne

Sales price and sales volume include speciality cellulose and cellulose fibrils.

/ [1] Alternative performance measures, see page 199 for definition.

/ [3] Average sales price is calculated using actual FX rates, excluding hedging impact.

/ [4] Includes volume from discontinued operations in South Africa and Spain.
Average sales price and sales volume reflect 100% of sales and volume from the J/V in South Africa till the end of the 2nd quarter 2020.

Fine Chemicals

Operating revenues in Fine Chemicals increased to NOK 799 million (NOK 786 million). EBITDA[1] was NOK 336 million (NOK 332 million).
The result for fine chemical intermediates improved compared with 2023, mainly due to higher sales volume. Sales prices for key products were reduced as a result of price reductions for the main raw material. The result for bioethanol was lower than in 2023, as increased sales volume was more than offset by higher costs.
The market conditions for advanced biofuels continued to be favourable in several European countries throughout most of 2024.

The net currency impact in Fine Chemicals was slightly positive.

Cash flow

In 2024, cash flow from operating activities was NOK 1,068 million (NOK 1,563 million). Increased net working capital was the main reason for the reduction in the cash flow from operating activities. Increased accounts receivable from higher sales affected net working capital negatively. In addition, financial costs were higher compared with 2023.

Investments amounted to NOK 861 million (NOK 838 million). Replacement investments were NOK 598 million (NOK 550 million), where the largest expenditures were related to an upgrade of the wood conveyor belt and the investment to reduce CO_2 emissions, improve energy efficiency, and increase energy flexibility at the biorefinery in Norway. Expansion investments[1] totalled NOK 263 million (NOK 288 million), where the largest expenditures were related to participation in two capital raises in Alginor ASA and specialisation projects within BioSolutions.

Dividend of NOK 374 million (NOK 324 million) was paid out in the 2nd quarter. In 2024, the Group has sold and repurchased treasury shares with net proceeds of NOK -46 million (NOK -43 million). Realised effect of hedging of net investments in subsidiaries was NOK -109 million (NOK -38 million).

On 31 December 2024, the Group had net interest-bearing debt[1] totalling NOK 2,240 million (NOK 1,791 million), an increase of NOK 449 million from year-end 2023.

At the end of December, the Group was well capitalised with an equity ratio[1] of 53.1% (53.7%) and a leverage ratio[1] of 1.20 (1.01).

Financial risks

Borregaard is financially exposed to currency risk for most of its sales, primarily in USD and EUR. A substantial part of this exposure, defined as estimated net cash flow in USD and EUR, is routinely hedged with a nine-month time horizon. Subject to certain criteria being met, the hedging horizon for USD and EUR exposure may be extended up to 36 months. In 2024, substantial EUR and USD amounts were hedged within a 3-year time horizon. See Note 28.

Borregaard is also exposed to price risk for energy, wood and other strategic raw materials. There is also a supply risk for lignin raw material. In sales, all Borregaard's business segments are exposed to price risk in international and domestic markets. Furthermore, there are production, environmental and safety risks inherently associated with the operation of manufacturing sites. To mitigate these risks, Borregaard has a strong commitment to continuous improvement throughout its worldwide operations, calling on a wide range of measures affecting both revenues and costs.

Climate and nature risk assessment comply with IFRS S2 standard and TNFD framework. See also a summary of climate risks and potential financial impact in Note 28.

Credit risk for Borregaard is perceived to be modest due to the quality of its customer base and its stringent credit management policy. Short-term liquidity risk associated with cash flow fluctuations is low as Borregaard has ensured ample short-term and long-term financing from a group of leading Nordic banks. As of 31 December 2024, the undrawn portion of available long-term facilities amounted to NOK 1,500 million.

The company's business activities and financial position, together with the factors likely to affect its future development and performance, are set out above. With its considerable financial resources, together with longstanding relationships with customers and suppliers across different geographic areas and industry sectors, the company is well placed to manage its ongoing business risks. With a strong equity ratio[1] and good liquidity, the company has adequate resources to continue its operations for the foreseeable future. Hence, in accordance with the Norwegian Accounting Act §3-3a, we confirm that the financial statements have been prepared under the assumption of a going concern. See Note 28 to the Group's financial statements for further disclosure of financial and operational risks.

/ [1] *Alternative performance measures, see page 199 for definition.*

OTHER MATTERS AND SUBSEQUENT EVENTS

Remuneration of Group Executive Management

The Board of Directors has a Compensation Committee which deals with all important matters related to salary and other remuneration of senior executives before such matters are decided by the Board. In accordance with Norwegian legislation, the General Meeting approved the guidelines for remuneration of executive personnel in 2023. The Guidelines and actual remuneration are included in the report "Remuneration report 2024" available at the company's website. The report is subject to approval by the Annual General Meeting in 2025.

Shareholder matters

All shares in Borregaard ASA have equal rights and are freely traded. The company has established a programme enabling employees to purchase shares at a discounted price. In connection with this programme and the share option programme for the Group Executive Management and other key employees, Borregaard ASA held 448,779 treasury shares as of 31 December 2024 and 272,988 as of 17 March 2025. See Note 9 regarding share options.

Total number of shares outstanding as of 31 December 2024 was 100 million, including 448,779 treasury shares. Total number of shareholders was 8,940. Borregaard ASA's share price was NOK 182.40 at the end of 2024, compared with NOK 171.40 at the end of 2023.

Shares to employees

As part of the employee share programme, Borregaard sold a total of 170,744 shares to employees in February 2025. The share price was NOK 147.65 per share after deduction of a 25% discount. See notifications to the Oslo Stock Exchange on 3, 10 and 28 February 2025.

Share options issued

In February 2025, 398,000 share options at a strike price of NOK 221.22 were granted under the long-term incentive programme. The options will expire after five years, the vesting period is three years, and the options may be exercised during the last two years. See notification to the Oslo Stock Exchange on 14 February 2025.

Other matters and subsequent events

Borregaard to participate in Alginor capital raise

Borregaard will co-invest with existing shareholders, Must Invest and Hatteland Group, in a direct offering of new shares in Alginor, amounting to NOK 100 million. Additionally, the same three shareholders will underwrite a subsequent rights issue for NOK 50 million, with subscription rights extended to all other shareholders.

Depending on the outcome of the subsequent rights issue, Borregaard's equity contribution will range from NOK 55 to 83 million, corresponding to an ownership share of between 36% and 43% in Alginor.

Including this equity raise, Borregaard's total investments in Alginor will increase to between NOK 474 and 502 million.

See notification to the Oslo Stock exchange on 17 March 2025.

There have been no other events after the balance sheet date that have had a material impact on the financial statements, or the assessments carried out.

/ [1] *Alternative performance measures, see page 199 for definition.*

ALLOCATION OF PROFIT

The Board has proposed an ordinary dividend for 2024 of NOK 4.25 (NOK 3.75) per share for the 2024 financial year, corresponding to 52% of net earnings per share for the Group. Total dividend payment is estimated at NOK 423 million. The exact amount will depend on the number of treasury shares held at the date of the General Meeting.

In 2024, Borregaard ASA had a profit of NOK 388 million (NOK 387 million). Borregaard ASA is well capitalised with an equity ratio[1] of 68% after pay-out of the proposed dividend. The Board proposes the following allocation (NOK million):

Dividend	423
Retained earnings	-35
Total	**388**

/ [1] *Alternative performance measures, see page 199 for definition.*

OUTLOOK

The total sales volume for BioSolutions in 2025 is forecast to be approximately 330,000 tonnes with continued strong sales to agriculture. In january, US authorities announced preliminary antidumping duties on vanillin from China. Borregaard expects a positive but limited impact from these duties.

For BioMaterials, the total sales volume is forecast to be 150,000-155,000 tonnes in 2025. Sales volume of highly specialised grades is expected to be higher than in 2024. In the 1st half of 2025, the average price in sales currency is expected to be 8–10% higher than in the 1st half of 2024.

Favourable incentives for advanced bioethanol in Europe have recently triggered substantial new supply from agricultural waste and other sources. Therefore, sales prices for Borregaard's bioethanol are expected to be lower than in 2024, and more in line with prices achieved for 2022. Sales volume for fine chemical intermediates is expected to increase compared with 2024.

Borregaard's wood costs in the 1st half of 2025 are expected to be largely in line with the cost level in the 2nd half of 2024. The full year impact from recent investments in CO_2 reduction and energy efficiency will have a positive impact on energy costs at the biorefinery in Sarpsborg.

War and conflicts in Ukraine and the Middle East as well as uncertainty in the global economy may impact Borregaard's markets and costs. Borregaard will continue to closely monitor markets and costs development and implement relevant measures if required.

/ [1] *Alternative performance measures, see page 199 for definition.*

SUSTAINABILITY STATEMENTS

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I | General information

MDR-M/MDR-T

Metrics and Targets – Sustainability performance in 2024

Greenhouse gas emissions (GHG, Scope 1 and 2) decreased by 6%, driven by investments of NOK 187 million to convert the spray-drying process for lignin from natural gas to electricity at the biorefinery in Sarpsborg.

Total Scope 3 emissions increased by 19% primarily due to reported emissions (using primary data) and an expanded scope in Category 1 Purchased goods and services.

Reduced degradation rate in the wastewater treatment system was the main reason for the 16% increase in emission of organic material in 2024. In addition, changes in product mix also impacted the emissions.

95% of the wood purchased for Borregaard's biorefinery was PEFC and/or FSC® certified. Innovation is of strategic importance to Borregaard in the development of more specialised and sustainable products. The innovation rate[5] was 14% in 2024 (16%).

The total recordable injuries per million hours worked (TRIF) were 7.9 (5.3). The number of lost time injuries increased from 1 in 2023 to 2 in 2024. Sick leave was 4.0% (3.9%).

The figure below shows key sustainability metrics and targets.

BP	Basis for preparation
GOV	Governance
SBM	Strategy, business model
IRO	Impact, risk and opportunity management
M	Metrics
T	Targets
E	Environmental information
S	Sosial information
G	Governance information
DR	Disclosure requirement
MDR	Minimum disclosure requirement
DP	Datapoint related to a disclosure requirement
ESRS	European sustainability reporting standard
CSRD	Corporate sustainability reporting directive

/ [5] *Innovation rate = share of sales revenues from new products and applications introduced during the previous five years.*

KEY METRICS AND TARGETS

CLIMATE CHANGE

Scope 1 and 2 GHG emission

- Result 2024: 183,000 t
- Result 2023: 197,000 t
- Long-term target 2030: 114,000 t

Scope 3 GHG emissions

- Result 2024: 487,000 t
- Result 2023: 411,000 t
- Long-term target 2030 : 300,000 t

Innovation rate

- Result 2024:14%
- Result 2023:16%
- Target, maintain annual innovation rate of 15%

POLLUTION

COD, organic material, emission to water

- Result 2024: 53 t
- Result 2023: 46 t
- Long-term target 2030: 40 t

BIODIVERSITY

PEFC and/or FSC® certified wood at Borregaards biorefinery

- Result 2024: 95%
- Result 2023: 99%
- Long-term target 2030: 100%

OWN WORKFORCE

Total recordable injuries per million hours worked

- Result 2024: 7.9
- Result 2023: 5.3
- Long-term target 2030: 0

Sick leave

- Sick leave 2024: 4.0%
- Sick leave 2023: 3.9%
- Long-term target 2030: 3.0%

SUSTAINABILITY

Sustainability ratings

- Rating Ecovadis 2024: Gold
- Rating Ecovadis 2023: Gold
- Rating CDP Climate, Forest, Water 2023: A, A-, A

ESRS 2 General Disclosures

BP-1

General basis for preparation of sustainability statements

The reporting Scope comprises the entire Borregaard Group and covers the whole value chain from sourcing and production to distribution and product use. The data is consolidated according to the same principles as the financial statements.

The sustainability statements are prepared with reference to the European Sustainability Reporting Standard (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG).

All the data points included in the E, S, and G sections have been assessed as material according to our double materiality assessment (DMA).

BP-2

Disclosures in relation to specific circumstances

For definitions of medium- or long-term time horizons, we have used the definition as per ESRS. However, to ensure the results of the climate and nature scenario analysis are relevant, Borregaard has adjusted the definitions of the medium- and long-term horizons. The short-term corresponds to the reporting period covered in Borregaard's financial statements, the medium-term spans from the end of the short-term reporting period up to 9 years, and the long-term encompasses periods exceeding 10 years.

We regularly review our estimates and judgements based on our experience, the development of ESG reporting, and various other factors. For more details on the key estimates and uncertainties, please refer to our accounting policies that explain how we calculate the ESG metrics.

Basis for preparation

Borregaard's 2024 sustainability statements has been prepared, in all material respect, in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting standards (ESRS) pursuant to the Accounting Act §§2-3 and 2-4.

EY has conducted a limited assurance engagement on the consolidated sustainability statement as of 31 December 2024 and for the year then ended. The Limited Assurance Report is included on page 197 of the annual report.

Borregaard is certified in accordance with several standards, and thus most of the ESG data and processes are verified by third parties. Relevant certifications include:

- ISO 9001, ISO 14001 and ISO 50001
- PEFC Chain of Custody
- FSC® Chain of Custody
- ISCC EU – Bioethanol, Alvamix and Biogas
- ISCC PLUS, Speciality Cellulose & Lignosulfonate, Bioethanol and Biovanillin

Borregaard participates in external schemes that contribute to enhanced control, improvements and inspiration regarding a systematic approach to working, as well as issues and topics related to corporate responsibility, sustainable development and operations. Borregaard is a member of the UN Global Compact supporting universal principles on human rights, labour, the environment and anti-corruption. We view this report as our Communication on Progress to the UN Global Compact.

Incorporated by reference

E2-6, in Notes 13 and 35 to the Consolidated financial statement, information of the accrual related to remediation of historical polluted soil is described.

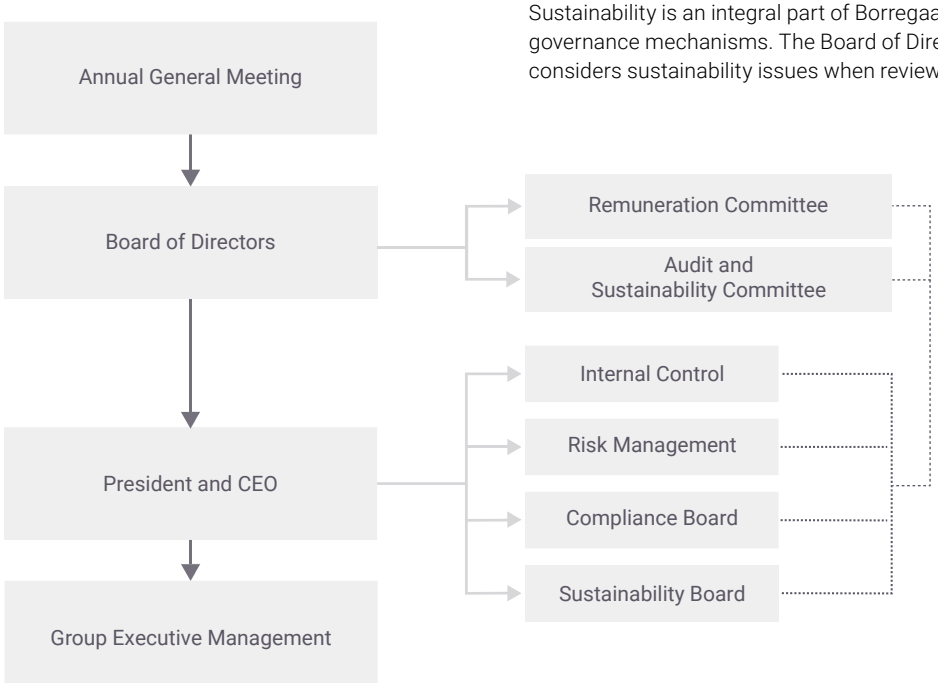
ESRS 2 GOV-1, the Board Members are presented on page 7 and in the Corporate Governance chapter.

GOV-1

The role of the administrative, management and supervisory bodies

Borregaard's Board of Directors consists of seven members, of whom five (71%) are shareholder-elected and two are employee-elected members. In addition, there are two observers on the Board, also employee elected. The Board includes three female members (43%). There are seven non-executive members. All shareholder-elected members are independent of the company's management, main shareholders and important business associates.

Sustainability is an integral part of Borregaard's governance mechanisms. The Board of Directors considers sustainability issues when reviewing and guiding strategy, risk management policies, annual budgets and business plans, as well as when setting Borregaard's performance objectives. The Board has established an Audit and Sustainability Committee (ASC), which monitors and evaluates more specific issues and plans on behalf of the Board, in preparation for Board meetings. The ASC also monitors the impacts, risks and opportunities related to material sustainability matters. For further details, see page 139 (Corporate Governance, chapter 10).



The Board has a separate Remuneration Committee which monitors, discusses and makes recommendations to the board on specific matters concerning the various elements of remuneration, including performance criteria linked to ESG issues.

The administrative function is led by the President and CEO. Borregaard has an internal sustainability board that addresses and monitors key sustainability topics, and initiates processes to develop guidelines, goals and measures within the areas covered by this report. The sustainability board informs and guides the President and CEO, as well as the Group Executive Management, on which sustainability issues to address and the measures to be implemented. The sustainability board reports to the President and CEO and is chaired by the Senior Vice President of Organisation and Public Affairs. It consists of three members from the Group Executive Management, as well as other key employees responsible for the entire value chain and other relevant functions. The Group Executive Management consist of nine members.

The members of the Group Executive Management are responsible for specific areas of the company based on formal competence and relevant experience. The Executive members consist of President and CEO, CFO, EVP BioSolutions, EVP Speciality Cellulose and Fine Chemicals, Plant Director, SVP R&D and Business Development, SVP Procurement and Strategic Sourcing, SVP Organisation and Public Affairs and General Councel.

Borregaard has an internal compliance board consisting of SVP Organisation and Public Affairs (Chair), General Counsel, Vice President Finance and Chief Risk Officer. The compliance board reviews and monitors compliance matters and contributes to improvements. It reports to the President and CEO, and the Board of Directors reviews an annual Compliance Report.

Borregaard's governance systems are based on principles set out in the Norwegian Code of Conduct for Corporate Governance. Our Corporate Governance Report is an integral part of the Report of the Board of Directors.

The Group Executive Management is responsible for overseeing the company's goals, measures and results. The daily implementation of these

responsibilities lies with line management. This ensures that corporate responsibilities are integral components of all operations within Borregaard's subsidiaries, as well as across various management teams, units and departments. Training initiatives on relevant topics and guidelines are also developed and implemented.

Borregaard has documented its internal procedures, including a description of authorities, in the quality management system. The Group follows a dual control principle for approvals.

All employees have annual PLUS talks with their manager. Development needs and responsibilities are discussed as tasks and responsibilities should meet the individual's skills. If needed, relevant training and other development needs are planned. For managers, at least one of the annual goals from the PLUS talk should be related to sustainability, and therefore, relevant sustainability skills are also considered.

Borregaard has an internal sustainability academy for its employees focusing on various sustainability topics. In addition, the sustainability board addresses various topics on the agenda, such as forest raw material, Scope 3, sustainability impact, risks and opportunities in various applications etc. The sustainability board invites other relevant employees to its meetings to make sure their competence is up to date.

For information on the process related to impact, risks and opportunities, see GOV-5 from page 24.

GOV-2

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The President and CEO reports current matters, including climate and nature-related issues, to the Board of Directors (at least 8 meetings per year) and the ASC (at least 6 meetings per year). The Board of Directors oversees major capital expenditures, acquisitions and divestitures where ESG-related risks are considered in the process. The ASC's responsibilities related to sustainability are outlined in the mandate to the ASC from the Board of Directors. The materiality assessment is presented to and discussed with the ASC before being finalised. The Board of Directors approves the materiality assessment on an annual basis.

GOV-3

Integration of sustainability-related performance in incentive schemes

Sustainability-related performance, including goals related to ESG, is integrated into incentive schemes and are described below as well as in a separate Remuneration Report.

Borregaard has a remuneration policy for senior management, which has been approved by the Annual General Meeting and is available on the company's website.

The remuneration policy includes guidelines for variable remuneration in the form of Short-Term Incentives (STI) and Long-Term Incentives (LTI). For both schemes, sustainability and ESG factors, including climate-related parameters, are part of the performance criteria for the compensation arrangements.

In the annual bonus scheme (STI), achievements linked to personal goals can result in a bonus of up to 10% of the fixed salary. For the Executive Management, it is mandatory to include at least one sustainability/climate goal (out of 3-5 goals). In addition, there are mandatory criteria linked to safety and health in the bonus scheme, corresponding to up to 7.5% of the annual fixed salary.

In the option scheme (LTI), the fulfilment of performance criteria based on sustainability, including climate, is a prerequisite for part of the option allocation, corresponding to a value of 10% of the fixed annual salary for the CEO and 5% of the fixed salary for other members of the Executive Management.

The Board's compensation committee reviews that bonus criteria and option schemes are in line with the guidelines and intentions approved by the Annual General Meeting.

Borregaard holds a Directors and Officers Liability Insurance Policy on behalf of the members of the Board of Directors and the President and CEO. The insurance additionally covers any person acting in a managerial capacity and includes subsidiaries owned by more than 50%. The insurance policy is issued by a reputable, specialised insurer with appropriate rating.

GOV-4

Statement on due diligence

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT	
1: Embedding due diligence in governance, strategy and business model	General (ESRS 2): Decision-making process and internal control procedures; p. 42 Social (ESRS S1): Material impacts, risks and opportunities and their interaction with strategy and business model; p. 112	ESRS 2: GOV-2, GOV-3, SBM-3
2: Engaging with affected stakeholders in all key steps of the due diligence	Interests and views of stakeholders; p. 32-35	ESRS 2: GOV-2, SBM-2, IRO-1, MDR-P
3: Identifying and assessing adverse impact	Borregaard has conducted a double materiality assessment to identify material adverse impacts. General (ESRS 2): Description of the processes to identify and assess material impacts, risks and opportunities; p. 40 Environmental impacts: p. 62, 83, 94, 104 Governance: p. 127	ESRS 2: IRO-1, SBM-3
4: Taking actions to address those adverse impacts	Borregaard takes actions to mitigate and adress the identified material adverse imapcts. Our actions are explained with each material topic in our sustainability statements Environment: p. 66, 85, 100, 105 Social: p 115 Governance: p. 129	ESRS 2: MDR-A
5: Tracking the effectiveness of these efforts and communicating	We annually report on key metrics and monitor progress on our targets. Environment: p. 72, 74, 88, 89, 93, 102, 107, 108, 109 Social: p. 119, 126 Governance: p. 131	ESRS 2: MDR-M, MDR-T

GOV-5

Risk management and internal control

Identifying and managing risks and opportunities are integrated into multidisciplinary parts of the Group's business processes. Risk management ensures that risks relevant to Borregaard's objectives are identified, analysed and addressed early and in a cost-effective manner.

A sound risk culture in Borregaard's operating units is a prerequisite for a successful risk management process. An operating unit may be a plant, an organisational department, a subsidiary or a business unit. Comprehensive risk assessments related to either operations or projects are carried out on an ongoing basis in all operating units and reported to the next management level.

Top-down risk evaluations are mainly focused on climate change, environment, health and safety (EHS), and profitability. The risk assessment is presented and reviewed quarterly by the Audit and Sustainability Committee and at least annually by the Board. An operating unit's risk assessment identifies the principal risks and opportunities associated with the unit's value chain. The individual unit managers in the Group

are responsible for acquainting themselves with all significant risk factors within their own area of responsibility, thereby contributing to a financially and administratively sound handling of these risks.

Borregaard has established a central risk management function at the Group level, headed by the Chief Risk Officer (CRO), who is responsible for Borregaard's risk management model and implementation support. Furthermore, the Group CRO shall facilitate the risk assessment process and contribute to the identification, analysis and handling of risks across business areas and disciplines. The CRO consolidates the overall risk assessment which is reviewed by the Group Executive Management before being submitted to the Audit and Sustainability Committee and, finally, to the Board.

The risks are prioritised based on the assessed impact and probability. The greater the impact and likelihood of the risk occurring, the higher the priority for implementing measures to reduce it.

The sustainability board initiates processes to develop new policies, set new targets and measures, and update the risk picture within sustainability.

The stakeholders' perspective is taken into consideration when assessing and managing risks and opportunities with potential environmental, social and economic impacts throughout the company's value chain. Climate and nature-related risks assessment complies with the International Financial Reporting Standards (IFRS) and the Task Force on Nature-related Financial Disclosures (TNFD).

Internal control of ESG matters is documented in the management system and includes a description of authority. Key ESG data are reviewed by the ASC prior to the Board meetings and were included in the Group's biannual reports starting from 2023.

SBM-1

Strategy, business model and value chain

Strategy – a biorefinery with high value creation

Borregaard operates one of the world's most advanced biorefineries which utilises the three key components of wood – fibres, lignins and sugars – to produce a diversified portfolio of alternatives to fossil-based products. The wood is sourced from sustainably managed forests and the biorefinery utilises 94% of the feedstock to produce biochemicals, biomaterials and energy (read more).

Borregaard is a supplier of specialised biochemicals and biomaterials to a global customer base. Our main products are lignin- based biopolymers and biovanillin, speciality cellulose, cellulose fibrils, fine chemical intermediates and advanced bioethanol.

The products are used across multiple industries for a wide range of applications, including sectors such as feed and agriculture, construction and building materials, food and pharmaceuticals, home and personal care, batteries, biofuel and several other industries.

The Group's strong market positions have been developed through an in-depth understanding of our markets, the production of advanced and specialised products, and a local presence through a global sales and marketing organisation.

We are a competence-driven company with research and development (R&D), production, sales and marketing as our core competencies. To maintain our leading position, we place a strong focus on training programmes and cooperation between the various disciplines.

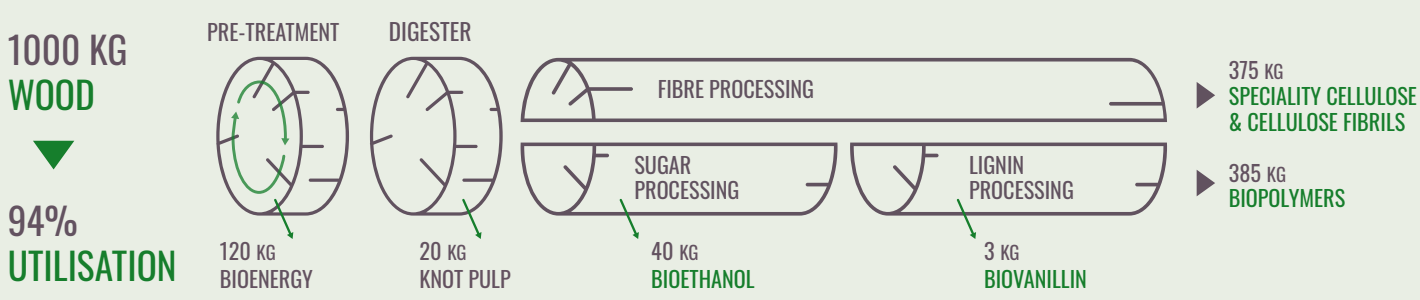
Borregaard has a leading research centre that combines various chemistry disciplines, biotechnology and microbiology, focused on developing new or improved products, applications and production technologies.

In addition to our biorefinery in Norway, we operate five other lignin production sites based on the biorefinery concept, located in the USA, Germany, the Czech Republic and the UK. In total, the company has manufacturing operations and sales offices in 13 countries across Europe, Asia and the Americas, serving our global customer base.

At the end of 2024, total number of employees (head count) was 1,195 (1,141 FTE). Total revenue was NOK 7.6 billion.

Borregaard's understanding of sustainability and corporate responsibility derives from the fact that our business model, the way we run our company, and the products we produce, are sustainable and meet global needs.

The world is facing major challenges related to population growth, climate change and resource scarcity. These challenges will generate an increased demand for climate-friendly and environmentally sustainable solutions for food production, infrastructure, transportation, housing, energy and jobs.

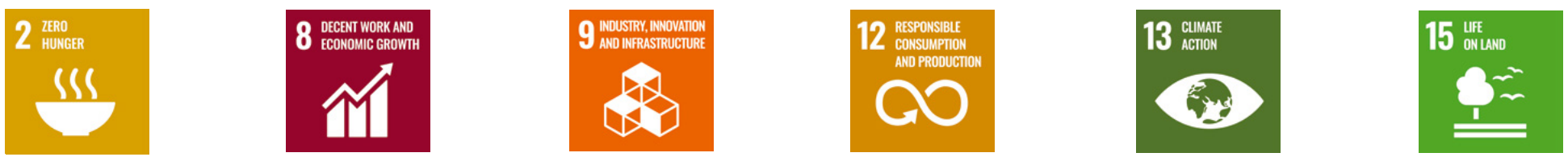


GLOBAL CHALLENGES

POPULATION GROWTH

CLIMATE CHANGE & RESOURCE SCARCITY

PRIORITISED SDGS



OUR CONTRIBUTION

SUSTAINABLE FOOD PRODUCTION

- Efficient and sustainable feed products
- Growth stimulants for food plants
- Improved and sustainable crop solutions and protection
- Raw materials do not compete with food production

RESPONSIBLE BUSINESS

- Profitability as a prerequisite in addition to environmental and social dimensions in the sustainability scope
- High value creation and local partners and suppliers create substantial ripple effects in society
- Profitability allows for investments, R&D and competence development
- Promoting human rights and decent working conditions

NEW AND IMPROVED PRODUCTS

- Market-driven innovation that involves the entire organisation
- Uses a significant share of revenues on innovation
- New and improved products with better performance
- Delivers sustainable products and solutions to infrastructure

SUSTAINABLE BIOREFINERY

- Full utilisation of raw materials
- Continuously improved environmental lifecycle impact
- Sustainable sourcing programme
- Continuous productivity improvements, including digitalisation
- Improved chemical safety
- Reduced emissions and reduced impact on the environment

CLIMATE MITIGATION

- The biorefinery concept with sustainable products is an essential part of the business model
- Science-based targets for reduced GHG footprint
- Climate impact part of investment project evaluations
- Investments in renewable energy and reduced emissions

FOREST RAW MATERIAL

- Bio-based raw materials from responsibly managed and certified sources

The UN predicts that the world population will reach 8.5 billion by 2030 (+3.7%) and continue to grow to 9.7 billion by 2050 (+18.3%). This population growth is expected to lead to resource scarcity and a significant demand for climate-friendly solutions in our daily lives. In response to these challenges, specific sustainability goals and measures have been defined in areas such as access to raw materials, energy, food and infrastructure. These factors are expected to increase demand for sustainable products, creating opportunities for Borregaard's innovative solutions to support good lives within a sustainable framework. This is further supported by the climate scenario analysis we have conducted. The impact of these factors is included in the double materiality assessment.

Our business can help advance sustainable development by both minimising negative and maximising positive climate and environmental impacts. Reduced emissions, increased resource utilisation and our offering of alternatives to petrochemical products will contribute positively and directly to the UN's Sustainable Development Goals (SDGs).

The successful development and marketing of our bio-based products will have a positive impact on both the environment and our customers and end-users. Borregaard's business model and products are well positioned to support the SDGs set out in the UN 2030 Agenda for Sustainable Development. We have prioritised six of the SDGs based on our contributions to addressing global sustainability challenges through our activities and solutions, see SDG Figure.

Our products contribute to several SDGs, including food and feed production (SDG 2), construction and infrastructure (SDG 9 and 11), clean energy (SDG 7), transportation solutions (SDG 9) and chemicals for water purification (SDG 6). Most of Borregaard's products have a favourable climate footprint compared to fossil-based alternatives, thereby supporting efforts to mitigate climate change (SDG 13). As a result, Borregaard's innovative products and solutions can play an important role in addressing some of the world's most pressing sustainable development challenges: Population growth, climate change and resource scarcity.

Sustainability is a key value driver for Borregaard, and regulatory trends are now driving change. For example, Borregaard has spent the last 12 years re-authorising our lignin-based biopolymers for use in animal feed within the EU, which was successfully achieved in February 2024. In this customer segment, we are now witnessing strong demand for non-synthetic sustainable binders due to new regulations, typically banning substances of concern such as formaldehyde.

Borregaard is now increasing its market presence in Asia driven by the region's rapid growth and increasing sustainability focus. In India, we are strengthening our R&D capabilities with a particular focus on the agricultural sector.

Business model and value chain

Borregaard adopts a holistic approach to gather, develop, and secure inputs essential for our operations. We source raw materials from sustainably managed forests, ensuring compliance with international standards such as FSC® and PEFC.

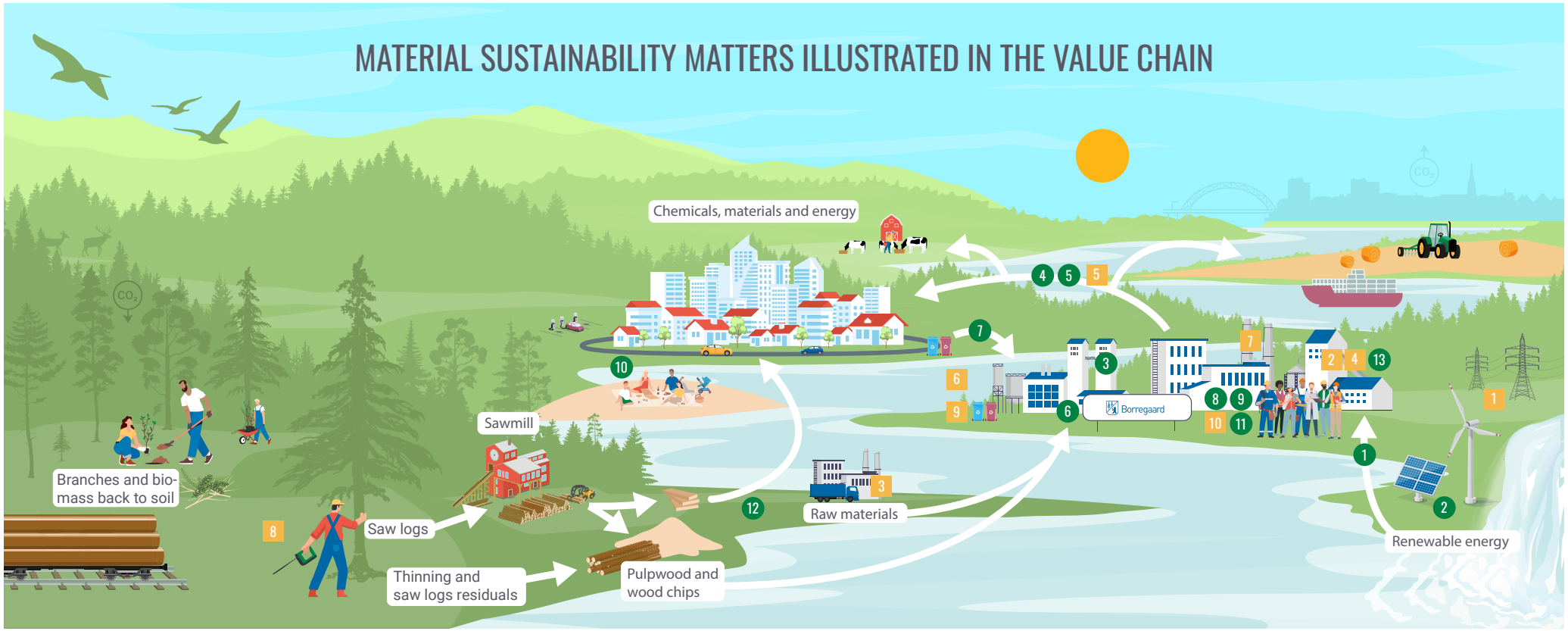
Borregaard has integrated ESG elements into our procurement strategy including long-term contracts and partnerships with certified suppliers, to maintain a stable and sustainable supply chain. We also invest in research and development to drive innovation and improve the efficiency of our resource utilisation, thereby reducing waste and enhancing sustainability. This approach supports Borregaard's business model, which focuses on delivering high value creation through full raw material utilisation. Our business model is closely linked to the integrated nature of our biorefinery concept.

In addition to wood and biomass, key input factors include energy and basic chemicals. We are strategically working on securing increased grid access and sourcing hydropower-based electricity for the long term. Around 70% of our demand for caustic soda, the main basic chemical input, is secured through captive production based on renewable energy at the biorefinery in Sarpsborg.

Generally, our supply chain for raw materials is geographically short and robust with sustainable long-term suppliers.

Borregaard's outputs include a range of biochemicals, biomaterials, and bioethanol, all derived from renewable raw materials. These products offer significant environmental benefits by reducing dependence on synthetic products and lowering greenhouse gas emissions. For customers, Borregaard's sustainable products provide high-quality, eco-friendly alternatives that meet stringent regulatory standards. Investors benefit from the strong market position and commitment to sustainability, which fosters long-term value creation. Furthermore, Borregaard's operations contribute positively to local communities through job creation and economic development.

Borregaard's value chain is characterised by our integration from raw material sourcing to the production and distribution of bioproducts. Upstream, we collaborate with certified forest owners and suppliers to ensure the sustainable procurement of wood and other raw materials. Downstream, Borregaard's products are distributed to a wide range of industries, including agriculture, construction, and pharmaceuticals, where they serve as sustainable alternatives to traditional materials. Our strategic position within this transparent value chain enables us to influence and promote sustainability practices throughout the entire network, from suppliers to end-users.



POSITIVE IMPACT AND/OR OPPORTUNITY

- 1 Energy
- 2 3 4 Climate change mitigation
- 5 Pollution of water
- 6 Resources inflows, incl. resource use
- 7 Waste
- 8 Collective bargaining
- 9 Health and safety
- 10 Work-life balance
- 11 Equal treatment and opportunities for all
- 12 13 Management of relationship with suppliers

NEGATIVE IMPACT AND/OR RISK

- 1 2 Energy
- 3 4 5 Climate change mitigation
- 6 Pollution of water
- 7 Pollution of air
- 8 Direct impact drivers of biodiversity loss
- 9 Waste
- 10 Health and safety

The numbers are explained in the table on the next page.

MATERIAL TOPICS	MATERIAL SUSTAINABILITY MATTERS	POSITIVE IMPACT OR OPPORTUNITY				NEGATIVE IMPACT OR RISK			
E1 Climate change	Energy	●		Own operations	1	●	↗	Upstream	1
						●	↗	Own operations	2
	Climate change mitigation		↗	Upstream	2	●		Upstream	3
			↗	Own operations	3	●	↗	Own operations	4
		●	↗	Downstream	4	●	↗	Downstream	5
E2 Pollution	Pollution of water		↗	Downstream	5	●	↗	Own operations	6
	Pollution of air					●	↗	Own operations	7
E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss					●	↗	Upstream	8
E5 Resource use and economy	Resources inflows, including resource use	●	↗	Own operations	6				
	Waste	●	↗	Own operations	7	●	↗	Own operations	9
S1 Own workforce	Collective bargaining (working conditions)	●	↗	Own operations	8				
	Health and safety (working conditions)	●		Own operations	9	●		Own operations	10
	Work-life balance (working conditions)	●		Own operations	10				
	Equal treatment and opportunities for all	●	↗	Own operations	11				
G1 Business conduct	Management of relationships with suppliers	●		Upstream	12				
			↗	Own operations	13				

● *Impact on the environment and people* ↗ *Financial risk and/or opportunity*

The numbers on the right are in reference to the value chain figure on the prevoius page.

The impact, risks and opportunities in the value chain are described in SBM-3.

Market position and impact

Most of our customers purchase products primarily for their performance. However, customers and end-users are becoming increasingly concerned about which products they buy, favouring natural starting materials, health benefits and a low GHG footprint. Our products can often serve as a more sustainable alternative to fossil-based products or as a new sustainable solution tailored to the specific needs or challenges our customers face.

Our positive environmental impact within our customers' value chains varies depending on the application and each customer's production process. Reduced energy consumption, extended lifetime of process equipment due to less corrosion, enhanced raw material utilisation 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.

End-users, such as farmers, benefit from increased crop yields and improved soil conditions from plant nutrition, as well as better working conditions resulting from less exposure to hazardous chemicals (pesticides). Further examples include our products contributing to long-term environmental impacts by extending the lifespan of lead batteries in energy storage systems and improving the recycling ability of packaging materials.

In addition to the direct benefits we provide to our customers, our commitment to sustainability extends to our significant markets and customer groups. We actively engage with stakeholders to understand their sustainability goals and align our product development accordingly. This collaborative approach ensures that our innovations not only meet performance expectations but also contribute to broader environmental and social objectives.

A recent example is the innovative technology developed by Borregaard for the homecare market. This technology enables the production of effective and sustainable anti-filming agents for automatic dishwasher detergents, offering an alternative to the widely used polyacrylates in this segment.

Several important markets, including agriculture, energy storage, and packaging, are placing greater emphasis on sustainability. By providing solutions that enhance resource efficiency and reduce environmental impact, we support our customers in achieving their sustainability targets.

Our innovative culture and the combination of a unique raw material base, biorefinery assets and expert knowledge, provide a solid foundation for capitalising on the increasing momentum for bio-based products. The increasing focus from consumers and investors, as well as supportive policy and regulatory measures, is driving the demand for sustainable solutions.

Our key strategic considerations mean that specialisation and value growth will continue to take priority in the years to come. For example, we see significant potential for an upgrade of our product portfolios in BioSolutions and Speciality Cellulose. We also believe that environmental investments will strengthen our competitive advantage and that further development of the biorefinery in Norway is a low-risk investment.

Ultimately, the Borregaard specialisation journey is a continuous process towards full specialisation. We are continuously entering new markets with new products in new geographies.

Borregaard is actively investing in bio-based start-ups as part of our commitment to sustainable innovation. The investment in Alginor exemplifies our commitment to growth based on sustainable biorefinery concepts with specialised products.

Alginor, a marine biotechnology company, focuses on the sustainable utilisation of brown kelp. The company aims to achieve 100% biomass utilisation with zero downstream waste, aligning with several UN SDGs, including responsible consumption and production, climate action, and life below water. The investments in bio-based start-ups supports our strategy to enhance our portfolio with eco-friendly and sustainable products, contributing to a greener future.

Although Borregaard's products generally exhibit strong climate and environmental performance, some applications still present dilemmas. Examples of such applications include oil extraction, fossil energy systems, selected crop protection products and cigarette filters. Borregaard's exposure to such applications is limited to less than 10% of the Group's operating revenues, which is below the reporting criteria outlined in the ESRS.

Our products either represent an improvement in an established value chain or can, with further innovation efforts, be used in the manufacturing of products for more sustainable applications. Consequently, these products may represent new sustainable long-term opportunities.

Most of our products are bio-based. However, Borregaard also manufactures or sells products based on fossil or non-renewable raw materials, such as fine chemical intermediates for contrast agents, aroma chemicals and certain products for agricultural markets. These products may be difficult or currently unfeasible to produce using bio-based raw materials. Nevertheless, they are often complementary to Borregaard's bio-based

products and supplement our overall market offering. We are constantly assessing possibilities of developing bio-based or more sustainable alternatives to these products.

SBM-2

Interests and views of stakeholders

We have identified our stakeholders by surveying the groups, organisations and individuals who are either impacted by our operations or influence our strategy and the achievement of our goals.

We assess our stakeholders' views and concerns through our community involvement programme, regular dialogue, media analyses, investor meetings, as well as other relevant arenas. The outcomes of these discussions are documented in various databases by the individuals responsible for the dialogue.

Stakeholder views are used across the different business units and corporate functions as input for strategy processes. They are included in the steps of identifying and assessing sustainability impacts, risks and opportunities as part of the risk management process. The results also serve as input for conducting the double materiality assessment. This process is overseen by Borregaard's sustainability board (SB). The assessment is then presented to the CEO and the executive management team for approval.

Our stakeholders include existing and potential customers, investors and lenders, current and potential employees, authorities, suppliers, local communities and neighbours, business partners, organisations and the media.

Each business unit is responsible for its market strategy. A key input is engagement with customers and potential customers to understand their needs and emerging trends. Important sustainability topics in this dialogue include the demand for products with a low climate and environmental footprint, regulatory changes to enhance sustainability, safer chemicals and our customers' Scope 3 emissions.

As part of our strategy to ensure a robust and sustainable supply chain with long-term suppliers and partners, we engage and collaborate with our suppliers in areas such as sustainable sourcing, technology (including digital solutions), certifications (such as chain of custody), the carbon footprint of raw materials and transportation, supply security, and risks associated with the geopolitical situation.

There is an increasing engagement among stakeholders regarding the use of natural resources. Some groups express concerns about forest use for environmental, wildlife, climate change, or community reasons, and several of Borregaard's stakeholders are focused on ensuring that the wood purchased by the company comes from forests that are sustainably managed. Certification schemes play a key role in this effort. To address these concerns, Borregaard has made significant efforts to support high certification standards, with the ambition that all wood used by the company shall be certified.

Approximately 80% of Borregaard's wood purchases are sourced from Norway, where nearly all wood is certified according to PEFC or FSC® standards. The revision of the 2023 PEFC national standard was comprehensive, placing greater emphasis on biodiversity than previous versions. This revision was developed through collaboration between forest owners, the industry, and several environmental and outdoor organisations. Borregaard contributed to this effort through our industry association. Additionally, in 2024, the company organised and participated in seminars and workshops to discuss sustainable forestry criteria, with active participation from both forest owners and environmental organisations.

Communication and collaboration with relevant stakeholders to follow the development of national and regional grid plans and activities, and to assess the potential effects of external changes and development, are important activities to meet Borregaard's overall strategy for GHG emission reductions and securing grid capacity for hydropower-based electricity.

The regulatory landscape for sustainable products is evolving rapidly. By actively participating in trade associations such as CEPI, CEFIC and The Federation of Norwegian Industries, Borregaard stays informed about emerging regulations, contributes to the development of industry standards, collaborates on sustainability initiatives, and gains valuable insights from stakeholders across the value chain. This engagement is not only crucial for compliance but also essential for maintaining a competitive edge in a sustainability-driven market, while supporting our strategy and business model for sustainable products.

Borregaard is assessed by several independent third parties on sustainability, providing valuable insights to inform our stakeholders about our high ESG standard. EcoVadis evaluates companies in the value chain based on various ESG parameters, and in 2024, Borregaard achieved gold status (top 5%). CDP evaluates companies on climate, water security, and forests, and Borregaard has received an A/A- rating in all these categories for the past three years. In 2024, our sustainability reporting will fully align with the CSRD, which covers most of the topics included in the CDP questionnaire.

Given the priority of implementing CSRD requirements, we decided not to report to CDP in 2024. However, we plan to resume reporting to CDP in 2025.

As a cornerstone company in Sarpsborg, Norway, the local community is a particularly important stakeholder for Borregaard. Our commitment to the local community is organised through both formal forums and a range of informal platforms and arenas. The company is active in the local Chamber of commerce ("Sarpsborg Næringsforening"), which provides numerous touchpoints and meetings with the municipal administration and political leadership, particularly regarding the conditions for business, urban development, and infrastructure. Borregaard also contributes to organisations that enhance the attractiveness of the area and promote education and skills development in fields relevant to Borregaard.

In addition, regular open events and guided tours facilitate information sharing and dialogue with the local community. The company also conducts an annual reputation survey among the population of Østfold county to gather feedback on various topics related to Borregaard.

Borregaard plays an important role in the city and region as an employer, a customer of many suppliers, a socioeconomic contributor through taxes and duties from our operations, and as an associate for many stakeholders and voluntary organisations.

Our employees are key stakeholders in our strategy and business model. Borregaard's robust corporate culture, built on shared values and a focus on unique competencies, cultivates engaged and satisfied employees. This results in consistently low turnover and makes a significant contribution to the company's value creation. Through continuous dialogue, we aim to understand our employees' perspectives, concerns, and expectations. The goal of engaging with our workforce is to incorporate their perceptions and experiences, fostering an attractive place to work, a positive working environment and ensuring safe workplaces. We actively engage with employees through formal meetings with their representatives. Two employee representatives and two observers serve on our Board of Directors, and we host multiple formal arenas where business strategies, objectives, and performance are discussed and monitored in collaboration with employee representatives.

To strengthen this dialogue, we gather workforce feedback on our culture and strategy via an annual employee engagement survey. The results are presented to the Working Environment Committee and are followed up in close collaboration with employee representatives.

Managers and employees participate in annual appraisal dialogues, which cover key topics such as expectations and goals, feedback, development, and overall performance.

We also maintain grievance mechanisms, allowing employees to raise concerns about our business practices and human rights topics. Borregaard has established clear guidelines on whistleblowing, outlining how expressions of concerns are addressed and dealt with, and the channels available for reporting them. In 2024, we included the public disclosure of grievances logged and actions taken into our compliance reporting. The transparency act, relating to transparency and efforts to uphold fundamental human rights and decent working conditions entered into force in Norway on 1 July 2022. This has further expanded our focus on our value chain and engagement with external stakeholders.

In 2024, the primary focus of our stakeholder dialogue was on resilience in the face of global economic and geopolitical uncertainties. This dialogue centred on how these factors might impact Borregaard's markets and our strategic response through a robust and transparent value chain, as well as adjustments in market exposure. This topic was of particular importance to our customers and investors.

Borregaard has strategically increased its market presence in Asia, capitalising on the region's rapid economic growth and heightened focus on sustainability. This expansion aligns with our commitment to meeting the growing demand for sustainable products in emerging markets, which is of great interest to our investors looking for growth opportunities.

The weakening of the Norwegian currency has had a notable impact on Borregaard's financial results. While it has made our exports more competitive, it has also increased the cost of imported raw materials and other inputs. We are actively managing these financial implications to maintain stability and profitability, which are important also for our investors.

Our products are designed to meet current and upcoming/future regulatory requirements within sustainability. Specifically, many of our products serve as safer alternatives to substances of concern, aligning with the EU Green Deal and other global sustainability initiatives. This proactive approach not only provides significant commercial opportunities and market access but also reassures our investors about our commitment to regulatory compliance and long-term sustainability.

At the same time, investors have increasingly questioned the environmental investments at our biorefinery in Norway and the associated costs of climate transition. We are committed to transparent communication about the long-term benefits and strategic importance of these investments, which are essential for sustainable growth and compliance with evolving regulations. This transparency helps build investor confidence in our strategic direction and priorities.

The regulatory landscape in Europe continues to evolve, presenting both challenges and opportunities. The burden of compliance with new regulations, such as those related to deforestation and sustainability reporting, requires significant resources. However, we view these regulations as a framework for driving innovation and maintaining our leadership in sustainable practices.

Transparency within our value chain remains crucial for stakeholders to better understand the impacts, risks, and opportunities associated with our business, including human rights considerations.

The following illustration summarises the stakeholder dialogue in 2024, reflecting both stakeholder expectations and how Borregaard responds through our strategy and business model.

STAKEHOLDER GROUP	IMPORTANT TOPICS IN STAKEHOLDER DIALOGUE	STAKEHOLDER EXPECTATION AND HOW WE RESPOND
C I E	Business environment; potential economic slowdown and geopolitical situation	• Due to the region's fast growth and increasing sustainability focus, increase market presence in Asia . • Security of supply, act on the basis of a long-term perspective and predictability in the market. Transparent and available information • Operate across diverse markets, offering flexibility in both production and workforce skills
C S I	Cost inflation and Norwegian currency - NOK	• Competitive terms and conditions • Clear and consistent reporting on important and relevant factors • Profitability
C S I L E A B	Borregaard's Sustainability Strategy	• Environmental, climate and social responsibility • Product safety, quality, performance and sustainability including certifications • Our market position and reputation • Compliance with regulations - High governance standard • Robustness of business model, resiliency towards climate change
C	Environmental and climate footprint of products	• Documented climate and environmentally friendly products, EPD's and certifications • Product safety, quality, performance of products • Meet regulatory trends within sustainability
C S I	Scope 3 emissions	• Contribute to reduced Scope 3 emissions both in supply chain and to the customers, support with digital Scope 3 calculations
C S	Transparency in the value chain	• Documented product safety, quality, performance and sustainability including certifications • Predictability/long-term perspective, Business ethics • No human rights violations
C S I L A	Transition plan to cut climate gas emissions to air and effluents to water by 2030	• Documentation of sustainability/ESG, no greenwashing • High ESG score – take position as a climate leader
I	EU Taxonomy CSRD directive	• Transparent and available information about aligned and eligible economic activities, "Green" financing and documented cost of climate transition and burden from regulations
L A	Renewable energy supply and grid capacity	• Energy and climate measures • Flexibility in energy consumption, security of supply
C S I	Forest certification/changes in EU forest regulations/EUDR	• Sustainable sourcing of certified wood comply with EUDR • Predictability/long-term perspective
L E A	Employee branding of Borregaard	• Sustainable and attractive jobs and educational systems
I E	Investment forecast and financial resilience	• To have a comprehensive risk management including climate and nature related risks • Transparent and available information about investments

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

SBM-3

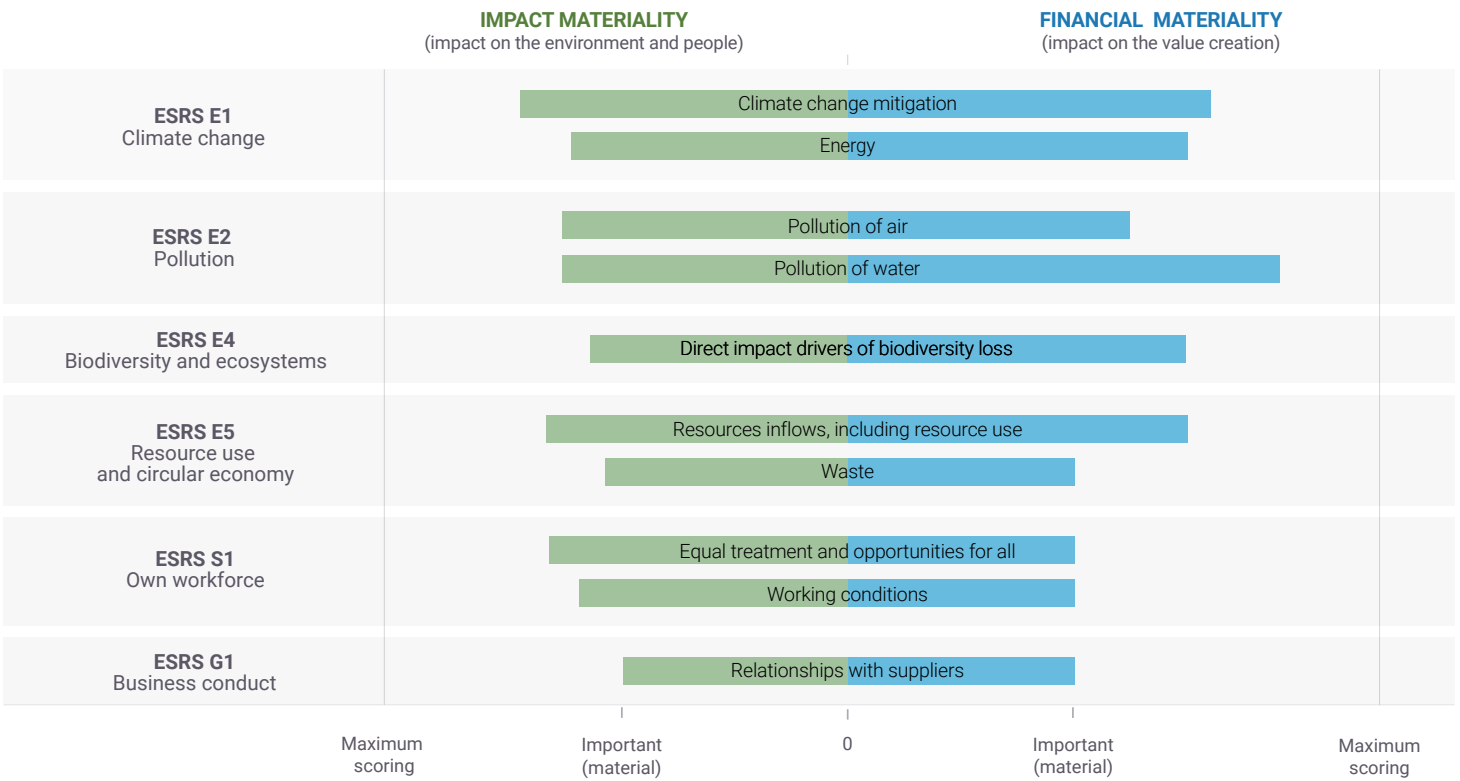
Material impacts, risks and opportunities and their interaction with strategy and business model

The impact, risks and opportunities of our business are evaluated through a materiality assessment. The following figure illustrates the results of our double materiality assessment, based on these topics. This assessment identifies the topics that are material to Borregaard's business operations, while at the same time providing a stronger foundation for making informed strategic decisions and implementing relevant measures to achieve our business goals.

The value chain illustration and its corresponding table provides details of which of the ESRS topics and sub-topics that are considered material. It shows where in the value chain each topic is material, whether it represents an impact materiality or financial materiality, and whether it has a positive or negative impact. Several topics may represent both positive and negative impacts, and risk and opportunities, depending on where in the value chain they are assessed.

The figure to the right shows the results of our double materiality assessment, considering both impact and financial materiality.

BORREGAARD'S DOUBLE MATERIALITY ASSESSMENT 2024 - IDENTIFIED MATERIAL TOPICS



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

The green and blue columns show the degree of importance within the material topics, both in terms of Borregaard's impact on the environment and the people around us (green columns) as well as how external conditions linked to climate change and new regulations affect Borregaard's economic value creation and financial risk (blue columns).

The columns represent the average of the absolute values of the positive and negative impacts within the various topics. Therefore, they indicate the degree of importance but do not specify whether the impact is positive or negative. The weighting of the six material topics is based on this scoring combination.

The double materiality assessment highlights the most important topics and outlines our response to strengthen the resilience of our business model and strategy. This includes reaching our ambitious business and sustainability targets, as well as meeting the 1.5°C target and the objectives of the Paris Agreement.

The material topics cover the entire value chain, including the sourcing of raw materials, production, product delivery to markets, as well as R&D, business development and sustainability matters. These factors are integrated into decision-making processes and aligned with the company's strategic priorities.

Climate impact and GHG emissions (Scope 1, 2 and 3).

Borregaard's Scope 1 and Scope 2 emissions are primarily associated with energy use in the production processes. The high utilisation of wood for products (82%) at the biorefinery in Norway results in a limited quantity of residual biomass, and hence, available bioenergy. Therefore, Borregaard obtains heat energy from other sources such as hydro power, energy recovery from production processes, incineration of sorted household waste and natural gas.

Indirect GHG emissions (Scope 3) result from activities associated with our operations but occur at sources owned or controlled by other entities. These emissions account for 73% of our fossil GHG emissions, making it crucial to monitor and reduce them. Borregaard's major sources of Scope 3 emissions that we can influence include purchased goods and services (46%), as well as upstream and downstream transportation and distribution services (21%).

Borregaard has committed to a science-based target to reduce its GHG emissions across all scopes and has published a transition plan outlining the steps to achieve this reduction. The main decarbonisation levers include increasing the share of renewable energy, enhancing energy efficiency and decarbonising the supply chain, focusing on both transportation and raw materials. Investments has resulted in major reductions in GHG emissions and investment estimates are included in the financial planning for the next three-year period. Borregaard's investments aim to increase robustness and flexibility of our energy system and energy carriers.

The products from our biorefinery are made from a renewable raw material, wood, and generate only biogenic GHG emissions in the usage phase and in the end-of-life treatment phase. As a result, our Scope 3 emissions are low in these two stages.

Climate scenario analyses has provided valuable insights for our materiality assessment. Although the physical impacts of climate change do not present material physical risks to our production, we have implemented measures at our key sites to prepare for more extreme weather events. These actions include strengthening our supply chain resilience by engaging with alternative suppliers to ensure continuity and mitigate potential disruptions, as well as implementing technical measures to protect against property damage.

Climate and environmental impact from our products

Developing, producing and selling sustainable and climate friendly products is at the core of our business and response to climate change, as these products have a positive impact on climate and environment, and offer significant opportunities.

In recent years, the global trend has shown that customers and end-users are increasingly concerned with sustainability aspects, favouring natural starting materials, health benefits and a better climate footprint. We firmly believe that this strong trend presents a significant opportunity for our company, which will positively impact our profitability. The positive effect from sustainable products will grow as new products and solutions are developed and as more customers transition to our sustainable solutions.

Innovation plays a key role in developing the sustainability aspects of our business model. Through solutions that reduce process emissions, energy and water consumption, and increase resource utilisation and circularity, we improve the environmental footprint of our products as well as the environmental performance in our customers processes.

Regulatory restrictions or bans on chemicals or products are offering new opportunities for Borregaard's products and solutions. The risks associated with such restrictions are monitored and incorporated into our innovation criteria.

Sustainable forest raw material and biodiversity

Wood is the key raw material for Borregaard, as our business model focuses on delivering sustainable solutions based on renewable raw materials and the full utilisation of all components of the tree. We are a significant buyer of forest raw materials, sourcing wood directly from responsible forestry operations in Norway, and residuals from saw mills.

Nature-related risks and availability of forest raw materials are closely linked to the inherent risk of reduced harvested volumes following the introduction of new and stricter regulations. Transparency across the entire value chain, all the way from harvesting the tree to finished products, is important to document the sustainability aspects linked forest management and the utilisation of wood.

Borregaard's response is to ensure long-term access to sustainable forest raw materials with minimal impact on biodiversity, and the target is to purchase 100% PEFC or FSC® certified wood.

Environmental impact from pollution to air and water

Borregaard's water pollution impacts are primarily linked to our main production facility in Norway. Emissions of organic compounds, that contribute to chemical oxygen demand (COD) and biological oxygen demand (BOD), affect the aquatic environment of the River Glomma. The organic material mainly results from the washing and processing of biomass into advanced products. Emissions to water from our operations outside of Norway are minimal. Impacts evaluated under the ESRS topics of water and marine resources are included in the pollution-to-water impact results.

Borregaard's emissions of SO_2, NO_x, and dust particles to air can impact local air quality, making air pollution a material sub-topic. These emissions are included in our non-GHG air emissions programme and primarily result from energy production. The spray drying of lignin-based biopolymers into powder also generates emissions of NO_x (from fuel) and dust particles (from lignin).

Borregaard's wood-based products offer a non-toxic alternative to chemicals that present health or environmental risks. For example, our biopolymers and cellulose fibrils replace harmful chemicals in applications such as coatings, agriculture, and adhesives. These products can positively impact the environment in our customers' processes, creating significant business opportunities.

Borregaard's response includes investments aimed at reducing environmental impact. The main target is to reduce COD to improve the ecological status of the River Glomma.

Circular economy and resource use

Borregaard's biorefinery concept has the potential to deliver significant economic and environmental benefits by maximising the use of the entire log and components of wood. This approach results in a positive impact on resource efficiency. Wood is converted into a range of valuable products. The side streams that cannot be further utilised for products are utilised as bioenergy for the production process.

By transforming the different components of the wood into valuable biochemicals and biomaterials, Borregaard maximises resource efficiency of renewable raw materials, which is a key driver for the low-carbon circular bioeconomy. Both energy and material flows are optimised within a symbiotic industrial ecosystem. However, some waste streams remain, which may present risks. To address this, Borregaard continues to explore new markets and opportunities for these remaining materials, further enhancing the company's commitment to sustainability and the circular economy. This is an integral part of the innovation process, ensuring continuous improvement in resource utilisation and environmental impact.

Own Workforce

Equal treatment and opportunities as well as good working conditions among Borregaard's own workforce have a positive impact on achieving targets and create opportunities to improve our value creation. A strong focus on training and competence development further enhances this impact.

Although Borregaard generally offers good working conditions, there are still areas for improvement regarding health and safety. This is reflected in metrics such as sick leave and injury rates.

Health and safety are integral parts of Borregaard's management system and cover processes for managing impact and risk related to our own workforce and external contractors.

Business Conduct - Sustainable Sourcing

Management of the relationship with suppliers is among our key material topics. Through thorough sourcing and supplier selection processes, and by setting clear expectations and firm requirements for our suppliers regrading emission reductions, nature conservation and social responsibility, Borregaard actively contributes to a positive development regarding impacts on both people and the environment. This approach is closely aligned with our strategy and business model, as ensuring that our suppliers adhere to environmental, social and governance standards is critical to delivering sustainable products and creating long-term value for our customers.

Resilience of strategy and business model

Borregaard has assessed how climate change may impact our operations and the value chain through a climate and nature scenario analysis in accordance with IFRS and TNFD recommendations. The scenarios were selected to test Borregaard's strategic resilience and better understand future strategic and financial impacts in both favourable and non-favourable scenarios. Parallel to the climate related scenarios (SSP1-2.6, SSP5-8.5, and NZE), the nature-related scenarios examine two critical uncertainties: the rate of ecosystem service degradation and the balance between market forces (such as supply chain disruptions and resource scarcity) and non-market forces (such as regulatory changes and social pressures), to assess their combined impact on economic and environmental systems.

Short and long-term goals, ambitions and measures that cover the entire value chain have been established for all ESG areas.

The overall governance process for the Group, the Management Review, establishes a framework that incorporates internal factors and ambitions, and external requirements to identify areas for improvement and opportunities, which ultimately result in an action and improvement plan. External factors may come from stakeholders such as authorities, NGOs, customers and suppliers. The Management Review process ensures that both voluntary schemes, such as certifications and adherence to voluntary agreements, as well as mandatory governmental schemes through concessions, directives, and legislation, are integral to the company's follow-up and improvement activities.

Managing risks and opportunities, including those related to climate and nature, is an integral and multidisciplinary aspect of Borregaard's business processes.

All impacts are categorised in short, medium or long-term horizons following ESRS 1 Chapter 6 Time Horizons. Short-term is the reporting year, medium-term is 1-5 years and long-term is defined as more than 5 years.

The financial effects of material risks and opportunities related to climate- and nature-related risks are described in E1-9 and in note 28 to the Consolidated financial statement. No material risks and opportunities have been identified that are expected to pose a significant risk of material adjustment within the next annual reporting period. The specific climate- and nature-related risks and opportunities include i.e. carbon pricing mechanism, energy prices and physical acute risks. The note also provides information on the short- and medium-term financial impacts of the main climate- and nature-related risks and opportunities.

There are only minor changes to the material impacts compared to the 2023 report. Pollution to soil is not considered a material impact. However, some site areas are contaminated due to historical activities, and these impacts are reported under pollution to water.

IRO-1

Description of the processes to identify and assess material impacts, risks and opportunities

Description of methodologies and assumptions

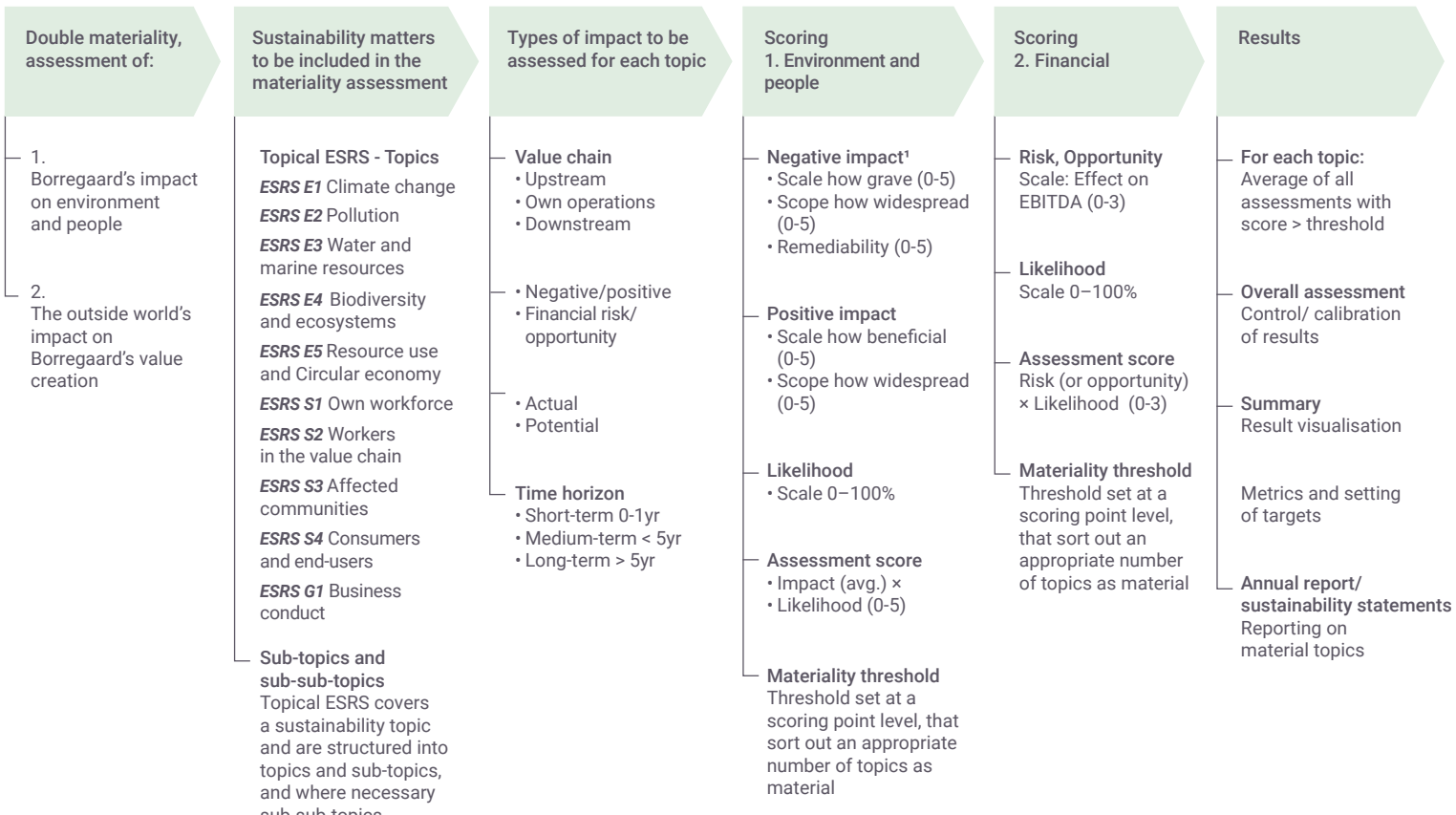
To identify our impacts, risks and opportunities we have performed a double materiality assessment (DMA) in accordance with the ESRS and the EFRAG IG1: Materiality Assessment Implementation Guidance.

The DMA is the process through which we identify material matters and the relevant information to be reported in our sustainability statement. We assess our impact on people and the environment (impact materiality) and risks and opportunities for Borregaard (financial materiality).

This assessment is not limited to Borregaard's own operations but also the whole value chain, covering both upstream and downstream activities. In addition, we use the UN Sustainability Goals as a framework for our double materiality assessment.

An overview of the process steps for determining the material matters is shown in the figure to the right. The process steps will be further explained in the subchapters below.

ESRS DOUBLE MATERIALITY ASSESSMENT BORREGAARD - METHOD



Version 2024

Identifying sustainability matters

The process of identifying our impacts, risks and opportunities is embedded in our day-to-day activities and serves as an integral and multidisciplinary part of the Groups management processes.

To understand our impacts, risks and opportunities, the assessment is based on value chain mapping of our business relationships, scenario analyses related to climate and nature, stakeholder dialogue, and other relevant sources. This approach enables us to identify impacts, risks and opportunities directly linked to Borregaard's operations, as well as indirect impacts, risks and opportunities arising from our business relationships.

The list below shows examples of processes were both impact and financial materiality are assessed and identified:

- Risk processes (ISO 31000)
- Management system (ISO certification)
- Audit processes (internal, customers, suppliers, authorities)
- Purchasing processes
- Sales and marketing processes
- Stakeholder assessment
- Human rights risk assessment
- Climate and nature risk assessment using LEAP assessment according to (TNFD/IFRS) including scenario analysis
- Life Cycle Assessment (ISO 14040/44)

We have used value chain mapping to assess the impacts on and of Borregaard's operations, focusing on risks, opportunities and dependencies as described in the Climate and Nature Risk Report. This systematic assessment provides valuable insights into both direct and indirect activities within the value chain, enabling the development of strategies to mitigate risks to people and the environment throughout our value chain. Furthermore, it identifies opportunities to integrate sustainable practices and innovative solutions.

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

Engaging with relevant stakeholders and experts is key in the process of identifying our sustainability matters. Read more about our engagement with stakeholders in ESRS 2 SBM-2.

We have used the information described to assess all topical ESRS. Impacts, risks and opportunities are categorised in short-, medium- or long-term time horizons. Short-term is the reporting year, medium-term is 1-5 years and long-term is defined as more than 5 years. The scoring criteria for impact and financial materiality is described in the following sub-chapters.

Impact materiality scoring

To determine our material negative impacts, we have used the three parameters: scale, scope and irremediable character, to assess the severity according to the ESRS requirements and guidelines. When assessing potential negative impacts, we have also included the likelihood. However, in the case of human rights impacts, severity takes precedence over likelihood.

For identification of material positive impacts, we have assessed the parameters scale and scope and included likelihood for potential positive impacts.

When determining the scoring of the scale parameter, we have assessed the impact on people and the environment, considering mitigation actions that are already in place.

When scoring the scope parameter, we have assessed how widespread the impact is based on different input parameters, i.e. global versus local impact.

And finally, when scoring the irremediable character for negative impacts, we have assessed how difficult it is to reverse the damage, considering costs and time horizon.

We have set a materiality threshold to separate the topics that are material for Borregaard. The threshold value is set to include topics that are important to Borregaard and its stakeholders, resulting in a reasonable number of topics that represent the overall and accurate picture of Borregaard's impacts.

Environmental impact

An environmental aspect refers to any element of an organisation's activities, products or services that has the potential to impact the environment.

When it comes to the metric of the scale parameter, it has been delineated following legal mandates and Borregaard's current situation, serving as a criterion to assess the actual or potential scale of the impact. The scale can be either negative or positive, indicating how grave the impact on the environment is or how beneficial the impact on the environment is.

In defining the scope of environmental impact, we have evaluated and assessed how widespread the impact is on the environment. This is exemplified by factors such as greenhouse gas emissions, which have a global effect on the environment.

When assessing the irremediable character, we have considered whether and to what extent the negative impact on the environment could be reversed or mitigated.

Impact on people

The impact refers to the effect that our organisations action has on people and the society in general.

The metrics used for scaling the impact are centered around legal mandates and international standards, as well as Borregaard's current situation. The scale can be either negative or positive.

When defining the scope of the impact on people, we have assessed how widespread the impact on people is, i.e. global, total or concentrated.

The irremediable character of negative social impacts is determined based on how difficult it is to reverse the impact on people.

For potential impact, the scoring is connected to the likelihood of the impact in the future.
In the case of potential negative human rights impacts, the severity of the impact takes precedence over its likelihood.

Financial materiality scoring

An ESG topic is material from a financial perspective if it affects or could reasonably be expected to affect the financial performance, position or value of an organisation.

Financial materiality includes both positive opportunities and negative risks related to sustainability topics, including those deriving from dependencies, such as environmental-, social- and economic dependencies.

Value chain mapping, identification and engagement with stakeholders forms the basis for the assessment of our risks and opportunities. We have included results from the Scenario analysis and the Climate and Nature risk report in the assessment of environmental risks and opportunities.

When assessing the financial materiality of sustainability topics, we have categorised risks and opportunities based on their actual or potential impact on EBITDA and investments, including the expected time horizon of these effects. EBITDA is defined by Borregaard as operating profit before depreciation, amortisation and other income and expenses. The EBITDA and investment levels are the same levels used throughout all financial risks and opportunities assessments in Borregaard. In the scoring of potential risks and opportunities we have also included the likelihood.

After all identified risks and opportunities have been scored and ranked descending, we set a threshold value for financial materiality, making sure to include all material risks and opportunities. The threshold value is set to separate the topics that are material and important for Borregaard and our stakeholders, and that results in a reasonable number of material topics.

Decision-making process and internal control procedures

Borregaard's sustainability board (SB) is responsible for the due diligence process of materiality outcome. SB addresses and monitors the material topics and reports the results of the Sustainability Statements in the Annual Report.

SB initiates processes to develop new policies, set new targets and measures and to update the risk picture within sustainability. SB reports to the CEO and is chaired by the Senior Vice President of Organisation and Public Affairs. The double materiality assessment has been conducted by the SB, in collaboration 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.

IRO-2

Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Disclosure of topics assessed not to be material

ESRS S2 Workers in value chain is assessed not to be material. This is based on an updated risk analysis including the countries, industries and value chains we operate in, and the fact that the vast majority of our sale is executed through our own sales force. Borregaard's corporate culture, as well as our values within integrity and sustainability set out in Borregaard's culture and value document, The Borregaard Way, include obligations to operate in a way that avoids violations of human rights. This is further described in our Human Rights Policy, and our human rights and decent working conditions due diligence assessment pursuant to the Norwegian Transparency Act. The results are reported in a separate Human Rights and Decent Working Conditions Report.

Determination of material information

Borregaard is assessed by several independent third parties on sustainability, including EcoVadis and CDP. In line with our sustainability strategy to maintain a high ESG standard, our target is to achieve at least a gold rating (top 5%) from EcoVadis and to maintain an A/A- level for climate, water, and forests. This sets the standard for the level of detail in the material information we include in our ESRS reporting, and meet the expectations of our stakeholders regarding the information we provide.

High performance in sustainability is also a key element of our commercial strategy, as the documented ESG benefits of our products are important selling points to our customers to improve their products and processes.

List of datapoints from other EU legislation

ESRS	DR	Related datapoint	SFDR[1] reference	Pillar 3[2] reference	Benchmark Regulation[3] reference	EU Climate Law[4] reference
ESRS 2	GOV-1	Board's gender diversity paragraph 21 (d)	p. 121		p. 121	
ESRS 2	GOV-1	Percentage of board members who are independent paragraph 21 (e)			p. 22	
ESRS 2	GOV-4	Statement on due diligence paragraph 30	p. 24			
ESRS 2	SBM-1	Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Not material	Not material	Not material	
ESRS 2	SBM-1	Involvement in activities related to chemical production paragraph 40 (d) ii	Not material		Not material	
ESRS 2	SBM-1	Involvement in activities related to controversial weapons paragraph 40 (d) iii	Not material		Not material	
ESRS 2	SBM-1	Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Not material	
E1	E1-1	Transition plan to reach climate neutrality by 2050 paragraph 14				p. 57-61
E1	E1-1	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Not material	Not material	
E1	E1-4	GHG emission reduction targets paragraph 34	p. 72	p. 72	p. 72	p. 72
E1	E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	p. 74			p. 74
E1	E1-5	Energy consumption and mix paragraph 37	p. 74			p. 74
E1	E1-5	Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	p. 74			p. 74
E1	E1-6	Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	p. 77	p. 77	p. 77	
E1	E1-6	Gross GHG emissions intensity paragraphs 53 to 55	p. 77	p. 77	p. 77	
E1	E1-7	GHG removals and carbon credits paragraph 56				Not material
E1	E1-9	Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Not material	
E1	E1-9	Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		Not material		
	E1-9	Location of significant assets at material physical risk paragraph 66 (c).		Not material		
E1	E1-9	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Not material		
E1	E1-9	Degree of exposure of the portfolio to climate- related opportunities paragraph 69			p. 80 (phase in)	
E2	E2-4	Amount of each pollutant listed in Annex II of the E- PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	p. 89			
E3	E3-1	Water and marine resources paragraph 9	p. 84			

List of datapoints from other EU legislation

ESRS	DR	Related datapoint	SFDR[1] reference	Pillar 3[2] reference	Benchmark Regulation[3] reference	EU Climate Law[4] reference
E3	E3-1	Dedicated policy paragraph 13	Not material			
E3	E3-1	Sustainable oceans and seas paragraph 14	Not material			
E3	E3-4	Total water recycled and reused paragraph 28 (c)	Not material			
E3	E3-4	Total water consumption in m3 per net revenue on own operations paragraph 29	Not material			
E4	IRO 1 - E4	Activities negatively affecting biodiversity-sensitive areas paragraph 16 (a)	p. 96			
E4	IRO 1 - E4	Land degradation, desertification, or soil sealing paragraph 16 (b)	Not material			
E4	IRO 1 - E4	Threatened species paragraph 16 (c)	p. 98			
E4	E4-2	Sustainable land / agriculture practices or policies paragraph 24 (b)	p. 100			
E4	E4-2	Sustainable oceans / seas practices or policies paragraph 24 (c)	p. 100			
E4	E4-2	Policies to address deforestation paragraph 24 (d)	p. 100			
E5	E5-5	Non-recycled waste paragraph 37 (d)	p. 110			
E5	E5-5	Hazardous waste and radioactive waste paragraph 39	Not material			
S1	SBM3 - S1	Risk of incidents of forced labour paragraph 14 (f)	p. 112-113			
S1	SBM3 - S1	Risk of incidents of child labour paragraph 14 (g)	p. 112-113			
S1	S1-1	Human rights policy commitments paragraph 20	p. 114			
S1	S1-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8,paragraph 21			p. 114	
S1	S1-1	Processes and measures for preventing trafficking in human beings paragraph 22	p. 113			
S1	S1-1	Workplace accident prevention policy or management system paragraph 23	p. 114			
S1	S1-3	Grievance/complaints handling mechanisms paragraph 32 (c)	p. 115			
S1	S1-14	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	p. 124		p. 124	
S1	S1-14	Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	p. 124			
S1	S1-16	Unadjusted gender pay gap paragraph 97 (a)	p. 125		p. 125	
S1	S1-16	Excessive CEO pay ratio paragraph 97 (b)	p. 125			

List of datapoints from other EU legislation

ESRS	DR	Related datapoint	SFDR[1] reference	Pillar 3[2] reference	Benchmark Regulation[3] reference	EU Climate Law[4] reference
S1	S1-17	Incidents of discrimination paragraph 103 (a)	p. 126			
S1	S1-17	Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104(a)	p. 126			
S2	SBM3 – S2	Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Not material		Not material	
S2	S2-1	Human rights policy commitments paragraph 17	p. 115-116			
S2	S2-1	Policies related to value chain workers paragraph 18	Not material			
S2	S2-1	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	p. 113		Not material	
S2	S2-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Not material	
S2	S2-4	Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Not material			
S3	S3-1	Human rights policy commitments paragraph 16	p.113			
S3	S3-1	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Not material		Not material	
S3	S3-4	Human rights issues and incidents paragraph 36	Not material			
S4	S4-1	Policies related to consumers and end-users paragraph 16	Not material			
S4	S4-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Not material		Not material	
S4	S4-4	Human rights issues and incidents paragraph 35	Not material			
G1	G1-1	United Nations Convention against Corruption paragraph 10 (b)	p. 51-52, p. 128, p.140			
G1	G1-1	Protection of whistle- blowers paragraph 10 (d)	p. 140			
G1	G1-4	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Not material		Not material	
G1	G1-4	Standards of anti- corruption and anti- bribery paragraph 24 (b)	Not material			

/ [1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable oinance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1)

/ [2] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

/ [3] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).)

/ [4] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

List of ESRS Disclosure Requirements

ESRS Topic	DR_ ID	Disclosure Requirement	Objective	Page	Comments
ESRS 2	BP-1	General basis for preparation of sustainability statements	BP	21	
ESRS 2	BP-2	Disclosures in relation to specific circumstances	BP	21	
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	GOV	22-23	
ESRS 2	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	GOV	23	
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	GOV	23	
ESRS 2	GOV-4	Statement on due diligence	GOV	24	
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	GOV	24-26	
ESRS 2	SBM-1	Strategy, business model and value chain	SBM	26-32	
ESRS 2	SBM-2	Interests and views of stakeholders	SBM	32-35	
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SBM	36-39	
ESRS 2	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	IRO	40-42	
ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	IRO	42	
ESRS 2	MDR-P	Policies adopted to manage material sustainability matters	IRO		
ESRS 2	MDR-A	Actions and resources in relation to material sustainability matters	IRO		
ESRS 2	MDR-M	Metrics in relation to material sustainability matters	MT		
ESRS 2	MDR-T	Tracking effectiveness of policies and actions through targets	MT		
ESRS E1	E1.GOV-3	Integration of sustainability-related performance in incentive schemes	GOV	23	
ESRS E1	E1-1	Transition plan for climate change mitigation	SBM	57-60	
ESRS E1	E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SBM	60-61	
ESRS E1	E1.IRO-1	Processes to identify and assess material climate-related impacts, risks and opportunities	IRO	62-63	
ESRS E1	E1-2	Policies related to climate change mitigation and adaptation	IRO	65	
ESRS E1	E1-3	Actions and resources in relation to climate change policies	IRO	66-71	
ESRS E1	E1-4	Targets related to climate change mitigation and adaptation	MT	72-73	
ESRS E1	E1-5	Energy consumption and mix	MT	74-75	

DR - Disclosure requirement
BP - Basis for preparation
GOV - Governance
SBM - Strategy, business model
IRO - Impact, risk and opportunity management
MT - Metrics and targets

List of ESRS Disclosure Requirements

ESRS Topic	DR_ ID	Disclosure Requirement	Objective	Page	Comments
ESRS E1	E1-6	Gross Scope 1, 2, 3 and Total GHG emissions	MT	76-78	
ESRS E1	E1-8	Internal carbon pricing	MT	79	
ESRS E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	MT	80-82	Phase-in
ESRS E2	E2.IRO-1	Processes to identify and assess material pollution-related impacts, risks and opportunities	IRO	83-84	
ESRS E2	E2-1	Policies related to pollution	IRO	84	
ESRS E2	E2-2	Actions and resources related to pollution	IRO	85-87	
ESRS E2	E2-3	Targets related to pollution	MT	88	
ESRS E2	E2-4	Pollution of air, water and soil	MT	89-92	
ESRS E2	E2-5	Substances of concern and substances of very high concern metrics	MT	93	
ESRS E2	E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	MT	93	Phase-in
ESRS E4	E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	SBM	94-95	
ESRS E4	E4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SBM	95-98	
ESRS E4	E4.IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	IRO	98-99	
ESRS E4	E4-2	Policies related to biodiversity and ecosystems	IRO	100	
ESRS E4	E4-3	Actions and resources related to biodiversity and ecosystems	IRO	100-101	
ESRS E4	E4-4	Targets related to biodiversity and ecosystems	MT	102	
ESRS E4	E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	MT	103	Phase-in
ESRS E5	E5.IRO-1	Processes to identify and assess material resource use and circular economy-related impact, risks and opportunities	IRO	104-105	
ESRS E5	E5-1	Policies related to resource use and circular economy	IRO	105	
ESRS E5	E5-2	Actions and resources related to resource use and circular economy	IRO	105-106	
ESRS E5	E5-3	Targets related to resource use and circular economy	MT	107	
ESRS E5	E5-4	Resource inflows	MT	108-109	
ESRS E5	E5-5	Resource outflows (incl. waste)	MT	109-110	
ESRS E5	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	MT	111	

DR - Disclosure requirement
BP - Basis for preparation
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SBM - Strategy, business model
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MT - Metrics and targets

List of ESRS Disclosure Requirements

ESRS Topic	DR_ ID	Disclosure Requirement	Objective	Page	Comments
ESRS S1	S1.SBM-2	Interests and views of stakeholders	SBM	32-35	
ESRS S1	S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SBM	112-113	
ESRS S1	S1-1	Policies related to own workforce	IRO	114	
ESRS S1	S1-2	Processes for engaging with own workforce and workers' representatives about impacts	IRO	114-115	
ESRS S1	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	IRO	115	
ESRS S1	S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	IRO	115-118	
ESRS S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	MT	119	
ESRS S1	S1-6	Characteristics of the undertaking's employees	MT	120	
ESRS S1	S1-7	Characteristics of non-employees in the undertaking's own workforce	MT	120	
ESRS S1	S1-8	Collective bargaining coverage and social dialogue		121	
ESRS S1	S1-9	Diversity metrics	MT	121-122	
ESRS S1	S1-10	Adequate wages	MT	122	
ESRS S1	S1-13	Training and skills development metrics		123	
ESRS S1	S1-14	Health and safety metrics	MT	123-124	
ESRS S1	S1-15	Work-life balance metrics	MT	125	
ESRS S1	S1-16	Remuneration metrics (pay gap and total remuneration)	MT	125	
ESRS S1	S1-17	Incidents, complaints and severe human rights impacts	MT	126	
ESRS G1	G1.GOV-1	The role of the administrative, supervisory and management bodies	GOV	22	
ESRS G1	G1.IRO-1	Processes to identify and assess material impacts, risks and opportunities	IRO	127-128	
ESRS G1	G1-1	Business conduct policies and corporate culture	IRO	128-129	
ESRS G1	G1-2	Management of relationships with suppliers	IRO	129-130	
ESRS G1	G1-6	Payment practices	MT	131	

DR - Disclosure requirement
BP - Basis for preparation
GOV - Governance
SBM - Strategy, business model
IRO - Impact, risk and opportunity management
MT - Metrics and targets

E | Environmental information

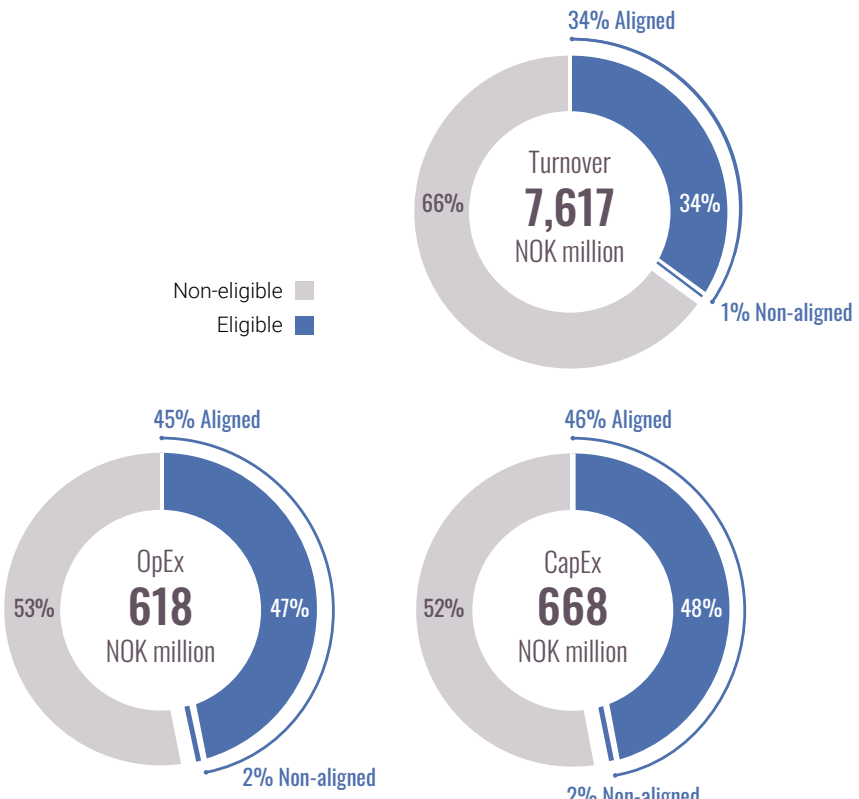
Taxonomy regulation

The EU Taxonomy ("Taxonomy") is a classification system that establishes a list of environmentally sustainable economic activities.

Borregaard falls within the Scope of the Taxonomy, as the regulation applies to large public interest entities under the EU Corporate Sustainability Reporting Directive (CSRD) (2022/2464). This report has been prepared in accordance with the EU Taxonomy Regulation (2020/852) and its supplementing delegated acts: the Climate Delegated Act (2021/2139), the Environmental Delegated Act (2023/2486), and the Disclosure Delegated Act (2021/2178).

The processes at Borregaard's biorefinery are integrated into value chains that significantly support and enable a transition to a circular economy. Our bio-based products contribute substantially to climate change mitigation and often serve as less polluting substitutes for hazardous chemicals. However, for the 2024 Taxonomy reporting, Borregaard's eligible economic activities are limited to *the climate change mitigation* objective.

For the reporting year 2024, Borregaard has identified three Taxonomy-eligible activities that contribute substantially to the climate change mitigation objective. The proportions of Turnover, CapEx, and OpEx associated with these Taxonomy-eligible and Taxonomy-aligned economic activities are summarised in the accompanying pie charts.



Activities contributing to climate change mitigation

The business of biorefining intersects with the traditional pulp & paper and chemical sectors. Borregaard consequently operates under NACE codes 17.11, 20.13 and 20.14.

Although limited in economic significance to Borregaard, the economic activities *Manufacture of biogas and biofuels for use in transport and bioliquids and Manufacture of chlorine* are relevant in the context of Taxonomy reporting for 2024. Innovation of new climate friendly products is an important enabling activity in the Taxonomy's definition of the *Manufacture of other low carbon technologies*.

CapEx related to the transition plan will result in reduced climate footprint for our products. It may also lead to increased share of products in the EU Taxonomy-eligible activity category: Other Low-Carbon Technologies.

Manufacture of biogas and biofuels for use in transport and bioliquids

The manufacture of biofuels for use in transport is a Taxonomy-eligible activity, pursuant to Article 4.13 in the Climate Delegate Act.

In Borregaard's biorefinery in Norway, bioethanol is produced from residual sugars. Approximately 20 million litres are produced annually and sold for use in fuel for transportation. The NACE code used for the production is 20.590.

Technical screening criteria

Borregaard's bioethanol for use in transport is certified according to ISCC EU, complying with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. The greenhouse gas (GHG) emission savings from this application meet the criteria of at least 65% in relation to GHG savings:

- Relevant fossil fuel GHG emission value: 94 gCO_2/MJ
- Emissions from processing of bioethanol at Borregaard: 5.2 gCO_2/MJ
- Emissions from transport and distribution depends on where the customer is located and the mode of transportation, average: 2.6 gCO_2/MJ
- GHG saving: 90.4%.

Do no significant harm criterion

Borregaard's manufacturing of bioethanol meets the DNSH criteria for the five environmental targets in chapter E2 Pollution and E4 Biodiversity.

Manufacture of chlorine

Manufacture of chlorine is a Taxonomy-eligible activity, pursuant to Article 3.13 in the Climate Delegate Act.

Borregaard operates a chlor-alkali plant at its production site in Norway. The main purpose is to serve the biorefinery with sodium hydroxide, but we also run a commercial business through the sale of hydrochloric acid and hypochlorite. All the chlorine produced is immediately converted to hydrochloric acid or hypochlorite.

Technical screening criteria

The electricity used in the electrolysis of NaCl, is renewable with a carbon intensity of 19 g CO_2e/kWh. The source of the emission factor is Norwegian Water Resources and Energy Directorate (NVE). The Norwegian Environmental Authorities uses the factor physical mix.

To make a substantial contribution to climate change mitigation, the electricity consumption for electrolysis and chlorine treatment must be equal or lower than 2.45 MWh per tonne of chlorine. In 2022, Borregaard installed new electrolysers for 62% of its chlorine manufacturing capacity , which aligns with the requirement of equal or lower than 2.45 MWh per tonne of chlorine.

Do no significant harm criteria

Borregaard's manufacturing of chlorine meets the DNSH criteria for the five environmental targets, see how we meet with the targets in chapter E2 Pollution and E4 Biodiversity.

Manufacture of other low carbon technologies

Manufacture of low carbon technologies is a Taxonomy-eligible activity, pursuant to Article 3.6 in the Climate Delegate Act.

Borregaard's lignin-based biopolymers and biovanillin are renewable, wood-based alternatives to fossil-based chemicals for use in a broad range of industries. A majority of Borregaard's revenues within the BioSolutions business area come from products that directly replace fossil-based alternatives. These products have a low-carbon footprint and can, in many cases, be regarded as low-carbon technologies.

Technical screening criteria

Borregaard's manufacture of lignin-based biopolymers and biovanillin is considered to make a substantial contribution to climate change mitigation. Such activity is aimed at demonstrating substantial life-cycle GHG

emission savings compared to the best-performing alternative technology/product/solution available on the market.

Life cycle assessments according to ISO 14040:2006 and ISO 14044:2006 have been performed to investigate the potential environmental savings from the use of lignin products from Borregaard. The differences between ISO 14067:2018 and the underlying standards for LCA (14040 and 14044) have also been examined and include clarifications and specifications specifically related to the climate change category, as well as some aspects concerning overall method choices. These differences have been incorporated in product category rules (PCRs) for development of environmental product declarations (EPDs) according to ISO 14025:2006 and subsequent updates in EPD programmes. Climate change results for Borregaard's lignin products are based on models for published EPDs. Analyses based on ecoinvent database models have been used for comparable competing, products. Consequently, all method choices, data verification, and modelling of climate change are performed in accordance with ISO 14067:2018 and have been verified by a third party.

The indicator 'Climate change – total' and the characterisation factors from EN15804+A2, as provided in the SimaPro software version 9.5.0.0, have been used for analysis.

The calculation of climate change mitigation from Borregaard's portfolio of lignin and biovanillin products shows a total savings of 658,000 metric tonnes of CO_2 e-equivalents for 2024, accounting for the total climate change impact from cradle to gate.

Do no significant harm criteria

Borregaard's manufacture of lignin in Europe meets the DNSH criteria for the five environmental targets, see how we meet with the targets in chapter E2 Pollution and E4 Biodiversity.

Conclusion on activities

The assessments above show that Borregaard fulfils the technical screening criteria and DNSH criteria for the economic activities *Manufacture of biogas and biofuels for use in transport and bioliquids, Manufacture of chlorine and Manufacturing of other low carbon technologies.* Consequently, the activities will be Taxonomy aligned provided that the minimum safeguards criteria are fulfilled.

Assessment of minimum safeguards

Minimum safeguard criteria are outlined in the EU Taxonomy Regulation Article 3 and 18. Compliance is required on an entity level to qualify activities as environmentally sustainable.

Pursuant to the EU Taxonomy Regulation Article 18 there is a requirement to ensure alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This also include the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. The purpose is to prevent green investments from being labelled and regarded as sustainable if they involve negative impacts on human rights such as labour rights, corrupt practices, or are linked to non-compliance with tax laws or anti-competitive practices.

Platform on sustainable finance – Final Report on minimum Safeguards (October 2022) provides guidance on how to ensure compliance with the minimum safeguards requirement and identifies four specific topics where compliance with minimum safeguards should be clarified:

a) Human Rights, including workers' rights
b) Bribery/corruption
c) Taxation
d) Fair competition

Borregaard has chosen to structure its review of compliance with minimum safeguard by reviewing each of these topics specifically.

Human rights

The main purpose of the Norwegian Transparency Act is to ensure that Norwegian enterprises subject to the act comply with fundamental human rights and decent working conditions in the enterprises themselves, in their supply chain and with their business partners. The act is based on the UN's Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The human rights requirements of the minimum safeguards criteria in the EU Taxonomy seems to be aligned with the requirements in the Norwegian Transparency Act. Consequently, by complying with this act Borregaard also fulfils the human rights requirements in the Taxonomy.

Anti-corruption

Borregaard has a zero tolerance for corruption including bribery, facilitation payments and illegal trading. We follow all applicable anti-corruption

legislation and work actively to ensure that our business partners do the same. This is specifically addressed in Borregaard's Code of Conduct and in more detail regulated in the company's specific guidelines for anti-corruption.

Borregaard is actively working on training employees in ethical behaviour and has, among other initiatives, implemented interactive e-learning on anti-corruption.

Even though Borregaard's corruption risk is generally assessed as low, based on previous internal investigations among Borregaard management and key personnel, it is acknowledged that the company also has significant sales and activities in regions with a relatively high risk of corruption. In such high-risk areas, general activities are combined with specific local measures to ensure a clear understanding of the importance of anti-corruption efforts. Examples of concrete measures that Borregaard implements in high-risk countries include the very restrictive use of agents, minimal use of cash transactions, and thorough background checks of new distributors and customers. Additionally, the corporate culture is strengthened through discussions, transparency and awareness of corruption. In 2025, we plan to conduct a new overall risk assessment, and we will adapt measures necessary based on the findings from this assessment.

Borregaard has established guidelines on whistleblowing, how the concerns are handled, and which channels can be used to report them. We also have a third-party whistleblowing system for both external and internal alerts, which provides the option for anonymity.

Tax

Borregaard's policy is to comply with the tax laws requirements in the countries where the Group has commercial activity. The company will not enter into arrangements which could be considered artificial, or which have tax avoidance as their sole or main objective. Borregaard uses the OECD guidelines for internal pricing, which is an important factor in ensuring that profits and taxes are distributed fairly among different countries.

Fair competition

Borregaard's commitment to compete in a fair and ethical manner in accordance with applicable competition legislation is addressed in Borregaard's Code of Conduct. A more detailed competition law manual is also established to guide the employees in various situations. Furthermore, specific written procedures have been established in subsidiaries with co-owners who are also competitors, ensuring that information is shared only in a manner that complies with competition legislation.

Competition law restrictions are an integral partof the introduction programme for all new employees at Borregaard. More targeted training related to competition laws and regulations is also regularly included in the company's sales training programmes.

Conclusion on minimum safeguards

Based on the review in the above sections, Borregaard considers to be compliant with the requirements related to human rights, anti-corruption, tax and fair competition respectively, and thereby fulfils the minimum safeguards requirements in Article 3 and 18 in the EU Taxonomy Regulation.

Nuclear energy and fossil gas related activities

Row	Nuclear energy related activities	Yes/No
1	CL2021R2178EN0020010.0001.3bi_cp 1..1	No
2	CL2021R2178EN0020010.0001.3bi_cp 1..1	No
3	CL2021R2178EN0020010.0001.3bi_cp 1..1	No
	Fossil gas related activities	
4	CL2021R2178EN0020010.0001.3bi_cp 1..1	No
5	CL2021R2178EN0020010.0001.3bi_cp 1..1	No
6	CL2021R2178EN0020010.0001.3bi_cp 1..1	Yes

KPI turnover

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	34%	34%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Standard tables associated with Taxonomy-aligned economic activities in 2024

PROPORTION OF **TURNOVER** FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2024

Financial year N		Year		Substantial contribution criteria						DNSH (Does Not Significantly Harm) (h)									
Economic activitites (1)	Code (2)	Turnover (3)	Proportion of turnover year N (4)	Climate change mitigation (5)	Climate change adaption(6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		NOK million	%	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.1.3.Manufacture of chlorine	3.1.3	87	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	N/A	Y	Y			
4.13. Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13	376	5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	N/A	Y	Y			
3.6. Manufacture of other low carbon technologies	3.6	2,109	28%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,572	34%	34%	0%	0%	0%	0%	0%										
Of which enabling					0%	0%	0%	0%	0%									E	
Of which transitional		87	1%																T
A.2 Taxonomy-eligible but not environmetally sustainable activitites (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
3.1.3.Manufacture of chlorine	3.1.3	53	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		53	1%	1%	0%	0%	0%	0%	0%										
A. Turnover of Taxonomy-eligible activitites (A.1+A.2)		2,625	34%	34%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activitites		4,992	66%																
TOTAL		7,617	100%																

PROPORTION OF **CAPEX** FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2024

Financial year N		Year		Substantial contribution criteria						DNSH (Does Not Significantly Harm) (h)									
Economic activitites (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx year N (4)	Climate change mitigation (5)	Climate change adaption(6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		NOK million	%	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.1.3.Manufacture of chlorine	3.1.3	26	4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	N/A	Y	Y			
4.13. Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13	12	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	N/A	Y	Y			
3.6. Manufacture of other low carbon technologies	3.6	269	40%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		308	46%	46%	0%	0%	0%	0%	0%										
Of which enabling					0%	0%	0%	0%	0%									E	
Of which transitional		26	4%																T
A.2 Taxonomy-eligible but not environmetally sustainable activitites (not Taxonomy-aligned activities) (g)				EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)										
3.1.3.Manufacture of chlorine	1.3.1	16	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		16	2%	2%	0%	0%	0%	0%	0%										
A. CapEx of Taxonomy-eligible activitites (A.1+A.2)		323	48%	48%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activitites		345	52%																
TOTAL		668	100%																

PROPORTION OF **OPEX** FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2024

Financial year N		Year		Substantial contribution criteria						DNSH (Does Not Significantly Harm) (h)									
Economic activitites (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx year N (4)	Climate change mitigation (5)	Climate change adaption(6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		NOK million	%	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y; N; N/ EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.1.3.Manufacture of chlorine	3.1.3	20	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	N/A	Y	Y			
4.13. Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13	25	4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	N/A	Y	Y			
3.6. Manufacture of other low carbon technologies	3.6	233	38%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		278	45%	45%	0%	0%	0%	0%	0%										
Of which enabling				%	0%	0%	0%	0%	0%									E	
Of which transitional		20	3%	%															T
A.2 Taxonomy-eligible but not environmetally sustainable activitites (not Taxonomy-aligned activities) (g)																			
				EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)										
3.1.3.Manufacture of chlorine	3.1.3	12	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		12	2%	2%	0%	0%	0%	0%	0%										
A. OpEx of Taxonomy-eligible activitites (A.1+A.2)		290	47%	47%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activitites		328	53%																
TOTAL		618	100%																

Accounting policy

Turnover

The numerator consists of turnover derived from manufacture for chlorine, manufacture of biogas and biofuels for use in transport and of bioliquids and manufacture of other low carbon technologies. Other low carbon technologies consist of lignin-based biopolymers and biovanillin that replace fossil-based products. The denominator consists of total operating revenues for the Borregaard Group. See Note 7 to the Consolidated Financial Statements for 2024.

Principles of no double-counting

In the taxonomy we focus on direct economic activities and the sales of products or solutions from Borregaard. This means that indirect economic activities, such as production of biogas for internal energy purposes in Borregaard, are not considered directly. In this way, we avoid double-counting in the Taxonomy. For example, we have made a conscious decision not to count the renewable energy content twice; it is only part of the Life Cycle Assessment of the product Borregaard sells, not accounted for as a separate economic activity for renewable energy production (of biogas) in the Taxonomy.

CapEx

The numerator consists of capital expenditures related to manufacture for chlorine, manufacture of biogas and biofuels for use in transport and of bioliquids and manufacture of other low carbon technologies. Capital expenditures included are only related to the manufacturing of the products and leasing related to manufacturing of the products. Investments of buildings are not included. The denominator consists of the Group's total capital expenditures related to manufacturing and leasing of its products.

OpEx

The numerator consists of operating expenses related to manufacture of chlorine (3.1.3), manufacture of biogas and biofuels for use in transport and of bioliquids (4.13) and manufacture of other low carbon technologies (3.6). Operating expenses included are only related to operating equipment and maintenance of the equipment used in manufacturing of those products, research and development costs excluding overhead costs related to those products and operating lease related to manufacture of those products. The denominator consists of the Group's total operating expenses related to maintenance, research and development costs excluding overhead costs and operating lease related to manufacturing of its products.

Of the operating expenses of NOK 20 million related to manufacture of chlorine, NOK 19 million relate to operating equipment and maintenance and NOK 1 million relates to operating lease. There are no costs related to research and development.

Of the operating expenses of NOK 25 million related to manufacture of biogas and biofuels for use in transport and of bioliquids, NOK 23 mill relate to operating equipment and maintenance and NOK 2 million relates to operating lease. There are no costs related to research and development.

Of the operating expenses of NOK 233 million related to manufacture of other low carbon technologies, NOK 168 million relates to operating equipment and maintenance, NOK 51 million relates to research and development and NOK 14 million relates to operating lease.

ESRS E1 Climate change

E1-1

Transition plan for climate change mitigation

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

Our continuous efforts and plans to reduce GHG emissions by enhancing Borregaard's energy efficiency, increasing the use of renewable energy, improving resource efficiency in production, and sourcing input chemicals and raw materials with a lower footprint, will reduce the input factors per tonne of product produced. This way, the GHG footprint of our products is continuously reduced.

Most of our products are made from a renewable raw material, wood, and generate only biogenic GHG emissions in the usage phase and in the end-of-life treatment phase. As a result, our Scope 3 emissions are low in these two stages. Our products' beneficial climate footprint serves as a decarbonisation lever, as it positively impacts our customers' Scope 3 emissions compared to fossil-based products.

To ensure that our GHG reduction effort align with the targets set in the Paris Agreement, Borregaard has committed to near- and long term science-based target for our Scope 1, 2 and 3 emissions. These targets have been approved by the Science Based Target initiative. Our near term targets for Scope 1 and 2 and long term targets for Scope 1, 2 and 3 are aligned with limiting global warming to 1.5°C in line with the Paris Agreement.

The transition plan, approved by the Board, was initially presented at our Capital Markets Day in September 2022. Since then, any updates to the plan have been shared during our quarterly presentations.

The investments to reduce GHG emissions according to our transition plan, follow and are included in the financial planning. Capital expenditures to implement the action plan are estimated at NOK 700-900 million for the period up to 2030. Of this, NOK 356 million were spent by the end of 2024. See Note 18. Capital expenditures from 2025 onwards for the projects outlined in the transition plan are still under development, and both the configuration of equipment and the associated cost estimates have not yet been finalised. The total impact of operating expenses related to the transition plan is not considered material.

The investment to reduce CO_2 emissions, improve energy efficiency and increase energy flexibility at the biorefinery in Norway became operational in the 3rd quarter of 2024. So far, energy savings of 50 GWh have exceeded initial expectations and the reduction in CO_2 emissions is on track with the target of 30,000 tonnes per year. Total spending on the project was NOK 187 million at the end of 2024.

The final investment decision for the power intake station of NOK 275 million made in April 2024, is essential for electrification. These actions are part of the transition plan for Scope 1 and 2.

The transition plan will reduce the climate footprint of Borregaard's products and may align more products with the Taxonomy, enabling activity of Manufacturing other low-carbon technologies.

Materiality assessment results

CLIMATE CHANGE

Material sustainability matters

- ☑ Energy
- ☑ Climate change mitigation
- ☐ Climate change adaption

Positive impacts and opportunities in the value chain

- Energy
  - Own operations
- Climate change mitigation
  - Upstream
  - Own operations
  - Downstream

Negative impacts and risks in the value chain

- Energy
  - Upstream
  - Own operations
- Climate change mitigation
  - Upstream
  - Own operations
  - Downstream

Impact on the environment and people
Financial risk and/or opportunity

Key actions and progress in implementation of transition plan for Scope 1 and 2

As illustrated in the figure on the right, Borregaard's investments in renewable energy sources and energy efficiency have led to a reduction of over 39% in GHG emissions since 2009.

The transition plan takes into account both internal considerations within Borregaard and the evolving external factors. The target on ambitious reductions in GHG emissions, however, remains the same. The transition plan is developed by the Group Executive Management and approved by the Board of Directors. Borregaard is not excluded from EU Paris-aligned Benchmarks.

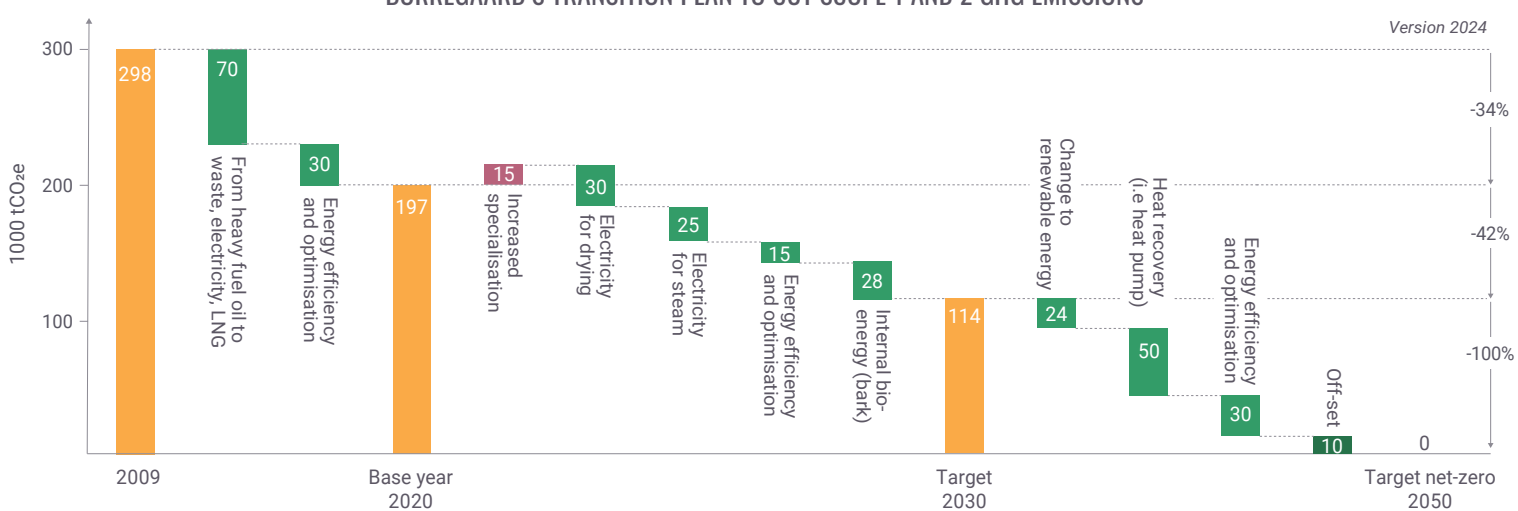
The conducted investments and projects have so far mainly been related to technology for energy efficiency and an increased use of renewable energy sources, such as hydropower-based electricity and biogas. These represent the main decarbonisation levers for reducing Scope 1 and Scope 2 emissions.

Most of the investments have been, and will continue to be, concentrated at the biorefinery in Norway, where more than 85% of our GHG emissions originate. Energy efficiency measures and the availability of renewable energy, combined with enabling projects and technology to utilise these resources, remain key priorities.

Examples include the announced infrastructure investment in 2024 for a new internal power intake station, along with an associated upgrade of the electricity transformation capacity, and the completion of the electrification of spray driers, in the second half of 2024. New long-term power purchase agreements combined with the efficient maintenance of the existing base-load supply are crucial for securing future cost levels, maintaining the inherent flexibility of Borregaard's energy system and thereby securing a reliable energy supply. These measures are taken with a key focus to achieve our emission reduction targets. A prerequisite to meet this target, in line with the transition plan in 2030 and 2050, is that electric power is made available on system level, supported by grid capacity upgrades and access to the power required.

The science-based targets allow the use of carbon offsetting for the last 10% of the target. Whether this will be necessary to achieve the target will be assessed after 2030.

BORREGAARD'S TRANSITION PLAN TO CUT SCOPE 1 AND 2 GHG EMISSIONS



The diagram shows our transition plan with 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. Net-zero means 90% absolute reduction and 10% carbon offsetting.

During 2024, we have further progressed our long-term transition plan, in the following decarbonisation leverage categories:

Electricity for drying: In the second half of 2024, Borregaard completed a project to convert from using LNG to electricity for drying lignin in our Spray dryers. This project has the potential to reduce emissions from LNG use by approximately 30,000 tonnes and should be viewed in conjunction with the introduction of biogas as a replacement for LNG in the Bio-boiler, resulting in an additional reduction of 9,000 tonnes CO_2.

Electricity for steam: In April 2024, an investment decision was made for a new power intake station. This infrastructure investment will upgrade the electricity transformation capacity and replace end-of-life equipment. This is a key prerequisite for Borregaard's climate targets and will also support future growth projects.

In September 2024, Borregaard signed a new 10-year power purchase agreement of 10 MW, starting in January 2025. This strengthens our portfolio of long-term power contracts in line with Borregaard's transition plan to reduce GHG emissions.

As we are converting the steam boilers from fossil to renewable energy there is no locked-in GHG emissions from energy producing units.

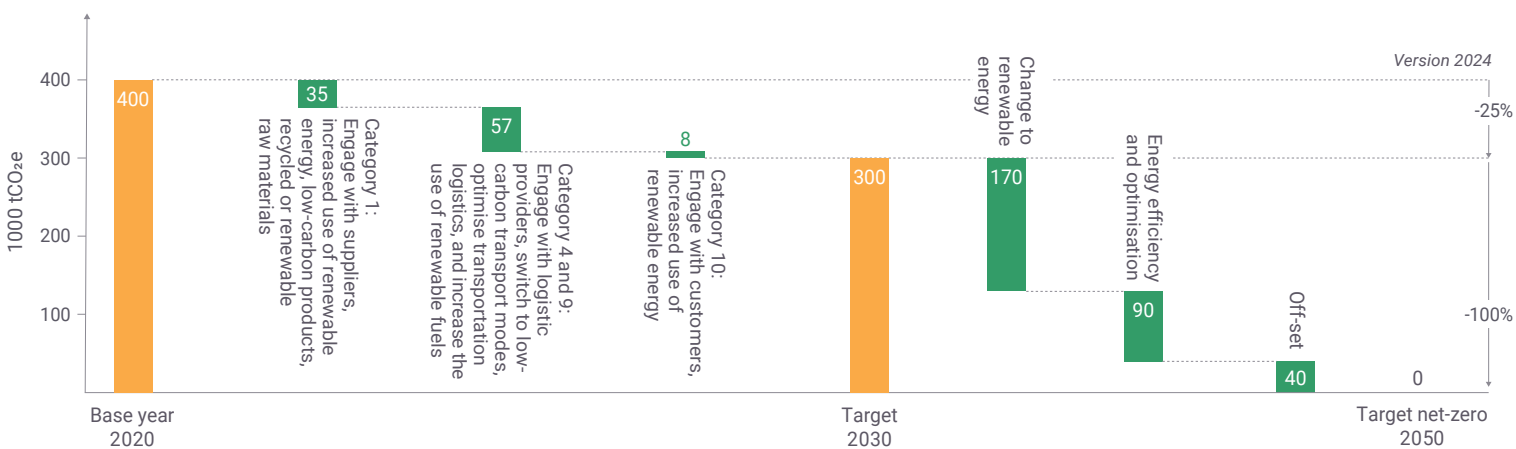
Key actions and progress in implementation of transition plan for Scope 3

In line with our commitment to a science-based target aimed at limiting the global temperature rise to 1.5°C, Borregaard has developed a GHG transition plan for Scope 3 emissions. The target is to reduce Scope 3 emissions by 25% by 2030, with the goal of achieving net-zero emissions by 2050, compared to our base year of 2020.

Among the 15 Scope 3 categories, the largest contributors to our emissions are purchased goods and services (cat.1), upstream and downstream transportation (cat.4 & cat.9), as well as the downstream emissions from processing of sold products (cat.10).

Our key decarbonisation levers are engagement and collaboration with suppliers and customers, sustainable sourcing of materials, transport and logistics optimalisation, carbon accounting and reporting, and sustainable procurement.

BORREGAARD'S TRANSITION PLAN TO CUT GHG EMISSIONS - SCOPE 3



The diagram shows our transition plan with measures to reach our science-based target from base year 2020 towards our near-term target in 2030 and net-zero target in 2050. Net-zero means 90% absolute reduction and 10% carbon offsetting.

The key actions in the transition plan are:

Purchased goods and services (cat.1)

We expect that the sourcing of low carbon chemicals will increase, as many suppliers are expected to raise their share of renewable energy in their processes and enhance the use of recycled and renewable raw materials. Borregaard actively explores alternative suppliers and solutions for goods and services that offer products with low GHG emissions. We set firm requirements and apply emission criteria in the sourcing processes. Sodium hydroxide is an example of a chemical that has been subject to this approach, resulting in a reduction of 10,000 tonnes of CO_2e in 2024.

Upstream and downstream transportation (cat.4 & cat.9)

In the years to come we expect emissions to decrease in both upstream and downstream transportation as new technologies in the sector continue to develop. This includes the use of renewable fuels, more electric vehicles, and optimisation of logistics routes and modes of transport.

Borregaard has actively explored these opportunities. In 2024, we purchased alternative fuel products for a major part of our overseas container shipments, enabling us to replace fossil fuels with renewable energy. This led to a reduction of 7,400 tonnes of CO_2e.

Processing of sold products (cat.10)

Reduction in the category "processing of sold products" is expected as our customers will increase the share of renewable energy in their productions processes. While this is not directly within our control, our discussions with customers indicate that many of them have set ambitious GHG reduction targets and have sustainability on top of their priorities.

During 2023/2024, we collected customer-specific data on the processing of parts of our sold products. As a result, emissions from this category increased by over 90%, leading to a significant rise in our overall Scope 3 emissions. We are now in the process of recalculating and updating our Scope 3 science-based target.

We are continually working to improve the quality of our Scope 3 data. The ongoing data collection and improvements in data quality will affect our overall Scope 3 emissions, and we expect to update our transition plan accordingly.

Reduction in our Scope 3 emissions depends on our supplier's and partners ability to cut their GHG emissions. Some suppliers have an established energy-intensive infrastructure and/or carbon-heavy processes. The transportation of goods and materials, particularly over long distances, may require transitioning to infrastructure with low-carbon alternatives, which could be capital-intensive and may take years. The shift to low-carbon alternatives might be challenging in several regions and will depend on the pace at which society is able to reduce its GHG emissions. This could result in locked-in GHG emissions in certain areas. Borregaard expect that the main progress towards the target will bee obtained close to 2030. The science-based targets allow the use of carbon offsetting for the final 10% of the target. Whether this will be necessary to achieve the target will be assessed after 2030.

Our products serve as a decarbonisation lever for our customers. The low carbon footprint of our bio-based products helps customers reduce their Scope 3 emissions, particularly when compared to fossil-based alternatives.

E1.SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

Within climate change, the sub-topics climate change mitigation and energy are material.

Resilience of Borregaard's strategy and business model

Borregaard has analysed how climate change may impact its operations and the value chain through a scenario analysis in accordance with IFRS and TNFD recommendations. The resilience analysis was presented in our Climate and Nature risk report published 19.03.2025.

The scenarios were selected to test Borregaard's strategic resilience and better understand future strategic and financial impacts in both favourable and non-favourable scenarios. The identified physical and transition risks and opportunities materialise in different ways in different scenarios in the short, medium and long term. This has allowed for further analysis of the resilience of Borregaard's strategy moving forward, both in the upstream value chain and Borregaard's direct operations. For the outcome of climate and nature-related impact, risks and opportunities see the result of the scenario analysis, climate and nature.

The climate scenarios used are compatible with critical climate-related assumptions made in financial statements, in Note 28 we have evaluated the effect of climate related risks an opportunities, the future financial effects is evaluated in E1-9.

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

The resilience of our strategy in securing continued access to finance at an affordable cost of capital is strong. In 2023, we established a green financing framework that enables Borregaard to issue green financing instruments. The framework is structured in accordance with the 2021 ICMA Green Bond Principles (GBP) and the 2023 LMA, APLMA, and LSTA Green Loan Principles (GLP). S&P Global Ratings has provided a second-party opinion on the framework. In June 2023, Borregaard successfully issued NOK 500 million in new senior unsecured green bonds.

Climate-related transitional risks and opportunities

The resilience of Borregaard's strategy is rooted in the diverse product portfolio of over 800 products, which makes the company adaptable to market shifts and reduces exposure to cyclical industries. The growing demand for low-carbon products is anticipated to drive revenue growth, supported by Borregaard's strategic investments in innovation and the expansion of our product offerings and specialisation. With ongoing efforts to ensure flexible sourcing, particularly in energy and basic chemicals, Borregaard enhances its resilience to climate change by reducing GHG emissions and market fluctuations. These opportunities are aligned with Borregaard's long-term sustainability goals, including its commitment to the Global Biodiversity Framework (GBF), specifically supporting targets related to sustainable production and promoting the circular economy.

In a Net Zero scenario, upcoming legislation addressing the climate and nature challenges, such as regulations arising from the EU Green Deal— including CSRD reporting requirements, the EU Deforestation Regulation (EUDR), the Renewable Energy Directive (RED III), and the targets of the Global Biodiversity Framework — highlight the shift in the global economy. These initiatives are expected to influence procurement practices, and Borregaard is actively monitoring these developments and implementing measures to ensure compliance. As a result, Borregaard faces a low to medium risk from new EU regulations or other energy and climate-related regulations, due to its robust approach to transition risk management and diverse product portfolio.

The current and planned investments focusing on emissions reduction, renewable energy adoption, and expanding production capacity for sustainable products that will strengthen Borregaard's position in low-carbon markets while also mitigating climate-related risks such as extreme weather events. Furthermore, the planned investments in innovative technologies, such as new and improved biopolymers, are expected to support long-term revenue growth by meeting the increasing demand for climate-friendly solutions as directives and emerging requirements materialise.

Borregaard's business model, centred on enhancing the value of existing products and developing innovative bio-based alternatives, underscores the need for an ambitious purchasing policy to maintain its reputation as a leader in sustainability. Borregaard prioritises sustainable sourcing, ensuring resilience in the face of supply chain pressures.

Borregaard's ability to adapt its strategy and business model to climate change is robust, as we operate across diverse markets, offering flexibility in both production and workforce skills. Our key markets, including agriculture, energy storage, and packaging, are increasingly prioritising sustainability. We are also expanding into new markets, such as home care, with innovative sustainable products like Li-ion battery additives, and broadening our geographical reach, particularly in Asia. These actions demonstrate our ongoing adaptation to the changing landscape.

Climate-related physical risks and opportunities

Borregaard's climate resilience assessment demonstrates how its strategy and business model are designed to address climate risks and leverage opportunities. For example, infrastructure upgrades at key sites enhance operational continuity by addressing vulnerabilities to extreme weather. However, significant uncertainties persist, including the timing and severity of physical climate risks, as well as the scalability of renewable energy infrastructure necessary for operational electrification. Addressing these uncertainties through more refined scenario planning and adaptive strategies will further enhance Borregaard's climate resilience. Climate adaption related to physical risks are not considered material.

E1.IRO-1

Processes to identify and assess material climate-related impacts, risks and opportunities

Climate-related impacts

Key Sources for assessing impact materiality from Climate Change:

- GHG Emission Inventory: Comprehensive data covering all emission Scope in accordance with the GHG Protocol.
- Life Cycle Assessments (LCAs): Based on ISO 14040/44 standards, these assessments evaluate the environmental impact of existing products and innovation projects.

Borregaard has engaged an independent third party, Norsus, to perform Life Cycle Assessments (LCAs) in accordance with the ISO 14044/48 standard.

Life cycle assessments provide valuable input to our materiality impact assessment process and are the most valuable tool for understanding the impact on our business model throughout the entire value chain. This includes both the severity of the negative environmental impact from production and transportation, as well as the positive environmental impact when our products replace fossil-based alternatives for our customers and end-users. The LCAs evaluate the environmental impact of Borregaard's products, from raw materials to finished products. They help identify areas within the value chain where environmental improvements can be made to reduce the overall impact. Additionally, LCA data is used to compare Borregaard's products against relevant competitors, providing insights into how our customers can lower their Scope 3 emissions by choosing our products.

Furthermore, LCA tools are integral to the innovation process, enabling the assessment or verification of the environmental impact of new products. The assessment was carried out for the first time in 2008 for the biorefinery in Norway. It has since been updated on several occasions, most recently in 2021, when it was improved and aligned with the latest LCA standard. The assessment has also been extended to include our products produced in the USA and Germany.

GHG Emission Inventory:
The Scope 1 and 2 GHG emission inventory reveals that 60% of Borregaard's greenhouse gas emissions originate from energy use within our direct operations. This data informs the decarbonisation strategy in our transition plan, which focuses on increasing the share of renewable energy and improving energy efficiency. It also informs which Scope 3 categories we should focus on to reach our transition plan targets.

Climate-related risks and opportunities

Borregaard conducted a climate-related scenario analysis in 2024 to assess our resilience to climate-related risks and opportunities across short (1 year), medium (2–9 years), and long (10+ years) time horizons. To ensure the results of the scenario analysis are relevant, Borregaard has differentiated the definition of the medium and long-time horizons presented in this Annual report, aligning them with the ESRS. The short-term corresponds to the reporting period covered in Borregaard's financial statements, the medium-term spans from the end of the short-term reporting period up to 9 years, and the long-term encompasses periods exceeding 10 years.

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

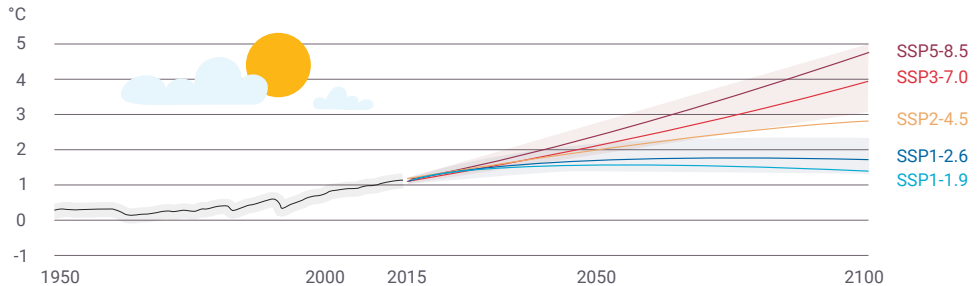
Climate change adaption involves financial risks related to the supply chain and the cost of securing operations against physical climate risks, such as landslides. However, the investment required for these adaptions is not considered to be above a material level.

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

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

Scenario analysis - Climate

Borregaard has evaluated climate-related risks and opportunities that can arise from identified impacts and dependencies in the value chain. These were examined under different scenarios in order to inform the resilience analysis of our strategy. The scenarios derives data from the sixth phase of the CMIPs, over the short-, medium-, and long-term. CMIP6 supports the IPCC Sixth Assessment report.



Low emission scenario (SSP1-2.6)

Climate impacts are expected to be minimal in the short-term, with stable sea surface temperatures (SSTs) and negligible sea level rise in Florida, and slight precipitation changes in Sarpsborg. In the medium-term, gradual increases in SSTs and sea levels in Florida may lead to slightly stronger hurricanes and moderate flooding risks, while Sarpsborg faces heavier rainfall, raising localised flooding and landslide risks. In the long-term, further SST and sea level rise in Florida will increase hurricane and storm surge risks, while wetter conditions and snowmelt in Sarpsborg will steadily raise landslide risks. Overall, while climate action under SSP1-2.6 moderates these risks, Borregaard's location specific adaptation measures are necessary.

High emission scenario (SSP5-8.5)

Borregaard's site in Florida faces increased storm surge risks and flooding frequency, while the site in Sarpsborg experiences more intense storms, overwhelming drainage systems and increased risk from landslides. Low water levels in the Rhine river may disrupt Borregaard's river transport, necessitating alternative arrangements. Sarpsborg faces frequent extreme rainfall and that can result in landslides, threatening infrastructure, and severe drought conditions disrupt Rhine transport. In the long-term, Florida's sea level rise of over 1 meter makes low-category hurricanes catastrophic, requiring costly flood defenses or relocation, while Sarpsborg faces severe, prolonged risk of landslides. Persistent drought cycles in Europe will impact Rhine transport, requiring a shift to costly road and rail logistics. Overall, escalating climate impacts demand adaptation measures across all sites to mitigate operational and financial disruptions.

IEA Net Zero Emissions

Borregaard faces significant risks from rising carbon prices, stricter air quality regulations, and increased competition from low-carbon competitors. In the short-term, higher carbon prices will increase energy and chemical costs, while tightening air quality standards will require investments in emission reduction technologies like increased scrubber capacity. In the medium-term, as carbon prices rise and stricter emissions regulations come into effect, Borregaard will need to accelerate investments in renewable carbon technologies such as biomass/bark boilers and electrification. In the long-term, with carbon prices reaching over €200/tonne and broader emissions accounting (including Scope 3 emissions), Borregaard will need to adopt breakthrough and technologies like innovation for extended heat recovery carbon capture to remain competitive and compliant. These ongoing regulatory pressures and market shifts will necessitate continuous investments in sustainable solutions.

E1-2 AND E1.MDR-P

Policies related to climate change mitigation and adaptation

Sustainability is embedded in our corporate policies to ensure a comprehensive approach to reducing climate impacts.

Borregaard's ambitions to mitigate climate change, cover the entire value chain, from reducing emissions related to sourcing and transportation of raw materials, production and transportation of products to our customers, to producing and developing new products with positive climate impacts.

We are actively working on measures that can contribute to environmentally sound resource management. Our business model and strategy are aligned with the transition to a climate-neutral economy and the goal of limiting global warming to 1.5°C, in line with the Paris Agreement.

Our efforts to achieve our targets are guided by our Policy for Environment, Climate, Health and Safety Engagement. The aim of the policy is to strengthen commitment, raise awareness and drive continuous improvement in these areas, while establishing our specific procedures and practices. It addresses climate change by integrating climate-related factors into our long-term targets and strategic development plans, considering both opportunities and risks.

We make climate mitigation efforts from both short- and long-term perspectives to reduce our impact and risks, while capitalising on opportunities.

LCAs shall be employed to evaluate the climate impact of our activities and products, providing data-driven justification for decisions and enabling continuous improvement.

GHG emissions from our operations shall be documented in accordance with the Greenhouse Gas Protocol, ensuring transparency and accountability in our reporting and enabling us to track progress in emission reductions.

Innovation is at the core of Borregaard's strategy. We are committed to developing and offering new products and customer solutions with a low climate footprint, ensuring that sustainability is central to our offerings while addressing key long-term global challenges. Borregaard's bio-based products contribute to several of the UN's Sustainable Development Goals, making them valuable to both our stakeholders and society.

Energy efficiency and increased use of renewable energy shall be prioritised through clear targets for energy efficiency improvements and a strategic plan to increase the share of renewable energy in our operations.

For all sustainability matters, Borregaard has established specific goals, targets, and action plans. These are continuously monitored and updated to ensure we meet our commitments outlined in the policy and contribute to global climate goals.

The policy applies to the entire Borregaard Group and states our expectations for suppliers and key partners. It is approved by the Board of Directors. The SVP Organisation and Public Affairs is Chair of the company's sustainability board and holds the overall responsibility for the policy.

E1-3 AND E1.MDR-A

Actions and resources in relation to climate change policies

Action and resources Scope 1+2 and use of energy

Borregaard's Scope 1 and Scope 2 emissions are primarily linked to energy use in the production processes. Operations in Norway account for 86% of our Scope 1 and 2 emissions, making it our main area of focus.

The high utilisation of wood for products (82%) at the biorefinery in Norway results in a limited but important quantity of residual biomass and, consequently, biogas available for use as renewable energy. Therefore, Borregaard obtains heat energy from other means, such as renewable energy sources, energy recovery from production processes, incineration of sorted household waste and natural gas. Our operations in Norway meet the continuous need for baseload heat energy in the form of steam from internal bio-based sources and biogas (bio-boiler), energy recovery from municipal waste (imported steam from Saren Energy AS), and heat recovery from production. For the variable load of heat energy, we can use either electrical boilers or a multifuel boiler.

The annual GHG emissions vary based on weather conditions, production volume and the share of renewable energy in the variable load. Borregaard reports GHG emissions, energy consumption, and progress on reduction targets monthly or quarterly.

In 2024, several of the planned projects in Borregaard's transition plan was completed. These projects mark important milestones and are associated with significant GHG emission reductions.

Several measures have been implemented to reduce GHG emissions from the utilisation of liquid natural gas as auxiliary fuel in the bio-boiler. In 2022, a project to increase the calorific value biofuel was completed and, at the beginning of 2024, a portion of LNG was replaced by biogas, resulting in an additional reduction of GHG emissions. Measures are now being planned for the period prior to 2030 to preheat the combustion air, which will further reduce auxiliary fuel use, potentially enabling zero emissions during normal operation.

In the second half of 2024, Borregaard completed a project to transition from using LNG to electricity for drying lignin. This project has the potential to reduce LNG emissions by around 30,000 tonnes of CO_2. Additionally, the energy consumption for drying lignin has been reduced by 50 GWh.

For the variable peak loads, Borregaard prioritises mainly between electric power and liquid natural gas in our multifuel-boiler. The multifuel-boiler can also operate on light-fuel oil. However, light-fuel oil is only utilised at specific occasions, if at all, and currently covers only a small fraction of the variable peak load, such as when restarting the boilers following a longer period of downtime due to maintenance work. The GHG emissions associated with the production of heat energy will vary from year to year, depending on both the production volume and the renewable energy share for the variable load.

Borregaard's overall strategy is to continuously increase the use of electric boilers for steam production as a replacement for fossil alternatives. Electricity for steam is hence a key decarbonisation lever. Measures supporting this include an ongoing investment in a new power intake station and increased electric boiler capacity. Complementing the technical projects implementation are the commercial agreements for long-term power contracts. A 10-year Power Purchase Agreement with Å Energi started in January 2024. From January 2025, a similar 10-year supply contract with Hafslund Kraft began. Both contracts have an annual volume of 88 GWh. This strengthens our portfolio of long-term power contracts in line with Borregaard's transition plan to reduce GHG emissions. With a growing portfolio of power contracts, Borregaard is less exposed to a volatile spot market and, as a result, can set a higher floor for our utilisation of electric power from 2024 onwards, compared to previous years. This is also aligned with our strategy. For Borregaard, this is further an important decarbonisation lever. Borregaard observes that energy markets, including the power market, still are fragile due to geopolitical uncertainty, leading to periods of high price volatility. Therefore, controlling power prices from long-term PPA's, maintaining robustness and flexibility in our energy system and energy carriers, is a key focus for Borregaard to manage and mitigate this risk.

Borregaard expects to reduce emissions by 35,000 tonnes of GHG emissions by 2030 through the increased use of electric boilers. The above-mentioned measures will correspondingly reduce the need for fossil fuels in the period towards 2030.

Part of the strategy also includes an increased use of internal biofuel as a replacement for fossil fuels, with an estimated additional reduction of 17,000 tonnes CO_2 by 2030. This will allow for a combined GHG reduction of approximately 30,000 tonnes from the utilisation of internal bioenergy.

Overall, increased electrification and the increased use of biofuel can reduce emissions by around 83,000 tonnes, representing a 42% reduction compared to emissions in the base-line year of 2020, by 2030. Impacts from projects have already been observed in 2024, and we expect continued progress in line with our strategy in the coming years. Borregaard will seek funding for from various government support schemes, such as Enova, to further support these initiatives.

GHG emissions, energy consumption and progress in reduction targets for Borregaard's different units are reported monthly or quarterly. Energy management at Borregaard's biorefinery in Norway is ISO 50001 certified. Borregaard's internal resources, both within the dedicated energy team and across the larger organisation, are focussed on the development and implementation of projects that will enable the transition plan to be fulfilled. This includes addressing changes in framework conditions related to energy and climate, such as EU-ETS, energy cost, including CO_2 taxes, and developments in technology and the supply of renewable energy. GHG emissions, energy consumption and progress on the reduction of targets are reported and evaluated monthly or quarterly at the Group level (Scope 1 and Scope 2) across Borregaard's different sites. External resources are being utilised as required in the respective activity. Cooperation with European and national industry associations is of high importance for navigating framework conditions.

Access to electric power from the transmission and distributions systems is a prerequisite for the electrification efforts undertaken by Borregaard to implement the transition plan towards 2030 and 2050. Borregaard experiences strong communication and collaboration with relevant stakeholders and follows the development of national and regional grid plans and activities. This helps assess the potential effects of external changes and developments on Borregaard's overall strategy for emission reductions.

The district heating system in Sarpsborg municipality is supplied with surplus heat from low-temperature water from Borregaard's biorefinery in Norway. The surplus energy is part of a symbiotic industrial ecosystem, serving as the main source of energy at the local district heating plant. Hence, our sustainable energy source reduces the use of fossil fuel for district heating. Our continuous efforts to enhance energy efficiency and increase the use of low-temperature surplus heat are expected to further increase our deliveries to the district heating system. The GHG contribution in terms of emissions avoided are, however, not included in our emission reduction target. This local contribution from Borregaard's activities amounted to 14 GWh in 2024.

Action and resources Scope 3

Our efforts to reduce Scope 3 emissions are managed through the Scope 3 Programme, which reports to Borregaard's sustainability board. Purchased goods and services, particularly chemicals, upstream and downstream transportation, as well as emissions from the processing of sold products, are the primary sources of our Scope 3 emissions. Given their significant contribution to our GHG emissions and potential for reductions, the programme prioritises actions in these areas and it is supported by personnel with responsibilities across these domains. The programme focuses on initiatives that engage our suppliers, sourcing practices, and employees.

In line with our supplier engagement strategy, we collaborate with suppliers by sharing information and knowledge, setting firm requirements, and learning from our best-in-class partners. In 2024, we continued our efforts to target our major suppliers of chemicals and received information about their sustainability activities in relation to climate and emissions.

We conduct sustainable sourcing of materials by exploring alternative suppliers and solutions for goods and services that contribute to reducing GHG emissions. We incorporate climate and emissions criteria into our supplier selection process, and suppliers' responses to these requirements play a key role in the awarding of contracts, alongside factors such as supply security and price.

Wood is our primary raw material, and we are continuously working to improve the inbound transportation of wood, both through internal initiatives and in collaboration with external stakeholders across the supply chain. As in 2023, transport services were in 2024 tendered with specific requirements regarding emissions. This included a request for suppliers to disclose whether they have science-based targets in place, as well as their plans for reducing carbon emissions in the short, medium, and long term. Suppliers seeking to do business with Borregaard must meet these requirements. Additionally, all respondents are encouraged to share their performance on the EcoVadis platform.
Our products are distributed globally to customers in over one hundred countries. Through transport and logistics optimalisation, we contribute to climate friendly transport, as transportation is an area where low emissions, carbon neutrality and emission-free solutions are gaining increasing importance. In 2024, for a selection of our overseas container shipments, we purchased alternative fuel products, enabling us to replace fossil fuels with renewables. This resulted in a reduction of 7,400 tonnes of CO_2e in 2024. Additionally, we gained valuable experience with

such renewable fuel products and contributed to the development of a market for alternative fuel solutions.

Regarding the lever carbon accounting and reporting we are continuously seeking to improve our Scope 3 emissions data collection, including actual emissions (primary data) and tracking suppliers' progress in relation to their GHG emission target. More specifically, we ask our suppliers for verified documentation regarding emissions, such as Environmental Product Declarations (EPDs) and Product Carbon Footprint (PCF). We also request information about our suppliers' targets and whether these are science-based, particularly according to SBTi. Some of our suppliers have set GHG emission reduction targets, which will help improve the climate footprint of the materials supplied and, consequently, reduce our Scope 3 emissions. The Scope 3 emissions from purchased goods and services increased by 30% in 2024 due to extension of the data included. The availability of actual supplier emissions data has led to a reduction in the emissions linked to some chemicals. Although our impact on the downstream Scope 3 emissions from our customer's processing of products (cat.10) is limited, we strive to receive details of actual emissions. During 2023/24 we gathered customer specific data on the processing of sold goods. The updated information and improved data quality led to an increase in the emissions from this category of more than 90%. This resulted in a significant increase in our overall Scope 3 emissions, and we are now in the process of recalculating and updating our Scope 3 science-based targets.

As for supply chain emission tracking, we have undertaken a digitalisation project to enhance the data quality of our transportation emissions. The solution integrates our data with reliable external sources on distances, emission factors, and transport modes, providing more accurate and trustworthy information for each shipment and at an overall level. This Scope 3 Logistics digitalisation project improves data quality and highlights our customers' Scope 3 emissions.

In 2025, the tool may be further developed to include functionality for simulating emissions from various modes of transportation. The tool will enable us to work together with our customers in reducing CO_2 emissions., and the target is an annual reduction of 1,000 tonnes of CO_2e.

We have developed a Marginal Abatement Cost Curve (MACC) for our Scope 3 emissions, which illustrates the cost-effectiveness of various emission reduction strategies. The curve highlights the relationship between emission reductions and their associated costs, enabling us to identify the most cost-effective measures to achieve our Scope 3 emission targets and providing a basis for prioritising actions.

Borregaard prioritises employee involvement in achieving our GHG emissions target by conducting employee advocacy and training. We have expanded our electric vehicle fleet, added EV charging stations, and participate in the 'Home-Work-Home' programme at our operations in Norway. Over 80 employees use e-bikes, and/or subsidised public transport tickets. We are committed to promoting sustainable commuting, with new initiatives planned for 2025. Training of personnel to help the organisation make informed decisions in sourcing and purchasing was planned and carried out throughout 2024.

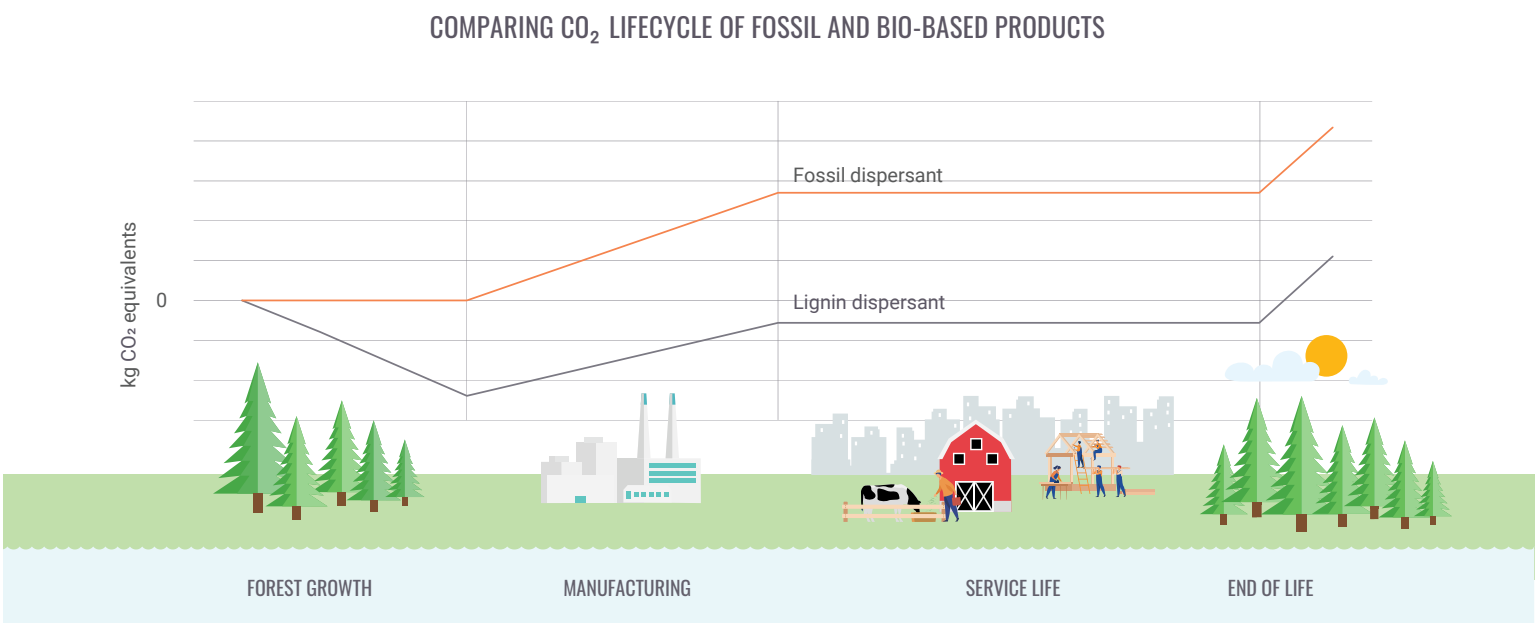
Our most effective way forward to improve sustainable sourcing and reduce emissions will be to continue engaging with suppliers, enhancing sourcing practices, and enabling employees, with a focus on purchased goods and services, particularly chemicals, as well as upstream and downstream transportation. We will also continue to improve the data quality of our Scope 3 emissions to increase the share of primary data. This approach may result in both reduced and increased emissions across the various categories.

Action and resources from our products' contribution to climate change

Today, most customers still purchase products primarily for their performance. However, customers and end-users are becoming increasingly concerned with sustainability aspects, considering raw material origin, safety and health benefits and a product that is better for the environment. We firmly believe that this strong trend represents a great opportunity for our company that will have a positive impact on our profitability. The positive impact of sustainable products will increase as they become the first choice, and as new products and solutions are developed within our portfolio.

The use of Borregaard's products represent a decarbonisation leverage for some of our customers who purchase our products for their low GHG footprint. This beneficial climate footprint contributes positively to the customers' Scope 3 emissions compared to using fossil-based products. A prime example of this is our wood-based bioethanol, which, compared with petrol, has at least 90.4% lower GHG emissions, as calculated under the Taxonomy chapter.

Another good example is dispersants. A comparison of the life cycle of a lignin-based dispersant from wood versus a synthetic dispersant based on a fossil raw material is shown in the figure. During forest growth, trees capture CO_2, and the captured CO_2 in the bio-based lignin raw material is accounted for as negative CO_2 emissions. In contrast, the raw material for fossil-based synthetic dispersant will start at zero. During production, the process of extracting and refining the final product contributes to a certain environmental load for both lignin-based and fossil dispersants. In our example the CO_2



Comparison is carried out by the Norwegian Institute for Sustainability Research using life cycle analysis methodology according to the ISO-standards 14040/44. The model substance used as fossil dispersant is polycarboxylate.

emissions connected to producing 1 kg of lignin-based biopolymers is more than 30% lower than producing 1 kg of fossil dispersants. During the service life, no emissions are associated with the use of either product, which means that the CO_2 footprint is negative during the lignin-based dispersant's service life.

In the final phase, end-of-life, a theoretically calculated CO_2 emission is included based on 100% degradation of both products to CO_2. All in all, replacing a fossil dispersant with a lignin-based dispersant results in a 70% lower CO_2 footprint from cradle-to-grave.

The substantial life-cycle GHG emission savings compared to the best-performing alternative technology/product/solution available on the market, qualify for the technical screening criteria for the enabling activity, Manufacture of other low carbon technologies, see Taxonomy chapter.

Sustainability documentation of products

Borregaard has taken a fact-based approach, documenting the sustainability of our products through LCAs versus alternative technologies. Documentation of sustainability impact is crucial for increasing market awareness of our sustainable products, and for providing a solid basis to compare their environmental performance with competing products.

In recent years, we have extended our sustainability documentation and now have LCAs for our lignin-based biopolymer plants in Fernandina Beach (FL) USA, Rothschild (WI) USA, and Karlsruhe Germany.

The standards for sustainability documentation are moving towards strict use of third-party verified data, standardised methods for calculation of biogenic CO_2 and more comprehensive product category rules to define environmental impact in LCAs. Conducting and updating LCAs and EPDs of our products will continue in the years to come to ensure that they reflect the changes in regulations and standards. We are well prepared for the new EU green claims directive that will set strict requirements for documentation of sustainability statements in the markets.

Certification is an important part of Borregaard's sustainability documentation. Borregaard's advanced bioethanol holds an ISCC EU sustainability certification, while our speciality cellulose, lignin from Borregaard's biorefinery in Norway and biovanillin products are ISCC PLUS certified. Our products within speciality cellulose, cellulose fibrils, biovanillin and lignin from Borregaard Sarpsborg is certified according to PEFC CoC. Furthermore, our various cellulose fibrils and lignin-based biopolymer products are, or are eligible to be, listed, certified, and/or labelled for their sustainable usage, depending on the end-use applications, product and different geographical locations. Several examples, though not exhaustive, include the USDA Certified Bio-based products, and OMRI and PLONOR listed products.

Resources for development and innovation of sustainable climate friendly products

Maintaining strong innovation efforts remain one of Borregaard's strategic priorities, with sustainability now serving as a key driver in our innovation processes. We have an innovation team of 97 employees, including 32 PhDs. Central R&D is located in Sarpsborg, Norway, which at year-end 2024 employed 72 people from 8 different countries. R&D activities also take place at R&D centres in India and the US. Each R&D unit serves as a centre of excellence fostering targeted collaboration with customers, universities, and research institutes globally.

Borregaard's innovation success stems from its world-class in-house R&D, skilled sales force, advanced manufacturing capabilities, and close cooperation with customers, research institutes and universities in several countries. The innovation efforts are organised through an "Innovation Management Team" for each business unit. These teams are cross-functional and operate throughout the entire innovation portfolio, from idea to implementation. This cross- functional approach is crucial in our efforts to maximising the positive impacts of innovation.

We have introduced a comprehensive set of assessment criteria to ensure that our entire project portfolio is thoroughly evaluated in terms of sustainability impact. Each project proposal related to new products, processes, and product applications is subject to Borregaard's sustainability criteria throughout the projects' lifetime. This ensures that we focus on developing the most sustainable products while avoiding potential negative impacts from non-sustainable innovations.

The sustainability assessments are related to how we run our business and the impact our products have on enhancing customers' sustainability profile. The sustainability assessments evaluate the use of raw materials, direct and indirect effects on emissions to air and water, compliance with upcoming regulatory requirements, and health and safety aspects within Borregaard's working environment. These assessments also consider the potential of our products to save energy, reduce GHG emissions, limit exposure to toxic chemicals, and minimise water consumption in our customers' value chains. These assessments, combined with thorough technological and market analyses, provide a solid foundation for informed decision-making and

effective resource prioritisation in our innovation efforts.

To maintain our position as the world's most advanced biorefinery, Borregaard is committed to continuously enhancing its biorefinery concept by identifying new bio-based raw materials and developing new products with high value and a strong environmental profile. Borregaard's strategic priorities emphasise increased specialisation and value growth, with a strong focus on product development to facilitate entry into new markets.

By focusing our efforts on innovation and productivity, we aim to enhance the value-added outputs from our unique biorefinery in Norway, alongside our production units in Europe and the US. We continue to develop our radical innovations, including our cellulose fibrils business, through continued market development across diverse applications and geographies.

Borregaard is investing NOK 100 million in a new technology platform. This includes the construction of a demonstration plant dedicated to next-generation lignin-based biopolymers and granulation of existing and new products. Target application areas are homecare, industrial cleaners, water treatment and agriculture. These initiatives exemplify our strategy of innovation-driven growth and targeted capital expenditure.

Another investment of NOK 490 million for a capacity increase project at Borregaard's Sarpsborg site marks the first phase of a two-step debottlenecking initiative designed to increase production output of speciality cellulose, lignin-based biopolymers and advanced bioethanol by 5–10%.

We continue to explore and pursue business opportunities in several markets where our bio-based products can contribute to improved sustainability. Regulatory changes, such as the EU's strategy for sustainable chemicals, may also represent new opportunities and markets for our products.

We are also positioning Borregaard for inorganic growth by investing in companies or technologies that focus on converting bio-based raw materials into chemicals and materials. One example is our investment in Alginor in 2021, where Borregaard holds a 35% ownership on a fully diluted basis.

E1-4 AND E1.MDR-T

Targets related to climate change mitigation

KEY METRICS, TARGETS AND RESULTS

KEY METRICS

- Gross GHG emission Scope 1 and 2: 182,780 tCO_2e. (Base year 2020: 196,359 tCO_2e)
- Reduction from base year, GHG emission Scope 1 and 2: 7%
- Gross GHG emission Scope 3: 487,301 tCO_2e. (Base year 2020: 399,998 tCO_2e)
  - Scope 3 from purchasing of goods and services: 226,317 tCO_2e
  - Scope 3 from transportation: 104,298 tCO_2e
  - Scope 3 upstream: 69%
  - Scope 3 downstream: 31%
- Total energy consumption 1,859 GWh, of which 66% renewable

2024

- **Target:** Sourcing activities related to green electricity/grid capacity to the Sarpsborg site

  Result: Achieved
- **Target:** Completion of construction activities related to electrification of spray dryers in 2024.

  Result: Achieved
- **Target:** Reduce GHG emissions from Category 4 and 9 (upstream transportation and distribution, downstream transportation and distribution) with a total of 4,000 tonnes CO2 (base year 2023).

  Result: 7,400 tCO_2e
- **Target:** Innovation rate of 15%

  Result: 14%

FUTURE TARGETS

- Sourcing activities related to green electricity/grid capacity to the Sarpsborg site
- Science-based target for Scope 1, 2 and 3 (base year 2020):
  - Scope 1 and 2, 2025: 10% reduction
  - Scope 1 and 2, 2030: 42% reduction
  - Scope 1 and 2, 2050: Net zero, 90% absolute reduction
  - Scope 3, 2030: 25% absolute reduction
  - Scope 3, 2050: 90% absolute reduction net zero
- Heat consumption at the Sarpsborg site per air dried tonne (TAD) of cellulose (base year 2020: 20,9 GJ/TAD)
  - 2025: 20,7 GJ/TAD
- Maintain annual innovation rate of 15%

Key metrics are the most important indicators for tracking progress towards the target. For the calculation of Scope 2 emission location-based factors are used.

Borregaard has selected three different climate-related scenarios to consider developments and decarbonisation levers: SSP1-2.6, representing a low-emissions pathway with strong mitigation efforts; SSP5-8.5, which models high emissions and severe physical risks; and the IEA NZE 2050 (Net Zero Emissions) scenario, aligned with global decarbonisation goals. Based on this we have set a goal that is compatible with limiting global warming to 1.5°C in the Paris Agreement for all Scope. The target has been approved by the Science Based Targets initiative. The target contributes positively to SDG 13, climate change mitigation.

The rationale for choosing 2020 as the base year for GHG emissions is in line with the rules for approval of the science-based target. We must update our targets in 2027 to align with SBTi's revised methodology for the 1.5°C target. Scope 3 targets will be updated in 2025.

GHG emissions vary between years, and in 2020, a slightly higher amount of renewable energy was used compared to the years before and after. As the figure on the next page shows, there was a reduction of about 100,000 tCO_2 from 2009 to the base year 2020, due to investments in energy efficiency measures and the switch from heavy oil to renewable energy sources. The increase in

2021 and 2022 is related to the energy crisis in Europe.

We have innovation rate as a target to support our strategy for developing sustainable and climate friendly product.

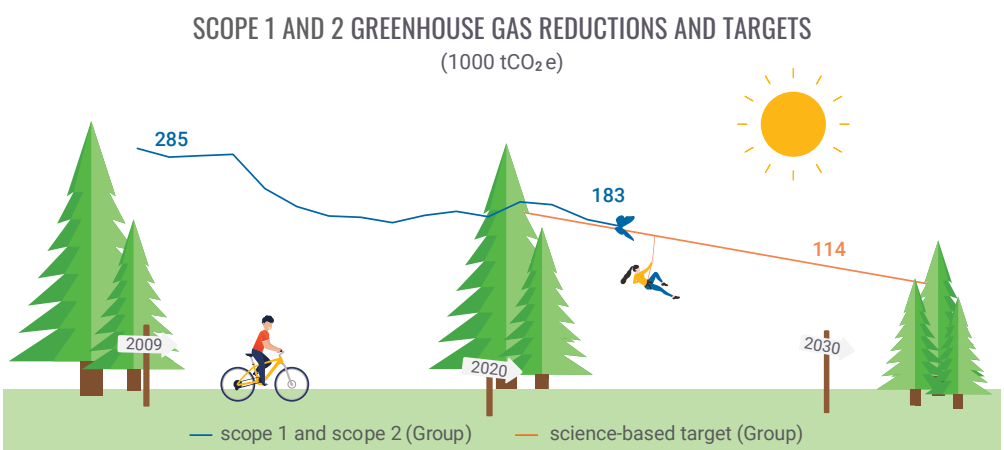
During 2024, we made significant progress in our long-term transition plan to achieve our science-based targets for 2030 and 2050. The Borregaard Group achieved a 7% reduction in Scope 1 and 2 GHG emissions, decreasing from 197,000 to 183,000 tonnes of CO_2e. Scope 1 emissions from Borregaard Norway decreased by 14,000 tonnes CO_2e (12%) compared to 2023. The reduction was a result of reduced LNG consumption due to electrification and energy efficiency in the spray dryers, as well as replacing a portion of LNG with biogas in the bio-boiler. The actual reduction from the use of LNG was higher, however, due to changes in the emission factor published by the Norwegian Environment Agency for energy recovery of municipal waste (accounting for 6,000 tonnes of CO_2e).

The target for heat consumption at the Sarpsborg site per air dried tonne (TAD) of cellulose was not achieved, and it increased slightly from 21.5 GJ/tad cellulose to 21.7 GJ/tad cellulose. The main reason for not achieving the target, was less efficiency in the recovery of energy from condensates.

Borregaard Group's Scope 3 emissions increased by 19% in 2024. This rise is mainly due to a more comprehensive data collection and the acquisition of primary data, such as supplier and customer-specific data, which has improved the quality of our emission data.

Borregaard's innovation efforts during 2024 were focused on supporting the company's overall specialisation strategy, leading to an innovation rate of 14%.

GHG emission reduction targets and climate change mitigation actions, 1000tCO_2e	2020 Base year	2030 target	2050 target
GHG emissions Scope 1+2 (location-based)	**197**	**114**	**0**
Increased specialisation		15	
Electricity for drying		-30	
Electricity for steam		-25	
Energy efficiency and optimisation		-15	-30
Internal bio-energy (bark+alvamix)		-28	
Change to renewable energy			-24
Heat recovery (heat pump)			-50
Off-set			-10
GHG emissions Scope 3	**400**	**300**	**0**
Cat.1: Engage with suppliers, increased use of renewable energy, low-carbon products, recycled or renewable raw mat.		-35	
Cat.4 & Cat.9: Eng. with logistic providers, switch to low-carbon transport modes, optimize transportation logistics, increased use of renewable fuels		-57	
Cat.10: Engage with customers, increased use of renewable energy		-8	
Change to renewable energy			-170
Energy efficiency and optimisation			-90
Off-set			-40



The illustration shows Borregaard's progress towards our science-based target. Scope 1 and Scope 2 emissions decreased by 7% from 2020 to 2024, as a result of investment activities in line with the transition plan.

E1-5

Metrics related to energy consumption and mix

ESRS DP_ID	Disclosure Requirement	Unit	Base year 2020	2023	2024	Δ% (2024-2023)
E1-5_01	Total energy consumption	MWh	1,878,593	1,854,219	1,858,886	-
E1-5_02	Total energy consumption from fossil sources	MWh	700,838	717,095	640,462	-11
E1-5_05	Renewable part of total energy consumption	MWh	1,177,755	1,137,124	1,218,423	7
E1-5_06	Fuel consumption from renewable sources	MWh	339,257	333,096	348,698	5
E1-5_07	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	838,498	804,028	869,726	8
E1-5_09	Percentage of renewable sources in total energy consumption	MWh	63	61	66	7
E1-5_11	Fuel consumption from crude oil and petroleum products	MWh	420,322	418,104	347,651	-17
E1-5_12	Fuel consumption from natural gas	MWh	398,365	377,573	316,118	-16
E1-5_13	Fuel consumption from other fossil sources	MWh	146,435	159,395	143,953	-10
E1-5_14	Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	MWh	134,081	139,595	148,858	7
E1-5_15	Percentage of fossil sources in total energy consumption	%	37	39	34	-11
E1-5_18	Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue)	MWh/ NOK	0.000353	0.000260	0.000244	-6
E1-5_22	Net revenue from activities in high climate impact sectors	NOK	5,328,000,000	7,132,000,000	7,617,000,000	7
E1-5_CS1	Amount of Heat energy consumption of total energy consumption	MWh	1,367,639	1,320,136	1,318,057	0
E1-5_CS2	Amount of Electricity consumption of total energy consumption	MWh	510,954	534,083	540,829	1
E1-5_CS3	Heat energy consumption at Borregaard Norway(total) pr air dried tonnes (TAD) of cellulose	GJ/TAD cellulose	20.9	21.5	21.7	1

Accounting policy

Energy

Total energy consumption includes the energy used for production of heat and electricity. This is calculated based on the type of fuel, its weight, and its lower heating value (LNG, light oil, biogas, internal bioenergy sources, municipal waste). The electric consumed for plant operations, heating buildings, and producing steam in electric boilers is determined using invoices provided by grid operators. Purchased steam is calculated based on supplier invoices.

The GHG emissions from electricity are calculated as consumption times emission factor, using physical mix for electricity. The emissions within the EU ETS system are verified by a third party.

Net revenue from activities in high climate-impact sectors is the same as total revenue for Borregaard, as all our business activities are defined within these sectors. Net revenue is the sames as operating revenue, see page 144 of the consolidated financial statements.

Total energy consumption in direct operations is a key metric used to evaluate performance and effectiveness at Borregaard. This metric is chosen because it is consistently monitored across all production units and has been tracked for many years. Its development is closely linked to our goal of improving energy efficiency. However, it also reflects Borregaard's specialisation strategy, as the production of more specialised products often require higher energy consumption. The total energy consumption in the Borregaard Group was 1,859 GWh in 2024, compared to 1,854 GWh in 2023. Although the consumption remained the same, the production volume was slightly higher. However, the energy consumption for drying lignin was reduced due to the successful project transitioning from LNG to steam generated from electricity. In 2025, we expect to see the full-year effect of this transition, with a calculated reduction of 50 GWh in energy production.

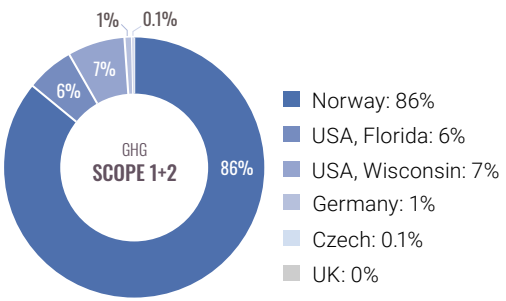
Biorefineries are defined within the ESRS sector "Manufacturing", which classifies them as a high-impact sector, given the energy-intensive nature of the industry.

Accounting policy cont.

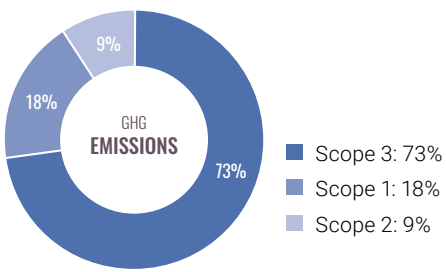
E1-6

Metrics related to gross Scope 1, 2, 3 and total GHG emissions

Emissions by country



Emissions by SCOPE



Emissions in value chain

- Upstream excl. transportation: 50%
- Upstream transportation: 9%
- Own operations (= Scope 1): 18%
- Downstream transportation: 6%
- Downstream excl transportation: 16%

The majority of Scope 1 and 2 emissions originate from the biorefinery in Norway. The units in the USA and Germany process lignin raw material from biorefineries, resulting in much lower Scope 1 and 2 emissions compared to a full biorefinery plant.

The Group's Scope 1 and 2 emissions are relatively minor compared to Scope 3 emissions. The trend shows that the proportion of Scope 3 emissions has increased as we have reduced Scope 1 and 2 emissions, while simultaneously increasing Scope 3 emissions due to more comprehensive data collection.

In the value chain, upstream GHG emissions contribute the most.

Accounting policy cont.

GHG emissions

GHG emissions are reported in line with the Greenhouse Gas Protocol and calculated according to international standards. Based on Borregaard's input data, a third party calculates our emissions, and the results are published in a separate Scope 3 Emissions Report. For 95% of the reported emissions the data quality is considered good. Of the reported emissions, 34% are calculated using primary data, with emission factors provided by suppliers and customers. For the remaining emissions, emission factors from the Ecoinvent database are used.

The direct GHG emissions and the GHG emissions from sourced steam at Borregaard's biorefinery in Norway are calculated using emission factors and methods according to the EU ETS permit provided by the Norwegian Environment Agency.

Sources for emission factors are the International Energy Agency (IEA), Emissions & Generation Resource Integrated Database (eGRID) and the Norwegian Water Resources and Energy Directorate (NVE). Borregaard's full year GHG emissions data are approved by a third party. Emission components are measured in line with Norwegian or international standards and are regulated by the permits given by local or national authorities. All climate gases are included in the calculations of GHG emissions, and the consolidation approach used for the calculation is "operational control".

			Retrospective					Milestones and target years		
ESRS DP_ID	Metrics related to GHG emissions	Unit	Base year 2020	2023	2024	% N / N-1	% reduction vs base year	2023	2050	Annual % target / Base year
	Scope 1 GHG emissions									
E1-6_07	Gross Scope 1 GHG emissions	tCO_2e	130,945	132,772	120,312	91	8			
E1-6_08	Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	90	90	88	97	2			
	Scope 2 GHG emissions									
E1-6_09	Gross location-based Scope 2 GHG emissions	tCO_2e	65,414	64,093	62,468	97	5			
E1-6_10	Gross market-based Scope 2 GHG emissions	tCO_2e	336,964	392,357	501,812	128	-49			
	Scope 1 and Scope 2 GHG emissions									
E1-6_03	Total Scope 1 and location-based Scope 2 GHG emissions	tCO_2e	196,359	196,865	182,780	93	7	113,888	19,636	4.2
E1-6_C.S	Reduction of total Scope 1 og Scope 2 location-based GHG emissions from base year 2020	tCO_2e	0	-506	13,579					
	Significant Scope 3 GHG emissions									
E1-6_11	Total Gross indirect (Scope 3) GHG emissions	tCO_2e	399,998	410,791	487,301	119	-22	300,000	40,000	2.5
E1-6_11	Cat.1 Purchased goods and services	tCO_2e	123,178	173,712	226,317	130				
E1-6_11	Cat.3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	tCO_2e	10,331	10,818	14,780	137				
E1-6_11	Cat.4 Upstream transportation and distribution	tCO_2e	13,721	58,864	61,645	105				
E1-6_11	Cat.9 Downstream transportation	tCO_2e	165,330	30,522	42,654	140				
E1-6_11	Cat.10 Processing of sold products	tCO_2e	56,638	105,264	100,738	96				
E1-6_11	Cat.11 Use of sold products	tCO_2e	0	0	0					
E1-6_11	Cat.12 End-of-life treatment of sold products	tCO_2e	7,482	7,687	8,810	115				
E1-6_25	Percentage of GHG Scope 3 calculated using primary data	%	3	36	34					
E1-6_C.S	Scope 3: Upstream GHG emissions (% of total Scope 3 emissions)	%	0	65	69					
E1-6_C.S	Scope3: Downstream GHG emissions (% of total Scope 3 emissions)	%	0	35	31					
	Total GHG emissions									
E1-6_12	Total GHG emissions (location-based)	tCO_2e	596,357	607,656	670,081	110	-2	413,886	59,636	3.1
E1-6_13	Total GHG emissions (market-based)	tCO_2e	867,907	935,920	1,109,426	119	-8			

ESRS DP_ID	Metrics related to biogenic emissions	Unit	Base year 2020	2023	2024	Δ% (2024-2023)
E1-6_17	Biogenic emissions of CO_2 from the combustion or bio-degradation of biomass not included in Scope 1 GHG emissions	t CO_2	139,657	145,729	158,000	8
E1-6_24	Biogenic emissions of CO_2 from combustion or bio-degradation of biomass not included in Scope 2 GHG emissions	t CO_2	72,159	69,926	73,381	5
E1-6_28	Biogenic emissions of CO_2 from combustion or bio-degradation of biomass that occur in value chain not included in Scope 3 GHG emissions	t CO_2	993,514	983,272	1,023,963	4
	Metrics related to emission intensity and reduction					
E1-6_30	GHG emissions intensity, location-based (total GHG emissions per net revenue)	tCO_2e/NOK	0.000037	0.000028	0.000024	-13
E1-6_31	GHG emissions intensity, market-based (total GHG emissions per net revenue)	tCO_2e/NOK	0.000088	0.000055	0.000066	20
E1-6_33	Net revenue	NOK	5,328,000,000	7,132,000,000	7,617,000,000	7
E1-6_C.S	Direct and indirect GHG emission (Scope 1 og Scope 2) pr total energi consumption	tCO_2e/MWh	0.105	0.106	0.098	-7

Accounting policy cont.

The data quality for our main impact categories is generally considered to be good, although some of the minor impact categories are of lower quality. We are continuously improving this by collecting more data and working with our suppliers and customers to gather primary data. We report on all relevant categories in line with the GHG Protocol.

Scope 3 emissions are updated annually. We gather all the relevant data and work with an external consultant to calculate the emissions. The consultant uses primary data from our suppliers and customers, and where primary data is unavailable, they use emissions factors from the Ecoinvent database.

Borregaard's definition and accounting policy for the innovation rate is the share of sales revenues from new products and applications introduced during the previous five years.

Net revenue is the same as total revenue for Borregaard, total revenue can be found in Notes 7 and 8 in the financial statements.

E1-8

Internal carbon pricing metrics

Borregaard utilises carbon price as per EU ETS in our continuous prioritisation of energy sources. The carbon price is therefore an inherent cost element of the financial cost of energy, and an important factor for our decision making and prioritisation. Furthermore, Borregaard actively follows the price signals of EUAs to understand market development and trends. This allows for long-term planning aimed to prioritise electric power. In our longer-term analysis of the internally used carbon price, Borregaard assesses the carbon price curve as provided by the Ministry of Finance, external studies and future prices of EUAs as per the marketplace. This supports Borregaard in setting an annual carbon price.

Our electric boilers and the multifuel boiler provide the variable top load to Borregaard's production facilities and Borregaard prioritises the use of electric power versus fossil-based energy sources monthly. The price of carbon is included to provide a benchmark between the available sources of energy. Assessments of the longer-term carbon price are an important factor when entering long-term PPAs of electric power, comparing two alternatives. Recently entered PPAs for electric power enable an increased utilisation of the electric boilers by setting a higher fixed minimum load for electric power than before. Consequently, this leads to reduced emissions originating from the variable top load, in line with Borregaard's strategy.

- Monthly: EUA price on marketplace (i.e. varying on monthly basis)
- Annual budget price: 1,019 NOK/t

With the carbon price being highly correlated to the gas price, Borregaard actively monitors the geopolitical situation to gain insights into trends and developments. Our assumptions are hence often closely tied to how the carbon price will be impacted by the supply and utilisation of gas in both in Europe and globally. The impact of regulatory changes, for example the inclusion of the maritime sector in the EU ETS, is also closely followed by Borregaard's dedicated energy team.

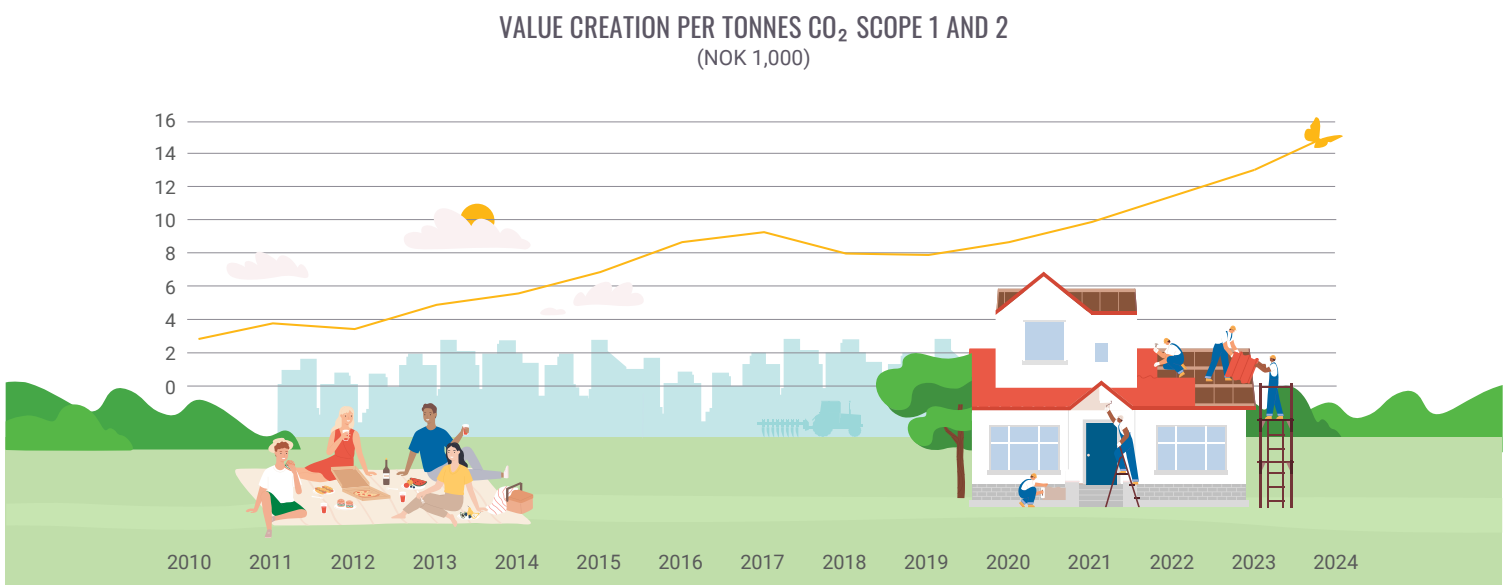
ESRS DP_ID	Metrics related to biogenic emissions	Unit	Base year 2020	2023	2024	Δ% (2024-2023)
E1-8_04	Carbon price applied	NOK/tCO_2e	264	844	1,019	21
E1-8_06	Scope 1 GHG emissions covered by internal carbon pricing scheme	%	90	90	88	-3
E1-8_07	Scope 2 greenhouse gas emissions covered by internal carbon pricing scheme	%	75	78	80	3

E1-9

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The graph below demonstrates that the value creation pr tonnes CO_2 is increasing. This demonstrates that the business model increases its efficiency towards climate change mitigation. This is a parameter often used to compare companies.

Climate material risks and opportunities are described with both current and future exposure in the tables on the following pages. Assets and business activities at significant physical risks are included. For the disclosure requirements in E1-9, we will utilise the phase-in opportunity to not fully address all the requirements. However, we have conducted a thorough qualitative evaluation of the future impact, considering the relevant uncertainties related to future exposure.



The figure shows the increase in value creation in NOK 1,000 per tonnes CO_2 Scope 1 and 2 emission. The increase was 12% from 2023 to 2024.

Accounting policy cont.

Calculation of value creation: Value creation is defines as the value of products sold(revenues) minus cost of materials, services and depreciation.

In Note 28 to the Consolidated Financial Statements we have disclosed information about current price level and cost for climate related risks and opportunities.

CLIMATE RISKS

	Current exposure	Current price level & cost	Future (2030) exposure
Current and emerging carbon pricing mechanism	EU ETS: 105,915 t CO_2 in 2024 CO_2 Tax for waste incineration: 37,748 t CO_2 Emission rights owned 647,269. Scope 3 emissions 487,301 for 2024.	EU ETS 85 EUR/t CO_2, free allowances covers the demand. CO_2 Tax 176 NOK/t CO_2	EU ETS: Remaining exposure in 2030 20,000 t CO_2/year, future EUA price and no free allowances (unlike today). Expect free allowances to cover CO_2 emissions to 2030. Plan to reduce CO_2 emissions will reduce future need for emission rights. Emissions from transportation within EU-ETS. CBAM*: Main raw materials locally sourced.
Increased energy prices	Total energy 1,859 GWh, energy from fossil-based sources is 640 GWh (from LNG, light oil and waste), wheras 1,218 GWh is from renewable sources (power supply, biofuel and biogas) of which 779 GWh is from electricity. Long-term power supply contracts.	Energy is 9% of total cost in 2024, NOK 537 million.	Total energy 1,859 GWh, energy from fosil-based sources is 640 GWh (from LNG, light oil and waste), wheras 1,218 GWh is from renewable sources (power supply, biofuel and biogas) of which 779 GWh is from electricity. Long-term power supply contracts.
Physical acute (change in weather conditions)	Supply chain/Operations - Challenging river conditions (Rhine and Glomma). Operations: Hurricanes in Florida. Operations: Investigation and measures to reduce risk related to ground conditions due to heavy precipitation, risk of landslide. Remediation of contaminated soil.	Costs related to supply chain alternatives not considered to be material. NAT/CAT Insurance in place. Payout related to ground conditions was NOK 24 million in 2024. Accrual related to remediaton of contaminated soil of NOK 30 million in 2024.	More challenging river conditions (Glomma and Rhine) can increase supply chain cost. Increased risk of hurricanes and possible downtime cost for the operations. Increased precipitation may impact ground conditions (may lead to higher expenditure related to buildings and infrastructure). Changes in weather conditions may impact growth rate, forest health and harvesting conditions may increase the wood cost. NAT/CAT cost is expected to increase. Future costs for environmental remediation depends on a number of uncertain factors, such as changes in regulations or approval from authorities for the extent of actions. Monitoring of contaminated areas will continue to confirm that implemented measures are sufficient, and if not sufficient, additional costs will incur.
Physical chronic (sea level rise)	Current exposure low, the risk is not likely to have consequence before 2030.	N/A	Sea level rise in Florida could have an effect after 2030, but relevant climate scenarios was considered when the plant was build.

CLIMATE OPPORTUNITIES

	Current exposure	Current price level & cost	Future (2030) exposure
Resource efficiency (high utilisation of raw materials/energy)	94% utilisation of wood. Energy conservation program: 21.7 GJ/TAD cellulose in 2024.	Average electricity spot price (Oslo region) at 487 NOK/MWh in 2024.	Utilise bark from wood debarking at the wood yard for energy >75 GWh/year. 100% material or energy recovery of waste streams that was landfilled in 2024. Increased energy efficiency allows for higher production without increasing energy consumption. Heat recovery solutions reduces demand for new renewable energy capacity.
Renewable energy (reduced GHG exposure)	Total energy 1,859 GWh, 1,218 GWh from renewable sources. CO_2 emissions from energy is the major emissions source - technology are available to invest in more renewable energy solutions to acheive our scienced based emisson targets. Flexibility for variable load (LNG, electricity and light oil).	Energy is 9% of total cost in 2024, NOK 537 million.	Investments of NOK 650-850 million in 2025-2027 to reduce emissions by 83,000 t CO_2 (Scope 1 and 2). The first investment (NOK 230 million) was finalised in 2024. The investment will reduce CO_2 emissions and increase energy flexibility, enabling a potential cost reduction (see page 57). Maintained flexibility for variable load in strained periods for renewable energy, results in redzuced energy cost. Spray dryers at the site in Norway independed of fossil energy.
Product and services (Products that replaces fossil based)	About 51% (NOK 3.8 billion) of Borregaard's sales revenues in 2024 came from bio-based products with lower climate/environmental footprint compared with fossil-based products.	Sales revenue for bio-based products.	Increased value of bio-based products. Changes in EU chemical and environmental regulations may facour our products.
Capital markets	82% of long-term financing (including Revolving Credit Facilities) at the end of 2024 had a sustainability linked margin or were issued in accordance with Borregaard's Green Financing Framework ("green financing").	There were indications that the margin on the green bond issued in 2023 got a slight discount compared to a traditional bond issue. However, it is difficult to quantify the exact effect.	100% "green financing" ambition in 2030. Expect the margin discount on "green financing" to increase towards 2030, which will mean lower interest expenses.
Resilience	800 different products in numerous applications, reduced exposure to cyclical markets. Markets that will grow or decline due to climate changes are identified.	Average sales price in 2024: BioSolutions products NOK 12,045 per mtds. BioMaterials products NOK 16,343 per mt.	Upgrading the product portfolios in both BioSolutions and Speciality Cellulose. Innovation portfolio and sustainability offering new opportunities. Maintained/increased flexibility in sourcing, especially within energy and basic chemicals.

ESRS E2 Pollution

E2.IRO-1

Processes to identify and assess material pollution-related impacts, risks and opportunities

Borregaard has conducted a materiality assessment in accordance with the LEAP Approach and EFRAG guidelines. This process begun by identifying our own operational sites, as well as the sourcing locations for key raw materials required for production. More than 99% of Borregaard's effluents to water and 90% emission to air originate from the biorefinery in Norway. The other units are significantly smaller and process lignin raw materials into various biopolymers in the form of liquid or powder. The pollution-related impacts from these units are monitored and are not considered material.

The main sources of data we have assessed to identify actual and potential pollution-related impacts, risks and opportunities are:

- Disclosure on emissions to water and air from production processes (according to BAT requirements and compliance with emission permit)
- Data from the monitoring of recipients in accordance with the EU Water Framework Directive (Borregaard Sarpsborg)
- Local air quality measurements (Sarpsborg municipality)
- Monitoring of site areas with historical pollution (Borregaard Sarpsborg)
- Results from risk assessment according to ISO 14001 (Borregaard Sarpsborg, Borregaard Germany) and ISO 30001 (risk)
- Scenario analysis of nature-related impacts
- Climate and Nature risk report, including WWF biodiversity and water risk filter, LEAP approach
- LCA of own products and competing products
- Data from the use of chemicals, including process safety data
- Changes in environmental and chemical regulations
- Stakeholder dialogue (NGO's, authorities, neighbours, investors, customers)

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 process is used for monitoring the impact, and 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. This causes poor oxygen conditions, which has implications for the growth of the river's wild Atlantic salmon stock. As a result, its ecological status is classified as poor. NIVA's measurements of chemical status, in accordance with the WFD standards, indicate a good status. New analyses from NIVA show that the conditions in the river downstream Borregaard have improved, and the reduction in emissions of several substances has had a positive effect. External factors such as effluents from farming or the community sewage system could also impact the water quality in the river.

Both physical and transition risks and opportunities across the short, medium, and long term were identified using risk maps, stakeholder dialogue, desk research, environmental risk assessment of our operations (ISO 14001), and regulatory compliance. This is presented in our Climate and Nature Risk Report. This assessment supports our priority to reduce the impact from COD.

Two out of six production sites in the Borregaard Group, the operations in Norway and in Germany, are certified by ISO 14001 Environmental Management system. The management system

Materiality assessment outcome

POLLUTION

Material sustainability matters

- ☑ Pollution of air
- ☑ Pollution of water
- ☐ Pollution of soil
- ☐ Pollution of living organisms and food resources
- ☐ Substances of concern
- ☐ Substances of very high concern
- ☐ Microplastics

Positive impacts and opportunities in the value chain

- Pollution of water
  - Own operations

Negative impacts and risks in the value chain

- Pollution of air
  - Own operations
    Production site Norway, Germany and US
- Pollution of water
  - Own operations
    Production site Norway

Impact on the environment and people
Financial risk and/or opportunity

ensures processes for continuous improvement and tracking of effectiveness of the system.

The emission reduction plan to achieve good ecological status in the River Glomma has been developed in consultation with authorities and is presented to other relevant stakeholders such as local authorities and NGOs. The implementation of the WFD in Norway is organised into local areas with shared interests in specific rivers or lake regions. 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.

E2-1 AND E2.MDR-P

Policies related to pollution

With reference to our Policy for Environment, Climate, Health and Safety Engagement, we make environmental efforts in short and long-term perspectives to reduce the impact and risks from emissions to air and water. This applies to both our own operations and operations in our value chain. Producing and developing new products with an improved environmental footprint, which can replace substances of concern, enhance performance, or reduce water consumption in our customers processes, represent an opportunity. The aim of the policies is to foster commitment, raise awareness and drive continuous improvement in these areas, while defining our specific procedures and practices.

The policy applies to the entire Borregaard Group and states our expectations for suppliers and key partners. The policy is approved by the Board of Directors. The SVP Organisation and Public Affairs is Chair of the company's sustainability board and has the overall responsibility for the policy.

Our Process Safety Policy guides our efforts to prevent incidents and emergency situations, as well as to control and minimise the impact on people and the environment if and when adverse incidents and emergencies occur. The policy applies to Borregaard in Sarpsborg, with the Plant director holding overall responsibility for its implementation. The policy is aligned with the requirements in the Seveso III Directive, and a process safety management system is in place. We strive to maintain open communication about potential risks and ongoing improvement projects with those who live and work near our production facilities.

E2-2 AND E2.MDR-A

Actions and resources related to pollution

Borregaard has systematically worked to reduce the environmental impact of our business for many years. Our planned actions focus on continuing to reduce our emissions to meet our targets. In our long-term transition plan, priority will be given to reducing COD effluents to water and GHG emissions to air. Additionally, this will result in a reduction in emissions of other components.

Actions and resources related to pollution of water

More than 99% of Borregaard's water effluents come from the biorefinery in Norway, so our efforts and resources are focused there.

Borregaard in Sarpsborg has submitted a long-term action plan to the Norwegian Environment Agency to reduce COD effluents to water. The plan includes several measures including recipe and process optimisation and technical installations such as improved washing and evaporation process and spill collection. The target is to reduce COD emissions to a level below 47 tonnes per day in 2026. The long-term target for 2030 is below 40 tonnes of COD per day.

In 2024, Borregaard invested in the treatment of a new process stream in the wastewater treatment plant, which has the potential to reduce COD emissions by 2–5 tonnes pr day. We have also improved the system for incineration of certain wastewater fractions in the waste incineration plant. The effect of these initiatives is minor in 2024, but we expect to see the full effect of these two initiatives in 2025.

Our long-term action plan involves investing in wastewater incineration technology and improved washing technology. The action plan also includes increasing redundancy of the wastewater treatment system. Additionally, it will include measures aimed at achieving a significant reduction in water use. The wastewater incineration technology can generate hot water, which will be utilised for energy, as reflected in our climate transition plan. As a result, this project will lead to reductions in both COD and GHG emissions.

The work on the COD plan is organised into a group comprising process owners from different areas, research scientists, and technical experts. Borregaard has its own pilot plant for water treatment, operated be the R&D department. External expertise is used when necessary. The progress of the COD reduction plan is reviewed quarterly by a separate committee, with the Plant Director of the site in Norway responsible for overseeing it.

Our current production processes and storage of chemicals does not lead to soil pollution. The baseline report for polluted soil, prepared in accordance with the requirements in the IPPC Directive and submitted to the Environment Authorities in 2024, summarised the historical pollution at Borregaard's site in Norway and assessed its risk of polluting groundwater or the nearby recipient. The risk of emissions to water from old landfills and areas with polluted soil from former operations is supervised by an emission control measurement programme. Between 1949 and 1997, Borregaard used mercury-based technology for chlor-alkali production at the site in Norway. This process led to soil pollution in the area surrounding the plant. A six-year programme for improving barriers, cleaning and deposing of the polluted areas was finalised in 2021. The concentration of mercury in ground water wells and in the sewage systems has decreased significantly due to these actions. The area is continuously monitored by a third-party expert on polluted soil, in cooperation with the authorities to secure stable and acceptable mercury levels. The mercury levels are well below the permitted amount; however, monitoring indicates that it is necessary to extend the ground water barrier around the chlor-alkali plant to ensure that all groundwater is treated in the mercury treatment plant. We have performed a study investigating how to increase emission barriers further and has decided to extend the water barrier to secure stable at acceptable risk. Therefore, an an accrual of NOK 30 million was made in 2024. See Notes 13 and 35.

Our process safety management system includes measures to reduce the risk of chemical spills to water, including online equipment for detection.

The revision of the EU's Industrial Emissions Directive (IED), which is relevant to our operations in Europe, was finalised in 2024. The revised directive combines regulatory requirements for emissions with regard to climate, resource optimisation and circularity. With our circular focus and comprehensive transition plan, we are well-prepared for the implementation of the revised IED.

Actions related to water usage in direct operation

Water is one of our main nature-related dependencies, as it is vital for cooling, steam and hot water production, as well as washing and transporting biomass in the production processes. Borregaard has a sustainable water management system. At the biorefinery in Norway, water withdrawal is high, but the site is self-sufficient and has access to water from the River Glomma via its own water treatment facility. Most of the water used is returned to the river.

The water volumes used at Borregaard's facilities for the production of lignin-based biopolymers outside Norway are relatively low, accounting for about 5% of the company's total water consumption. The water is sourced from public waterworks or adjacent industrial facilities. The Water Risk Filter has been used to identify any physical, transitional, and reputational risks related to water. Due to the large amounts of water available at the biorefinery in Norway, water withdrawal is considered to have little or no impact when compared to areas in the world where water scarcity presents a risk. Water withdrawal represents a low risk both in the medium and long-term perspectives.

Opportunities to reduce water withdrawal or consumption are assessed in connection with investment projects. This is also motivated by the potential benefits from energy savings and more efficient water treatment. A significant proportion of the process water is treated to ensure that levels of substances such as halogenated organic compounds (AOX) and COD in the effluent remain below the discharge permits.

Actions related to pollution upstream

We engage with suppliers of major raw materials, such as wood and energy, to disclose information about their water usage and water-related risks. The aim is to trigger improvements in the value chain and to better understand water and pollution related risks in our supply chain.

Actions related to pollution downstream

Our sustainable biochemicals can replace chemicals that might contain substances of concern or microplastics. In addition, changes in EU chemical regulations may favour our products. Health and safety aspects influence customers' purchasing behaviour. Borregaard's wood-based products offer a non-toxic alternative to chemicals with negative health implications. Our biopolymers and cellulose fibrils are examples of products replacing harmful chemicals in applications such as coatings, agriculture, and adhesives.

Borregaard produces products for sustainable crop solutions, including ingredients for plant nutrition and biostimulation. For instance, when used in the production of corn, vegetables and fruits, our lignin-based biopolymers improve fertiliser efficiency and soil structure, increase the plants' resistance to stress and enhance crop quality and yield.

Sustainable lignin-based biopolymers can play a key role in optimising the efficiency of water-intensive industries such as agriculture, oil production and water treatment. We aim to deepen our understanding of the positive effects our products can have on water consumption and emissions in our customers' applications. This aspect is included in sustainability assessments during the innovation process.

Action and resources related to pollution of air

Borregaard has reduced its emissions to air over several years. The major emissions originate from the biorefinery in Norway, where the reduction of SO_2 emissions to air is a priority.

SO_2 is an important input in our production processes at the biorefinery in Norway and cannot be replaced by other chemicals. SO_2 emissions from production originate from the separation of lignin from cellulose during the digesting stage. These emissions are generally removed by scrubbers, although some diffuse emissions still occur. The municipality of Sarpsborg monitors that the air quality to ensure compliance with limits set by the EU Ambient Air Quality Directive. Measurements indicate a general reduction in SO_2 concentrations around the plant, and local air quality remains within established limits 99% of the time.

The air quality directive is under revision, and we expect stricter limits in the future. As such, we will continue implementing measures to reduce SO_2 emissions. Our action plan for further SO_2 reductions focuses on process improvements in washing and recovery processes, as well as reinforcing process barriers to minimise the risk of unexpected releases into the atmosphere.

Emissions of NOx originate from the use of fuel for energy. A reduction in the use of fossil fuels and investments in NOx reducing technology have reduced our NOx emissions over time. These emissions will be further reduced with the implementation of our GHG transition plan, which includes transitioning from fossil fuels to renewable electricity for heat energy. This switch eliminates local emissions of NOx. Part of the strategy also includes an increased use of internal biofuel to replace fossil fuels. However, since biofuel also contains NOx, this may result in slightly higher NOx emissions during some of the transition years.

Spray drying of lignin-based biopolymers to powder results in some emissions of NOx (from fuel) and dust particles (lignin). The converting from Liquid Natural Gas to steam from electricity at the spray driers at Borregaard in Sarpsborg, as eliminated the NOx emission from drying. This may also have a positive effect on dust emissions.

The process safety management system plays a crucial role in preventing unexpected releases to the atmosphere. We employ a systematic approach for hazard analyses, the proactive implementation of mitigating measures, and the

identification of root causes for process safety incidents. Safety is also continuously improved through the implementation of new technology, as well as through research and development of new processes. Borregaard's current quantitative risk analysis for the biorefinery in Norway demonstrates a significant improvement in risk assessment associated with third parties. Independent experts have conducted extensive risk assessments in accordance with guidelines from the Norwegian Directorate for Civil Protection (DSB). Based on this work and recommendations from DSB, the municipality has established a consideration zone for the area surrounding Borregaard's operations in Sarpsborg. Therefore, we expect long-term development of the area surrounding the plant to be harmonised in line with the principles of Seveso III.

We will continue to improve process safety through the systematic identification of risks and the implementation of measures aimed at mitigating the risk of incidents or emergency situations. As a result of process hazard analyses conducted in 2022 and 2023, we have implemented process safety measures in the digester and in the hydrochloric acid production plant in 2024, to reduce the risk of unexpected releases and strengthen process safety in these areas. This work will continue into 2025. Our process safety training programme will continue to raise awareness of critical safety barriers and their operational control among our operators. Additionally, we will enhance the competence in process safety through a dedicated training programme for our process engineers and other specialists.

Fire prevention is a critical area within process and public safety, as emissions from fires can impact both people and the environment. We report all near fires and fires in our non-conformity reporting system, and the root cause of all fires is investigated. Borregaard's biorefinery in Norway has an ongoing programme to modernise the fire protection system. The site is regularly inspected by independent fire protection experts through our property and business interruption programme.

E2-3 AND E2.MDR-T

Targets related to pollution

KEY METRICS, TARGETS AND RESULTS

KEY METRICS

- Emission to water and reductions (SDG 12.4):
  - 53 tonnes/day of COD, 12% reduction from 2018 (base year)
  - 8 t Phosphor, 35% reduction from 2018
  - 113 t Nitrogen, 17% reduction from 2018
  - 2 t Copper, 30% reduction from 2018
- Emission to air and reductions:
  - 57 t SO_2, 17% reduction from 2018
  - 111 t NOx, 44 % reduction from 2018
  - 55 t dust particles, 21% reduction from 2018
- The water consumption was 310 megalitres in 2024, thus only a small portion of the water withdrawn (54,359 megalitres) was consumed.

2024

- **Target:** COD 49 tonnes/day (base year 2018: 61 tonnes/day).

  Result: 53 tonnes/day, 16% increased from 2023, 12% reduction from base year
- **Target:** Zero exceedances of local air quality limits due to SO_2

  Result: 2 exceedances
- **Target:** Number of fires is zero

  Result: 3 fires

FUTURE TARGETS

- Reduction in COD emission (base year 2018, 61 tonnes/day):
  - 2025: COD below 47 tonnes/day
  - 2026: COD below 47 tonnes/day
  - 2030: COD below 40 tonnes/day
- Zero exceedances of local air quality limits due to SO_2
- The target number of fires is zero

Key metrics are the most important indicators for tracking progress towards the target.

Our target to reduce effluents to water is part of our long-term plan align with the European Water Framework Directive (WFD) and the European Green Deal Initiative. This will help us prepare for new requirements and achieve good ecological status in the River Glomma. Our long-term goal is to achieve good ecological status of the river by 2033, in line with WFD target. For more details on performance, see actions E2-2.

In 2024, there were 2 hourly exceedances of local air quality limits set by the local air quality directive at Borregaard's biorefinery in Norway, which is an improvement compared to 2023, when there were 4 exceedances. One exceedance was caused by a failure in the scrubber absorption capacity for SO_2 and one from a valve leakage. With the investment in a new SO_2 plant in 2022, as along with upgrades in the absorption and recovery system for SO_2 carried out in 2023 and 2024, we expect to see an improvement in local air quality. In 2025, our target is to achieve zero hourly exceedances.

E2-4

Metrics related to pollution of air and water

The metrics used to evaluate the performance and effectiveness of emissions are defined by the emission permit for each of our production units. We measure the actual concentration and load of each pollutant and compare these figures with the emission permits in the emission accounting systems to ensure compliance. The data is consolidated annually for all sites, as a yearly load.

The volume of process water discharged, and its effluent components are measured and reported as required in the permit from the authorities.

Emission load and concentration from the various production units are regulated by national and/or local authorities.

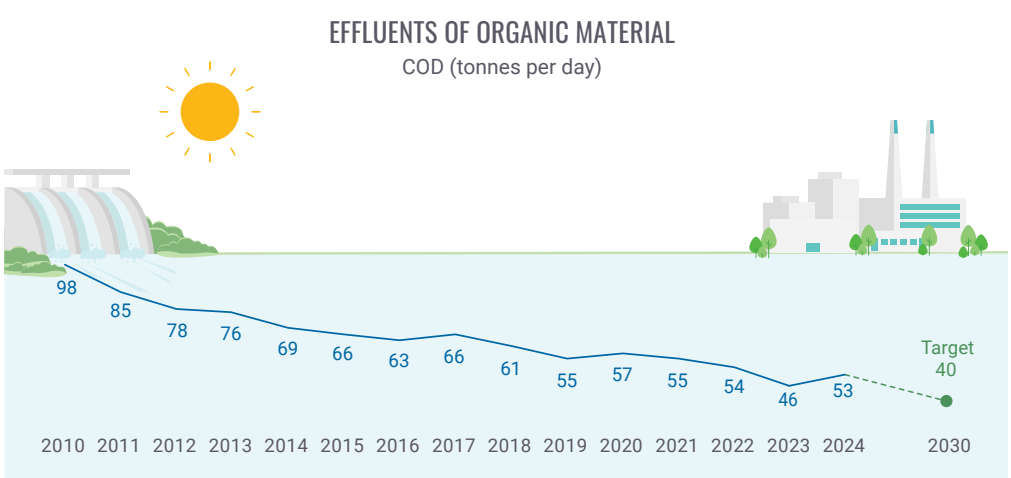
Changes in metrics (pollution of water)

More than 99% of Borregaard's water effluents originate from the biorefinery in Norway, so the pollution metrics we have reported are related to that unit.

The emissions of COD to the River Glomma increased from 46 to 53 tonnes/day, which represents a 16% increase. The main reason for the increase was a lower efficiency in the evaporation of wastewater and wastewater treatment plant. Different products can have varying emission loads, so market fluctuations between years can lead to variations in emissions. For 2024, this resulted in higher emissions. The emissions of adsorbable halogen (AOX) increased for the same reason by 26% compared to 2023.

The emissions of nitrogen and phosphorous increased by 16% and 21%, respectively. The main reason for these changes was the wastewater treatment plant. However, the long-term trend from the base year shows a gradual decline in nutrient emissions.

The emissions of metals remained at level as last year. To reverse the negative trends in suspended solids (fiber) emissions, we have done some technical improvements and expect the emissions in 2025 to be lower than in 2024.



The illustration shows the reduced effluents of COD (tonnes per day) from the biorefinery in Norway which has a positive impact on SDG 12 (12.4)

Accounting policy

The reporting of pollutans are done in accordance with https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006R0166, from page 12.

Emissions to water

Emission components are regulated by permits issued by local or national authorities and are measured in accordance with the standards specified in these permits, which predominantly follow international measurement standards. This process also includes validation to some extent by an external body.

Chemical Oxygen Demand (COD), an indirect measure of the organic content in the effluent, is the main parameter in the water emission monitoring programme. The concentration of the effluent parameter is recorded in the emission accounting, where the volume of discharged water multiplied by the concentration determines the water discharge quality.

Borregaard's site in Norway accounts for 95% of the total water discharges. Several effluent parameters are measured daily or weekly from process wastewater, including COD, Biochemical Oxygen Demand (BOD), Adsorbable Organic Halides (AOX), suspended solids (fibres), nitrogen, phosphorus, and metals. Total Organic Carbon (TOC) is calculated from the COD data using a factor of 0.33.

Borregaard's biorefinery in Norway uses copper as a catalyst in a production process step. Copper emissions have been reduced by 30% from 2018 as a result of investments in sustainable process measures.

The emission permit's short-term limits for sub-streams was exceeded for some substances in 2024, all of which have been reported to the Norwegian Environment Agency. Measures have been taken to reduce these emissions. The number of incidents of non-compliance with long-term discharge limits was 0.

The concentration of mercury in ground water wells and in the sewage system is continuously monitored in close cooperation with the authorities to ensure stable and acceptable mercury levels. The mercury level decreased in 2024 the mercury levels are below 1 kg/year well below the permitted level of 3 kg/year.

Sustainable water management has gained increased priority over the last few years. Our targeted efforts have led to a significant reduction in water use at several of our plants. In 2024, Borregaard further improved the process for collecting water data and identified potential projects to reduce our water withdrawal.

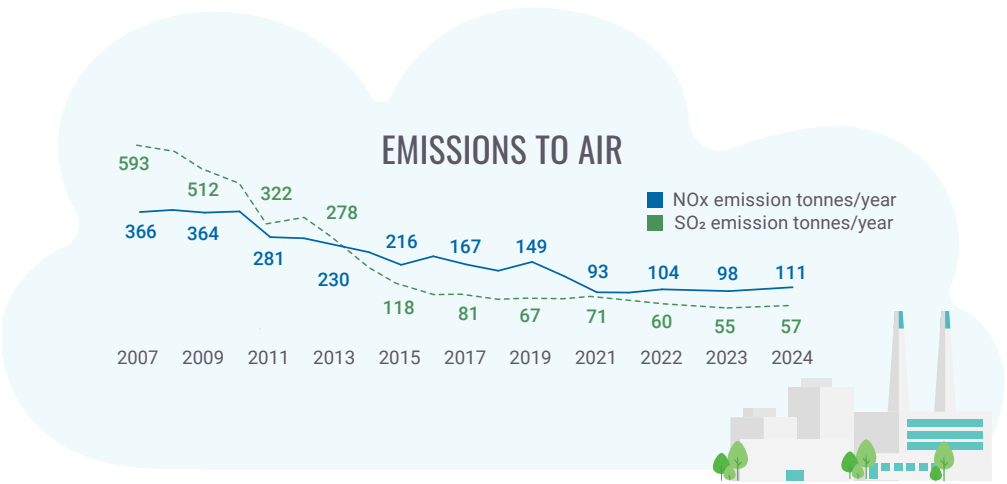
Changes in metrics (pollution of air)

NOx emissions increased in 2024 compared to 2023, mainly due to the increased use of biofuel in energy production. Since biofuel contains nitrogen, its incineration results in NOx emissions. We will continue to improve the deNOX technique in the bioboiler at the Biorefinery in Sarpsborg.

The SO_2 emissions remained at the same level as last year.

The emissions of dust particles decreased by 12%, mainly due to improved process from drying of lignin powder as a result of the electrification at Borregaard in Sarpsborg.

The emission permit's short-term limits for sub-streams was exceeded for some substances in 2024, all of which have been reported to the Norwegian Environment Agency. The number of incidents of non-compliance with long-term discharge limits was 0.



The illustration above shows the reduced emissions from NOx and SO_2, which has a positive impact on SDG 12 (12.4)

Accounting policy cont.

Emissions to air

The emissions of NOx are either calculated from fuel consumption (e.g., natural gas volume from invoices multiplied by a standard factor) or measured. Measurements are conducted either continuously or according to the frequency specified in a manual sampling programme, which also includes measurements of SO_2 and dust emissions. The concentration multiplied by the volume of air gives the load in kilograms. For the smallest sources, some estimates may be used.

ESRS DP_ID	Metrics related to emission to air	Unit	Base year 2018	2023	2024	Δ% (2024-2023)
E2-4_02	Emissons of SO_2	t	69	55	57	4
E2-4_02	Emission of NOX	t	197	98	111	13
E2-4_02	Emissions of dust particles	t	70	63	55	-12

ESRS DP_ID	Metrics related to emission to water by pollutant	Unit	Base year 2018	2023	2024	Δ% (2024-2023)
E2-4_03	Nitrogen in process water discharged, Borregaard Norway	t	136	97	113	16
E2-4_03	Phosphor in process water discharged, Borregaard Norway	t	13	7	8	21
E2-4_03	Arsene (As) in process water discharged, Borregaard Norway	kg	12	6	6	5
E2-4_03	Cadmium (Cd) in process water discharged, Borregaard Norway	kg	7	6	6	10
E2-4_03	Chromium (Cr) in process water discharged, Borregaard Norway	kg	258	269	339	26
E2-4_03	Copper (Cu) in process water discharged, Borregaard Norway	t	3	2	2	7
E2-4_03	Mercury (Hg) in process water discharged, Borregaard Norway	kg	3	2	1	-45
E2-4_03	Nickel (Ni) in process water discharged, Borregaard Norway	kg	268	236	249	5
E2-4_03	Lead (Pb) in process water discharged, Borregaard Norway	kg	176	48	46	-5
E2-4_03	Zinc (Zn) in process water discharged, Borregaard Norway	t	5	1	1	-11
E2-4_03	AOX (halogenic organic material) in process water discharged, Borregaard Norway	t	100	74	93	26
E2-4_03	Toluene purchased, Borregaard Norway	t	111	96	148	55
E2-4_03	Total organic carbon (TOC) (as total COD/3) in process water discharged, Borregaard Norway	t	7,365	5,593	6,473	16
E2-4_C.S.	COD (organic material) in process water discharged, Borregaard Norway	t/day	61	46	53	16
E2-4_C.S.	Suspended solids (fibers) in process water discharged, Borregaard Norway	t/day	4	4	5	16
E2-5_02	Substances of concern used during production - Total amount of SO_2	t	0	39,163	35,244	-10
E2-C.S	Non-compliance with environmental laws and regulations	Number	0	0	0	0

Accounting policy cont.

ESRS DP_ID	Metrics related to process safety	Unit	Base year 2020	2023	2024	Δ% (2024-2023)
C.S	Number of fires	Number	0	5	3	-40
C.S	Number of near-fires	Number	9	17	17	0

ESRS DP_ID	Metrics related to water use	Unit	Base year 2020	2023	2024	Δ% (2024-2023)
E3-4_09	Total water consumption	m^3	325,463	307,589	309,947	1
E3-4_11	Total water withdrawal	megaliters	54,898	54,177	54,359	0
E3-4_11	Water withdrawal river Glomma, Borregaard Norway	megaliters	51,133	49,904	50,342	1
E3-4_11	Water withdrawal surface water other countries	megaliters	2,754	2,859	2,725	-5
E3-4_11	Water withdrawal ground water Florida	megaliters	141	168	154	-8
E3-4_12	Total water discharge	megaliters	54,143	53,870	54,049	0
E3-4_12	Water discharge of cooling water river Glomma, Borregaard Norway	megaliters	33,852	33,059	32,636	-1
E3-4_12	Water disharge of process water river Glomma, Borregaard Norway	megaliters	17,139	16,958	17,863	5
E2-C.S	Number of incidents of non-compliance with discharge limits, long-term	Number	0	0	0	0

Accounting policy cont.

Water volumes are measured using continuous volume flow measurement devices (magnetic flow meters) in the production units and are summarised in a water accounting system. The production sites in Czech Republic, Germany, the UK, and the two sites in the USA account for less than 5% of the total water withdrawal, with some data being estimated.

E2-5

Substances of concern and substances of very high concern metrics

Borregaard's main products are lignin-based biopolymers and speciality cellulose, which together account for about 80% of our revenues. Both are exempt from registration under the REACH regulation, indicating that their use is associated with low risk. Borregaard does not produce products that can be defined as substances of concern. Changes in the EU's new Chemicals Strategy for Sustainability (CSS) are likely to present opportunities for Borregaard's biochemicals, particularly in comparison to conventional chemicals.

Borregaard has a hazardous substances management programme, where substances subject to registration under the REACH regulation undergo a thorough hazard and risk assessment in accordance with regulatory requirements. An electronic chemical health, environment and safety system is used to identify and monitor substances of concern: REACH Candidate List and REACH Authorisation List. Borregaard does not produce substances included in these lists. The classification of all products placed on the market according to the CLP regulation is being evaluated based on intrinsic properties of the ingredients and/or toxicological data for the product.

The product safety programme regularly revises and updates Safety Data Sheets. Borregaard has procedures to ensure that all new chemicals subject to labelling requirements are assessed for possible substitution by a dedicated committee. The existing portfolio of chemicals is also subject to a periodic substitution review. During planning and development of new processes and products, substances are carefully evaluated in terms of inherent safety for people and the environment.

We have assessed the total amount of substances of concern that are generated, used during production, or procured. Borregaard uses SO_2 in our production process. Our actions are described in E2-2, and the total amount is reported in the table above, Emission to water by pollutant.

E2-6

Anticipated financial effects from pollution-related impacts, risks and opportunities

The investment plan to reach our long-term target for 2030 – effluents below 40 tonnes of COD/day – represents a 30–50% reduction in effluents to water (COD) compared with 2020.

The plan consists of process improvements and the installation of novel wastewater incineration technology and includes measures for significant water reduction.

The CapEx is part of debottlenecking the Sarpsborg biorefinery, which will also result in a reduction of COD effluents. Planned replacement investments aimed at targeted CO_2 and COD reductions, combined with general cost increases, will lead to investments exceeding the target for replacement investments at the depreciation level.

We will continue our efforts to report in accordance with all disclosure requirements regarding E2-6, and will the coming years phase-in the financial metrics for this material topic.

In Notes 13 and 35, the accrual related to remediation of contaminated soil at the site in Norway is described.

In 2024, there was no major incidents or deposits that had an impact on OpEx or CapEx.

ESRS E4 Biodiversity and ecosystems

E4-1

Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Borregaard's dependencies, impacts, risks and opportunities related to nature are embedded in our business model and strategy, driving the need to adapt our sourcing strategies and make investments to minimise our impact on the River Glomma. Our dependency on wood and nature's regulating services has influenced our strategy and adaptation practices for the coming years.

Borregaard assesses nature-related risks and opportunities in alignment with the ESRS time horizons, where the short-term refers to the reporting period in Borregaard's financial statements; the medium-term spans from the end of the short-term reporting period up to 5 years; and the long-term time horizon is defined as more than 5 years. Risks classified as long-term and medium-term, may also have impacts and risks in the shorter term.

The scope of the resilience analysis is a comprehensive location-based assessment of our risks in both our upstream value chain and direct operations, encompassing all locations involved in our production chain, reference to Climate and Nature Risk Report.

Our risk assessment is informed by a nature scenario analysis. For nature scenario analysis there are currently no universally accepted, standardised definitions for nature-related scenarios. To address this gap, Borregaard employs climate change as a central driver of biodiversity loss, examining how these changes might impact the natural resources and dependencies critical to its operations. Read more in our Climate and Nature Risk Report.

Physical risks

In terms of physical risks, Borregaard has considered the possible long-term implications of ecosystem degradation on wood availability and forest health. In a low-emission scenario (SSP1-2.6), sustainable forest management practices are expected to maintain forest health, ensuring a reliable supply of wood and supporting broader ecosystem stability. However, under high-emission scenarios (SSP5-8.5), rising temperatures and drier growing seasons could accelerate forest degradation, increasing the vulnerability of trees to pests such as the spruce bark beetle. These changes could reduce wood quality and availability, potentially requiring Borregaard to explore alternative sourcing strategies and adjust its supply chain to mitigate disruptions. Additionally, climate-induced soil degradation and extreme weather events may further threaten local biodiversity and forest ecosystems, impacting wood regeneration and ecosystem functionality.

Transition risks

Transition risks, such as strengthened forest and biodiversity protection regulations such as the Land Use, Land Use Change and Forestry (LULUCF) and EU Deforestation Regulation (EUDR), present both challenges and opportunities for Borregaard. We follow the development of these policy areas closely and will evaluate possible consequences and implement necessary measures. The company's commitment to sourcing 100% of its wood through FSC® or PEFC certification aligns with these regulatory shifts, reinforcing its resilience by ensuring sustainable procurement practices

Systemic risks, such as salt mining in biodiversity-sensitive areas, add another layer of complexity to Borregaard's nature-related resilience. These

Materiality assessment results

BIODIVERSITY AND ECOSYSTEMS

Material sustainability matters

- ☑ Direct impact drivers of biodiversity loss
  - ☐ Climate Change
  - ☑ Land-use change, fresh water-use change and sea-use change
  - ☑ Direct exploitation
  - ☐ Invasive alien species
  - ☑ Pollution
  - ☐ Others
- ☐ Impacts and dependencies on ecosystem services
- ☐ Impacts on the extent and condition of ecosystems
- ☐ Impacts on the state of species

Negative impacts and risks in the value chain

- ▸ Upstream
- Downstream

Impact on the environment and people
Financial risk and/or opportunity

activities threaten ecosystem services such as water purification and flood regulation, which could lead to supply chain instability, higher costs, and reputational damage. Borregaard's proactive approach to sustainable sourcing and its emphasis on aligning operations with global biodiversity and risk management process underpin its ability to navigate such risks effectively.

The Scandinavian wood sourcing model is designed to be resilient to changes to biodiversity and ecosystems-related physical, transition and systemic risks and opportunities through sustainable and responsible forestry practices. Borregaard emphasises sustainable forest management through FSC® and PEFC certification, to achieve the target of 100% certified wood sourcing. Diversifying wood supply further enhances resilience against market shifts and forest regulation changes. Nature-related risks include ecosystem degradation from overharvesting, pests, and climate change, impacting biodiversity and wood quality.

Monitoring by NIVA indicates that Borregaard's COD emissions impact the ecosystems of the River Glomma. In response, we make an annual investment in emissions-reducing technologies to improve water quality and ensure compliance with the EU Water Framework Directive, thereby reducing the risk of environmental harm.

Borregaard's product diversity and investments in low-carbon technologies, such as next-generation biopolymers, support sustainability and market adaptability. Borregaard addresses regulatory compliance with initiatives like EUDR, ensuring resilience to transition risks.

Stakeholder concerns about forest use drive Borregaard's commitment to sourcing sustainably managed wood. See SBM-2 for our stakeholder engagement related to nature and forests. About 80% of our wood raw material comes from Norway where 100% of the wood suppliers are both PEFC and FSC® certified. Borregaard contributed to the 2023 PEFC biodiversity-focused revision and hosted seminars in 2024 to engage forest owners and environmental groups on sustainable forestry.

E4.SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

Our impact from the use of forests upstream in the value chain is material. PEFCs 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, both PEFC controlled sources and 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.

The supply of salt for Borregaard's production relies on permits for salt mining in the Wadden Sea, granted on the condition that mining does not cause land subsidence in the area. A "hand on tap" principle is implemented, meaning that subsidence rates are measured and modelled annually. Salt extraction in the Wadden Sea could disrupt sediment processes, threaten ecosystems, marine life and fishing culture. We are assessing these risks and risk-reducing measures further, such as sourcing alternatives or additional investments in the cleaning of salt. See our Climate and Nature Risk Report.

Nature related risks and opportunities

Risks and opportunities across Borregaard's operations and value chain were categorised as short-, medium-, and long-term, considering transition and physical drivers. Key drivers include stricter regulations on forest management, and resource availability. These challenges also create opportunities for the demand for sustainable products.

Borregaard faces key nature-related risks, including declining biodiversity that destabilises ecosystems, reducing forest health and the availability of raw materials. This may increase costs and cause delays in the value chain. Sourcing wood impacts land use, potentially causing biodiversity loss, soil degradation, and deforestation. Salt mining in sensitive areas poses a risk of subsidence and ecosystem collapse, disrupting supply chains and driving costs higher.

The impact of emissions on water contributes to stress on ecosystems and wildlife in the River Glomma. Water usage is linked to changes in flow, ecosystem health, and downstream water availability, influencing the balance of the receiving environment.

Ensuring wood traceability and sourcing alternatives increases costs and reputational risks, challenging Borregaard's resilience and long-term sustainability.

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

- Wood sourcing locations
- Borregaard production sites
- Sensitive locations

	LOCATION	ACTIVITY	SENSITIVE LOCATION	IMPACT/DEPENDENCY PATHWAYS	TIME HORIZON
	Sarpsborg (Norway), Florida (US), Wisconsin (US), Karlsruhe (Germany), Paskov (Czech Republic), Warrington (UK)	Production sites	Material for direct operations due to impacts (non-GHG emissions, pollution, and resource use).	Production sites impact local environments through pollutants and other disturbances. The state of nature in each of the production sites has remained the same.	Short to long term
1	Harlingen, Netherlands	Sourcing Salt	High materiality, sensitive area with protected ecosystems and biodiversity.	Borregaard's salt sourcing from Harlingen in the Wadden Sea is influenced by impact drivers such as resource extraction as well as external factors like climate change, leading to habitat alteration and biodiversity loss, which in turn affect the availability of vital ecosystem services such as water filtration and habitat provision in the region.	Short to long term
2	River Glomma, Sarpsborg, Norway	Production site and sourcing	Material for direct operations due to impacts of effluents, sensitive location due to wild Atlantic Salmon population.	Borregaard's production site by the river Glomma in Sarpsborg contributes to pollution, impacting water quality as well as external factors like climate variability, which combined harm the wild Atlantic Salmon population and disrupt ecosystem services such as biodiversity support and natural water purification (NIVA, 2024).	Short to long term
	Sourcing locations	Sourcing of wood	Using the filters in Naturkartverket and IBAT, several locations have been identified with protected and/or sensitive species in the areas where wood is sourced, and thus they are considered sensitive locations. The following locations are identified with high or very high risk for impact on ecosystem intactness: Poltar (SK), Innlandet, Akershus, and Buskerud (NO), Dalsland (SE).	Borregaard has a dependency on wood raw materials for production. To mitigate impacts on sensitive areas, Borregaard ensures that 100% of all sourced wood is in accordance with FSC® Controlled wood and at least 95% of all sourced trees are certified in accordance with PEFC. By adhering to the strict criteria of these certification schemes, biodiversity-sensitive areas should be protected.	Short to long term

Borregaard's nature-related opportunities are centred on maximising the potential of wood to serve diverse markets with unique products, increasing resource efficiency through ongoing R&D and technological advancements to drive market growth. Rising consumer and investor focus on sustainability, combined with policy measures, boosts demand for Borregaard's solutions, which reduce downstream nature impacts and strengthen circular value chains.

Sourcing challenges for critical raw materials such as salt and certified wood, driven by stricter forestry regulations, biodiversity-sensitive mining, and resource scarcity, may raise costs and disrupt operations. Proactive resource management and sustainable practices are essential to mitigate these pressures. Short-term costs may rise from efforts to improve water quality and reduce emissions. Medium-term risks include higher sourcing costs, investment in alternative suppliers, and increased expenses for cleaner production technologies, while long-term biodiversity loss could destabilise raw material availability, increase liability risks, and strain financial and operational resilience.

E4.IRO-1

Processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

Borregaard has conducted a materiality assessment in alignment with the LEAP Approach and EFRAG guidelines. By first locating our own operational sites (production facilities and biorefineries), as well as the sourcing locations for key raw materials needed for production (including calcium carbonate (limestone), sodium chloride (salt), sulphur and wood raw materials), activities at each site were mapped to assess dependencies, impacts, risks and opportunities. Dependencies on nature were mapped based on activities on each site, identifying the key natural resources needed for production, as well as water-regulating services provided by the biorefinery in Sarpsborg. Impacts were also assessed based on activities, and proximity of sites to biodiversity-sensitive areas. This was done using various tools including WWF Biodiversity and Water risk filter, IBAT, resources from Nibio, and Naturvårdsverket. These offered valuable insights into potential environmental and biodiversity threats. Keeping our type of activities in mind, the impacts and dependencies were evaluated based on site specific information. The impacts were identified as drivers of biodiversity loss concerning land use change, direct exploitation and pollution (See chapter on E2). One site was identified as a key biodiversity area, and another site impacted a local ecosystem. Both sites are closely monitored by external third parties to minimise potential impacts.

A scenario analysis was conducted to help identify and inform management on nature-related risks and opportunities over the short-, medium- and long-term. Unlike climate scenarios, there are currently no universally accepted, standardised definitions for nature-related scenarios. To address this gap, Borregaard employs climate change as a central driver of biodiversity loss, examining how these changes might impact the natural resources and dependencies critical to its operations. By positioning climate change as a key factor in these scenarios, we aim to understand its indirect effects on nature and how these changes might amplify the company's exposure to nature-related risks.

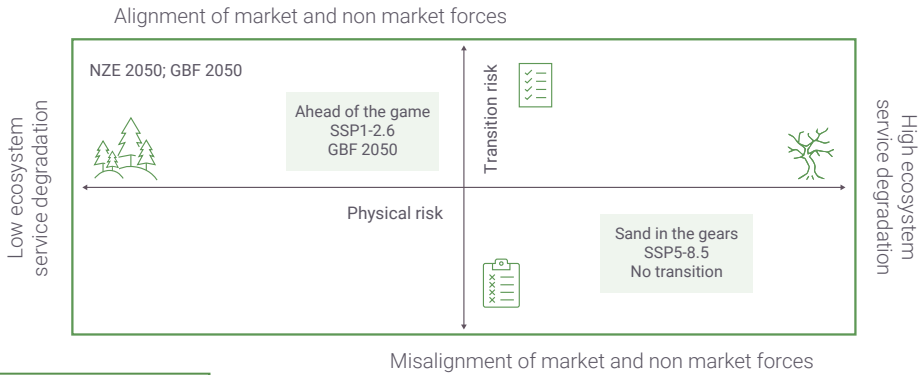
In addition, the analysis follows TNFD's Scenario Analysis guidance throughout the process and have evaluated the scenarios presented by TNFD as explained under each scenario in this chapter. The scenarios are informed by the latest climate and nature science from the UNCCD report, and the Intergovernmental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

Both physical and transition risks were identified using risk maps, stakeholder dialogue, desk research, environmental risk assessment of our operations (ISO 14001), and regulatory compliance. A systemic risk was identified assessed at one location in the value chain.

Wild Atlantic Salmon: Due to the low natural reproduction of Atlantic salmon in the River Glomma, Borregaard contributed to financing a salmon cultivation facility in 2012. Since then, we have covered a significant portion of its operating costs. Surveys conducted by NIVA indicate that natural reproduction in the river has increased, making a significant contribution to the young fish population. In general, there is a decline in the Atlantic salmon stock due to impacts of human activities in combination with a large-scale decline in sea survival. Continued financing of salmon cultivation is an important contribution to maintaining the Atlantic salmon stock and has a positive impact on SDG 14, Life Below Water. As part of our efforts to help preserve the salmon stock, we will continue to provide financial support for the cultivation facility.

Scenario analysis - Nature

Building on the climate-scenarios, Borregaard has evaluated its nature-related risks and opportunities that arise from identified impacts and dependencies in or direct operations and value chain. The scenarios build on public domain scenarios from the TNFD Framework, UNCCD report, and NGFS Scenarios for nature, over the short-, medium- and long-term.



Ahead of the game (SSP1-2.6)

Ambitious carbon reduction efforts, ecosystem restoration, and protection drive positive environmental changes. In the short term, Borregaard's wood supply remains stable as climate change slows and resource efficiency improves. In the medium-term, increased carbon emission reduction and conservation efforts boost the availability of sustainably sourced materials. In the long-term, sustainable forest management ensures healthy forests and tree regeneration, securing the supply of wood. While mild warming initially promotes growth in cooler regions, sustained high temperatures may cause heat stress, drought, and weakened trees. However, in this scenario, moderate warming has minimal impact on pest populations, ensuring Borregaard's supply chain in Norway and Sweden remains relatively stable, with only localized tree stress potentially affecting wood quality.

Sand in the gears (SSP5-8.5)

Environmental assets deteriorate rapidly due to a global focus on short-term economic growth and weak nature protection policies. In the short term, there are no significant limitations to forest availability for Borregaard, with business-as-usual production continuing. In the medium-term, climate and nature action misalignments may affect the sustainability of forest management, but climate change does not significantly impact wood sourcing. In the long-term, climate change worsens local biodiversity, extreme weather, and soil degradation due to overharvesting, causing stress to trees and reducing forest productivity. Warmer temperatures and drier conditions lead to increased tree stress and reduced growth, impacting the availability of wood. While some species, like spruce, may initially benefit from a longer growing season, the negative effects of climate change, such as increased pests and diseases, become more severe in the long term, threatening wood supply and quality. Borregaard may face shortages, requiring alternative material sourcing and significant operational adjustments.

Alignment with Global Biodiversity Goals 2050

In the transition risk scenario aligned with the Global Biodiversity Framework (GBF), Borregaard is well-prepared for reporting and compliance under regulations like the EU Deforestation Regulation (EUDR) with strong traceability and no significant risks related to forest availability. However, stricter regulations and biodiversity goals may require investment for emission reduction to water, particularly for the Glomma river. While discharge regulations may increase costs, Borregaard remains below permitted levels. Over time, stricter enforcement and environmental degradation could elevate risks, especially regarding salt sourcing from the Wadden Sea. Failure to address these issues could impact Borregaard's reputation, operational stability, and long-term sustainability.

E4-2 AND E4.MDR-P

Policies related to biodiversity and ecosystems

Borregaard's ambitions to mitigate and reduce impacts on biodiversity and ecosystem services cover the entire value chain, from sourcing sustainably managed and certified raw materials to limiting our impacts on water and ecosystems in our production, and replacing high impact products with new technology and products to reduce the impact downstream.

Restoration efforts focus on improving degraded ecosystems through participation in multi-stakeholder initiatives such as watershed management, enhancing biodiversity and ecosystem functionality in line with Target 2 of the Global Biodiversity Framework (GBF). Through these efforts, Borregaard demonstrates a comprehensive approach to integrating the mitigation hierarchy into its business practices.

Borregaard is actively working on measures that can contribute to an environmentally sound resource management. Our business model and strategy are aligned with the transition to a nature-positive economy and the aim of limiting global biodiversity degradation to achieve the goals set out in the GBF.

Our overall efforts to achieve our targets within biodiversity and ecosystems are guided by our Policy on Environment, Climate, Health and Safety Engagement. The aim of the policy is to enhance commitment, raise awareness and drive continuous improvement in these areas, while defining our specific procedures and practices. In addition we have adopted a specific policy for responsible sourcing and a specific policy for sourcing of wood and wood based raw materials that addresses our commitments to sustainable forests and sourcing. Our policies outline the relationship between material biodiversity and ecosystem impacts and our business operations. Additionally, the policy addresses production and sourcing practices from ecosystems that are managed to sustain biodiversity conditions.

The policies apply to the entire Borregaard Group and state our expectations for suppliers and key partners. The policies are approved by Board of Directors.

E4-3 AND E4.MDR-A

Actions and resources related to biodiversity and ecosystems

Sustainable Forestry: Wood is sourced from forests that are managed according to sustainable forestry principles. This includes maintaining biodiversity, protecting wildlife habitats, and ensuring the long-term health of forest ecosystems. Borregaard keeps engaging with organisations and forest owners to ensure that sustainable forestry principles are followed.

Suppliers must have valid Chain of Custody (CoC) certifications under FSC® (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification). This ensures that the wood comes from responsibly managed forests. 100% of Borregaard's sourced wood is FSC® Controlled wood, and in total 95% of our wood is certified in accordance with PEFC or FSC®. Our target is to achieve 100% certified wood.

The main portion of our sourced wood is small dimension logs from harvesting of sawlogs and wood chips from sawmills.

Our wood sourcing comprises 37% woodchips and 63% small-dimension logs. This approach enhances the resilience our wood sourcing by minimising its environmental impact, while supporting local economies and preserving forest ecosystems.

We have mutual financial agreements with our suppliers of wood to preserve the forest ecosystem by participating in the mapping of Capercaillie lek sites and the development of soil moisture maps to reduce track damage during harvesting.

The financial agreement is designed to support sustainability measures aimed at securing natural resources, maintaining biological diversity, and other sustainability initiatives.

As a part of the financial agreement, the forest owners are required to provide insight into their sustainability efforts, focusing on elements that are relevant to share.

Wood is one of the few renewable raw materials that can be produced in large quantities. However, it is not an unlimited resource. Borregaard is impacted by supply, demand, and price of wood. Forestry and harvesting have an impact on nature and its ecosystem functions, which are crucial from a climate perspective.

In addition, the biodiversity of forests provides habitat for a variety of important species as well as recreational areas for humans. As a result,

ongoing discussions among various stakeholders are focused on finding the right balance between sourcing sustainable and renewable raw materials, while at the same time safeguarding the forests' role in supporting biodiversity and outdoor activities.

It is crucial that forest resources are used optimally, with forest management conducted in a responsible and sustainable manner. Resource efficiency is a key focus for us. We positively impact this by maximising raw material utilisation and setting strict requirements for how the raw material is grown, harvested, and transported to our site.

Through our SCoC and Responsible Sourcing Policy we ensure that our suppliers comply with the applicable certification schemes, laws, and regulations in the countries where the wood is sourced.

Borregaard's production units outside Norway receive lignin raw material from adjacent pulp mills which source PEFC and/or FSC® certified or controlled wood in the range 93–100% according to the suppliers' CDP Forest 2023 disclosures.

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
- Wood from forests in which genetically modified trees are planted

In order to expand our sourcing area, we participate in the development of wood supply logistics in the Nordic market and the Baltic Sea region. There are few transportation restrictions to the biorefinery in Norway, and wood can be transported by road, rail, or sea. When possible, we prioritise rail or sea transport over road.

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 continue to communicate our expectations and requirements regarding sustainability and continue engaging with external stakeholders to assess nature-related risks and their impact on business. Particularly we will follow up on the Regulation on deforestation-free products (EUDR) which entered into force in June 2023. The purpose of the EUDR is to guarantee that the products consumed by EU citizens do not contribute to deforestation or forest degradation globally. Under the Regulation, any operator or trader who places wood-based products on the EU market must be able to prove that the products do not originate from recently deforested land or have contributed to forest degradation. The EUDR repeals the EU Timber Regulation. Large operators and traders have time until December 30, 2025 before the regulation will be applicable.

We have set 2025 as the target for our suppliers to implement necessary measures to ensure the supply of 100% certified wood. Meanwhile, we are still in the process of establishing a KPI for sourcing of lignin raw materials.

Environmental transparency and accountability are vital to tracking progress towards a thriving, sustainable future, also when it comes to forest raw materials. Borregaard has supported and contributed to the revision of the Norwegian PEFC Standard (effective from 1 March 2023) and the establishment of the FSC® Forest Stewardship Standard for Norway through the Norwegian Pulp and Paper Association (TFB). These standards include national and regional characteristics such as natural conditions, forest ownership structure and legislation in Norwegian Forests.

E4-4 AND E4.MDR-T

Targets related to biodiversity and ecosystems

KEY METRICS, TARGETS AND RESULTS

KEY METRICS

- Borregaard's biorefinery in Sarpsborg: Annual purchase 1 mill solid cbm wood.
  - Origin: 80% Norway, 15% Sweden, 3% Germany, 2% Baltics
  - Chain of Custody certified
  - 100% of wood suppliers PEFC or FSC® certified
- Borregaard's production units outside Norway: Purchase of lignin raw material from adjacent pulp mills
  - which source PEFC and/or FSC® certified or controlled wood in the range of 93-100% in 2022

2024

- **Target:** 100% of the purchased wood to Borregaard in Norway certified (FSC® or PEFC)

  Result: 95%
- **Target:** Establish KPI for sourcing of lignin raw material

  Result: Data collected and KPI in process

FUTURE TARGETS

- 2025: 100% of the purchased wood to Borregaard in Norway certified (FSC® or PEFC)
- 2025: Establish KPI for sourcing of lignin raw material
- The long-term target is securing availability of 100% certified raw material

Key metrics are the most important indicators for tracking progress towards the target.

Our efforts towards achieving our goal to source 100% certified wood for the biorefinery in Norway resulted in 95% certified wood, with the remaining 5% verified as controlled in compliance with PEFC and/or FSC® standards. The remaining 5% could have been achieved by alternative sourcing. However, Borregaard chose to leverage our buyer influence to support and improve the original sources rather than excluding them. A KPI for the percentage of certified wood (PEFC and FSC®) has been established, with a target to increase the proportion of certified wood from 95% to 100%. As a result of reduced supplies from our regular suppliers in 2024, certified volumes was reduced from 99% in 2023 to 95% in 2024.

We remain committed to our target of sourcing 100% certified wood, despite the potential challenges posed by regulations and stricter requirements.

The target of 100% certified wood support SDG 14, Life on land, and is informed by the Global Biodiversity Framework.

Biodiversity targets related to pollution are described in E2-3.

E4.MDR-M

Metrics in relation to forest raw material

We have selected a company-specific indicator as a topic-specific disclosure for forest raw material, the metrics are related to purchasing and certification of wood, see page 102. Additional metrics concerning the impact and risk of pollution on the ecosystem are detailed in E2-4

E4-6

Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities

We will continue our efforts to report in accordance with all disclosure requirements regarding E4-6, and will the coming years phase-in the financial metrics for this material topic, as we expand our nature-scenario analysis, risk assessment and resilience analysis. However, we have conducted a thorough qualitative evaluation of the future impact, considering the relevant uncertainties related to future exposure related to climate change, see E1-9.

The total wood costs from consumed wood in 2024 is described in note 21.

For the future exposure to wood cost we expect that sourced volume of wood will increase with 5–10% to 1.05 - 1.10 million m^3 due to debottlenecking of our biorefinery in Norway. Future price level will be based on availability in Borregaard's sourcing area. Availability can be reduced due to stricter certification schemes for PEFC/FSC® and changes in forest regulations due to European Green deal.

Accounting policy

Accounting policy related to biodiversity

Our accounting policy related to biodiversity acknowledges the impact of business activities on biodiversity and incorporates measures to mitigate these impacts within our financial reporting framework.

In Note 28 to the Consolidated Financial Statements we have disclosed information about current price level and cost for climate and nature related risks and opportunities.

ESRS E5 Resource use and circular economy

E5.IRO-1

Processes to identify and assess material resource use and circular economy-related impact, risks and opportunities

Borregaard has conducted a materiality assessment in alignment with the guidelines set by the TNFD and the EFRAG. The outcome of the assessment shows that the high utilisation of wood raw material in the biorefinery concept results in a significantly positive impact on resource use, not only within the direct operations but also upstream, as we make use of residual wood chips from sawmills.

Wood, woodchips and lignin raw materials are the main resources used by Borregaard.

If not managed properly, waste can represent a negative environmental impact. The cost of waste management is increasing, mostly due to stricter regulations and increased taxes. Converting waste fractions into new materials or energy, and routing waste into a circular economy value chain, could represent a potential positive impact on both the economy and the environment, as a secondary raw material. 83% of Borregaard's waste is generated at the biorefinery in Norway.

The main sources for data we have assessed to identify actual and potential material resource use, as well as circular economy-related impacts, risks and opportunities, are:

- Results from Life Cycle Assessments (LCAs) and value chain mapping
- Data from sourcing of materials
- Calculation for the utilisation of wood raw material
- Waste accounting system, monthly waste report
- Climate and Nature Risk report

LCAs, conducted in accordance with ISO 14040/14044 and using a cradle-to-gate perspective, has been used to demonstrate the low environmental footprint of the biorefinery concept. The biorefinery approach maximises both economic and environmental returns by efficiently utilising all components of the wood. This process is a highly efficient cascading operation, where wood is converted into a range of other valuable products. LCA tools play an essential role in the innovation process, facilitating the assessment and verification of the environmental impacts associated with new products. By integrating LCA into these stages, the biorefinery can continuously identify opportunities for reducing resource use and waste, and the effect from circular economy practices.

Borregaard's waste management system at its operations in Norway and Germany is certified under ISO 14001. This certified process for identifying and assessing waste-related issues provides valuable insight into how to manage associated impacts and risks. Waste data is collected in monthly reports and monitored in accordance with established routines for monthly control to check for compliance and progress towards targets for energy and material recovery.

A Climate and Nature Risk, based on various climate scenarios, has been conducted to identify and inform management of climate-related risks and opportunities across the short, medium, and long term. This assessment supports our strategic priority to increase value-added from our biorefinery, while exploring new products with a particular focus on circular economy principles and improved resource use (waste, water and energy reduction).

Materiality assessment results

RESOURCE USE AND CIRCULAR ECONOMY

Material sustainability matters

- ☑ Resources inflows, including resource use
- ☐ Resource outflows related to products and services
- ☑ Waste

Positive impacts and opportunities in the value chain

- Resource inflows including resource use
  - Own operations
- Waste
  - Own operations

Negative impacts and risks in the value chain

- Waste
  - Own operations

Impact on the environment and people
Financial risk and/or opportunity

The management of climate- and nature-related risks and opportunities is an integrated, multidisciplinary component of Borregaard's business processes. These risks are assessed and reviewed more than once a year to ensure they are effectively addressed and incorporated into our decision-making. Consultations with stakeholders is described in SBM-2.

The majority of waste originates from use of recovered energy from waste incineration for production of energy to the biorefinery in Norway. This is part of the base load needed for energy supply, and all the energy is utilised in our continuous production. The LCA indicates that such energy recovery has a positive impact on the product's carbon footprint.

E5-1 AND E5.MDR-P

Policies related to resource use and circular economy

Through our biorefinery concept, we aim to achieve high raw material utilisation of wood and develop and produce value-added products that can replace fossil-based alternatives.

Borregaard will adhere to the principles of the circular economy: Reduce, Reuse, and Recycle, and will identify and develop methods to reuse production by-products or convert waste into saleable products or by-products.

The reduction of waste follows the waste hierarchy. Controlling the risk of emissions from waste and reducing the amount of waste produced are integral parts of Borregaard's policy.

Our efforts to achieve our targets are guided by our Policy for Environment, Climate, Health and Safety Engagement. The aim of the policy is to enhance commitment, awareness and continuous improvement in these areas, while determining our specific procedures and practices.

The policy applies to the entire Borregaard Group and states our expectations for suppliers and key partners, particularly raw material suppliers, who will be required to align with the ambitions outlined in the policy. It further outlines our commitment to implementing measures that drive better resource optimisation for our customers, such as reducing energy and water consumption. In relation to authorities, we ensure compliance with environmental regulations. This approach reflects our dedication to addressing the interests of our key stakeholders, including suppliers, customers, and regulatory bodies, by fostering sustainable practices across our value chain.

The policy is approved by the Board of Directors.

The SVP Organisation and Public Affairs is Chair of the company's sustainability board and has the overall responsibility for the policy.

Environmental factors are also integrated into the sourcing decisions and the assessment of suppliers, including waste treatment providers.

Our commitment to sustainable sourcing is embedded in the following top governing documents: the Procurement Policy and the Responsible Sourcing Policy and the Policy for sourcing of wood and wood based raw materials. The Senior Vice President Procurement and Strategic Sourcing is responsible for implementation of the policies.

We inform our stakeholders about our policy through our stakeholder engagement.

The third-party standard we follow is ISO 14001 certification. The UN Sustainability Goals serve as a framework for guiding policies, strategies, and actions, and are respected through implementation of the policy.

E5-2 AND E5.MDR-A

Actions and resources related to resource use and circular economy

Biorefinery concept- action and resources

Borregaard's strategic priorities include increased specialisation and value growth. Product development, which enables entry into new markets, is also a key element of the speciality cellulose innovation portfolio. By focusing our efforts on innovation and productivity, we aim to enhance the value creation from our unique biorefinery in Norway, as well as our production units in Europe and the US. Our innovation resources dedicated to new product development, including improved resource efficiency is described in E1-3 and E2-2. Our initiatives also involve increasing the utilisation of wood raw materials from 94% to 100%.

Biorefineries are seen as a very promising route to meeting sustainability and environmental preservation targets but are still not defined as an economic activity within the EU Taxonomy, contributing to the environmental objective of transitioning towards a circular economy. Together with the European pulp and paper industry association, CEPI, we have made a submission through the Taxonomy "stakeholder

request mechanism" to include biorefineries in the next work items for circular economy contribution. As stated above, we anticipate that products such as speciality cellulose and cellulose fibrils will be covered by the EU Taxonomy when the circular economy criteria are finally determined. However, if biorefineries as such are regarded as a circular economy activity, Borregaard's eligible economic activities within the EU taxonomy might increase even more.

Optimisation of waste management – action and resources

83% of Borregaard's waste is generated at the biorefinery in Norway. Reducing the amount of both non-hazardous and hazardous waste produced, as well as controlling the risk of emissions from waste, are important aspects of our waste management system. Waste from our operations is source separated and processed by certified waste treatment providers. The hazardous waste is managed by certified waste operators. In 2024, 99% of the waste from operations in Norway was source-separated and processed by certified waste treatment providers.

Waste management plans has been established for the industrial facilities, projects, and the company's own harbour.

We are committed to advancing circular economy principles and actively manages several initiatives aimed at optimising the utilisation of our side streams for material or energy recovery. Our primary objective is to eliminate landfill use and identify innovative applications for these by-products. To support this, a dedicated project group has been established to oversee the initiatives.

We have ongoing initiatives for process gypsum (approx. 2,800 tonnes annually), with the overall goal of eliminationg landfilling by 2030. Process gypsum has significant potential for secondary applications, such as being used as a filler material or to stabilise flow characteristics in various industrial processes. Several projects are currently underway in collaboration with selected partners to find solutions for repurposing process gypsum.

The waste incineration plant produces fly ash from the bag filters (approx. 3,500 tonnes annually) and bottom ash (approx. 10,000 tonnes annually) as waste fractions. Borregaard's biorefinery in Norway is a member of the circular economy initiative, EarthresQue, of which aims to improve and develop new methods for recycling and reuse, and treatment processes for contaminated soil, residues, and waste. Together with EarthresQue, we are exploring possibilities for these inorganic waste fractions. One example is alkaline fly ash, which is treated externally to form a stable gypsum phase. This material is then recovered and used as filling material, with potential future applications in the concrete industry.

Metals from the non-hazardous bottom ash are removed and recycled by our waste operator, while the remaining ash is repurposed as filler material. Additionally, we are exploring opportunities to utilise the residual fractions for road stabilisation and as a filling material in the concrete industry.

Bio-sludge (approx. 400 tonnes annually) from our wastewater treatment plant is currently landfilled. In 2025, we will test whether the sludge can be utilised for additional biogas production or for improving soil and compost.

We are also actively seeking material recovery solutions for fibre waste fractions (approx. 1,000 tonnes annually), which are currently incinerated.

There are significant opportunities to integrate the fractions mentioned above into alternative products for material recovery. These projects are a high priority for 2025, reflecting our commitment to sustainability and innovation in resource management, in collaboration with relevant partners.

Through our innovation efforts, explained in E1-3 and E2-2, we will continue our explorative projects to expand our product portfolio by utilising side streams. These initiatives are designed to support our goal of achieving 100% material or energy recovery for all waste fractions by 2030.

An example of new regulation aimed at waste reduction is the EU Packaging and Packaging Waste Regulation (PPWR), which seeks to reduce packaging waste in the EU by at least 15% by 2040, compared to 2018 levels. The regulation applies to all packaging placed on the EU market and focuses on improved recyclability of packaging material, mandatory quotas for reusable packaging, and minimum recycled material content in packaging. Borregaard has established a programme to evaluate the consequences of the new regulations, how we can improve packaging of our products, and set targets for reduced use of plastics in our operations. Our target is a 15% reduction from 2018 to 2040, in line with the PPWR. About 50% of our products are wrapped in plastic before they are delivered to the customers. However, most of our customers are business-to-business customers, thus the packaging units are big, typically between 50-300 kg. In 2024, the plastic from our operations in Norway amounted to approx. 1,200 tonnes, which represented less than 1% of the total volume of products.

E5-3 AND E5.MDR-T

Targets related to resource use and circular economy

KEY METRICS, TARGETS AND RESULTS

KEY METRICS

- Utilisation of wood raw materials at the biorefinery in Norway: 94%
- Total amount of waste: 39,815 tonnes
- Waste source separated: 99%
- 66% of waste to recovery of materials or energy
- Waste incineration recovered energy from 68,058 tonnes of municipal waste
- 92% of hazardous waste generated was fly ash from incineration of municipal waste

2024

- **Target:** Establish target for reduction of plastic packaging

  Result: Yes, target in accordance with new requirements PPWR

- **Target:** Design long-term target and investment plan (2030) for reduction of landfilling

  Result: Reduced landfilling and increased energy recovery

FUTURE TARGETS

- 2025: 100% material recovery of gypsum (waste fraction) (Norway)
- 2030: 100% material or energy recovery of all types of waste
- 2030: Plastic packaging reduction in accordance with new requirements in PPWR directive (base year 2024)
- 2035: 97% utilisation of wood (base year 2024 = 94%)

Key metrics are the most important indicators for tracking progress towards the target.

Our long-term goal is to achieve 100% material or energy recovery from all waste fractions in our operations by 2030, thereby reducing the negative impact from waste and transforming it into a positive impact in value creation. The material and energy recovery rate of waste increased to 66% (from 62%) in 2024, we have made progress in the identified activities in our long-term plan to achieve 100% material and energy recovery of waste.

The target for plastic packaging waste reduction, according to the PPWR directive, is a new target set in 2024, which also establishes the base year for this target.

The long-term target for utilisation of our primary raw material wood is set to 97%, and is closely linked to innovation activities and emission reduction efforts. Carbon Capture and Storage (CCS) of biogenic carbon will be necessary to achieve this target. The baseline year for this target is set to be 2024.

The targets of high utilisation of raw materials and reduction of waste supports one of our prioritised SDG's, SDG.12: Responsible Consumption and Production.

All the targets are voluntary, except the target for plastic packaging.

E5-4

Resource inflows metrics

In Norwegian forest-based industries, all parts of the tree are utilised for products. Wooden construction material is the main driver for harvesting trees in Norway. The most valuable part of the tree is used for this purpose. 25% of the wood entering the sawmills becomes residuals in the form of wood chips to our industry. The remaining part of the tree and the residual wood chips from the sawmills are raw materials for Borregaard's sustainable, high value products.

The biorefinery concept has the potential to provide maximum economic and environmental returns by efficiently utilising all components of the wood. Our biorefinery is an extraordinary cascading operation where wood, which consists of fibres, lignins and sugars, is converted into cellulose and a variety of other valuable products. The sidestream from the cellulose production is first utilised in the production of bioethanol before the rest is converted into lignin-based biopolymers. Parts of the lignin are also used in the production of biovanillin, and parts of the cellulose are converted into cellulose fibrils. Some sidestreams from production are sold to other industries, which in turn use them as raw materials in their production. Knot pulp, which is removed from the cellulose and utilised for packaging materials and bark for soil conditioning, are examples of such utilisation. The sidestreams that cannot be utilised for products are converted into biogas or biomass used for energy in the production processes.

By using sidestreams to produce valuable biochemicals and biomaterials, we secure high resource efficiency of the renewable raw material sourced, which is key to the low-carbon circular bioeconomy. Both energy and material streams are optimised in a symbiotic industrial ecosystem. Despite high raw material utilisation, cascading use of sidestreams and reduction of input factors over time, there are still some streams that end up as waste.

The concept of utilising all parts of the harvested tree for valuable products, such as building materials from sawmills and our bio-based chemicals, contributes to a high raw material utilisation. Borregaard's biorefinery concept demonstrates high raw material utilisation where 94% of the sourced wood is utilised, of which 82% is turned into commercial products and 12% is used for energy. Our high innovation rate results in new or improved commercial products and our effective resource usage and circularity results in high value creation per solid cubic meter of wood.

ESRS DP_ID	Metrics related to resource nflows	Unit	2022	2023	2024	Δ% (2024-2023)
E5-4_02	Overall total weight of products and technical and biological materials used during the reporting period	t	796,414	803,611	815,289	1
E5-4_03	Percentage of biological materials (and biofuels used for non-energy purposes)	%	72	71	72	1
E5-4_05	Percentage of secondary reused or recycled components, secondary intermediary products and secondary materials	%	9	9	9	0
C.S	Utilisation of wood raw materials at the biorefinery in Norway	%	94	94	94	0

Accounting policy

To calculate overall total weight of products and technical and biological materials used during the reporting period, we summarize the weigth of purchased goods from the data collected for calculation of Scope 3 category 1. The biogenic materials are the following fractions; supplied wood, lignin raw materials and packaging materials. The secondary reused materials are inflow of municipal waste used for energy recovery and some sulphuric acid.

To calculate the utilisation of wood, a mass balance of inflows and outflows is conducted. The balance is updated annually to evaluate the performance and effectiveness of wood utilisation. This is a company-specific indicator.

The evaluation of our waste management performance is based on the total tonnage of hazardous and non-hazardous waste, as well as the quantities directed to landfill, energy recovery, and material recovery. This evaluation follows the waste hierarchy, with a focus on reducing the total amount of waste generated.

Borregaard contributes to strengthening circular value chains and promoting circularity by offering sustainable solutions. Some of our products are used in sectors with high resource use and where the potential for circularity is high, such as within electronics, batteries, vehicles, packaging, plastics, textiles, construction, food, water and nutrients. We promote circularity by offering sustainable solutions within these areas. Considering that our products are based on a renewable, non-toxic raw material, they present no negative impact when the end products are recycled.

E5-5

Resource outflows (incl. waste) metrics

The most common non-hazardous waste fractions from our operations are gypsum and sludge with some residual organic content, which are mostly landfilled. These waste fractions are derived from our operations in Norway, the USA (Wisconsin) and Germany, and represent 40% of the non-hazardous waste.

The majority of waste originates from the recovery of energy through waste incineration, which is used for energy production at the biorefinery in Norway. This waste-to-energy process forms part of the base load required for energy supply, ensuring that all energy generated is effectively used in our continuous production. The biorefinery receives heat energy from two waste incineration plants, one of which is operated by Borregaard. 92% of the hazardous waste and 37% of the non-hazardous waste generated from the Group consist of ash from the energy recovery of municipal waste. The bottom ash is classified as non-hazardous waste, while the fly ash is classified as hazardous waste.

Accounting policy cont.

At the site in Norway, a third party is classifying most of the different waste fractions according to the EAL classification system. The hazardous waste is reported in a declaration system operated by the Norwegian Environment Agency. To evaluate performance and effectiveness for the reduction of waste, waste generated is reported monthly. This data is reviewed and controlled through our internal control routines.

For all our operations, data is collected from waste operators, weighbridge tickets, and waste declaration systems. Moisture content is included in the calculation of the amount of waste. Information about the routing of waste to landfill, energy recovery, and material recovery is also collected to consolidate the waste data into the different categories of the waste hierarchy.

ESRS DP_ID	Metrics related to waste	Unit	Base year 2020	2023	2024	Δ% (2024-2023)
E5-5_07	Total amount of waste generated	t	36 512	35 191	39 815	13
E5-5_11	Total amount of hazardous waste	t	3 645	4 072	5 041	24
E5-5_15	Total amount of non-hazardous waste	t	32 800	31 119	34 773	12
E5-5_08	**Waste diverted from disposal, breakdown by hazardous and non-hazardous waste and treatment type**					
E5-5_08	Waste diverted from disposal	t	18 604	16 758	18 967	13
E5-5_08	Hazardous waste diverted from disposal	t	3 570	3 835	4 681	22
E5-5_08	Hazardous waste diverted from disposal due to preparation for reuse	t	0	0	0	0
E5-5_08	Hazardous waste diverted from disposal due to recycling	t	3 570	3 835	4 681	22
E5-5_08	Hazardous waste diverted from disposal due to other recovery operations	t	0	0	0	0
E5-5_08	Non-hazardous waste diverted from disposal	t	15 034	12 923	14 286	11
E5-5_08	Non-hazardous waste diverted from disposal due to preparation for reuse	t	0	0	0	0
E5-5_08	Non-hazardous waste diverted from disposal due to recycling	t	15 034	12 923	14 286	11
E5-5_08	Non-hazardous waste diverted from disposal due to other recovery operations	t	0	0	0	0
E5-5_09	**Waste diverted from disposal, breakdown by hazardous and non-hazardous waste and treatment type**					
E5-5_09	Waste directed to disposal	t	17 853	18 434	20 847	13
E5-5_09	Hazardous waste directed to disposal	t	75	238	361	51
E5-5_09	Hazardous waste directed to disposal by incineration	t	75	214	211	-2
E5-5_09	Hazardous waste directed to disposal by landfilling	t	0	24	55	132
E5-5_09	Hazardous waste directed to disposal by other disposal operations	t	0	0	95	0
E5-5_09	Non-hazardous directed to disposal	t	17 778	18 196	20 487	13
E5-5_09	Non-hazardous waste directed to disposal by incineration	t	4 881	4 884	7 002	43
E5-5_09	Non-hazardous waste directed to disposal by landfilling	t	12 897	13 312	13 484	1
E5-5_10	Non-recycled waste	t	17 908	18 433	20 848	13
E5-5_10	Percentage of non-recycled waste	%	49	52	52	0

Accounting policy cont.

E5-6

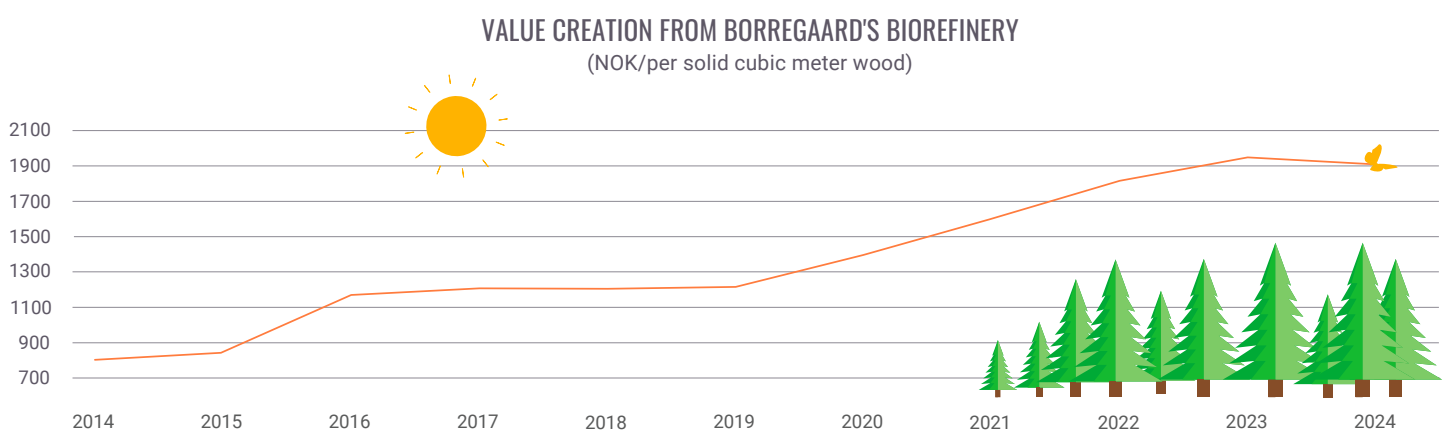
Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities

The value creation per solid cubic meter of wood has increased over the last ten years, except from 2024, where it was a minor decrease showing the robustness and efficiency of transforming the wood into various products.

In the future, we expect the financial impact of resource utilisation and the circular economy to increase in line with our plans. We will utilise bark from wood debarking at the wood yard for energy, generating over 75 GWh per year, which will positively affect energy costs. We will enhance energy efficiency and heat recovery as we increase production capacity at the biorefinery, ensuring that energy demand remains almost at the same level, thus not increasing costs.

We anticipate that landfill costs will rise in the future. Therefore, our plans for 100% material or energy recovery of waste streams that were landfilled in 2024 will mitigate these future costs. Additionally, our innovation efforts will enhance the value added from our products.

These projects will contribute to accelerating Borregaard's growth, the CapEx costs for all these initiatives are expected to be within Borregaard's financial targets.



The figure shows the increase in value creation in NOK per solid cubic meter of wood from Borregaard's biorefinery in Norway.

Accounting policy cont.

Value creation is defined as the value of products sold from the biorefinery minus the cost of materials, services and depreciation.

In Note 28 to the Consolidated Financial Statements we have disclosed information about current price level and cost for climate and nature related risks and opportunities, including resource use and circular economy.

S | Social information

ESRS S1 Own workforce

S1.SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

A sound corporate culture provides a vital basis for developing a specialised company and strengthening our business model. Borregaard's culture and value document, The Borregaard Way, highlights our competence as one of the company's key competitive advantages. We are dependent on attracting, retaining and developing unique competence to support our specialisation strategy. In this context, diversity is highly valued as a factor for attracting people with different backgrounds, skills and competencies. We believe that equal opportunities are important to capitalise on our employees' resources and skills, and that a safe and healthy working environment is a key factor in a sustainable organisation. Our materiality assessments reflect that our focus on these topics has a positive impact on our workforce and serves as a material contribution to our value creation.

Although Borregaard provides good working conditions and generally contributes positively to the health and well-being of our employee's, there may be certain areas where we could have a negative impact on health and safety. This is reflected in metrics such as sick leave and injury rates.

Welfare, social security and decent working conditions are important aspects in creating stable, profitable and sustainable jobs. This manifests itself through income and meaningful work for individuals, as well as financial contributions through taxes and duties that companies and their employees pay in the countries and communities where they operate. Communities around Borregaard's production units see significant ripple effects from our operations.

Borregaard's corporate culture, as well as our values "integrity" and "sustainability" described in The Borregaard Way, include standards, objectives and obligations to operate in a way that avoids violations of human rights. This is further described in our Code of Conduct and Human Rights Policy.

Materiality assessment outcome

OWN WORKFORCE

Material sustainability matters

- ☑ Working conditions
  - ☐ Secure Employment
  - ☐ Working Time
  - ☐ Adequate Wages
  - ☐ Social Dialogue
  - ☐ Freedom of Association, the existence of works councils, and the information, consultation, and participation rights of workers
  - ☑ Collective bargaining, including rate of workers covered by collective agreements
  - ☑ Work-life balance
  - ☑ Health and safety
- ☑ Equal treatment and opportunities for all
  - ☐ Gender equality and equal pay for work of equal value
  - ☑ Training and skills development
  - ☐ Employment and inclusion of persons with disabilities
  - ☑ Measures against violence and harassment in the workplace
  - ☑ Diversity
- ☐ Other work-related rights

Borregaard works continuously on these topics, supported by an internal compliance board. The board includes the SVP Organisation and Public Affairs (Chair), General Counsel, Vice President Finance and Chief Risk Officer, which helps the Group's management by raising awareness of compliance matters, reporting on its activities and findings and suggesting improvements. The compliance board summarises its work in an annual Compliance Report approved by the Board of Directors, which also includes any violation of anti-corruption, competition regulations or human rights.

We also perform a separate human rights and decent working conditions due diligence assessment pursuant to the Norwegian Transparency Act. Based on the findings from our due diligence process and the 2024 materiality assessment, human rights, including issues such as human trafficking, forced labour, compulsory labour, and child labour, have been identified as non-material topics.

Borregaard has identified four company offices in high-risk countries according to the democracy index: India, China, Brazil, and Singapore. In these countries there is a higher risk of issues such as poor working conditions, low wages, discrimination, child labour, and corruption, compared to other Borregaard locations. To address this, we conduct annual evaluations of these offices, considering local human rights laws, operational practices, benchmark studies, and any reported breaches. If we identify potential impacts on human rights, we are committed to providing and supporting remedies quickly and effectively. The results of the due diligence assessment are reported in a separate Human Rights and Decent Working Conditions Report, which is updated annually.

We comply with the UN's Universal Declaration of Human Rights, ILO's Declaration on Fundamental Principles and Rights at Work and OECD Guidelines on Multinational Enterprises. With these high standards and systems implemented, the risk related to violations of human rights are low. The low risk level is maintained by regular mandatory training of our own workforce in both code of conduct and human rights.

All material affected members of the Borregaard Group's own workforce are included in the Scope of this disclosure.

There are no material impacts on our workforce related to transitions plans for reducing negative impacts on the environment and achieving greener and climate-neutral operations.

Materiality assessment outcome

OWN WORKFORCE

Positive Impact and Opportunity in own operations

- Collective bargaining
- Work-life balance
- Equal treatment and opportunities for all

Negative Impact and Risk in own operations

- Health and safety

Impact on the environment and people
Financial risk and/or opportunity

S1-1 AND S1.MDR-P

Policies related to own workforce

Our policies for Environment, Climate, Health and Safety, Human Rights, the Code of Conduct and the Borregaard Way, apply to the entire Borregaard Group. In companies where Borregaard has a minority ownership, the policies express Borregaard's ambitions in these areas. The SVP Organisation and Public Affairs is Chair of the company's sustainability board and has the overall responsibility for the policies. The policies apply to all employees, non-employees and contractors.

Borregaard's ambition is to promote a safety culture that results in no injuries to employees, contractors or third parties, as well as no unexpected emissions to the environment. This is achieved through risk management, systematic efforts to prevent injuries and physical or mental occupational diseases, as well as the involvement of all employees. Safety is an integral component of all aspects of Borregaard's operations, supported by a proactive approach that involves safe job analyses, safety barriers, emergency preparedness, contingency plans, training, and the overall principle of "safety first". As part of the onboarding programme, all new employees will receive training on our environmental and energy practices. Additionally, all employees must complete an e-learning course on sustainability. This ensures they understand our plan to reduce emissions in line with international agreements and their role in contributing to this plan.

We uphold key international labour and human rights standards, as outlined in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Our human rights policy highlights a firm commitment to protecting freedom of association, the right to collective bargaining, the eradication of child labour, forced or compulsory labour, and the elimination of workplace discrimination, among other essential issues. Borregaard's Human Rights policy and Code of Conduct addresses all the key issues with which our employees and other parties acting on Borregaard's behalf must familiarize themselves and comply with. It describes amongst others how we expect everyone to refrain from discrimination of employees based on gender, sexual orientation, age, ethnicity, culture, religious convictions or other aspects. All employees across all countries are required to follow Borregaard's Code of Conduct and Human Rights Policy. To ensure they understand their ethical responsibilities, we provide mandatory Code of Conduct training every two years and as part of our onboarding process. In our Code of Conduct, we emphasize diversity, inclusion, and equal rights, with clear responsibilities outlined for our employees.

In addressing human rights, we align our efforts with respected global frameworks, including the UN Guiding Principles on Business and Human Rights, our commitment to UN's Global Compact and the OECD Guidelines for Multinational Enterprises.

The policies are accessible to our employees through our internal systems and available to external stakeholders on our website.

S1-2

Processes for engaging with own workforce and workers' representatives about impacts

We value the commitment and initiative of all our employees and prioritise strong collaboration between management, employees and their representatives. 87% of Borregaard's employees work in units that have collective bargaining agreements through unions.

Through close collaboration with our employees, we aim to establish the economic foundations for sustainable growth and development. Our efforts prioritise ensuring safe working conditions, promoting the company's long-term sustainability, and fostering a positive work environment to support economic progress. Achieving these goals relies on a strong, trusting partnership with employee representatives at Borregaard. We collaborate with these representatives across multiple platforms, where they play an active role in establishing workforce-related targets for each calendar year. These platforms also monitor progress on targets related to health and safety, the working environment, and other pertinent topics. If deviations occur, appropriate measures and actions are discussed and implemented.

We are not legally required to have representation agreements such as the European Works Council (EWC). However as per the Norwegian Companies Act, Borregaard includes two employee representatives and two observers on its board. We also have one observer (employee representative) in the Board in Germany.

We are legally obligated to establish joint committees comprising representatives from both parties, such as the Working Environment Committee (AMU) which is responsible for ensuring a safe and satisfactory working environment within the company. Topics include, among other things, monitoring sick leave, injury rates, and various safety and workplace environment targets. The purpose of the meeting is to inform, discuss, and proactively contribute to improving Borregaard's working environment.

Additionally, the Main Agreement for Industry between Confederation of Norwegian Enterprise (NHO) and Norwegian Confederation of Trade Unions (LO) provides the framework for other collaborative efforts between employees and management. In Borregaard, we also have a Company Committee (BU), which serves as a contractual forum for cooperation between representatives from the company and the employees. The committee's mandate is to promote efficient production while fostering a high level of satisfaction among all employees. The BU meets on a quarterly basis. The Plant Director (member of the executive management group), has the overall operational responsibility for ensuring engagement through our formal platforms, such as AMU and BU.

We measure engagement and well-being through our annual employee engagement survey. The survey results serve as a valuable foundation for initiating dialogue and identifying actions to further improve our workplace.

The HR department is responsible for conducting the engagement survey and managers are responsible for the follow-up.

In 2024, 87% of our employees responded to the survey, which included questions about training and development, strategy, vision and goal achievement, feedback and communication, relationships with colleagues and managers, recommendations of Borregaard as an employer, as well as diversity and harassment. In general, these factors were evaluated positively by our employees and were perceived, along with our corporate culture and shared values, as contributing to well-being, motivation, engagement, and generally low turnover. In addition to the survey, each employee has a performance appraisal in order to ensure individual follow-up about continuous engagement, working environment, well-being and development.

S1-3

Processes to remediate negative impacts and channels for own workforce to raise concerns

Employees are encouraged to report any concerns or complaints regarding discrimination, harassment, breaches on human rights or other issues to their managers, HR, union representatives or through Borregaard's whistleblowing system. Employees can choose to remain anonymous but are encouraged to identify themselves, with the assurance that their identity will remain confidential.

Concerns raised through our whistleblowing channel are received and processed by a notification group, which includes members of our legal department, the SVP of Organisation and Public Affairs, and the HR Director. The notification group monitors and reports the number of cases in an annual compliance report presented to the Board of Directors. We are committed to providing our employees with access to these channels and fostering the knowledge, confidence, and psychological safety needed to use them when necessary. At Borregaard, we treat all reported cases with the utmost seriousness, ensuring fair and impartial outcomes that consider the needs of all parties involved. Additionally, we uphold the highest standards of security and confidentiality in maintaining records of reports and their resolutions.

Anyone who raises concerns is legally protected, ensuring they can report misconduct, unethical behaviour, or violations without fear of retaliation. These protections uphold their rights and support transparency and accountability within organisations. This is outlined in our whistleblowing policy, which is available to both employees and external parties.

We take proactive steps to ensure our employees are well-informed about the Code of Conduct and the grievance mechanisms available to them. This awareness is seamlessly integrated into multiple facets of the employee experience through internal information campaigns. We use our intranet to regularly communicate with employees, highlighting the availability of our grievance channels and encouraging their use. In addition, we run Code of Conduct training for all employees. Our training programmes include dedicated sessions on the Code of Conduct, complemented by an e-learning module to ensure comprehensive understanding and accessibility.

S1-4 AND S1.MDR-A

Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Actions related to health and safety

Borregaard is committed to continuously improving both the actual and potential negative impact on health and safety for our own workforce.

All employees are strongly encouraged to report safety incidents and unsafe conditions through a dedicated and transparent reporting system. Borregaard follows a structured process to investigate the root causes of incidents, ensuring

that corrective and preventive measures are effectively implemented. Key metrics, such as sick leave and injury frequency rates (LTIF and TRIF), are closely monitored and reported on a monthly basis.

Serious incidents or near misses with high potential are classified as high-risk incidents, which include injuries (HRI1) or near misses (HRI2) that resulted in, or could have resulted in, serious personal injury or death. This information provides valuable insights into our risk process and lessons learned, enabling us to drive continuous improvement.

All Borregaard's manufacturing plants have established local EHS/Zero Harm organisations which include and engage employees. An EHS leadership team consisting of managing directors and safety professionals, leads the safety work together with the EHS manager for each plant.

The strengthened focus on digitalisation will also be important for new improvement initiatives within health and safety. In 2024, Borregaard launched a new e-learning programme for employees visiting non-Borregaard facilities, with the aim of increasing the safety of our employees. Additionally, Borregaard Germany implemented a new software tool for safety management and safety training.

We also focused on introducing and gaining knowledge of the Human and Organizational Performance (HOP) principles to enhance our processes and to promote a culture of safety and continuous improvement. By implementing these principles, we aim to better understand human behaviour, identify system weaknesses, and create a more resilient and proactive approach to risk management. This work will continue in 2025.

Exposure to chemicals is the main category of incidents (including both injuries and near misses). Systematic efforts through training and safety management have reduced the number of incidents related to chemical exposure in recent years. However, the number of incidents remains high. We will continue our efforts to enhance process safety through technical measures aimed at reducing the risk of exposure, as well as by training our workforce to raise awareness. High-risk incidents or incidents with significant potential, will be investigated with a focus on lessons learned. Job observations, a tool successfully used in some of Borregaard's production units, can also provide valuable insights. Our key actions to improve barriers and mitigate risks related to process safety are described in more details in E2-2.

The next major categories of incidents are crush and impact incidents, as well as slips and trips incidents. Raising awareness of risks from inattention and stress is an important measure to prevent injuries caused by conditions such as slippery, wet or greasy floors, uneven walking surfaces and poor housekeeping.

We have observed an increase in incidents involving the use of or contact with sharp objects. Our measures to address this include awareness training, the application of lessons learned, and regular reminders to wear gloves during operations that carry these risks.

The precautionary principle is fundamental and personal protective equipment is compulsory when a risk of exposure exists. Hence, we implement measures to reduce or eliminate substances that may have negative impacts. We have programmes for monitoring that concentration in the working atmosphere complies with regulatory limits as well as an action plan for reducing the concentration of SO_2 in the working environment.

In general, we saw an increase in total recordable incidents during 2024, compared to 2023. When we include first-aid cases in the evaluation, the number of incidents is almost at the same level. There are very often small differences between a first-aid case and a case that requires medical treatment. The actions mentioned above cover our initiatives to address these incidents.

With the aim of providing information, training and follow-up of external workers' and visitors' fulfilment of safety instructions, contractors and visitors need to go through training before entering our production sites. External workers are required to complete safety training before entering our sites. At the sites in Norway and Germany external workers and visitors need to fulfil an e-learning programme covering all relevant safety risks before being granted access to the production site.

The health of our employees is regularly monitored through medical examinations and working environment surveys. The working environment is generally considered to be good, and efforts are continually being made to improve it through various measures. In 2025, we will focus on improving data collection regarding work-related ill health among our employees. We believe this will bring several benefits, such as the early identification of potential issues, allowing us to take action before problems escalate. Accurate health data will also help to ensure compliance with regulatory requirements and facilitate transparent reporting.

Borregaard have introduced both preventive activities and initiatives to reduce stressful aspects of working conditions. Follow-up of employees on sick leave and adapting tasks for

individuals with suitable duties or shorter working hours for a limited time are examples of applied measures. Training, physical/mental health and lifestyle counselling, vaccinations and stress management are other examples. Most of the sick leave is due to musculoskeletal disorders, and we emphasise the use of ergonomic measures to prevent this. Borregaard's plant in Wisconsin has implemented AI-powered ergonomic software that records tasks, assesses, and identifies risks, helping the plant improve ergonomics and prevent musculoskeletal discomfort.

Actions related to competence development

High competence is one of the key elements of Borregaard's specialisation strategy. The combination of a unique expertise in sales and marketing, R&D and production drives the specialisation strategy and sets Borregaard apart from our competitors. Our corporate culture and values support our strategy and contribute to moving the company in the right direction.

We conduct an annual risk assessment which includes diversity and recruitment, as well as development of unique competence. We continuously follow-up on measures to ensure that we have the required expertise to support our culture and specialisation strategy.

Over many years, Borregaard has developed a strong corporate culture, which contributes to common core values and an understanding of the business across functions, business areas and geographical boundaries. Therefore, competence development is regarded as material in Borregaard's stakeholder and materiality analysis. Our culture and values document, The Borregaard Way, reviews our core values: sustainability, long-term perspective and integrity, and plays an important role in the various introduction and development programmes. We want our corporate culture to be influenced by market orientation, innovation and our ability to change. Our leadership principles are an integral part of The Borregaard Way, where expectations and guidelines for executing leadership at Borregaard are outlined.

As a competence driven company, Borregaard makes substantial efforts in training and competence development, both within our areas of core competence and our corporate culture. This positively contributes to the innovation of sustainable products, as well as improving our environmental impact, operations and suppliers. As Borregaard's production processes are complex and highly integrated, significant importance is placed on knowledge and competence in the areas of production and biorefining. Borregaard's production academy involves topics such as leadership, culture, and lean manufacturing to enhance a joint approach and understanding of how to drive continuous improvement. We arrange internal training programmes for our operators and apprentices in all areas of core competence. Borregaard also runs competence development programmes for sales staff, including sales and application academies, as well as biannual conferences for employees in innovation. We have company-specific targets to track our progress in competence development. Each year, we aim to conduct five structured competence programmes to systematically enhance our unique competence.

Borregaard's unique expertise in sales and marketing, R&D and production among its employees is considered to be an immaterial resource. In addition, Borregaard has various patents and licenses that are also considered to be immaterial resources.

Individual development

Annual appraisal dialogues are held between managers and employees. The appraisal covers topics such as expectations and goals, feedback, development and overall performance. Individual development plans are followed up by the manager. The overall input from the appraisal dialogue concerning career and competence development is summarised and discussed in an annual organisational review as a basis for internal mobility, development measures and competence development programmes.

Recruitment and sponsorships

Based on the current age composition of the workforce, Borregaard's biorefinery in Norway will have to attract several qualified employees in the coming years. Borregaard has therefore recruitment activities and school programmes to encourage interest in an industrial career with relevant qualifications. One example is our partnership with Borg Upper Secondary School in Sarpsborg, aimed at creating Norway's best education within process chemistry at the operator level.

Borregaard works closely with schools and educational institutions. Our Knowledge Plant functions as an inhouse training centre and as a showroom and venue for school visits. We offer educational programmes that align with schools' curricula, using examples from the company. Every year, we receive visits from students taking part in educational programmes that combine technical training, career advice, and a company presentation.

Our apprentice programme is a collaboration between the county and Borregaard, and it serves as an important recruitment arena for new operators. The apprentices must complete

a two-year practical training period with a dedicated instructor from Borregaard. Each year we welcome students to our summer internship programme, which serves as a recruitment arena by offering students insight into our operations and allowing us to get to know them better.

In 2024, Borregaard contributed around NOK 7 million million to support measures that benefit both the company and the region, with the overall goal of strengthening our long-term attractiveness as an employer. Our sponsorship strategy has two main pillars. The first pillar covers cultural and sports experiences and activities that make the city and region more attractive. This, in turn, contributes to easier recruitment and retainment of employees. The second pillar supports initiatives aimed at encouraging young people to understand and take an interest in fields important to Borregaard and society, such as natural sciences and entrepreneurship. This is demonstrated by our support for and cooperation with various educational institutions, such as Inspiria Science Centre, the Young Entrepreneurship scheme and the company's own Knowledge Plant.

Employee engagement

We measure engagement and well-being through our annual employee engagement survey. The survey provides insights on topics such as learning and development, strategic alignment, vision, goal achievement, feedback, communication, workplace relationships, employer recommendation, diversity, and harassment.

Actions related to diversity and equal opportunities

Our diversity programme aims to enhance diversity among our employees in line with our values of integrity and sustainability. This is further described in The Borregaard Way, our Human Rights Policy and Code of Conduct. Diversity brings a range of perspectives and ideas to our internal discussions and processes. We believe that promoting diversity, including different cultures, genders, ages and backgrounds, will create a healthy and productive working environment, leading to higher motivation and lower sick leave. We also believe that this will make us more competitive, both as an employer and as a supplier of products. Our materiality assessment demonstrates that our focus on diversity has a positive impact on our workforce, making a material contribution to our value creation. In large, this also impacts society, as Borregaard provides job opportunities for a diversified target group.

Equality and diversity are about exercising corporate responsibility, acting in a transparent, honest, and predictable way, being respectful of individuals and cultures and upholding our own integrity.

Borregaard has initiatives designed to encourage the recruitment of female managers and employees. The company-specific goal is for 35% of new hires to be women. However, the industry and educational institutions from which we recruit are dominated by male candidates, which makes this goal quite ambitious. We deliberately nominate a high proportion of women in management and technical programmes, as well as in the company's recruitment base.

The lowest proportion of women is in production, while the proportion of women in R&D, customer service, HR and finance and accounting is above 50%. We have the same working hours for men and women and the degree of part-time employment is low.

We have guidelines for adapting working hours and conditions for employees in different phases of their career. In Norway, we have joined networks for enabling job training for people who, for various reasons, have difficulties entering the job market.

Borregaard is a global organisation with 35 different nationalities. We have experienced that employing people with diverse ethnic and cultural backgrounds is a strength within the organisation. The diversity of nationalities also affects how our training programmes are put together and staffed.

We conduct an annual organisational review, which is a systematic process for evaluating leadership, skills, and succession planning. During this review, managers are encouraged to assess the diversity within their own teams and focus on succession planning with an emphasis on gender balance, age distribution and overall diversity. A summary of findings and actions are presented to the Group Executive Management and the Board of Directors.

S1-5 AND S1.MDR-T

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

KEY METRICS, TARGETS AND RESULTS

KEY METRICS

- Health and safety:
  - Lost time injury frequency (LTIF): 0.9
  - Total recordable injury frequency (TRIF): 7.9
  - High-risk incidents (HRI1): 1
- Competence development:
  - 51 apprentices of which 24 were onboarded in 2024 (Norway)
  - 14 apprentices hired permanently after training period
  - 107 new employees onboarded in 2024
  - 7.0% total employee turnover, 3.6% was voluntary
- Diversity and equal opportunities:
  - 35 different nationalities
  - 25% of employees were female
  - 28% of managers were female

2024

- **Target:** TRIF below 3.5/long term: 0

  Result: 7.9
- **Target:** Sick leave rate < 3.5%

  Result: 4.0%
- **Target:** Minimum 35% of new hires to be female employees

  Result: 29%
- **Target:** 2024: Run 5 competence academies

  Result: 6
- **Target:** Long term: Minimum 35% proportion of female employees and managers

  Result: 28%
- **Target:** Voluntary turnover less that 3.5%

  Result: 3.6%

FUTURE TARGETS

- 2024: TRIF 3,5
- Long term: TRIF 0
- 2025: Sick leave rate below 4.0%
- Long term: Sick leave rate Below 3.0%
- 2025: Run 5 competence academies
- 2025: Minimum 35% of new hires to be female employees
- Long term: Minimum 35% proportion of female employees and managers
- 2025: Voluntary turnover less than 3.5%

Key metrics are the most important indicators for tracking progress towards the target.

S1-6

Characteristics of the undertaking's employees metrics

By the end of 2024, we recorded a total number of 1195 employees (883 men and 312 women) and 1141 FTE. 84 employees left Borregaard during the year, and the employee turnover rate was 7%. The voluntary turnover was 3.6%. Voluntary turnover serves as a key company-specific metric, offering valuable insights into job satisfaction, workplace well-being, and overall perceptions of Borregaard as an employer. A full picture of our workforce is given in table "Characteristics of the Undertaking's Employees Matrix".

Characteristics of the undertaking's employees metrics

ESRS DP_ID	Metrics related to own workforce	Unit	Total 2023	Female 2024	Male 2024	Total 2024	Δ% (2024-2023)
S1-6_01	Number of employees	Number	1,166	312	883	1,195	2
S1-6_02	FTE Borregaard Group	Number	1,127	285	856	1,141	1
S1-6_05	Number of employees Norway	Number	852	211	654	865	2
S1-6_05	Number of employees Americas	Number	169	48	136	184	9
S1-6_05	Number of employees EMEA	Number	92	31	58	89	-3
S1-6_05	Number of employees Asia	Number	53	22	35	57	8
S1-6_07	Number of full-time employees	Number	1,119	287	857	1,144	2
S1-6_07	Number of part-time employees	Number	26	14	16	30	15
S1-6_07	Number of permanent employees	Number	1,145	300	870	1,170	2
S1-6_07	Number of temporary employees	Number	26	12	13	25	-4
S1-6_7	Percentage of employee turnover	%	7.2			7.0	
C.s.	Percentage of voluntary turnover	%	3.8			3.6	

See Note 8.

S1-7

Characteristics of non-employees in the undertaking's own workforce metrics

By the end of 2024, we recorded a total number of 73 non-employees. Non-employees are individuals who are not formally employed by Borregaard but perform work on our behalf. This group includes apprentices, who undertake a mandatory two-year practical training period at Borregaard as part of their education. During this time, they work closely with a dedicated instructor from our company. Additionally, the non-employee category encompasses temporary workers hired through staffing agencies to cover for absences such as sick leave or parental leave.

Characteristics of non-employees in the undertaking's own workforce metrics

ESRS DP_ID	Metrics related to non-employees	Unit	Total 2023	Female 2024	Male 2024	Total 2024	Δ% (2024-2023)
S1-7_01	Number of non-employees in own workforce	Number	74	12	51	73	-1

Accounting policy

Total number of employees

Employee data is extracted from our global HR system "CatalystOne". The total number of employees is expressed on a headcount basis, and the number of full-time/part-time/permanent/temporary employees are expressed on a FTE basis. The data represents status at year end. (31.12.2024)

Turnover

The number of employees who left The Borregaard Group during the financial year voluntarily, retirement, death or other reason. The employee turnover is calculated on the number of employees who have left the company relative to the number of employees within the reporting year. All numbers are given on a headcount basis.

Non-employees

Non-employees are individuals who are not formally employed by Borregaard but perform work on our behalf. The total number of non-employees is expressed on a headcount basis. The number represents status at year end, 31.12.2024.

S1-8

Collective bargaining coverage and social dialogue metrics

Collective bargaining agreements cover 87% of the total workforce. In Norway, 100% of the company's direct employees are covered by such agreements. While not all employees in Norway are members of a labour union, all employees are covered by the same working conditions and terms of employment. Non-employees in Norway are also subject to the same working conditions and terms of employment, as these are governed by both the collective bargaining agreement and national legislation.

S1-9

Diversity metrics

For gender distribution in number of employees at top management level – see table "Diversity Metrics".

In line with our annual Diversity and Equality Report, we placed greater focus on measures to prevent any form of discrimination or other barriers to equality and diversity in 2024. This Included incorporating questions regarding diversity and inclusion. In general, the vast majority confirms that they are not exposed to discrimination and that people of all backgrounds

Collective bargaining coverage and social dialogue metrics

ESRS DP_ID	Metrics related to collective bargaining	Unit	2023	2024	Δ% (2024-2023)
S1-8_01	Percentage of total employees covered by collective bargaining agreements	%	87	87	0
S1-8_02	Percentage of own employees covered by collective bargaining agreements are within coverage rate by country with significant employment (in the EEA)	%		100	

Diversity metrics

ESRS DP_ID	Metrics related to diversity	Unit	Total 2023	Female 2024	Male 2024	Total 2024	Δ% (2024-2023)
C.S	Minimum 35% new hires to be female employees	%	27			29	7
C.S	Minimum of 35% proportion of female employees	%	26			25	-3
C.S	Minimum of 35% proportion of female managers	%	29			28	-3
S1-9_01	Gender distribution in number of employees at top management level	Number	2	2	7	7	
S1-9_02	Gender distribution in percentage of employees at top management level	%		22	78		
S1-9_03	Distribution of employees under 30 years old	Number		38	126	164	
S1-9_04	Distribution of employees between 30 and 50 years old	Number		242	605	847	
S1-9_05	Distribution of employees over 50 years old	Number		32	152	184	

Accounting policy cont.

Gender distribution of top management

Proportion of women at top management level. Top management is defined as level 1 and 2.

Age distribution

Calculations include all employees (full time and part -time) and is calculated on a headcount basis per 31.12.2024.

are accepted at Borregaard. Any non-conformities or areas of concern were followed up within relevant departments, in a separate health and work environment survey and in the annual appraisal dialogues. We have also established KPIs concerning diversity and inclusion, and results and progress will be measured in 2025.

We will continue to work systematically to recruit and develop people of different ethnicity, genders and age groups. Our focus on diversity will continue to be reflected in recruitment, employer branding and leadership development, and measured and monitored through our organisational review and annual engagement survey.

S1-10

Adequate wages metrics

We are committed to paying an adequate wage that meets the needs of the worker and their family, taking into account the national economic and social conditions of a country. In addition, we are committed to equal pay, ensuring that individuals in equivalent positions with comparable competencies receive fair and equal remuneration throughout all salary-related processes, from hiring to promotion.

Our compensation policy is designed to uphold fairness, transparency, and equal opportunity for everyone. We regularly review and monitor our compensation plans to ensure that benefits across our entities align with local market standards and practices.

All our employees receive fair and adequate wages for the work they perform, either through local collective bargaining agreements or by referencing external national benchmarks. We incorporate national benchmarks when determining wages for all employees, to ensure they receive an adequate wage. In 2024, we carried out external wage benchmarking for our local offices in Brazil and India. The findings revealed minor discrepancies in our India office, for which corrective measures have been implemented. Overall, the results confirmed that our employees are compensated fairly and in line with relevant local standards. In compliance with legislation, non-employees are also entitled to the same pay and benefits as our workforce.

S1-13

Training and skills development metrics

During 2024, a total of 865 employees participated in training, successfully completing 93 courses and e-learning modules. This amounted to 8.5 hours of training per employee (all employees) on average. We conducted 6 competence development programmes.

In 2024, 35% of the participants in the group management competence programmes were female, representing 9 different nationalities.

Borregaard has increased its attraction, recruitment, and retention activities in 2024. During the year, we hired 107 new employees and directed special efforts into efficient onboarding. We conducted two introduction programmes at our headquarters in Sarpsborg for 42 new employees from our units worldwide.

Individual development

Annual appraisal dialogues are held between managers and employees. In 2024, 876 employees participated in an appraisal dialogue with their manager. This represents 88% of those who were included in the annual appraisal process (a minor share of employees is not part of the appraisal process due to labour union agreements).

Training and skills development metrics

ESRS DP_ID	Metrics related to competence development	Unit	Total 2023	Female 2024	Male 2024	Total 2024	Δ% (2024-2023)
S1-13_02	Employees that participated in regular performance and career development reviews	%	90			88	-2
		Number		242	634	876	
S1-13_03	Average number of training hours by gender	Number		7.3	9.0	8.5	
S1-13_04	Average number of training hours per person for employees	Number	17.0			8.5	
C.S.	Run 5 competence academies	Number	8			6	

S1-14

Health and safety metrics

There were no fatalities due to work-related injuries or ill health among Borregaard's workforce or other workers at our sites in 2024.

The total number of recordable work-related accidents/injuries (TRI) for our workforce in 2024 was 17, compared to 11 in 2023. The total recordable injury frequency (TRIF) for 2024 was 7.9 compared to 5.3 in 2023. Of the 17 recordable injuries, 2 were lost-time injuries. The two lost-time injuries occurred at Borregaard's plant in Sarpsborg and Borregaard's plant in Germany. In Sarpsborg an employee was exposed to sodium hypochlorite resulting in 2 days of absence, this incident was classified as a high-risk incident, HRI1. In Germany an employee fell down the stairs resulting in 5 days of absence.

The total number of recordable work-related accidents/injuries (TRI) for other workers (contractors) working at our sites was 5. All incidents occurred at Borregaard's site in Sarpsborg. Of the 5 recordable injuries, 3 were classified as lost-time injuries. Two of the lost-time injuries were categorised as crush/impact accidents, and the last injury was caused by contact with sharp equipment.

The total sick leave in 2024 was 4.0%, which is an increase compared to 2023, when the sick leave was 3.9%.

Accounting policy cont.

Average number of training hours

Total training hours completed by employees divided by the total number of employees (not FTE). The number of employees who participated in training and number of courses completed are extracted from our HR system CatalystOne and e-learning tool "Crossknowledge".

Health and safety

We receive Excel reports containing information on hours, incidents, and injuries (for both own workforce and for contractors) from our plants and sales offices.

We export incidents and injuries from a dedicated reporting system, Kairos, from the biorefinery in Sarpsborg, Norway. Information on hours and sick leave is obtained from the human resources department. All the data is presented in a Power BI report, which extracts information from an Excel report that consolidates all data inputs from sales offices and plants.

Hours for contractors are calculated based on numbers from the finance department and from input from external services.

The rate of recordable work-related incidents is calculated by dividing the total recordable accidents/injuries by the total hours worked during the last 12 months and multiplied by a million.

To gain a full understanding of our health and safety performance, we use a range of company-specific metrics to monitor and track trends and developments, enabling us to take proactive measures that enhance the safety for our employees.

Health and safety metrics

ESRS DP_ID	Metrics related to health and safety	Unit	2022	2023	2024	Δ% (2024-2023)
S1-14_01	Percentage of people in its own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines	%	100	100	100	0
S1-14_02	Number of fatalities as a result of work-related injuries and work-related ill health	Number	0	0	0	0
S1-14_03	Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	Integer	0	0	0	0
S1-14_04	Number of recordable work-related injuries for own workforce	Number	10	11	17	55
S1-14_05	Rate of recordable work-related injuries per million hours worked	Rate	5	5	8	51
S1-14_07	Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees	Number	101	182	54	-70
C.S	Number of high-risk incidents (HRI1)	Number			1	
C.S	Number of lost time work-related injuries	Number	2	1	2	
C.S	Rate of lost time work-related injuries per million hours worked (LTI-rate)	Rate	1.0	0.5	0.9	96
C.S	The numbers of hours worked	Number	2,025,186	2,091,399	2,135,910	2
C.S	Sick leave	%	4.3	3.9	4.0	5
	Metrics related to health and safety					
C.S	Number of fatalities as a result of work-related injury - contractors	Number	0	0	0	0
C.S	Number of recordable work-related injuries - contractors	Number	6	4	5	25
C.S	Rate of recordable work-related injuries per million hours worked - contractors	Rate	23	12	14	17
C.S	The numbers of hours worked - contractors	Hours	258,769	339,561	362,616	7

S1-15

Work-life balance metrics

We strive to create working conditions that support both our employees' well-being and our business objectives. While we aim to make our physical premises the preferred work environment, we also recognise the value of providing flexibility. Allowing employees to work partially from home, where possible, reflects our commitment to meeting individual needs, recognising the diverse nature of roles within our company, and promoting a healthy work-life balance.

We actively encourage employees to take holidays, parental leave, and to disconnect from work outside of working hours. All employees are entitled to family-related leave, ensuring they receive support for their personal and family needs.

In 2024, 37 employees took family-related leave (57% men and 43% women). This is 3% of the employees who are entitled to leave.

Work-life balance metrics

ESRS DP_ID	Metrics related to work-life balance	Unit	Total 2023	Female 2024	Male 2024	Total 2024	Δ% (2024-2023)
S1-15_01	Percentage of employees entitled to take family-related leave	%				100	
S1-15_02	Percentage of entitled employees that took family-related leave	%				3	
S1-15_03	Percentage of entitled employees that took family-related leave by gender	%		43	57		

S1-16

Remuneration metrics (pay gap and total remuneration)

The ratio of base salary and payment of women to men at Borregaard in Norway is 104% (women: NOK 818 500/men: NOK 788 500). The base salary is fixed salary plus fixed additions to the salary such as for instance shift pay. Overall, the company has a relatively equal average salary for women and men. As part of legal requirements from Norwegian authorities, Borregaard has evaluated all Norwegian positions regarding equal pay related to gender. The results are published in our annual diversity and inclusion report.

The pay ratio (base salary) between the President and CEO and the median Borregaard employee in Norway was approximately 6.8 to 1 in 2024.

Remuneration metrics (pay gap and total remuneration)

ESRS DP_ID	Metrics related to remuneration	Unit	Total 2023	Female 2024	Male 2024	Total 2024	Δ% (2024-2023)
S1-16_01	Gender pay gap	%	104	104		100	
S1-16_02	Annual total remuneration ratio	%	6.4 to 1			6.8 to 1	

Accounting policy cont.

Family related leave

Family related leave includes maternity leave, paternity leave, parental leave, and care leave available to employees under the company policies, national laws and/ or collective agreements.

Remuneration

The CEO pay ratio is calculated in the ratio between the CEO's basic salary including fixed allowances and the average/median salary per headcount in Norway. The numbers are compiled from our payroll system.

S1-17

Incidents, complaints and severe human rights impacts metrics

In 2024, a total of 3 grievance cases were raised. Of these, no cases were related to discrimination.

No incidents of severe human rights issues or incidents connected to own workforce that contravene the UN Guiding Principles and OECD Guidelines for Multinational Enterprises were reported internally or externally through the existing channels. Consequently, we incurred no fines, penalties, or compensation obligations related to such issues.

Complaints or concerns raised through the appropriate channels, e.g. whistleblowing system, have been dealt with according to the internal procedures.

During the reporting period, Borregaard has not identified any severe human rights incidents, including cases of forced labor, human trafficking, or child labor. No instances of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises have been recorded.

Incidents, complaints and severe human rights impacts metrics

ESRS DP_ID	Metrics related to Incidents, complaints and severe human impacts	Unit	Total 2023	Female 2024	Male 2024	Total 2024	Δ% (2024-2023)
S1-17_01	Number of incidents of discrimination	Number	0			0	

G | Governance information

ESRS G1 Business conduct

Procurement constitutes a substantial portion of our budget and plays a crucial role in our production. The goods and services we purchase, the suppliers we select, and the standards and requirements we set for them directly impact the environment, society, and governance. Trough management of relationships with suppliers, including payment practices, we can make a positive contribution.

Our stakeholders expect that our sourcing of goods and services, as well as our interactions with suppliers, are conducted in a fair and proper manner. These expectations are considered as we address all three pillars of sustainability – social (people), environment (planet) and economy (profit) – in all procurement activities.

Environmental, social and governance factors are integrated into sourcing decisions and the assessment of suppliers.

Our commitment to sustainable sourcing is embedded in the following top governing documents: the Procurement Policy and the Responsible Sourcing Policy.

The Senior Vice President Procurement and Strategic Sourcing is responsible for implementation of the policies.

Guidelines and instructions are made available both to employees and external stakeholders to regulate activity and help cultivate good relationships and sound business practices.

G1.IRO-1

Processes to identify and assess material impacts, risks and opportunities

Borregaard continuously focuses on governance and the work is overseen by the compliance board. Following the materiality analysis, the management of supplier relationships is regarded as material for Borregaard. Spend assessment is a key method for identifying material impacts and our potential to influence them. We use EcoVadis, supplier questionnaires, supplier evaluation, sourcing practises, and interactions with suppliers to assess any significant actual or potential negative social and environmental impacts

Materiality assessment outcome

BUSINESS CONDUCT

Material sustainability matters

- ☐ Corporate Culture
- ☐ Protection of whistleblowers
- ☐ Animal welfare
- ☐ Political engagement
- ☑ Management of relationships with suppliers, including payment practices
- ☐ Corruption and bribery
- ☐ Prevention and detection, including training
- ☐ Incidents

Positive impacts and opportunities in the value chain

- Management of relationships with suppliers
  - Upstream

Impact on the environment and people
Financial risk and/or opportunity

associated with the suppliers and their supply chain, as well as our potential impact. We evaluate the risk and categorise suppliers as high, medium, or low risk. A systematic approach is applied and our findings are thoroughly documented. Borregaard focuses on high and medium-risk suppliers, particularly those providing essential products and services, suppliers of limited availability products and services, and areas where we have the most impact. Supplier interactions, sourcing and EcoVadis ratings are conducted throughout the year. The supplier portfolio is assessed annually using EcoVadisIQ, as part of our yearly management review process.

G1-1 AND G1.MDR-P

Business conduct policies and corporate culture

Borregaard has a solid foundation for its operations, built on a strong corporate culture and core values, described in the Borregaard Way document. The culture and values are rooted in the company's goals and strategy, and a number of efforts are in place to nourish and enhance our culture (Market-oriented, Innovative, Change-oriented) and our values (Sustainability, Long-term perspective and Integrity). The Borregaard Way is integrated in all introduction programmes, management academies and other training programmes, in addition to dilemma discussions and E-learning training tools.

Borregaard has also a set of overarching, global policies that regulate a number of matters within governance and sustainability. The main documents have been approved by the company's Board of Directors, which also sets the overall goals for the areas covered by those reporting procedures. The relevant guidelines are:

- Code of Conduct (describing the company's ambitions and the employee's duties with several ethical and governmental areas)
- Environment, Climate, Health and safety Engagement policy (describing guidelines and goals for the mentioned areas)
- Human Rights policy (describing ambitions and goals within human and labour rights)
- Anti-Corruption policy/manual (describing regulations, ambitions and duties within anti-corruption)
- Corporate Governance Principles
- Responsible Sourcing policy (describing ambitions and guidelines for sourcing of goods and services and our expectations towards suppliers)
- Competition Law Compliance policy (describing regulations, ambitions and duties within competition law compliance)

The Group Executive Management, with their formal competence and relevant experience, are responsible for overseeing the company's goals, measures and results.

The daily implementation is the responsibility of line management. This means that corporate responsibilities are integrated into all operations across Borregaard's subsidiaries, as well as within various management teams, units and departments.

Training programmes and materials on relevant topics and guidelines are also developed and implemented for employees.

All employees in Borregaard have annual PLUS talks with their manager. There is also an annual employee survey for all employees. Both the PLUS talks and employee surveys encourage employees to open up on issues related to breaches of code of conduct. Every three years, a working environment survey is conducted on behalf of the Occupational Health Service where employees are encouraged to bring up relevant topics that impact the working environment. The Group Executive Management evaluates the result of the surveys and each department is responsible for implementing actions to improve the result. The surveys are anonymous.

Borregaard strives for transparency and a strong corporate culture to ensure that challenging or undesirable situations are openly discussed and resolved. There may be situations where employees see or experience conflicts with Borregaard's guidelines or expectations. Ideally, such issues should be dealt with where they occur. However, there may be circumstances where this is difficult, not possible, or desirable for the employee. Therefore, Borregaard has established a whistle-blowing system operated by a third party, including a separate channel accessible for employees and external parties. Any unethical behaviour can be reported through the channel, in accordance with Borregaard's Code of Conduct, Section 7.2, or according to applicable law. Whistleblowers may request anonymity, which will be respected to the extent legally possible. Borregaard's written procedures satisfy governmental requirements. Guidelines are translated into relevant languages and implemented in the company's subsidiaries worldwide.

The main risk regarding corruption and bribery is in the risk matrix for compliance considered to be sale to countries with high risk for corruption, even though the risk is considered to be low due to training and established policies and procedures. Examples of specific measures in high-risk countries are very restrictive use of agents,

insignificant use of cash transactions, background checks of new distributors and customers in addition to training related to corruption.

International and national chemicals legislation require tests and registrations with the authorities before products can be safely and legally placed on the market. Animal testing might therefore be necessary in some exceptional cases to ensure compliance with relevant directives. Borregaard is however committed to ensure that the number of animals is reduced to a minimum, and whenever possible replace the use of animals with alternative methods. A policy and procedure for approval and performance of animal testing is in place.

G1.MDR-A

Actions related to business conduct

Our key actions in managing supplier relationships focus on engagement, collaboration and sustainable sourcing and procurement. This involves clear communication with suppliers, setting expectations and requirements, and assessing risks and opportunities within the suppliers and supply chains. These actions are ongoing, with no fixed timeframes, supported by annual and interim targets.

We aim to make our supply chain as sustainable as possible when purchasing goods and services. We actively communicate our expectations and requirements to our partners, and as part of our decision-making process we collect information from our suppliers about their businesses. An example of such information is physical climate and nature-related risks that can cause disturbance in the supply chain. We assess the suppliers on efficiency, price, quality, and the service levels, as well as social and environmental issues. Our established strategy is to conduct sustainable purchasing, where social, ethical, and environmental aspects are integrated and given considerable weight in the procurement process. We have a risk-based approach directing our efforts towards product categories and suppliers which represent the most significant risk potential.

G1-2

Management of relationships with suppliers

Electronic invoicing is part of our initiative to ensure correct payment, strengthen our supplier relationships, and reduce our environmental footprint. To prevent late payments, we instruct our suppliers to mark all necessary sales documents according to The Accounting Act and include references to purchase orders or the name of the recipient. An automated and digitalised invoice approval and payment workflow contributes to achieving transparency, maintaining timely payments, and avoiding discrepancies that may arise from manual invoicing processes. The remittance itself is carried out two to four times per week and includes all payments with a due date seven days ahead. However, the payment is made on the due date at the bank. Our payment policies apply equally, regardless of the size or type of the supplier.

Risk is mitigated and harm is avoided by adhering to established principles and specific compliance criteria, which are published and transparent. We comply with, and we expect our suppliers to comply with accepted levels of ethical and responsible practices in the areas of Human rights, Labour and decent working conditions, Environment, Ethics and Anti-corruption in line with the Ten Principles of the UN Global Compact and the standards given by the International Labour Organisation (ILO), Declaration on Fundamental Principles and Rights at Work. Our suppliers commit to such standards by signing our Supplier Code of Conduct (SCoC). All our suppliers that signed the SCoC have contractually committed to the acknowledged standards. In addition, our contracts include, where appropriate based on risk assessments, specific clauses addressing environment, labour, and human rights considerations.

We consider any significant actual and potential negative social and environmental impact by the supplier and their supply chain. In the case of significant impacts, we use our purchasing power to assess the possibility of influencing the supplier's business standards for the better. In severe cases and/or where the supplier shows no efforts to improve, the alternative would be to end the relationship with the supplier.

We have necessary measures in place to comply with the Norwegian Transparency Act, promoting decent working conditions and human rights throughout the value chain.

We use the EcoVadis modules, IQ and Ratings, to assess our suppliers. Through EcoVadis IQ, we conduct a risk assessment across our supplier base identifying company risk distribution per themes: Environment, Labour & Human Rights, Ethics and Sustainable Procurement. An overall risk distribution is defined, based on the supplier's inherent sustainability risk intelligence from EcoVadis combined with our own procurement data. Since changes in procurement data can impact the risk profile, it is essential to update supplier data in EcoVadis IQ regularly. We have implemented a process to update supplier data, spend and criticality every 12 months followed by an updated IQ assessment.

The second module, EcoVadis Ratings, provides a comprehensive assessment of individual companies' sustainability performance across the same themes as EcoVadis IQ. The ratings are derived from a thorough assessment of each company's policies, practices, and documented evidence. Companies are evaluated on the material issues relevant to their size, location, and industry. Corrective actions tailored to each company are determined based on the assessment results.

Borregaard's corporate culture, as well as our values on integrity and sustainability, contribute to standards and objectives for sound business ethics throughout the value chain.

In 2024, the estimated monetary value of payments made to suppliers (spend) was approximately NOK 5.4 billion. We sourced from 2,300 suppliers from 47 different countries. 81% of the sourcing was from Europe, 15% from the US and Canada and the remaining 4% distributed throughout Asia, Americas, Australia, and Africa. Out of the 2,300 suppliers, 279 had a spend exceeding NOK 1 million and 217 suppliers were defined as bottleneck or strategic suppliers.

78% of spend was related to the biorefinery in Norway, out of which 59% was direct spend (energy and raw materials) and logistics. Out of the 1717 suppliers to the biorefinery in Norway, 88% of spend originated from Norway, Sweden, and Germany.

In 2024, we further enhanced our supplier data collection process and strengthened engagement and collaboration with suppliers. We implemented a digital tool for sourcing, supplier approval and collaboration, which improves data quality, supplier insights and supply chain transparency. We gathered detailed information from suppliers on their sustainability efforts related to nature, climate, emissions, water usage and water security.

We conducted our annual update of EcoVadis IQ where 1,669 suppliers were assessed for environmental and social impacts. 1 supplier was identified as having social impacts, however, the supplier is not considered strategic and thus no supplier is identified as having significant actual and potential negative social impacts. 3 suppliers were identified as having environmental impacts by EcoVadis IQ.

In addition, we regard the 607 suppliers in the categories: logistics, chemicals and wood as having potential negative environmental impacts. 35 of these are classified strategic and thus identified as having significant actual and potential negative environmental impacts. Improvements have been agreed with 54% of them.

In 2024, we have not identified any significant negative social or environmental impacts. As such, it has not been deemed necessary to terminate relationships with any of the identified suppliers.

Our long-term target is for 100% of our key suppliers to disclose in-depth sustainability performance through EcoVadis Ratings. We are continuously engaging with our suppliers to encourage them to act on this. In 2024, 65% of our key suppliers disclosed their sustainability performance on EcoVadis Ratings.

Training in sustainable procurement has been provided to all buyers through our "Bringing procurement closer together" initiative, as well as trough semi-monthly meetings where sustainable procurement is always on the agenda.

In 2025, we will continue to improve our supplier data collection process and work closely with our suppliers, setting clear expectations and requirements, while assessing the risks and opportunities within the suppliers and supply chains. The annual EcoVadis IQ update will be conducted, and suppliers will be encouraged to disclose on EcoVadis Ratings to improve data quality and transparency. Continuous training and development in responsible sourcing will remain a priority in 2025.

G1.MDR-M AND T

Targets related to management of suppliers

KEY METRICS, TARGETS AND RESULTS

KEY METRICS

- 2,300 suppliers, 96% European, Canadian and US based
- 57%* has signed our Supplier Code of Conduct
- 100% of new suppliers** were screened using environmental criteria
- 100% of new suppliers** were screened using social criteria

2024

- **Target:** All new suppliers** sign Supplier Code of Conduct and are assessed w.r.t. responsible sourcing.

  Result: 100%

- **Target:** 70% of strategic suppliers disclose information on the EcoVadis platform

  Result: 65%

- **Target:** 8 supplier audits

  Result: 10 supplier audits

FUTURE TARGETS

- 2026: All new suppliers sign Supplier Code of Conduct and are assessed w.r.t. responsible sourcing
- 2026: 70% of key suppliers disclose information on the EcoVadis Ratings
- 2025: 8 supplier audits

Key metrics are the most important indicators for tracking progress towards the target
**Targeted suppliers: All suppliers except those classified non-critical*
*** Targeted suppliers: All new suppliers except those classified non-critical*

G1-6

Payment practices

In 2024, the average number of days to pay our invoices from date when contractual or statutory term of payment starts to be calculated was 32. Our standard payment term for the main category of suppliers was 30 days, 50% of the incoming invoices. A 45-day payment term was applicable to 33% of the incoming invoices. For the remaining invoices, payment terms ranged from payment in advance to 120 days following receipt of the invoice. The calculations of these figures are based on a representative sample, encompassing 97% of the received invoices. As per 31.12.2024 there was no outstanding legal proceedings for late payments.

Payment practices and supplier metrics

ESRS DP_ID	Metrics related to business conduct	Unit	2022	2023	2024
G1-C.S	Metrics related to payment practices				
G1-6_01	Average number of days to pay invoice from date when contractual or statutory term of payment starts to be calculated	number			32
G1-6_02	Description of undertakings standard payment terms in number of days by main category of suppliers	number			30
G1-6_03	Percentage of payments aligned with standard payment terms	%			50
G1-6_04	Number of outstanding legal proceedings for late payments	number			0
	Metrics related to supplier environmental assessment				
C.S	New suppliers that were screened using environmental criteria	number	41	86	85
C.S	Number of suppliers assessed for environmental impacts	number	1,356	1,626	1,669
C.S	Number of suppliers identified as having significant actual and potential negative environmental impacts	number	289	31	35
C.S	Significant actual and potential negative environmental impacts identified in the supply chain	number	0	0	0
C.S	Percentage of suppliers identified as having significant actual and potential environmental impacts with which improvements were agreed upon as a result of assessment	%	0	55	54
C.S	Percentage of suppliers identified as having significant actual and potential environmental impacts with which relationship were terminated as a result of assessment, and why	%	1	0	0
	Metrics related to supplier social assessment				
C.S	New suppliers that were screened using social criteria	number	41	86	85
C.S	Number of suppliers assessed for social impacts.	number	1,356	1,626	1,669
C.S	Number of suppliers identified as having significant actual and potential negative social impacts	number	4	0	0
C.S	Significant actual and potential negative social impact identified in the supply chain	number	0	0	0
C.S	Percentage of suppliers identified as having significant actual and potential social impacts with which improvements were agreed upon as a result of assessment	%	0	0	0
C.S	Percentage of suppliers identified as having significant actual and potential social impacts with which relationship were terminated as a result of assessment, and why	%	0	0	0

Accounting policy

*Calculation of: **G1-6-01**: number of days between invoice- and clearing date for all invoices, regardless of payment terms, averaging the values. **G1-6-02**: the payment term for the majority of invoices. **G1-6-03**: percentage of invoices with payment term 30 days. **G1-6-04**: summarising number Legal debt collection cases, as per December 31, 2024. The basis for the calculations is payments made in 2024, accounting for 97% of Borregaard's global spend, with information being compiled in PowerBI, which retrieves data from SAP.*

Accounting policy for the company specific targets

Spend data, unique supplier ID, name and location, from SAP and manually collected for non-SAP subsidiaries. Monthly loading of SAP data and annually loading of non-SAP data to Ignite. All in NOK. Suppliers classified into non-critical, leverage, bottleneck, and strategic, and categorised into Wood, Logistics, Chemicals, Energy, Indirect, Packaging, and Spend Excl. Data regarding screening and assessments are from EcoVadis IQ. Widgets in Ignite displays several of the metrics, and others are calculated in excel by combining data.

Sarpsborg, 17 March 2025

THE BOARD OF DIRECTORS OF BORREGAARD ASA

Signed
HELGE AASEN
Chair

Signed
TERJE ANDERSEN

Signed
TOVE ANDERSEN

Signed
MARGRETHE HAUGE

Signed
JOHN ARNE ULVAN

Signed
ARUNDEL KRISTIANSEN

Signed
RAGNHILD ANKER EIDE

Signed
PER A. SØRLIE
President and CEO

CORPORATE GOVERNANCE

Borregaard's principles for good corporate governance form the basis for long-term value creation, benefitting shareholders, employees and society. These principles promote a healthy corporate culture where sustainability, long-term perspective and integrity are fundamental values. The Board of Directors is responsible for corporate governance.

/ [1] *Alternative performance measures, see page 199 for definition.*

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Borregaard is subject to the reporting requirements of the Norwegian Accounting Act, the Norwegian Code of Practice for Corporate Governance and the Continuing Obligations of Stock Exchange Listed Companies, which are available at www.lovdata.no, www.nues.no and www.oslobors.no, respectively.

This report follows the system used in the Code of Practice from 14 October 2021. It comprises all clauses of the Code of Practice, describes Borregaard's compliance and explains any deviations.

The Board of Directors approved this report on corporate governance 17 March 2025, see page 133. There is also a separate statement from the Board of Directors on page 193. General Meeting will consider the statement 10 April 2025.

The Board will ensure that the company complies with the requirements of the applicable laws and regulations. The principles of good corporate governance are integrated in the Board's decision-making process, and the Board will continually discuss and evaluate the principles and their implementation.

2. BUSINESS

According to the Articles of Association, Borregaard's business operations involve:

"... the development, production and sale of biochemicals, bio-based speciality products and other chemicals, as well as other business operations that are naturally related therewith."
The Board of Directors has clear objectives, strategies and risk profiles for the company's business activities integrating financial, social, and environmental considerations.

Borregaard's activities focus on BioSolutions, producing biopolymers and biovanillin from lignin, BioMaterials, which includes speciality cellulose and cellulose fibrils, and Fine Chemicals consisting of fine chemical intermediates and advanced bioethanol. Borregaard's financial objective is to achieve strong profitability with a return on capital employed[1] (ROCE) above 15% pre-tax over a business cycle. For a more detailed description of business segments, corporate goals and strategies, please refer to The Borregaard Group on page 3.

The Borregaard Group will contribute to the sustainable development of society through responsible commercial operations and continuous improvement. The Group's ethical guidelines (Code of Conduct) are available at Borregaard's business policies - Borregaard.

Report of the Board of Directors includes sustainability statements based on the Corporate Sustainability Reporting Directive and can be found from page 8 in this Annual Report.

The Annual Report provides an overview of Borregaard's systematic efforts in areas that are important to stakeholders, including employees, business partners and the community (from page 32).

The objectives, strategies and risk profiles are evaluated annually by the Board.

3. EQUITY AND DIVIDENDS

The Group's equity as of 31 December 2024 was NOK 5,090 million. The capital structure is appropriate for the company's objective, strategy and risk profile. The Board has stated the following regarding the dividend policy:

"Under the current dividend policy adopted by the Board, Borregaard intends to pay regular and progressive dividends reflecting the expected long-term earnings and cash flows of the Borregaard Group, targeting an annual dividend between 30% and 50% of the company's net profit for the preceding financial year".

For the financial year 2024, the Board proposes a dividend of NOK 4.25 per share, up from NOK 3.75 per share in 2023. Dividend will be paid on 23 April 2025 to shareholders registered in the company's shareholders' register as evidenced in a transcript as of 14 April 2025.

Acquired shares subject to ordinary settlement in the Norwegian Securities Register (VPS), will carry the right to receive dividends if acquired up to and including 10 April 2025.

The Board has no authority to issue new shares. At the General Meeting in 2024, the Board was authorised to buy treasury shares up to a total nominal value of NOK 10 million, corresponding to 10% of the current share capital. The authorisation is valid until the General Meeting in 2025, but no longer than 30 June 2025. The authorisation may only be utilised in connection with share-based incentive programmes, shares for employees or for repurchase of shares for cancellation.

4. EQUALITY OF TREATMENT OF SHAREHOLDERS

Borregaard has one class of shares, and each share entitles the holder to one vote. The nominal value is NOK 1.00. As of 31 December 2024, Borregaard held 448,779, treasury shares.

It is Borregaard's policy to ensure that shareholder value is not diluted through the issuance of new shares. Should the Board propose a deviation from existing shareholders pre-emption rights in the event of a share issue, they must justify this as being in the common interest of the company and its shareholders. This justification must be included in the notice of the General Meeting.

There are no provisions in Borregaard's Articles of Association concerning the buy-back or issue of shares. Transactions in treasury shares have taken place on the market at stock exchange prices, adhering to the Oslo Stock Exchange safe harbour rules and in accordance with established stock exchange practices in Norway.

5. SHARES AND NEGOTIABILITY

All Borregaard's shares confer equal rights and are freely negotiable. There are no provisions in the Articles of Association restricting the free negotiability of shares.

6. GENERAL MEETINGS

The General Meeting of the shareholders is the highest authority in the company and elects the Board of Directors as the highest governing body. The Board encourages the shareholders to exercise their rights by participating in the General Meeting.

Borregaard holds its Annual General Meeting every year before 30 June. The notice of the General Meeting and administrative documents must be available on Borregaard's website no later than 21 days prior to the date of the meeting.

According to the Articles of Association, Clause 7, the documents relating to matters to be dealt with at the General Meeting, including documents which by law must be included in, or attached to, the notice of the General Meeting do not need to be sent to shareholders, if such documents instead are made available on Borregaard's website. A shareholder may at any time demand to have such documents mailed. The provision in the Articles of Association is consistent with Section 5-11a of the Norwegian Public Limited Liability Companies Act.

The deadline for registration to attend the Annual General Meeting is two business days prior to the meeting. The right to attend and vote at the General Meeting may only be exercised by those who are shareholders five business days before the date of the General Meeting.

Shareholders unable to attend the General Meeting may either appoint a proxy or submit a vote in advance via the Internet, using either DNB or the Norwegian Central Securities Depository (VPS) investor services. There are links to these services on Borregaard's website. Advance votes can also be submitted by post. It is stipulated in the Articles of Association that the notice of the General Meeting must indicate the rules established by the Board for advance voting. The Board will always consider the possibility to offer electronic and/or hybrid general meetings.
If a shareholder has given the company proxy

to vote, the Chair of the Board or the Chair of the General Meeting will be appointed to vote on the shareholder's behalf. The proxy form has been designed in such a way that the shareholder may provide instructions for each item to be dealt with, and for each candidate to be elected. Information on the use of proxy voting and shareholders' rights to have items dealt with at the General Meeting, is given both in the notice of the General Meeting and on Borregaard's website.

The Articles of Association contain no special provisions regarding the opening and chairing of the General Meeting. In line with the Code of Practice, the Board will arrange for the General Meeting to be opened by an independent person. In the notice of the General Meeting, the Board will indicate who will open the meeting and propose a Chair who satisfies the independence requirements of the Code of Practice, to be elected by the General Meeting.

The Chair of the Board, the President and CEO, the external auditor and the Chair of the Nomination Committee will be present at the General Meeting.

7. NOMINATION COMMITTEE

The Articles of Association stipulates that Borregaard shall have a Nomination Committee. The Nomination Committee shall consist of three or four members, who are independent of the Board and the Executive Management. The General Meeting elects the Chair of the Committee and its members and determines its remuneration. There is an option to vote for each individual candidate.

Instructions for the Nomination Committee have been adopted by the General Meeting and are available on Borregaard's website. These Instructions establish guidelines for the preparation and conduct of elections to the Nomination Committee and the Board, including criteria for electability, general requirements for recommendations and rules for handling matters during the Nomination Committee's work.

The Nomination Committee makes recommendations to the General Meeting regarding the election of shareholder-elected board members and the Chair, as well as the remuneration of the Board including relevant subcommittees, and the election and remuneration of the members and the Chair of the Nomination Committee. Each proposal is individually justified and included in the notice documents for the General Meeting.

Shareholders are encouraged to provide input to the nomination process. More information about the composition of the Nomination Committee, the members up for election, and how input and proposals can be submitted to the Nomination Committee can be found on Borregaard's website. Furthermore, the Nomination Committee engages in specific dialogue with the President and CEO, as well as the company's administration.

The largest shareholders are also approached for their input. When considering candidates for the Chair of the Board, the Committee is supplemented by a representative appointed by the employee-elected board members.

The Nomination Committee consists of the following four members (one female and three males) elected at the Annual General Meeting in 2024 until the Annual General Meeting in 2025:

- Mimi K. Berdal (Chair)
- Erik Must
- Rune Selmar
- Atle Hauge

The Nomination Committee has been composed in accordance with the Code of Practice to safeguard the interests of the shareholder community and meets the Code's requirements for independence. All members of the Nomination Committee are independent of the Board, and neither the company's President and CEO nor any other executive personnel are included.

8. THE BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the Articles of Association, the Board shall be composed of between three and ten members. The current Board consists of the Chair, six members and two observers of whom four are women. As agreed with the employees, there is no corporate assembly neither in Borregaard ASA nor in its subsidiary, Borregaard AS. Instead, employees have extended representation rights to those companies' Boards. Hence, in accordance with the Norwegian Public Limited Liability Companies Act, the employees have elected two members and two observers. The composition of the Board meets statutory requirements and the Code of Practice. All shareholder-elected members are independent of the company's management, main shareholders and important business associates. No one from day-to-day management is member of the Board. No Board member has ever been disqualified on the grounds of a lack of impartiality.

According to the Norwegian Public Limited Liability Companies Act, the Board's term of office is two years. Borregaard's Articles of Association comply with this requirement. However, the General Meeting is free to set a shorter term of office.

It is the responsibility of the Nomination Committee to recommend the term of office of the Board. The shareholder-elected members of the Board are elected for a period of one year, as an annual evaluation of the composition offers the greatest flexibility. The current Board has been elected for the period leading up to the 2025 Annual General Meeting.

According to the Instruction for the Nomination Committee, the Board's composition shall ensure the necessary competence and diversity to protect the common interest of the shareholders. Furthermore, the composition shall enable the Board to function effectively as a collegiate body and to act independently of special interest. For further details about each Board member's background, qualifications and competencies, term of office and independences, see Board of Directors - Borregaard.

The Articles of Association do not require members of the Board to own shares in the company. However, Borregaard's General Meeting decided that from 2018 onwards, shareholder-elected Board members are required to allocate part of their remuneration to acquire shares in the company. For an overview of each Board member's shareholding, see Management Shareholding - Borregaard.

9. THE WORK OF THE BOARD OF DIRECTORS

The duties of the Board of Directors

The duties of the Board are stated in the Public Limited Liability Companies Act and in the Instructions for the Board of Directors, which specify the responsibilities and obligations of the Board. The rules governing the handling of cases by the Board are also set out in the Instructions for the Board, including regulations on the President and CEO's disclosure requirements and duty to implement the Board's resolutions. Guidelines on the preparation of matters to be addressed by the Board and provisions ensuring employees are informed of the Board's decisions are also included. Other instructions, clarification of obligations, authorisations and responsibilities for day-to-day management are adopted on an ongoing basis.

The Board adopts an annual plan of meetings and agenda items that includes strategic work, commercial issues and control activities. In 2024, the Board held 8 meetings and dealt with 68 agenda items. The Board's annual evaluation process includes discussions regarding the work in more detail, see section "Internal Evaluation by the Board" below. The President and CEO prepares items for the Board in consultation with the Chair of the Board. The Board has established two permanent subcommittees, the Compensation Committee and the Audit and Sustainability Committee, both of which are described in more detail below. These committees pass no resolutions, but they supervise administrative work on behalf of the Board and prepare items for decision by the Board.

The committees may draw on the resources of the company and obtain advice and recommendations from external sources, if necessary.

Compensation Committee

The Compensation Committee makes recommendations to the Board regarding the President and CEO's salary and terms and supervises the general conditions for other executive personnel within the Group. The committee is chaired by Helge Aasen. Margrethe Hauge and Ragnhild Anker Eide are members and Borregaard's SVP Organisation and Public Affairs serves as its secretary. The Compensation Committee held three meetings and dealt with nine agenda items in 2024. All members of the Compensation Committee participated in all meetings during their elected period. The composition of the Committee complies with the Code of Practice requirements for independence, and all members of the Committee are independent of the executive personnel.

The mandate of the Committee has been incorporated in the Instructions for the Board. The Committee will additionally deal with any specific questions relating to compensation for employees of the Group.

Audit and Sustainability Committee

The Audit and Sustainability Committee supports the Board in fulfilling its responsibilities related to financial and sustainability reporting, internal accounting controls and auditing matters. The committee is chaired by Terje Andersen. The members include John Arne Ulvan, Tove Andersen, and Arundel Kristiansen, with the Vice President Finance serving as the secretary. The Audit and Sustainability Committee held six meetings and dealt with 27 agenda items in 2024. All members of the Audit and Sustainability Committee participated in all meetings during their elected period. The composition of the Committee complies with the requirements of the Code of Practice for independence and competence. The recommendations of the Nomination Committee provide information on which members of the Board meet the independence and competence requirements for serving on the Audit and Sustainability Committee. The mandate of the Committee is outlined in the Instructions for the Board.

Internal evaluation by the Board

The Board has conducted its annual evaluation of its own activities and competence. This evaluation includes an anonymous survey among the board members, with a series of questions, as well as discussions as a separate agenda item during a board meeting. The results are shared with the Nomination Committee.

Impartiality and conflict of interest

The Instructions for the Board include regulations on impartiality. These state that members of the Board may not take part in the discussions or decision-making of matters where they or a close associate has a significant personal or financial interest. Members of the Board shall always consider whether there are circumstances that

could, from an objective perspective, undermine confidence in the member's impartiality, or lead to conflicts of interest in relation to the Board's handling of the case. Any such circumstances must be discussed with the Chair of the Board. The Board's consideration of material matters in which the Chair of the Board is, or has been, personally involved will be handled by the other board members.

In line with the Group's ethical guidelines, employees must, on their own initiative, inform their superiors of any case of impartiality or conflict of interest. They must also refrain from participating in the handling of such cases.

Related party transactions

The Instructions for the Board include regulations on related party transactions. The Group will immediately disclose any material transactions involving the Group and shareholders, board members, Group Executive Management or their close relations. In the event of such transactions, the Board will determine how the matter will be handled. All such agreements shall be conducted on arm's length basis, and an assessment will be made to determine if it is necessary to seek a third-party valuation. There were no material transactions with related parties or any of their close relations in 2024.

The company has no controlling shareholders, and no conflicts of interest have been identified in relation to suppliers or other stakeholders.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors holds ultimate responsibility for Borregaard's internal control system. Each member of the Group Executive Management is responsible for internal control within their specific area of responsibility. Borregaard's main objective is to provide sustainable solutions based on renewable resources and unique competence. The risk management system is essential for achieving the overall objective.

Risk management

Identifying and managing risks and opportunities are integrated in multidisciplinary parts of the Group's business processes. Risk management shall ensure that risks relevant to Borregaard's objectives are identified, analysed and dealt with early and in a cost-effective manner.

A sound risk culture in Borregaard's operating units is a prerequisite for a successful risk management process. An operating unit may be a plant, an organisational department, a subsidiary or a business unit. Comprehensive risk assessments related to either operations or projects are carried out on an ongoing basis in all operating units and reported to the next management level. Top-down risk evaluations are mainly focused on climate change, environment, health and safety (EHS) and profitability.

The risk assessment is presented and reviewed quarterly by the Audit and Sustainability Committee and at least annually by the Board.

An operating unit's risk assessment identifies the principal risk factors associated with the unit's value chain. The individual unit managers in the Group are responsible for acquainting themselves with all significant risk factors within their own area of responsibility, thus contributing to a financially and administratively sound handling of these risks. Borregaard has established a central risk management function at Group level, headed by the Chief Risk Officer (CRO), who is responsible for Borregaard's risk management model and implementation support. Furthermore, the Group CRO shall facilitate the risk assessment process and contribute to the identification, analysis and handling of risks across business areas and disciplines.

The CRO consolidates the aggregate risk assessment which the Group Executive Management reviews before it is submitted to the Audit and Sustainability Committee and finally to the Board.

The stakeholders' perspective is taken into consideration when assessing and managing risks with potential environmental, social and economic impacts throughout the company's value chain.

Information security

Borregaard's activities may be susceptible to various threats related to information management. The implementation of the Borregaard information security policy ensures effective information management practices within business processes, as well as compliance with applicable regulatory requirements, including GDPR. The Group's information management governs confidentiality, integrity and availability, both strategically and operationally.

Borregaard's information management is operationalised through dedicated internal resources and technical solutions. Raising awareness within the organisation is a key element to safeguard against unwanted dissemination of information; hence, building a culture of information security in the company and relevant training are prioritised across all applicable areas.

Internal control

Borregaard has documented its internal procedures, including a description of authority, in the quality management system. The Group has a dual control principle for approvals, and the main accounting and purchasing system (SAP) enforces the principle.

Personnel within finance and controlling functions perform internal control reviews including control of accounting and purchasing procedures in the Group's legal entities. These reviews

form part of Borregaard's continuous work to prevent corruption and bribery. Furthermore, the company's policy is to channel excess liquidity from wholly owned subsidiaries into Borregaard's cash pools or deposit it with Borregaard AS.

Monthly financial reports are sent to the Board. Each legal entity submits its reports to the consolidation system in line with the annual financial calendar. There are monthly meetings among key finance personnel to review financial results, incidents, projects, estimates, etc. This input is used in the monthly reporting to the Board and the quarterly meetings with the Audit and Sustainability Committee.

The Group's quarterly reports are reviewed by the Audit and Sustainability Committee prior to the Board meeting. Borregaard's external auditor is present at the Audit and Sustainability Committee meetings and attends the Board meeting when the Board approves the annual financial statements.

Internal control of EHS matters complies with Norwegian regulations relating to systematic health, environmental and safety activities in enterprises (Internal control regulation).

Business ethics and corporate responsibility

Borregaard and its subsidiaries work continuously on ethics, anti-corruption and corporate responsibility, which are integral to the decision-making process.

Borregaard adheres to various guidelines and reporting procedures as part of its corporate responsibilities. The main documents have been approved by the company's Board of Directors, which also sets the overall goals for the areas covered by these reporting procedures.

Borregaard's Guidelines are:
- Code of Conduct
- Environment, Climate, Health and Safety Engagement Policy
- Human Rights Policy
- Anti-Corruption Manual
- Responsible Sourcing Policy
- Competition Law Compliance Manual

The Group Executive Management is responsible for overseeing the company's goals, measures and results. The daily implementation of these is the responsibility of line management. This ensures that corporate responsibilities are integral components of all operations within Borregaard's subsidiaries, as well as in various management teams, units and departments. Training initiatives on relevant topics and guidelines are also developed and implemented (see from page 123).

Sustainability board

The internal sustainability board addresses and monitors important sustainability topics, and initiates processes to develop guidelines, goals and measures within the areas covered by this report. The sustainability board reports to the President and CEO and is chaired by the Senior Vice President of Organisation and Public Affairs. In order to meet both current and emerging sustainability requirements, the members of the sustainability board hold various positions within Borregaard, i.e. commercial, R&D, procurement, EHS, legal, communication, finance etc.

The status of the work by the business areas involving corporate responsibility is included in the Report of the Board of Directors.

Compliance board

Borregaard has an internal compliance board consisting of SVP Organisation and Public Affairs (Chair), General Counsel, Vice President Finance and CRO. The compliance board shall support the Group companies' management by raising awareness of compliance matters, reporting on its activity and findings and contribute to improvements. The compliance board reports to the President and CEO and the Board of Directors reviews an annual Compliance Report. A public version of the Compliance report is published at the company's website.

Whistleblowing

Borregaard strives for transparency and a strong corporate culture to ensure that challenging or undesirable situations are openly discussed and resolved. There may be situations where employees see or experience conflicts with Borregaard's guidelines or expectations. Ideally, such issues should be dealt with where they occur. However, there may be circumstances where this is difficult, not possible, or desirable for the employee. Therefore, Borregaard has established a whistle-blowing system operated by a third party, including a separate channel accessible for employees and external parties. Any unethical behaviour can be reported through the channel, in accordance with Borregaard's Code of Conduct, Section 7.2, or according to applicable law. Whistleblowers may request anonymity, which will be respected to the extent legally possible. Borregaard's written procedures satisfy governmental requirements. Guidelines are translated into relevant languages and implemented in the company's subsidiaries worldwide.

11. REMUNERATION OF THE BOARD OF DIRECTORS

All remunerations of the Board have been disclosed in Note 4 to the financial statements of Borregaard ASA. Board members' remuneration is not dependent on the company's financial results, and no share options are granted. The shareholder-

elected Board members shall use part of their remunerations to acquire shares in the company.

The General Meeting decides the remuneration of the Board. In its recommendation for 2024, the Nomination Committee proposed the compensation to the Board for the period up to the Annual General Meeting in 2025 reflecting the responsibilities, expertise and time spent as well as the complexity of the business. Board members and/or companies with which they are associated should not take on specific assignments for the Group in addition to their Board appointment. If they do, however, this must be disclosed to and approved by the Board.

The Board's remuneration is documented in the "Remuneration report 2024", see Sustainability documentation - Borregaard.

12. REMUNERATION OF EXECUTIVE PERSONNEL

The Board's Compensation Committee makes recommendations to the Board regarding the President and CEO's compensation and terms and supervises the general conditions for executive personnel. The Board assesses the President and CEO's remuneration annually.

The Board's statement on salaries and other remuneration of executive personnel (see the separate report "Remuneration report 2024" at Borregaard's website) contains an account of the remunerations given to executive personnel and the Group's Remuneration Guidelines for 2024 including criteria related to share option schemes. Both the Guidelines and the Remuneration report are subject to approval (advisory vote) by the General Meeting.

13. INFORMATION AND COMMUNICATION

Borregaard's accounting procedures are transparent and comply with the International Financial Reporting Standards (IFRS). The Audit and Sustainability Committee monitors the company's reporting on behalf of the Board.

Borregaard has an active and open communication with the financial market. The annual and quarterly reports contain information on the various aspects of the company's activities. The quarterly presentations and the latest version of Borregaard's general presentation are published at Borregaard's website, see Reports & Presentations - Borregaard.

All shareholders and other financial market players are treated equally in terms of access to financial information. The Group's Investor Relations Department maintains regular contact with shareholders, potential investors, analysts and other financial market stakeholders. Borregaard adheres to the Oslo Stock Exchange recommendation on reporting of relevant information to the investor community. The financial calendar for 2025 is published at Borregaard's website and at Oslo Stock Exchange.

14. TAKEOVERS

The Board's approach to takeovers is published at the company's website under "Investors". The Board will not seek to prevent or obstruct any takeover bid for Borregaard's operations or shares. In the event of such a bid, in addition to complying with relevant legislation and regulations, the Board will seek to comply with recommendations in the Code of Practice, including obtaining a valuation from an independent expert.

On this basis, the Board will recommend whether the shareholders should accept the bid. There are no other written guidelines in the event of a takeover bid. The Board has not considered it appropriate to draw up any explicit principles other than the actions described above. The Board otherwise concurs with what is stated in applicable laws and regulations and in the Code of Practice regarding this issue.

15. AUDITOR

The Board of Directors has determined the procedure for the external auditor's regular reporting to the Board. Annually, the external auditor presents to the Board an assessment of risk, internal control and the quality of financial reporting. The auditor presents the audit plan for the following year. The external auditor also takes part in the Board's discussions on the annual financial statements, including a session without the presence of management.

Both the external auditor and the President and CEO attend all meetings of the Board's Audit and Sustainability Committee. For further information, see Section 10 regarding risk management. Borregaard has guidelines for the management's use of the external auditor for services other than auditing. Responsibility for monitoring such use in detail has been delegated to the secretary of the Audit and Sustainability Committee, who is the Vice President Finance. The Audit and Sustainability Committee sets an annual limit for such services and the secretary will approve significant assignments in advance and compile a quarterly summary of services other than auditing provided to the company.

Details of the company's use and remuneration of the external auditor are disclosed in Note 4 to the financial statements of Borregaard ASA. The General Meeting is informed about the Group's overall remuneration of the auditor.

In connection with the auditor's participation in the Audit and Sustainability Committee and the Board of Directors' consideration of the annual statements, the auditor also confirms independence.

THE GROUP EXECUTIVE MANAGEMENT

PER A. SØRLIE
President and CEO.
Read more

TOM ERIK FOSS-JACOBSEN
EVP, BioSolutions.
Read more

GISLE LØHRE JOHANSEN
EVP, Speciality Cellulose and Fine Chemicals. Read more

OLE GUNNAR JAKOBSEN
Plant Director of Borregaard's Sarpsborg Site (Norway). Read more

PER BJARNE LYNGSTAD
Chief Financial Officer.
Read more

KRISTIN MISUND
SVP, R&D and Business development.
Read more

LIV LONGVA
SVP, Procurement and Strategic Sourcing. Read more

DAG ARTHUR AASBØ
SVP, Organisation and Public Affairs.
Read more

SVEINUNG HEGGEN
General Counsel.
Read more

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS 2024

INCOME STATEMENT

Amounts in NOK million	Note	2024	2023
Sales revenues	2, 8	7,502	7,024
Other operating revenues		115	108
Operating revenues	**2, 7**	**7,617**	**7,132**
Cost of materials	21	-2,732	-2,545
Payroll expenses	9, 10	-1,388	-1,304
Other operating expenses	9, 11	-1,623	-1,502
Depreciation and impairment property, plant and equipment	12, 17, 18	-556	-485
Amortisation intangible assets	17	-5	-5
Other income and expenses[1]	13	-30	-
Operating profit		**1,283**	**1,291**
Finance income	14	366	409
Finance costs	14	-548	-567
Profit/loss from associate companies	6, 14	-22	-9
Financial items, net	14	-204	-167
Profit before taxes		**1,079**	**1,124**
Taxes	15	-250	-268
Profit for the year		**829**	**856**
Profit/loss attributable to non-controlling interests	31	6	-14
Profit/loss attributable to owners of the parent		823	870
EBITDA[1]		1,874	1,781

EARNINGS PER SHARE

Amounts in NOK	Note	2024	2023
Earnings per share	16	8.25	8.73
Diluted earnings per share	16	8.25	8.71

STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK	Note	2024	2023
Profit for the year		**829**	**856**
ITEMS NOT TO BE RECLASSIFIED TO PROFIT & LOSS			
Actuarial gains and losses (after tax)	10, 15	28	46
Total		28	46
ITEMS TO BE RECLASSIFIED TO PROFIT & LOSS			
Change in hedging reserve after tax (cash flow)	15, 29	-296	-129
Change in hedging reserve after tax (net investment in subsidiaries)	15	-89	-25
Translation effects		124	45
Total		-261	-109
Total items not to be and to be reclassified to profit & loss		**-233**	**-63**
The Group's comprehensive income		**596**	**793**
Profit/loss attributable to non-controlling interests	31	10	-12
Profit attributable to owners of the parent		586	805

/ [1] *Alternative performance measures, see page 199 for definition.*

STATEMENT OF FINANCIAL POSITION

Amounts in NOK million	Note	31.12.2024	31.12.2023
Assets			
Intangible assets	17	88	84
Property, plant and equipment	18	5,026	4,661
Right-of-use assets	12	508	527
Deferred tax assets	15	120	1
Investments in joint venture and associate companies	6	417	289
Other assets	20	404	436
Non-current assets		**6,563**	**5,998**
Inventories	21	1,498	1,447
Receivables	22	1,441	1,201
Cash and cash equivalents	23	82	469
Current assets		**3,021**	**3,117**
Total assets		**9,584**	**9,115**
Equity and liabilities			
Group equity	30	5,041	4,855
Non-controlling interests	31	49	39
Total equity		**5,090**	**4,894**
Deferred tax	15	148	130
Provisions and other liabilities	24	442	271
Interest-bearing liabilities	27	2,035	2,016
Non-current liabilities		**2,625**	**2,417**
Interest-bearing liabilities	27	288	246
Income tax payable	15	178	198
Other liabilities	25	1,403	1,360
Current liabilities		**1,869**	**1,804**
Equity and liabilities		**9,584**	**9,115**

/ [1] *Alternative performance measures, see page 199 for definition.*

Sarpsborg, 17 March 2025

THE BOARD OF DIRECTORS OF BORREGAARD ASA

Signed
HELGE AASEN
Chair

Signed
TERJE ANDERSEN

Signed
TOVE ANDERSEN

Signed
MARGRETHE HAUGE

Signed
JOHN ARNE ULVAN

Signed
ARUNDEL KRISTIANSEN

Signed
RAGNHILD ANKER EIDE

Signed
PER A. SØRLIE
President and CEO

STATEMENT OF CASH FLOW

Amounts in NOK million	Note	2024	2023
Profit/loss before taxes		1,079	1,124
Amortisation, depreciation and impairment charges		561	490
Changes in net working capital, etc.		-326	205
Dividend/share of profit from JV & associate company	6, 14	22	9
Taxes paid		-268	-265
Cash flow from operating activities		**1,068**	**1,563**
Investments in property, plant and equipment and intangible assets*	17, 18	-711	-667
Other capital transactions		19	9
Investments in associate companies and bio-based start-ups	6	-150	-171
Cash flow from investing activities		**-842**	**-829**
Dividends		-374	-324
Proceeds from exercise of share options/shares to employees		52	49
Buy-back of treasury shares		-98	-92
Gain/loss on hedges for net investments in subsidiaries		-109	-38
Net paid to shareholders		**-529**	**-405**
Repayment of interest-bearing debt		-724	-843
Proceeds from interest-bearing liabilities		500	800
Change in interest-bearing liabilities/other instruments		74	33
Change in net interest-bearing liabilities	**27**	**-150**	**-10**
Cash flow from financing activities		**-679**	**-415**
Change in cash and cash equivalents	**23**	**-453**	**319**
Net cash and cash equivalents as of 1 January		429	111
Change in cash and cash equivalents		-453	319
Currency effect of cash and cash equivalents		21	-1
Net cash and cash equivalents as of 31 December	**23**	**-3**	**429**

* INVESTMENTS BY CATEGORY

Amounts in NOK million	Note	2024	2023
Replacement investments	17, 18	598	550
Expansion investments[1]	17, 18	113	117
Investments in property, plant and equipment and intangible assets*		**711**	**667**
Investments in associate companies & bio-based start-ups	6	150	171
Total investments		**861**	**838**

The cash flow statement has been prepared in accordance with the indirect method and reflects cash flows from operating, investing and financing activities and explains changes in "Cash and cash equivalents" during the reporting period.

/ [1] *Alternative performance measures, see page 199 for definition.*

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Share capital (Note 30)	Share premium fund	Other paid-in equity	Retained earnings	Hedging reserve	Translation reserve	Actuarial gains/losses	Total Group equity	Non-controlling interests	Total equity
Equity 31 December 2022	**100**	**1,346**	**881**	**2,129**	**-312**	**208**	**42**	**4,394**	**51**	**4,445**
Profit/loss for the year	-	-	-	870	-	-	-	870	-14	856
Items in other comprehensive income	-	-	-	-	-154	43	46	-65	2	-63
The Group's comprehensive income	-	-	-	870	-154	43	46	805	-12	793
Paid dividend	-	-	-	-324	-	-	-	-324	-	-324
Buy-back of treasury shares (Note 30)	-	-	-	-92	-	-	-	-92	-	-92
Exercise of share options (Note 9, 30)	-	-	32	-	-	-	-	32	-	32
Shares to employees (Note 9, 30)	-	-	30	-	-	-	-	30	-	30
Option costs (Note 9 share-based payments)	-	-	10	-	-	-	-	10	-	10
Equity 31 December 2023	**100**	**1,346**	**953**	**2,583**	**-466**	**251**	**88**	**4,855**	**39**	**4,894**
Profit/loss for the year	-	-	-	823	-	-	-	823	6	829
Items in other comprehensive income	-	-	-	-	-385	120	28	-237	4	-233
The Group's comprehensive income	-	-	-	823	-385	120	28	586	10	596
Paid dividend	-	-	-	-374	-	-	-	-374	-	-374
Buy-back of treasury shares (Note 30)	-	-	-	-98	-	-	-	-98	-	-98
Exercise of share options (Note 9, 30)	-	-	31	-	-	-	-	31	-	31
Shares to employees (Note 9, 30)	-	-	28	-	-	-	-	28	-	28
Option costs (Note 9 share-based payments)	-	-	13	-	-	-	-	13	-	13
Equity 31 December 2024	**100**	**1,346**	**1,025**	**2,934**	**-851**	**371**	**116**	**5,041**	**49**	**5,090**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

NOTE 01 GENERAL INFORMATION

The consolidated financial statements for Borregaard ASA (Borregaard/Group), including notes, for the year 2024, were endorsed by the Board of Directors (the Board) of Borregaard ASA on 17 March 2025. Borregaard ASA is a public limited company and its offices are located in Hjalmar Wessels vei 6, 1721 Sarpsborg, Norway. Borregaard develops, produces and markets specialised biochemicals and biomaterials to a wide range of customers in global niches. Borregaard's business model is linked to its advanced biorefinery that utilises the different components in the biomass to produce high value-added products that to a large extent can substitute petrochemical alternatives. Borregaard is an international company with production units and sales offices in the world's most important industrial markets.

The financial statements for 2024 have been prepared and presented in full compliance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The valuation and recognition of the items in the financial statements have been carried out in accordance with current IFRS standards. The consolidated financial statements contain certain items that are crucial to understand the financial results for 2024. The most important principles are described below. Borregaard is exposed to currency risk for most of its sales, primarily in USD and EUR. A substantial part of this exposure, defined as estimated net cash flow in USD or EUR, is routinely hedged on a rolling basis with a nine-month time horizon. Subject to certain criteria being met, the hedging horizon may be extended to three years in order to secure competitive margins. On the revenue side, most of Borregaard's business segments are exposed to price risk in international markets. The accounting policies regarding hedging are described in Note 29 and information regarding currency risks is provided in Note 28. Other income and expenses[1] (OIE) are presented as part of operating profit in the Income Statement but are presented after EBITDA[1] in the segment information in Note 7, which is reported according to management reporting. See Note 13 for details and specifications. The accounting policies for business areas are described in segment information for the various business areas in Note 7.

Borregaard has business areas as operating segments. The operating segments correspond to the way in which the business areas report figures to the Group Executive Management (key decision maker). The segments are BioSolutions, BioMaterials and Fine Chemicals.

NOTE 02 BASIS FOR PREPARATION

Borregaard ASA was incorporated as a public limited liability company on 22 August 2012. The Borregaard Group includes subsidiaries, a joint venture and an associate company directly and indirectly owned by Borregaard ASA. The consolidated financial statements are primarily based on the historical cost principle.

Interest income is recognised in the income statement when earned, while any dividends are recognised on the date they are approved for payment. Interest income and dividends are presented under "financial income".

The Group has at all times various contracts for the sale and purchase of goods and services in connection with the production. These contracts are regarded as part of Borregaard's ordinary operating activities and are therefore not specified or indicated in any other way. The contracts are deemed to be strictly sale or purchase contracts with no embedded derivatives. The company also enters into currency derivatives contracts.

Hedging instruments which satisfy the criteria for hedge accounting, are reported at fair value in the statement of financial position and changes in fair value are recognised in comprehensive income. Derivatives which do not satisfy the criteria for hedge accounting, are recognised at fair value through profit and loss.

Assets that no longer justify their value are written down to the recoverable amount, which is the higher of value in use and fair value minus selling costs.

The accrual accounting principle and the going concern assumption are underlying assumptions for preparing the combined financial statements.

An asset is classified as current when it is part of a normal operating cycle, it is held primarily for trading purposes, it expects to realise within twelve months or it consists of unrestricted cash or cash equivalents.

A liability is classified as current when it is part of a normal operating cycle, it is held primarily for trading purposes, is due to be settled within twelve months or it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Other items are non-current. A dividend does not become a liability until it has been formally approved by the General Meeting. The amortisation of intangible assets and other

/ [1] Alternative performance measures, see page 199 for definition.

income and expenses[1] are presented on separate lines, broken down by segment.

All amounts are in NOK million unless otherwise stated. The functional currency of the parent company (Borregaard ASA) is NOK and the Group's reporting currency is NOK. Currency exchange rates as of 31 December are used in the balance sheet, whereas average currency exchange rates are used in the profit and loss.

Consolidation principles

The consolidated financial statements show the overall financial results and the overall financial position when the parent company Borregaard ASA and its controlling interests are presented as a single economic entity. All the companies have applied consistent principles and all internal matters between the companies have been eliminated.

Interests in companies in which the Group alone has control (subsidiaries) have been fully consolidated, line by line, in the consolidated financial statements from the date the Group acquired control. These entities will be fully consolidated until the date such control ends. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. If the Group controls a subsidiary, the non-controlling interests' share of profit or loss after tax and their share of equity are presented on separate lines.

Interests in companies in which the Group together with others has joint control or has an ownership between 20–50% (joint ventures and associate companies, see Note 6) are consolidated based on the equity method. The profit or loss from the joint venture and associate companies is part of financial items. Business combinations are accounted for using the acquisition method. In connection with the acquisition of a subsidiary, the establishment of a joint venture or any acquisitions of significant influence in associates, a purchase price allocation is carried out. The acquisition is reported in the financial statements from the date the Group has control. The date of control is normally the date on which the acquisition agreement takes effect and has been approved by all relevant authorities. Assets and liabilities are measured at fair value at the time of acquisition. If there are non-controlling interests in the acquired company, these will be measured at their share of identified assets and liabilities. Goodwill allocated to non-controlling interests is considered separately in each acquisition. Goodwill is determined as the excess of the purchase price and the amount recognised as non-controlling interest over the fair value of identified assets and liabilities assumed.

Other matters

Contingent liabilities and contingent assets. A contingent liability or asset is a possible obligation or a possible asset whose existence is uncertain and will be confirmed by the occurrence or non-occurrence of a future event, such as the outcome of legal proceedings or the final settlement of an insurance claim. Liabilities are recognised in the financial statements if there is a more than 50% probability that the liability has arisen; if the probability is lower, the matter is disclosed in notes to the financial statements unless the probability of payment is remote. An asset will only be recognised in the statement of financial position if it is virtually certain (95%) that the Group will realise the asset. The disclosure requirement applies to other contingent assets.

NOTE 03 NEW ACCOUNTING STANDARDS

The consolidated financial statements will be affected by IFRS amendments in the future. Many IFRS projects are finalised, but some of them have either not been finally adopted or not been endorsed by the EU. It is highly likely that many of these projects will be adopted.

The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective and approved by EU. Amendments and interpretations that apply for the first time in 2025, do not have an impact on the consolidated financial statements of the Group.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

IFRS 18 also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-Scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

/ [1] *Alternative performance measures, see page 199 for definition.*

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

NOTE 04 USE OF ESTIMATES

The management has made use of estimates and assumptions in preparing the financial statements. This applies to assets, liabilities, revenues, expenses and supplementary information related to contingent liabilities. Areas where estimates have considerable significance are, for example:

Amounts in NOK million	Note	Estimate/assumptions	Carrying value 31 December 2024	Carrying value 31 December 2023
Right-of-use assets	12	Leases	508	527
Pension liabilities (net)	10	Economic and demographic assumptions	81	38
Environmental provisions	13, 35	Accrual related to ground conditions remediation of contaminated soil at the site in Norway	-41	-22

Property, plant and equipment are largely based on a directly paid cost price and depreciated over estimated useful life. In the case of several of Borregaard's tangible assets, changes in assumptions may lead to substantial changes in value.

Other estimates and assumptions are reported in various notes and any information that is not logically included in other notes is presented in Note 37 "Other matters and subsequent events".

NOTE 05 IMPAIRMENT ASSESSMENTS

Goodwill and intangible assets with an indefinite useful life must be tested annually for impairment to assess whether the values are recoverable. Borregaard carries out this test prior to preparing and presenting its financial statements for the 3rd quarter. If there are indications of impairments, the assets are tested immediately. A new impairment test is carried out in the 4th quarter, when necessary, for instance if the underlying assumptions have changed.

Borregaard has substantial non-current assets in the form of tangible (property, plant and equipment) and some minor intangible assets. An explanation of the details of and changes in these assets is presented separately in Note 17 and 18. Estimate uncertainty, in some cases considerable, attaches to both property, plant and equipment and intangible assets. Both valuation and estimated useful lifetime are based on future information that is always subject to a great degree of uncertainty.

Borregaard routinely monitors assets and if there are indications that the value of an asset is no longer recoverable, an impairment test will be carried out to determine whether the asset can still justify its carrying value. If new estimates conclude that the value is no longer recoverable, the asset is written down to the recoverable amount, i.e. the greater of the net sales value and the value in use (discounted cash flow).

Cash flows relating to the assets are identified (see table below) and discounted. Future cash flow is based on specified assumptions and the plans adopted by the entity. If the discounted value of future cash flows is lower than the capitalised value of the unit's capital employed, the assets are written down to the recoverable amount. If the discounted value is higher than the capital employed, this means that the value of the intangible asset or goodwill is recoverable.

Borregaard's goodwill is related to the prior acquisition of Borregaard Czech and no impairment charges are identified:

	GOODWILL	
Amounts in NOK million	2024	2023
Borregaard Czech S. R. O	39	37
Total goodwill	**39**	**37**

Estimate assumptions and cash-generating units

A cash-generating unit (CGU) is the lowest level at which independent cash flows can be measured. The biorefinery in Sarpsborg is considered to be one CGU as the production facilities are integrated and the production process relies on the same raw material (wood).

Based on the forecasts, expectations and assumptions that were applied, Borregaard Czech's capitalised value of goodwill at 31 December 2024 and the fair value exceeds the book value.

Calculations of future cash flows are based on a number of assumptions regarding both economic trends and the estimated useful life. Borregaard is affected by fluctuating markets and estimates made in weak markets can differ substantially from estimates made in stronger markets.

The discount rate applied is based on the Group's cost of capital, which has been estimated to be 10% before tax, based on a weighted average of required rates of return for the Group's equity and debt (WACC).

The required rate of return on the Group's equity is estimated by using the capital asset pricing model (CAPM). The required rate of return on debt is estimated on the basis of a long-term risk-free interest rate to which is added a credit margin derived from Borregaard's marginal long-term borrowing rate. The discount rate is adjusted for country risk, the level of inflation and operational risk, depending on the particular value being calculated.

Future cash flows are estimated on the basis of the budget for next year and the following two forecast years. As from year four a terminal value is calculated. Cash flow estimates are sensitive to changes in sales revenues, raw material and energy prices and the coherent ability to maintain margin assumptions. The sensitivity of the estimates, even when there is a reasonable possibility of a change in assumptions, did not give grounds for impairment charges.

NOTE 06
JOINT VENTURE AND ASSOCIATE COMPANIES

The Group has a 50% interest in Umkomaas Lignin Ltd (LignoTech South Africa). The Group's interest in the joint venture is accounted for using the equity method in the consolidated financial statements.

In October 2020, the owners of LignoTech South Africa, Borregaard and the Sappi Group announced the decision to permanently close the lignin production facility and to terminate the co-operation agreement. The closure was a consequence of Sappi's decision to convert their calcium sulphite pulp line, which is the source of lignin raw material, to magnesium technology. After the conversion, the spent liquor from the pulping process is burnt, and the energy and chemicals are recovered.

Final settlements and liquidation will be set in 2025 with limited profit and loss effects. As of 31 December 2024, total assets were NOK 1 million (NOK 1 million) in LignoTech South Africa and total liabilities were NOK 0 million (NOK 0 million). Borregaard's carrying amount of the investment is 50%.

	2024	2023
Share in joint venture 1 January	-	3
Share of profit after tax		4
Dividend		-7
Currency translation effect		-
Share in joint venture 31 December	-	-

Associate companies

Alginor is a Norwegian marine biotech company based in the Haugesund region of Southwestern Norway. The company is developing a fully integrated and sustainable value chain based on harvesting and biorefining of the brown kelp Laminaria hyperborea – a renewable marine resource growing in abundance along the Norwegian coastline. Alginor will target global markets for pharmaceutical and nutraceutical applications.

In 2021, Borregaard invested NOK 145 million in Alginor ASA and held 25% of the shares as of 31 December 2022. Borregaard's share of Alginor's result after tax is recognised as part of "Financial items". In April 2023, Alginor executed an additional direct equity issue exclusively to Borregaard. This equity issue brought Borregaard's ownership in Alginor up to 35% on a fully diluted basis and another NOK 124 million in equity to Alginor. In 2024, Borregaard has participated with its fully diluted pro-rata share (35%) in two capital raises with a total amount of NOK 150 million. In total, Borregaard has invested NOK 419 million in Alginor.

Purchase price allocation Alginor

The difference between the purchase price of the shares in Alginor ASA and Borregaard's share of the booked equity at the time of the acquisition is allocated to intangible assets as it relates to development of the technology to be used in Alginor's business. The purchase price, including acquisition costs, of 35% of the shares on a fully diluted basis is NOK 419 million of which NOK 87 million is allocated as intangible assets.

BORREGAARD'S SHARE OF ALGINOR ASA

Amounts in NOK million	2024	2023
Operating revenues	-	-
Profit before taxes	-54	-26
Profit/loss for the year before dividend	-54	-26
Borregaard's share of profit	-19	-9
Non-current assets	707	362
Current assets	339	181
Non-current liabilities	-168	-52
Current liabilities	-22	-10
Equity	856	481
Borregaard's share of equity	300	168
Goodwill	-	-
Other intangible assets	87	87
Borregaard's carrying amount of the investment	387	255

At the end of 2023, Borregaard invested NOK 34 million for a 12% ownership share in Kaffe Bueno ApS. Kaffe Bueno produces ingredients for a wide range of products in everything from agriculture to cosmetics and foodstuffs based on biorefining of by-products from coffee production. Used coffee grounds, timber and algae do not only have cellulose in common. As sustainable raw materials for valuable products, they all represent excellent resource utilisation in a circular economy perspective. Borregaard has been granted warrants to subscribe for additional shares in the company by January 2026. If exercised in full, these warrants will bring Borregaard's ownership share up to 34%. Borregaard has one representative in Kaffe Bueno's board of directors. The investments are accounted for using the equity method. Borregaards share of the profit was NOK -3 million for 2024.

As of 31 December 2024, total equity in Kaffe Bueno was NOK 35 million (NOK 58 million), non-current liabilities amounted to NOK 4 million (NOK 5 million) and current liabilities amounted to NOK 29 million (NOK 27 million).

Purchase price allocation Kaffe Bueno

The difference between the purchase price of the shares in Kaffe Bueno ApS and Borregaard's share of the booked equity at the time of the acquisition is allocated to intangible assets as it relates to development of the technology to be used in Kaffe Bueno's business. The purchase price, including acquisition costs, of 12% of the shares is NOK 34 million of which NOK 29 million is allocated as intangible assets.

RECONCILIATION OF INVESTMENTS IN JOINT VENTURE AND ASSOCIATE COMPANIES

	2024	2023
Borregaard's carrying value in joint venture and associate companies 1 January	289	142
Borregaard's share of profit from joint venture and associate companies	-22	-4
Dividend/repayment of capital from joint venture and associate companies	-	-7
Capital raise	150	158
Borregaard's carrying value in joint venture and associate companies 31 December	417	289

NOTE 07 SEGMENTS

Borregaard has business areas as operating segments. The operating segments correspond to the way in which the business areas report figures to the Group Executive Management (key decision maker). All lignin-based products, including biovanillin, are organised under one management in BioSolutions. BioMaterials consist of products utilising wood fibres as the main raw material and include the speciality cellulose and cellulose fibrils businesses. Fine Chemicals include fine chemical intermediates mainly used for contrast agents and advanced bioethanol mainly for biofuel. Corporate overhead and certain other costs are allocated to the three business segments. Segment performance is primarily measured based on EBITDA[1].

BioSolutions develops, produces and sells biopolymers and biovanillin from lignin.

BioMaterials develops, produces and sells speciality cellulose mainly for use as a raw material in the production of cellulose ethers, cellulose acetate and other speciality products. BioMaterials also includes cellulose fibrils for industrial applications, which are in the market introduction phase.

Fine Chemicals consists of fine chemical intermediates and advanced bioethanol.

The arm's length principle is applied to pricing of transactions between the various segments and companies. Borregaard AS provides services to the companies in the Group and charges them for these services.

Figures for the geographical distribution of non-current operating assets, investments in property, plant and equipment, sales revenues and the number of man-years are also presented. See Note 8.

The Group applies the same principles for the presentation of segment information as for the rest of its consolidated financial statements, and the operating profit/loss in the segment information is identical to the information presented in the income statement for the Group. There is therefore no need for further reconciliation of these income statement items. Borregaard has a central finance function, and the financing of the various segments does not necessarily reflect the real financial strength of the individual segments. Financial items are therefore presented only for the Group as a whole.

The segment information tables show the key figures in which management monitors the business, such as total operating revenue, operating expenses, EBITDA[1], depreciation, amortisation and impairment of intangible assets, other income and expenses[1] and operating profit for each business area. It does not disclose internal sales between the various segments as it is considered immaterial.

The table below shows the revenues generated by BioSolutions, BioMaterials and Fine Chemicals. Operating revenues consist of sales revenues (Note 8) and other revenues such as commissions, revenues from waste received for incineration etc.

/ [1] *Alternative performance measures, see page 199 for definition.*

The segment information also includes cash flow from operating activities, replacement investments, expansion investments[1] and working capital for each area.

SEGMENTS 2024

Amounts in NOK million	Bio-Solutions	Bio-Materials	Fine Chemicals	Eliminations	Borregaard Group
Income statement					
Total operating revenues	4,241	2,622	799	-45	7,617
Cost of materials	-1,355	-1,145	-232		-2,732
Payroll expenses	-763	-518	-107		-1,388
Other operating expenses	-1,019	-525	-124	45	-1,623
EBITDA[1]	1,104	434	336	-	1,874
Depreciation	-296	-216	-44	-	-556
Amortisation and impairment intangible assets	-5	-	-	-	-5
Other income and expenses[1]	-12	-18	-	-	-30
Operating profit	791	200	292	-	1,283
Net financial items	-	-	-	-	-204
Profit before tax	-	-	-	-	1,079
Cash flow					
Cash flow from operating activities	625	107	336	-	1,068
Replacement investments	-200	-351	-47	-	-598
Expansion investments[1] including investments in associate companies and bio-based start-ups	-182	-73	-8	-	-263
Capital structure					
Working capital at year-end	1,203	541	179	-	1,923
Capital employed[1] at year-end	-	-	-	-	8,172
Return on capital employed[1]	-	-	-	-	17.1%

SEGMENTS 2023

Amounts in NOK million	Bio-Solutions	Bio-Materials	Fine Chemicals	Eliminations	Borregaard Group
Income statement					
Total operating revenues	3,944	2,439	786	-37	7,132
Cost of materials	-1,372	-925	-248		-2,545
Payroll expenses	-720	-482	-102		-1,304
Other operating expenses	-937	-498	-104	37	-1,502
EBITDA[1]	915	534	332	-	1,781
Depreciation	-243	-200	-42	-	-485
Amortisation and impairment intangible assets	-5	-	-	-	-5
Other income and expenses[1]	-	-	-	-	-
Operating profit	667	334	290	-	1,291
Net financial items	-	-	-	-	-167
Profit before tax	-	-	-	-	1,124
Cash flow					
Cash flow from operating activities	770	427	366	-	1,563
Replacement investments	-261	-234	-55	-	-550
Expansion investments[1] including investments in associate companies and bio-based start-ups	-198	-81	-9	-	-288
Capital structure					
Working capital at year-end	961	374	176	-	1,511
Capital employed[1] at year-end	-	-	-	-	7,142
Return on capital employed[1]	-	-	-	-	18.3%

/ [1] Alternative performance measures, see page 199 for definition.

RECONCILIATION CAPITAL EMPLOYED[1]

Amounts in NOK million	2024	2023
Capital employed[1] at year-end	**8,172**	**7,142**
Other non-current assets	279	443
Cash and cash equivalents	82	469
Net deferred tax	-28	-130
Interest-bearing liabilities	-2,323	-2,262
Income tax payable	-178	-198
Accumulated write-down and amortisation of goodwill and intangible assets	-216	-197
Other (derivatives, accruals, etc.)	-698	-373
Equity	**5,090**	**4,894**

RECONCILIATION WORKING CAPITAL

Amounts in NOK million	2024	2023
Receivables	1,441	1,201
Inventories	1,498	1,447
Other liabilities	-1,402	-1,361
Derivatives, etc. not included in above items	386	224
Working capital	**1,923**	**1,511**

NOTE 08
REVENUES AND GEOGRAPHICAL BREAKDOWN

Revenues are recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g. disposals of property, plant and equipment).

For contracts with customers, sale of Borregaard's products is generally expected to be the only performance obligation. The Group's revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Borregaard also have some contracts that include volume rebates to some customers. The Group currently recognises rebates based on the most likely amount method which is also in line with IFRS 15.

Borregaard operates in several countries and below is a summary showing the geographical breakdown of non-current operating assets, investments, number of man-years based on the geographical location of the operation. Sales revenues are based on the location of the customers. See Note 22 for customers' payment terms.

	Non-current operating assets		Investments		Number of man-years		Sales revenues	
Amounts in NOK million	2024	2023	2024	2023	2024	2023	2024	2023
Norway	4,487	4,193	791	764	814	815	227	279
Rest of Europe	114	108	8	13	86	88	3,254	3,097
Asia	10	10	2	2	56	53	1,719	1,698
America	1,011	961	60	59	184	169	2,242	1,893
Rest of the world	-	-	-	-	1	2	60	57
Total	**5,622**	**5,272**	**861**	**838**	**1,141**	**1,127**	**7,502**	**7,024**

SALES REVENUES PER PRODUCT GROUP

Amounts in NOK million	2024	2023
BioSolutions	4,132	3,849
BioMaterials	2,579	2,395
Fine Chemicals	791	780
Eliminations	-	-
Total revenues	**7,502**	**7,024**

Operating revenues consist of sales revenues and other revenues such as commissions, revenues from waste received for incineration etc.

/ [1] *Alternative performance measures, see page 199 for definition.*

NOTE 09
PAYROLL EXPENSES AND REMUNERATION

Amounts in NOK million	2024	2023
Wages	-1,139	-1,066
Share-based payments (options and discounted shares)	-20	-17
Employer's national insurance contribution	-146	-138
Pension costs (Note 10)	-79	-79
Remuneration to Board Members	-4	-4
Payroll expenses	**-1,388**	**-1,304**
Average number of man-years	1,135	1,116

REMUNERATION OF THE EXECUTIVE MANAGEMENT

	CEO		Other members of the Group Executive Managment		Total	
Amounts in NOK thousand	2024	2023	2024	2023	2024	2023
Base salary	4,686	4,115	18,465	17,273	23,151	21,388
Bonus	1,534	1,820	5,687	7,039	7,221	8,859
Pension cost	1,294	1,357	2,703	2,474	3,997	3,831
Benefits in kind	282	271	1,904	1,740	2,186	2,011
Total*	**7,796**	**7,563**	**28,759**	**28,526**	**36,555**	**36,089**

Remuneration is actual paid remuneration in the respective years and includes vacation pay on salary earned the previous year. Bonuses however are accrued bonuses in the respective years to be paid out the following year.

** There are 9 members of the Group Executive Management including the CEO.*

Remuneration guidelines and report – 2024

Borregaard's remuneration guidelines for employees in managerial positions cover base salary, pension, annual bonus/short-term incentives (STI) and long-term incentives (LTI). The remuneration guidelines and a more detailed description of executive management remuneration are found in the separate report "Remuneration report 2024" is available at Sustainability documentation - Borregaard.

ISSUED AND OUTSTANDING SHARE OPTIONS AS OF 31 DECEMBER 2024:

Year issued	Number of share options issued	Exercised/ forfeited share options	Number of outstanding share options	Strike price*	Expire date	Number of employees**
2020	400,000	345,000	55,000	87.60	13 Feb 2025	28
2021	249,000	6,000	243,000	168.70	16 Feb 2026	31
2022	200,000	-	200,000	216.75	17 Feb 2027	31
2023	250,000	-	250,000	187.00	1 Mar 2028	35
2024	371,000	-	371,000	195.35	27 Feb 2029	35
	1,470,000	**351,000**	**1,119,000**			

** The strike price has been adjusted for dividends. Strike prices were set at 10% above the share price at the issue date.*
*** Including Group Executive Management.*

The common practice is equity settlement for the share-based option programmes. Share-based related costs for 2024 for the Group Executive Management was NOK 8 million in total for all programmes. 56,550 share options issued in 2019, 281,900 share options issued in 2020 and 6,000 share options issued in 2021 have been exercised in 2024.

Changes in outstanding share options for Borregaard's employees are shown in the table below:

	2024		2023	
Number of share options	No.	WAEP*	No.	WAEP*
Outstanding at the beginning of the year	1,092,450	155.19	1,196,500	125.93
Exercised during the year	-344,450	-	-354,050	-
Granted during the year	371,000	195.00	250,000	190.75
Forfeited during the year	-	-	-	-
Outstanding at year-end **	1,119,000	186.23	1,092,450	155.19
Exercisable options at year-end**	298,000	-	393,450	-

** Weighted average exercise price adjusted for dividend. Amounts in NOK.*
*** Expiry dates are 6 February 2024 for 46,550 options, 13 February 2025 for 346,900 options, 16 February 2026 for 249,000 options, 17 February 2027 for 200,000 options and 1 March 2028 for 250,000 options.*

Borregaard has used the Black-Scholes model when estimating the value of the options. The volatility is calculated on the basis of the average volatility the past years for Borregaard and Borregaard peers. See Note 37 for share options issued in 2025.

Assumptions	2024	2023
Expected dividend-yield (%)	-	-
Expected volatility (%)	31.7	28.2
Historical volatility (%)	31.7	28.0
Risk-free return (%)	3.4	3.5
Expected life of option (years)	4.0	5.0
Weighted average share price (NOK)	180.97	177.04

SHARE OPTIONS AND SHARES HELD BY GROUP EXECUTIVE MANAGEMENT AND RELATED PARTIES AS OF 31 DECEMBER

	Issued 2020 Strike NOK 91.35*		Issued 2021 Strike NOK 172.45*		Issued 2022 Strike NOK 216.75*		Issued 2023 Strike NOK 187.00*		Issued 2024 Strike NOK 195.35*	Shares	
	No. of share options		No. of share options		No. of share options		No. of share options		No. of share options	No. of shares**	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2024	2023
CEO	-	60,000	40,000	40,000	30,000	30,000	40,000	40,000	55,000	165,351	164,810
Other members of the Group Executive Management	20,000	144,900	77,000	77,000	60,000	60,000	77,000	77,000	108,000	313,498	310,252
Total	**20,000**	**204,900**	**117,000**	**117,000**	**90,000**	**90,000**	**117,000**	**117,000**	**163,000**	**478,849**	**475,062**

** The strike price has been adjusted for dividends.*
*** Total share ownership including related parties.*

Discounted shares for employees

The Group has a programme that gives employees, including the members of the Group Executive Management, the opportunity to buy a limited number of shares at a discount in relation to the market price. In 2024, Borregaard sold a total of 165,248 shares to employees. The share price was NOK 129.18 per share including a 25% discount. Costs in 2024, including administration costs, related to the programme in 2024 amounted to approximately NOK 8 million.

Special agreements with the President and CEO and other members of the Group Executive Management

If the President and CEO, Per A. Sørlie, by mutual agreement and in the best interest of the company, terminates the employment contract, he will receive pay for up to 6 months after the period of notice. 75% of any income from another permanent post during the 6-month period will be deducted. The President and CEO is included in the company's ordinary pension schemes up to the retirement age of 68. In addition, The President and CEO had a pension agreement which consisted of 60% of annual pay in addition to full pension contribution (20% of 100% base salary) in the 2-year period from 65-67 years with no deduction for income from another permanent position. This agreement ended in September 2024.

The other members of the Group Executive Management have a six-months period of notice and no severance pay agreement.

There are no loans to the members of the Group Executive Management.

There are no other special agreements with the Group Executive Management team.

Remuneration of the Board of Directors

At the General Meeting in April 2024, it was decided that The Board of Directors would be remunerated at annual rates for the period up to the next General Meeting in 2025:

Board of Directors			
Board chair	NOK	695,000	per year
Board member, shareholder-elected	NOK	387,000	per year
Board member, employee-elected	NOK	314,000	per year
Observer, employee-elected	NOK	105,000	per year
Deputy for observer	NOK	8,100	per meeting
Audit and Sustainability Committee			
Committee chair	NOK	112,000	per year
Member	NOK	73,000	per year
Compensation Committee			
Committee chair	NOK	66,000	per year
Member	NOK	50,900	per year

According to a resolution at the General Meeting in 2018, shareholder-elected Board members are required to use 20% of their annual remuneration to acquire shares in the Company, until the share value reaches an amount equivalent to one year's remuneration. For actual allowance to board members, see the "Remuneration report 2024" on Borregaard's website.

Remuneration of the Nomination Committee

The chair of the Nomination Committee receives NOK 73,800 per year and an additional NOK 11,800 per meeting exceeding 4 meetings. Other members receive NOK 51,400 per year and an additional NOK 9,600 per meeting exceeding 4 meetings.

For shares held by the Board of Directors, see Note 4 in the Financial Statement of Borregaard ASA.

FEES TO GROUP EXTERNAL AUDITOR

Amounts in NOK million	2024	2023
Statutory audit	6.7	6.2
Sustainability attestation	1.2	0.4
Other attestation services	0.5	0.6
Tax consultancy services	-	-
Other non-audit services	0.6	0.9
Total fees to EY	9.0	8.1

NOTE 10 PENSIONS

Borregaard has a policy to use defined contribution pension plans. However, there are some defined benefit pension plans, primarily in the USA and Norway.

Defined contribution plans

In the defined contribution pension plans, the company is responsible for making an agreed contribution to the employee's pension assets. The future pension will be determined by the amount of the contributions and the return on the pension savings. Once the contributions have been paid, there are no further payment obligations attached to the defined contribution pension. As a result, there is no liability recorded in the statement of financial position. The pension costs related to defined contribution plans will be equal to the contributions to employees' pension savings in each reporting period.

Contribution plans also comprise pension plans that are common to several companies and where the pension premium is determined independently of the demographic profile in the individual companies (multi-employer plans). The company is obligated to follow the Act on Mandatory company pensions in Norway and the company meets the requirements.

Defined benefit plans

Defined benefit plans are measured at the present value of accrued future pension benefits at the end of the reporting period. Pension plan assets are measured at their fair value.

Changes in accounting estimates for defined benefit plans are recognised in other comprehensive income and the net interest costs for the period is calculated by using the discount rate for the liability at the beginning of the period on the net liability. As such, the net interest cost consists of interest on the liability and the return on the plan assets, whereas both have been calculated by using the discount rate. Changes in net pension liabilities as a result of payments of premiums and pension payments have been taken into consideration. The difference between the actual return and the accounted return is recognised continuously through other comprehensive income. The current service cost and net interest income/costs are recognised immediately. The financial part of the pension cost is recognised as part of financial items, the other part is recognised as payroll expenses in the income statement. Changes in value, both in assets and liabilities, are recognised through other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised through profit and loss when the curtailment or settlement occurs. A curtailment occurs when the Group decides to make a material reduction in the number of employees covered by a plan or amends the terms of a defined benefit plan such that a considerable part of the current employees' future earnings will no longer qualify for benefits or will qualify only for reduced benefits.

The introduction of a new defined benefit plan or an improvement to the current defined benefit plan will lead to changes in the pension liabilities. These will be charged to expenses in a straight line during the period until the effect of the change has been accrued. The introduction of new plans or changes to existing plans which take place with retroactive effect so that the employees immediately accrue a paid-up policy (or a change in a paid-up policy) are recognised in the statement of comprehensive income immediately. Gains or losses linked to curtailments or terminations of pension plans are recognised through profit and loss when they arise.

Borregaard has pension plans that are classified as funded benefit plans and unfunded benefit plans. Expected contributions for the next year, 2025, to the defined benefit plan obligation is NOK 1 million. The largest part of the benefit plans are in the USA and Norway.

USA

The pension plans in the USA contain three different plans; two defined benefit plans for salaried and hourly employees and one supplemental post-retirement plan. In 2016, the defined benefit plans were closed for new employees and replaced with a contribution plan.

Norway

The net pension liabilities consist of unfunded pension plans and disability pension scheme for key personnel and liabilities related to contribution-based plans for employees who earn

more than twelve times the Norwegian National Insurance Scheme's basic amount (12G). The pension plan for employees in Norway who earn more than 12G is a contribution-based plan. The sum of the accrued contributions and the return on the plan assets are presented as a pension liability in the company's statement of financial position. The pension plan is therefore presented as a defined benefit plan.

The early retirement scheme, AFP, is recognised as a multiemployer defined contribution plan. This may change if there are sufficient reliable, consistent data to be able to recognise it as a defined benefit plan. In 2024, the premium for the early retirement scheme is 2.7% of total payments of wages between 1 and 7.1 times the average basic amount (G). All employees in Norway younger than 62 years are included, 902 employees in 2024, and the cost in 2024 was NOK 15 million.

Pension plan assets

The pension plans with pension plan assets are located in the USA. Pension plan assets are mainly invested in bonds and shares. The estimated return will vary depending on the composition of the various classes of assets. The breakdown of pension plan assets is presented below.

Assumptions defined benefit plans

Borregaard uses the covered bonds interest rate on the Norwegian benefit plans. The discount rate is fixed at the rate on high quality corporate bonds with the same lifetime as the pension liabilities (AA-rated corporate bonds). As a rule, parameters such as wage growth, growth in G (future social security wage base) and inflation are set in accordance with recommendations on the various countries. The mortality estimate is based on up-to-date mortality tables for the various countries. Norway: K2013 BE, USA: Pri-2012 collar base tables from 2012 projected forward using MP-2021.

ASSUMPTIONS DEFINED BENEFIT PLANS	NORWAY		USA	
	2024	2023	2024	2023
Discount rate	4.5%	3.9%	5.7%	5.1%
Rate of return on assets	NA	NA	5.7%	5.1%
Future salary adjustment	4.00%	3.25%	4.0%	4.0%
G-multiplier*/Future social security wage base	3.75%	3.25%	3.5%	3.5%
Turnover	2.0%	1.5%	2.5%	2.5%
Expected average remaining vesting period	8.8	10.7	-	-

** 1G is NOK 124.028 as of 31 December 2024*

BREAKDOWN OF NET PENSION COSTS

Amounts in NOK million	2024	2023
Contribution plans	-74	-70
Current service cost	-5	-9
Net pension costs (incl. national insurance contributions)	**-79**	**-79**

BREAKDOWN OF PENSION OBLIGATIONS AND PENSION PLAN ASSETS AS OF 31 DECEMBER, IN PAST FIVE YEARS

Amounts in NOK million	2024	2023	2022	2021	2020
Present value of funded pension obligations	-349	-319	-333	-457	-487
Pension plan assets (fair value)	533	450	409	523	478
Net pensjon plan assets/-net funded pension liabilities**	**184**	**131**	**76**	**66**	**-9**
Present value of unfunded pension obligations**	**-104**	**-92**	**-90**	**-95**	**-81**
Capitalised net pension assets/-obligations	80	39	-14	-29	-90

*** Pension schemes are presented gross in the balance sheet.*

CHANGES IN THE PRESENT VALUE OF PENSION OBLIGATIONS DURING THE YEAR

Amounts in NOK million	2024	2023
Pension obligations 1 January	-411	-423
Current service cost (incl. national insurance contributions)	-5	-9
Interest on pension obligations	-27	-28
Actuarial gains and losses	10	29
Benefits paid during the year	17	31
Currency translations	-36	-11
Pension obligations 31 December	**-452**	**-411**

CHANGES IN PENSION PLAN ASSETS DURING THE YEAR

Amounts in NOK million	2024	2023
Pension plan assets (fair value) 1 January	450	409
Expected return on pension plan assets	24	23
Contributions and benefits paid during the year	-21	-28
Actuarial gains and losses	27	34
Currency translations	53	12
Pension plan assets (fair value) 31 December	**533**	**450**

BREAKDOWN OF PENSION PLAN ASSETS (FAIR VALUE)

As of 31 December	2024	2023
Cash and cash equivalents and money market investments	2%	1%
Bonds	33%	32%
Shares	65%	67%
Total pension plan assets	**100%**	**100%**

Sensitivity

The above pension cost and pension liabilities related to defined benefit schemes, are based on the assumptions outlined above. The actuarial calculations are sensitive to any changes in the assumptions. A 1% increase in wage adjustment would imply a 3% increase in pension liability and a 5% increase in pension cost (defined benefit schemes).

A 1% increase in discount rate would imply an 11% decrease in pension liability and 2% decrease in pension cost while a 1% reduction in discount rate would imply a 13% increase in pension liability and a 2% increase in pension cost.

NOTE 11 OTHER OPERATING EXPENSES

The Borregaard Group has chosen to present its income statement based on the nature of the item of income or expense. Operating expenses have been broken down into the following main items: Cost of materials, payroll expenses, depreciation, amortisation and other operating expenses. Thus, other operating expenses comprises all operating expenses that are not related to cost of materials, employee payrolls and capital costs in the form of depreciation. The most important items have been grouped into the following main items.

Amounts in NOK million	2024	2023
External distribution costs	-640	-628
Maintenance, repair and equipment costs	-390	-356
Consultants, legal advisors, temporary staff, etc.	-183	-176
Rental/leasing (Note 12)	-53	-55
Other	-357	-287
Total other operating expenses	**-1,623**	**-1,502**

NOTE 12 LEASES

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual

value guarantees, if any. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Discount rates used:

Machinery, vehicles and equipment: Incremental borrowing rate.

Buildings: Implicit interest rate if available.

The incremental borrowing rate is based on interbank interest rate (NIBOR, EURIBOR or SOFR) plus margin plus country risk mark-up.

The Group's lease of buildings have lease terms that vary from 1 to 25 years, and several agreements involve a right of renewal which may be exercised during the last period of the lease terms. The Group assesses at the commencement whether it is reasonably certain to exercise the renewal right. Group's lease liabilities are included in interest-bearing liabilities. See Note 27.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less) that Borregaard has adopted. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The Group leases several assets such as offices and other facilities, machinery and equipment and vehicles. The Group's right-of-use assets are categorised and presented in the following table:

RIGHT-OF-USE ASSETS

Amounts in NOK million	Land, buildings and other property	Machinery and plants	Fixtures, fittings, vehicles etc.	Other assets	Total
Balance at 1 January 2023	**281**	**-**	**55**	**9**	**345**
Depreciations	-43	-	-26	-15	-84
Additions	147	-	26	77	250
Adjustments to existing contracts and terminations	18	1	-	2	21
Effects of movements in exchange rates	-2	-	1	-4	-5
Balance at 31 December 2023	**401**	**1**	**56**	**69**	**527**
Depreciations	-72	-1	-24	-22	-119
Additions	48	-	24	-	72
Adjustments to existing contracts and terminations	13	-	-	-	13
Effects of movements in exchange rates	7	-	2	6	15
Balance at 31 December 2024	**397**	**-**	**58**	**53**	**508**

LEASE LIABILITIES

Amounts in NOK million	2024	2023
Balance at 1 January	**563**	**371**
Additions	72	250
Adjustments to existing contracts and terminations	13	21
Accretion of interests	36	29
Payments	-146	-102
Currency translations	16	-6
Balance at 31 December	**554**	**563**

LEASE LIABILITIES CONT.

Amounts in NOK million	2024	2023
Maturity analysis - contractual undiscounted cash flows		
Less than one year	143	127
One to two years	115	116
Two to three years	80	94
Three to four years	53	62
Four to five years	42	39
More than five years	300	319
Total undiscounted lease liabilities at 31 December	**733**	**757**
Lease liabilities included in the statement of financial position at 31 December	**554**	**563**
Current	112	95
Non-current	442	468

AMOUNTS RECOGNISED IN PROFIT OR LOSS

Amounts in NOK million	2024	2023
Interest on lease liabilities	-36	-29
Depreciation of right-of-use assets	-119	-84
Gains (+) and losses (-) due to terminations, purchases, impairments, and other changes	-	-
Variable lease payments not included in the measurement of lease liabilities	-8	-6
Expenses relating to short-term leases	-44	-48
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-1	-1
Total amount recognised in profit or loss	**-208**	**-168**

AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOW

Figures in NOK	2024	2023
Total cash outflow for leases	**199**	**157**

The Group is committed to fulfil future cash outflows relating to leases amounting to NOK 39 million which is not recorded in the financial position as of 31 December 2024.

Extension options

Borregaard has lease contracts that include extension options. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Set out below are the discounted liability effects related to extension options:

Amounts in NOK million	2024
Options to extend not yet recognised, discounted liability effect	113
Recognised options to extend, discounted liability effect	53

NOTE 13 OTHER INCOME AND EXPENSES[1]

Other income and expenses[1] largely consist of material positive and negative non-recurring items, restructuring costs and any substantial write-downs of both tangible and intangible assets. The main purpose of this line is to present material non-recurring items and items substantially relating to other periods separately to ensure that the changes in and comparability of the lines presented in EBITDA[1], depreciation and amortisation are more relevant to the company.

Amounts in NOK million	2024	2023
Accrual related to remediation of contaminated soil at the site in Norway. See Note 35.	-30	-
Total other income and expenses[1]	**-30**	**-**

/ [1] *Alternative performance measures, see page 199 for definition.*

NOTE 14 NET FINANCIAL ITEMS

Interest income and interest costs on loans and receivables are calculated using the effective interest method. Commitment fees and costs related to borrowings are reported as part of interest costs. The financial element of pension costs is included in other finance costs and is disclosed in Note 10. Borrowing costs related to assets under construction are recognised in the statement of financial position together with the asset. Foreign currency gains or losses arising from operational assets and liabilities, and the hedging of such, are reported as operating revenues or operating costs. Other foreign currency gains or losses are reported as foreign exchange gain and foreign exchange loss. The foreign currency gains or losses related to net investments in subsidiaries are disclosed in Note 29.

There are no major differences between recognised interest income and inflow of interests. There are no major differences between recognised interest expense and outflow of interests.

FINANCE INCOME AND FINANCE COSTS

Amounts in NOK million	2024	2023
Interest income	33	30
Foreign exchange gain	332	374
Other finance income	1	5
Total finance income	**366**	**409**
Interest costs	-193	-171
Foreign exchange loss	-349	-389
Other finance costs	-6	-7
Total finance costs	**-548**	**-567**
Share of profit/loss from associate	**-22**	**-9**
Net financial items	**-204**	**-167**

NOTE 15 TAXES

Income tax expense consists of the total of current taxes and changes in deferred tax. Current taxes are recognised in the financial statements at the amount that is expected to be paid to the tax authorities based on taxable income reported for entities included in the combined financial statements. Current taxes and changes in deferred tax are taken to other comprehensive income to the extent that they relate to items that are included in other comprehensive income.

Deferred tax in the statement of financial position have been calculated at the nominal tax rate based on temporary differences between accounting and tax basis of assets and liabilities on the statement of financial position date.

Deferred tax liability relating to goodwill has not been recognised in the statement of financial position. Deferred tax assets are continuously assessed and are only recognised in the statement of financial position to the extent it is probable that future taxable profit will be large enough for the asset to be usefully applied. Deferred tax liability and deferred tax assets are offset as far as this is possible under taxation legislation and regulations.

TAX EXPENSE

Amounts in NOK million	2024	2023
Profit before tax	1,079	1,124
Current tax expense	-292	-254
Change in deferred tax	42	-14
Total tax expense	**-250**	**-268**
Tax as % of Profit/loss before taxes	23.2%	23.8%

Reconciliation of the group's tax rate

In the following table, reported taxes are reconciled with the tax charge based on the Norwegian tax rate of 22%. The main tax components are specified.

Amounts in NOK million	2024	2023
22% of profit before taxes (tax rate in Norway)	-237	-247
Foreign operations with other tax rates than 22%	-10	-7
Joint venture and associate companies	-4	-1
Permanent differences	-3	-12
Other current taxes	2	-1
Correction previous years	1	0
Other deferred taxes	1	0
The Group's total tax expense	**-250**	**-268**

In addition to the compilation of the tax rates in the various countries in which Borregaard operates and has taxable income, the income tax rate for the Group is also impacted by the following:

LignoTech Florida is a limited liability company (LLC) which is taxed on the owners' hand. Profit before tax is 100% consolidated in the Borregaard Group, whereas the tax expense is calculated based on Borregaard's 55% ownership. Consequently, profit attributable to non-controlling interests for LignoTech Florida (45%) is calculated on profit before tax.

Share of profit after tax from the joint venture and associate companies is accounted for as part of profit before tax. The net loss from the joint venture and associate companies does not decrease the tax expense and thus increases the Group's tax rate.

There are carry forward tax losses in the Group which will not be recognised as deferred tax assets, and hence increase the Group's tax rate.

Deferred tax liabilities

Deferred tax liability consists of the Group's tax liabilities that are payable in the future. The table below lists deferred tax assets and liabilities relating to the timing differences between tax accounting and financial accounting.

Amounts in NOK million	2024	2023
Deferred tax on tax increasing/(reducing) differences		
Hedging taken to comprehensive income	-153	-68
Intangible assets and Property, plant and equipment	237	226
Net pension liabilities	27	15
Gain and loss tax deferral	1	1
Other non-current items	-7	-7
Total non-current items	105	167
Current receivables	-4	-3
Inventories	54	75
Provisions	-10	-8
Other current items	-113	-98
Total current items	-73	-34
Losses/tax credits carried forward	-37	-37
Net deferred tax	-5	96
Deferred tax assets, not recognised	33	33
Net deferred tax, recognised	**28**	**129**
Change in deferred tax	101	3
Change in deferred tax taken to comprehensive income	-74	-19
Acquisitions/sale of companies, translation effects, etc.	15	2
Change in deferred tax income statement	**42**	**-14**

NET DEFERRED TAX PRESENTED IN STATEMENT OF FINANCIAL POSITION

Amounts in NOK million	2024	2023
Deferred tax	148	130
Deferred tax assets	120	1
Net deferred tax	**28**	**129**

LOSSES CARRIED FORWARD BY EXPIRY DATE

Amounts in NOK million	2024	2023
Without expiry date	132	139
Total tax losses carried forward	**132**	**139**

TAX REDUCING TIMING DIFFERENCES WITH CORRESPONDING DEFERRED TAX ASSETS 2024

Amounts in NOK million	Tax reducing timing differences	Recognised deferred tax assets	Unrecognised deferred tax assets	Total deferred tax assets
Losses/tax credits carried forward by country				
Spain	132	-	33	33
USA	-	4	-	4
Total	**132**	**4**	**33**	**37**
Other tax reducing timing differences	1,307	260	-	260
Total tax reducing timing differences	**1,439**	**264**	**33**	**297**
Netted deferred tax	-762	-144	-	-144
Net tax reducing timing differences	**677**	**120**	**33**	**153**

Deferred tax assets are only capitalised to the extent that it is probable that there will be sufficient future taxable profit for the tax asset to be used, either because the unit recently reported a profit or because assets with excess value have been identified. If future profits are not likely to be sufficient to absorb the tax reducing timing differences, deferred tax assets are not recognised.

TAX PAYMENTS PER COUNTRY

Amounts in NOK million	Tax paid
Norway	-201
United Kingdom	-3
Germany	-5
Czech Republic	-12
USA	-41
Brazil	-3
India	-1
Singapore	-1
Other countries	-1
Total tax paid	**-268**

Borregaard will always seek to meet the tax laws requirements in the countries where we have commercial activity. The company will not enter into arrangements which could be considered artificial, or which have tax avoidance as their sole or main objective. Borregaard uses the OECD guidelines for internal pricing, which is an important factor in ensuring that profits and taxes are distributed fairly among different countries.

Pilar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. However, this legislation does not apply to the Group as its consolidated revenue does not exceed EUR 750 million.

NOTE 16
EARNINGS PER SHARE (EPS) AND DIVIDEND

Earnings per share are calculated on the basis of profit for the year after non-controlling interests. As a result of the Borregaard Group's option programme (see Note 9), outstanding shares may be diluted when options are exercised. In order to take into account this future increase in the number of shares outstanding, diluted earnings per share are calculated in addition to basic earnings per share. In this calculation, the average number of shares outstanding is adjusted to take into account the estimated dilutive effect of the option programme.

Amounts in NOK million	2024	2023
Profit/loss for the year after non-controlling interests for continuing operations	823	870
Profit/loss for the year after non-controlling interests	823	870
Amounts in million shares		
Weighted average number of shares outstanding	99.70	99.71
Estimated dilution effect option programme	0.05	0.21
Weighted average number of shares outstanding diluted	99.75	99.92

The share capital consists of 100 million shares including 448,779 treasury shares as of 31 December 2024. The average number of outstanding shares during 2024 is 99,699,036 and the average number of diluted shares in 2024 is 99,753,361.

Amounts in NOK	2024	2023
Earnings per share	8.25	8.73
Earnings per diluted share	8.25	8.71
Ordinary dividend per share	4.25	3.75
Extraordinary dividend per share	-	-

NOTE 17 INTANGIBLE ASSETS

Capitalised expenditure on internally generated or specially adapted computer programmes is presented as intangible assets. The reinvestment need of specially adapted computer programmes is similar to that of other tangible assets, and the amortisation of intangible assets are presented together with Borregaard's other depreciation.

Research and development (R&D) expenditure is the expenses incurred by Borregaard in conducting research and development, including studies of existing or new products and production processes in order to secure future earnings. Expenditure on research is always expensed as incurred, while expenditure on development is recognised in the statement of financial position if the underlying economic factors are identifiable and represent probable future economic benefits of which Borregaard has control. Borregaard has a large number of projects in process at all times, but the number of projects that end in capitalisation is limited. This is due to the considerable uncertainty throughout the decision-making process and the fact that only a small percentage of all projects culminate in commercial products. Furthermore, the portion of the total project expenses that qualify for recognition in the statement of financial position are relatively small, as it is only from the time the decision to develop the product is made it can be capitalised, and that decision-making point comes at a late stage of the process. The fair value of intangible assets acquired by the company through business combinations is capitalised. Intangible assets with indefinite life will not be amortised while other intangible assets will be amortised over their useful life.

Goodwill is initially measured at cost, being the excess of the aggregate of the transferred and the amount recognised for non-controlling interest over the net identified asset acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in income statement.

Amortisable intangible assets are amortised on a straight-line basis at the following rates: Development 20% and other intangible assets 10–15%. Development consists mainly of internal resources being involved in development projects. IT consists mainly of external costs.

Amounts in NOK million	Development and other intangible assets	IT	Goodwill	Total
Book value 1 January 2024	15	32	37	84
Additions	1	17	-	18
Depreciation/Amortisation	-8	-9	-	-17
Impairment	-	-	-	-
Currency translations	1	-	2	3
Book value 31 December 2024	9	40	39	88
Initial cost 31 December 2024	175	206	55	436
Accumulated amortisation and impairment	-166	-166	-16	-348
Book value 31 December 2024	9	40	39	88
Book value 1 January 2023	22	26	34	82
Additions	2	14	-	16
Depreciation/Amortisation	-9	-8	-	-17
Impairment	-	-	-	-
Currency translations	-	-	3	3
Book value 31 December 2023	15	32	37	84
Initial cost 31 December 2023	174	189	55	418
Accumulated amortisation and impairment	-159	-157	-18	-334
Book value 31 December 2023	15	32	37	84

In addition, Borregaard expensed NOK 121 million in research costs in 2024 (NOK 99 million).

The amounts include grants and other cost deductions. See Note 34.

Emission rights
Government granted and purchased CO_2 emission allowances expected to be used towards Borregaard's own emissions are recognised as intangible assets at nominal value (cost). In case there are actual CO_2 emissions exceeding the level covered by emission rights, those are recognised as a liability. Sale of government granted CO_2 emission rights are recognised at the time of sale at the transaction price. See table below for information regarding sale of, obligation to deliver and owned emission rights. Market price of the emission rights was EUR 72.78 as of 31 December 2024 (EUR 80.37).

Emission rights	Number of emission rights
Emission rights 1 January 2023	**690,066**
Delivered emission rights for 2022	-143,042
Received emission rights for 2023	157,676
Sold emissions rights during 2023	-40,000
Emission rights 31 December 2023	**664,700**
Delivered emission rights for 2023	-120,107
Received emission rights for 2024	157,676
Sold emissions rights during 2024	-55,000
Emission rights 31 December 2024	**647,269**
Obligation to deliver emission rights for 2024 in 2025	-105,915
Available emission rights for 2025	**541,354**

NOTE 18 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets intended for production, delivery of goods or administrative purposes and have a lasting useful life. They are recognised in the statement of financial position at cost minus any accumulated depreciation and impairment. Annual major maintenance stops are capitalised as part of property, plant and equipment and depreciated over a period of 12 months. All other maintenance and repairs are expensed under operating expenses as and when the maintenance is carried out, while expenditure on replacements or improvements is added to the cost price of the assets. Borrowing costs related to the construction of the Group's own property, plant and equipment are capitalised as part of the cost of the asset.

Property, plant and equipment are depreciated on a straight-line basis over the useful life, at the following rates: buildings 2–5%, machinery, fixtures and fittings mainly 4–20%, vehicles 15–25% and IT equipment 15–33%. The period of depreciation is reviewed each year and if there are changes in useful life, depreciation is adjusted. If there is any indication that an asset may be impaired, the asset will be written down to the recoverable amount if the recoverable amount is lower than the carrying value. The residual value is also calculated and if it is higher than the carrying value, depreciation is stopped. This applies in particular to buildings. The Group is committed to fulfil contracts amounting to NOK 34 million which is not recorded in the statement of financial position as of 31 December 2024 (NOK 68 million as of 31 December 2023).

Investments according to the transition plan (page 57) are not considered to have an impact on the useful life or the value of the existing property, plant, and equipment.

Amounts in NOK million	Land, buildings and other property	Machinery and plants	Assets under constructions	Fixtures, fittings, vehicles, EDP, etc.	Total
Book value 1 January 2024	1,605	2,434	596	26	4,661
Additions	100	226	363	3	692
Disposals	-1	-	-	-	-1
Transferred assets under construction	194	228	-423	1	-
Impairment	-	-	-	-	-
Depreciation	-117	-298	-	-10	-425
Currency translation	24	71	4	-	99
Book value 31 December 2024	1,805	2,661	540	20	5,026
Initial cost 31 December 2024	3,279	8,093	540	234	12,146
Accumulated depreciation and impairment	-1,474	-5,432	-	-214	-7,120
Book value 31 December 2024	1,805	2,661	540	20	5,026
Book value 1 January 2023	1,567	2,448	322	34	4,371
Additions	81	182	385	3	651
Disposals	-	-	-	-	-
Transferred assets under construction	50	62	-112	-	-
Impairment	-	-	-	-	-
Depreciation	-99	-279	-	-11	-389
Currency translation	6	21	1		28
Book value 31 December 2023	1,605	2,434	596	26	4,661
Initial cost 31 December 2023	2,996	7,738	596	232	11,562
Accumulated depreciation and impairment	-1,391	-5,304	-	-206	-6,901
Book value 31 December 2023	1,605	2,434	596	26	4,661

NOTE 19 OVERVIEW OF FINANCIAL INSTRUMENTS

Loans, as well as trade receivables, are held to collect contractual cash flows and are expected to give rise to cash flows solely representing payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. The Group applied the simplified approach and record lifetime expected losses on all trade receivables.

The Group has considered that due to the historical low level of credit losses, the loss allowance will not be materially different from the current level. Transactions in foreign currencies are recognised at the exchange rate on the date of the transaction, while monetary items in foreign currencies are presented at the exchange rate on the balance sheet date, and any gain/ loss is reported in the income statement as financial items. Revenues and expenses in subsidiaries with a functional currency different from the Group's presentation currency are translated monthly at the average exchange rate for the month and accumulated. Statement of financial position items in subsidiaries with a different functional currency are translated at the exchange rate on the balance sheet date. Translation differences are reported in comprehensive income.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments, by valuation technique:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets and liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The foreign exchange element in currency forward contracts is measured at observable market prices using the foreign exchange rate set by Norges Bank, Norway's central bank. Different maturity dates add an interest rate element resulting in an estimated fair value of the currency forward contracts. Borregaard had one item defined as level 1 at the end of 2023. This item was transferred from level 1 to level 2 in the measurement hierarchy during 2024. A description of how the derivatives are measured is provided in Note 29.

OVERVIEW OF FINANCIAL INSTRUMENTS 2024

Amounts in NOK million	Note	Measure-ment level	Financial instruments at fair value through profit and loss	Financial instruments at fair value - hedging instruments	Financial liabilities measured at amortised cost	Deposits and receivables measured at amortised cost	Total	Of this interest-bearing	Fair value
Non-current assets									
Non-current financial receivables	20	2	-	-	-	191	191	1	191
Share investments	20	2	-	-	-	28	28	-	28
Non-current derivatives	20, 29	2	-	1	-	-	1	-	1
Total			**-**	**1**	**-**	**219**	**220**	**1**	**220**
Current assets									
Accounts receivable	22		-	-	-	1,073	1,073	-	1,073
Other current receivables	22		-	-	-	41	41	-	41
Current derivatives	22, 29	2	1	4	-	-	5	-	5
Cash and cash equivalents	23		-	-	-	82	82	82	82
Total			**1**	**4**	**-**	**1,196**	**1,201**	**82**	**1,201**
Non-current liabilities									
Non-current financial liabilities	12, 27	2,3	-	-	2,037	-	2,037	2,035	2,037
Non-current derivatives	24, 29	2	-	336	-	-	336	-	336
Total			**-**	**336**	**2,037**	**-**	**2,373**	**2,035**	**2,373**
Current liabilities									
Current financial liabilities	12, 27	2	-	-	288	-	288	288	288
Accounts payable	25		-	-	551	-	551	-	551
Other current liabilities	25		-	-	9	-	9	-	9
Current derivatives	25, 29	2	2	361	-	-	363	-	363
Total			**2**	**361**	**848**	**-**	**1,211**	**288**	**1,211**
Total financial instruments			**-1**	**-692**	**-2,885**	**1,415**	**-2,163**	**-2,240**	**-2,163**
Total measurement level 1			-	-	-	-	-	-	-
Total measurement level 2, assets			1	5	-	219	225	1	225
Total measurement level 2, liabilities			-2	-697	-1,825	-	-2,524	-1,823	-2,524
Total measurement level 3			-	-	-500	-	-500	-500	-500

OVERVIEW OF FINANCIAL INSTRUMENTS 2023

Amounts in NOK million	Note	Measure-ment level	Financial instruments at fair value through profit and loss	Financial instruments at fair value - hedging instruments	Financial liabilities measured at amortised cost	Deposits and receivables measured at amortised cost	Total	Of this interest-bearing	Fair value
Non-current assets									
Non-current financial receivables	20	2	-	-	-	184	184	2	184
Share investments	20	1	-	-	-	28	28	-	280
Non-current derivatives	20, 29	2	-	93	-	-	93	-	93
Total			**-**	**93**	**-**	**212**	**305**	**2**	**305**
Current assets									
Accounts receivable	22		-	-	-	877	877	-	877
Other current receivables	22		-	-	-	33	33	-	33
Current derivatives	22, 29	2	4	27	-	-	31	-	31
Cash and cash equivalents	23		-	-	-	469	469	469	469
Total			**4**	**27**	**-**	**1,379**	**1,410**	**469**	**1,410**
Non-current liabilities									
Non-current financial liabilities	12, 27	2,3	-	-	2,018	-	2,018	2,016	2,018
Non-current derivatives	24, 29	2	-	176	-	-	176	-	176
Total			**-**	**176**	**2,018**	**-**	**2,194**	**2,016**	**2,194**
Current liabilities									
Current financial liabilities	12, 27	2	-	-	246	-	246	246	246
Accounts payable	25		-	-	560	-	560	-	560
Other current liabilities	25		-	-	9	-	9	-	9
Current derivatives	25, 29	2	3	252	-	-	255	-	255
Total			**3**	**252**	**815**	**-**	**1,070**	**246**	**1,070**
Total financial instruments			**1**	**-308**	**-2,833**	**1,591**	**-1,549**	**-1,791**	**-1,549**
Total measurement level 1			-	-	-	28	28	-	28
Total measurement level 2, assets			4	120	-	184	308	2	308
Total measurement level 2, liabilities			-3	-428	-1,764	-	-2,195	-1,762	-2,195
Total measurement level 3			-	-	-500	-	-500	-500	-500

For current assets and liabilities, fair value is estimated close or equal to book value. The bond is determined as measurement level 3. The fair value of the bond is deemed to equal book value.

The bond carries floating interest terms and the issuer's credit quality is not considered to have changed since the bond was issued in June 2023.

NOTE 20 OTHER ASSETS (NON-CURRENT)

Receivables are initially recognised at fair value which is generally the original invoice amount. For trade receivables see Note 22. The interest rate element is disregarded if it is insignificant, which is the case for the majority of receivables.

As of 31 December 2024, Borregaard has share investments of NOK 28 million in bio-based start-ups (Lignovations and Oceanium) and other companies. These investments are a result of Borregaard's business development strategy and complement the existing business portfolio.

Amounts in NOK million	2024	2023
Share investments	28	28
Non interest-bearing derivatives (Note 19)	1	93
Receivables interest-bearing (Note 19)	1	2
Receivables non interest-bearing (Note 19)	190	182
Total financial assets	**220**	**305**
Net pension plan (Note 10)	184	131
Total other assets	**404**	**436**

NOTE 21 INVENTORIES AND COST OF MATERIALS

Inventories are measured at the lower of cost and net realisable value. Purchased goods are measured at purchase cost according to the FIFO principle, while internally manufactured finished goods and work in progress are measured at production cost. Deductions are made for obsolescence. Net realisable value is the estimated selling price minus selling costs.
As of 31 December 2024, there is a total write-

Amounts in NOK million	2024	2023
Raw materials	216	184
Work in progress	127	98
Finished goods and merchandise	1,155	1,165
Total inventories	**1,498**	**1,447**

down of inventories of NOK 2 million (NOK 14 million) related to inventories measured at net realisable value total NOK 28 million (NOK 201 million). There are no reversed write-downs from earlier years.

Amounts in NOK million	2024	2023
Wood costs (Note 28)	-783	-630
Energy costs (Note 28)	-537	-610
Other materials	-1,431	-1,455
Change in work in progress and finished goods	19	150
Cost of materials	**-2,732**	**-2,545**

NOTE 22 RECEIVABLES (CURRENT)

Receivables are initially recognised at fair value which is generally the original invoice amount. For trade receivables the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Current receivables are both operating receivables and interest-bearing receivables. Operating receivables are broken down into trade receivables, accrued advance payments to suppliers and other current receivables. Trade receivables are non interest-bearing and are generally on terms of 30 to 90 days.

Amounts in NOK million	2024	2023
Accounts receivable (Note 19)	1,073	877
Non interest-bearing derivatives (Note 19)	5	31
Other current receivables (Note 19)	41	33
Total financial receivables	1,119	941
Advance payment to suppliers/ earned income	301	227
Tax receivables	21	33
Total current receivables	**1,441**	**1,201**

CHANGE IN PROVISIONS FOR BAD DEBT:

Amounts in NOK million	2024	2023
Provisions for bad debts 1 January	11	9
Bad debts recognised as expense (- income)	6	2
Realised losses	-	-
Translation effects	1	-
Provisions for bad debts 31 December	**18**	**11**

ACCOUNTS RECEIVABLE HAVE THE FOLLOWING DUE DATES:

Amounts in NOK million	2024	2023
Accounts receivable not due	901	752
Overdue receivables 1-30 days	144	105
Overdue receivables 31-60 days	29	15
Overdue receivables 61-90 days	3	4
Overdue receivables over 90 days	14	12
Accounts receivable carrying amount 31 December	**1,091**	**888**

NOTE 23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held for the purpose of meeting short-term fluctuations in liquidity rather than for investment purposes. Cash and cash equivalents consist of cash, bank deposits and current deposits with a maturity of three months or less. Company policy is to channel excess liquidity in wholly owned subsidiaries to Borregaard's cash pools (with DNB and Handelsbanken) or placed as deposits with Borregaard AS. In some countries, however, there are legal or technical impediments on participation in Borregaard's cash pools or making deposits with Borregaard AS.

Amounts in NOK million	2024	2023
Cash and cash equivalents	82	469
Bank overdraft	-85	-40
Net cash and cash equivalents	**-3**	**429**

Bank deposits of NOK 9 million related to tax deductions from employees are restricted as of 31 December 2024. Borregaard has a bank guarantee for the majority of the tax deductions. As of 31 December 2024, the liability related to tax deductions was NOK 36 million (NOK 34 million).

NOTE 24 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions are recognised in the financial statements in the case of onerous contracts or when restructuring measures have been adopted. Future operating losses will not be part of the provisions. In the case of restructuring provisions, there must be a detailed plan that identifies which parts of the business are to be restructured. The location and number of employees affected, and a valid expectation must have been created among those concerned that the restructuring will be carried out. In addition, it must be possible to provide a reliable estimate of the amount of the liability. It is a condition that the restructuring materially changes the size of the business or the way in which it is operated. The provision is calculated on the basis of the best estimate of expenses. If the effect is material, anticipated future cash flows will be discounted using a current pre-tax interest rate that reflects the risks specific to the provision.

Amounts in NOK million	2024	2023
Unfunded pension (Note 10)	104	92
Derivatives (Note 19)	336	176
Other non-current liabilities	2	3
Total provisions and other non-current liabilities	**442**	**271**

NOTE 25 OTHER LIABILITIES (CURRENT)

Current liabilities are operating liabilities (trade accounts payable, unpaid public taxes/charges, prepaid revenues, other accruals, etc.) and financial liabilities (payable interest). All these items are interest-free borrowings. Dividend does not become a liability before it has been approved by the General Meeting.

Amounts in NOK million	2024	2023
Accounts payable (Note 19)	551	560
Derivatives (Note 19)	363	255
Other current liabilities (Note 19)	9	9
Total financial liabilities non interest-bearing	923	824
Value-added tax, employee taxes, etc.	83	78
Accruals	397	458
Total other liabilities	**1,403**	**1,360**

NOTE 26 CAPITAL MANAGEMENT

Borregaard's financial policy shall ensure short-term and long-term financial flexibility for the Group.

Borregaard aims to maintain key financial ratios corresponding to an investment grade rated company in order to ensure access to debt capital on favourable terms and conditions. Borregaard shall manage financial risks, primarily related to currency fluctuations in a prudent manner and in accordance with established guidelines. Borregaard shall develop and maintain relationships with a core group of banks, based on long-term financing commitments.

Borregaard's policy for long-term funding is for debt to have an average maturity of at least 2.5 years, with a maturity profile spread over several years. Refinancing risk shall be actively managed and the refinancing process for maturing loans shall preferably commence at least one year ahead of scheduled maturity. Borregaard shall seek to diversify its long-term funding sources, supplementing bank loans with debt capital markets and other sources, subject to availability and conditions. The company may utilise commercial paper markets and/or short-term bank loans as sources of liquidity, provided that such loans can be substituted by undrawn long-term committed loan facilities.

In 2024, Borregaard ASAs issuer rating of A-/Stable was affirmed by Scope Ratings GmbH. The same rating was assigned to the company's senior unsecured debt.

Long-term funding

In 2023, Borregaard issued a five-year NOK 500 million unsecured green bond in the Norwegian bond market. A green financing framework, structured in accordance with the 2021 ICMA Green Bond Principles, as well as the 2023 LMA, APLMA and LSTA Green Loan Principles, was established in conjunction with the green bond issue. The net proceeds from the green bond will be used to finance or re-finance projects and costs defined as eligible under Borregaard's Green Financing Framework. In 2022, Borregaard entered into a USD 50 million sustainability linked term loan with the Nordic Investment Bank (NIB). The loan has a tenor of ten years with a grace period of four years. Borregaard has secured long-term sustainability linked revolving credit facilities totalling NOK 1,500 million, with equal portions of NOK 500 million being provided by each of the three banks (Handelsbanken, DNB and SEB). The facilities mature in 2027. The term loan and credit facilities are linked to Borregaard's sustainability targets and the margins can be adjusted based on the progress on three parameters: Borregaard's 2030 target of reducing

/ [1] *Alternative performance measures, see page 199 for definition.*

greenhouse gas emissions (Scope 1 and 2) as approved by the Science Based Targets initiative in 2019, reduction of the Group's total recordable injuries and finally, keeping emissions of organic compounds to the Glomma river below certain levels. All outstanding loans and all other sums due and outstanding must be repaid in full on the termination date specified for each tranche under the Bank Facilities Agreements.

The Bank Facilities Agreements and the term loan agreement with NIB, granted to Borregaard ASA and Borregaard AS on a joint and several basis, are unsecured (negative pledge), but contain a financial covenant and some limitations on new indebtedness beside change of control and cross-default provisions. The financial covenant is as follows: Leverage ratio[1]: the ratio of Net Interest-Bearing Debt[1] to Consolidated EBITDA[1] including other income and expenses[1], shall not exceed 3.50:1 during the life of the agreements.

Partially owned companies including the joint venture or companies whose domestic legislation prevents them from entering into loan agreements with Borregaard AS, will need either to be financed on equal (pro rata) terms by the partners or will have to establish independent funding.

In June 2017, LignoTech Florida LLC entered into a USD 60 million loan agreement with SEB. The loan facility is guaranteed 70% by The Norwegian Export Credit Guarantee Agency and has a tenor of 8.5 years from commercial completion of the plant. As of 31 December 2024, the remaining balance of the loan was USD 48.8 million. Furthermore, an overdraft facility of USD 15 million was established to meet short term liquidity needs. The owners of LignoTech Florida (see Note 31) will guarantee the loan and the overdraft facility on a pro rata basis until certain financial conditions are met. As an industrial group, Borregaard is not subject to any external capital requirements.

Liquidity and cash management

At 31 December 2024, Borregaard had a multi-currency overdraft facility of NOK 125 million linked to its international cash pool with DNB, a NOK 100 million overdraft limit linked to its cash pool (Group account system) with Handelsbanken and an intra-day facility of NOK 75 million with Nordea related to salary payments. Group liquidity shall be managed in cash pools, with Borregaard AS as owner of top accounts and legal counterpart to relevant banks. Group companies shall participate in cash pools to the extent possible, with allocated internal credit lines. Group companies which are prevented from participating in cash pools, shall enter into deposit and/or loan agreements with Borregaard AS and shall aim at keeping locally held cash balances at a near-zero level. Excess liquidity shall primarily be used to repay debt. Alternatively, excess liquidity can be placed with relationship banks or other well-rated banks.

Partially owned companies including the joint venture or companies whose domestic legislation prevents them from entering into deposit and/or loan agreements with Borregaard AS, shall invest surplus cash in low-risk deposits and/or pay dividend.

NOTE 27
FUNDING AND INTEREST-BEARING LIABILITIES

Loans and receivables are carried at amortised cost. Thus, changes in fair value resulting from changes in interest rates during the interest rate period are not reported in the income statement. Borrowing costs related to the long-term funding are capitalised over the period of the loan facilities.

Funding

Borregaard's main sources of financing are proceeds from its USD 50 million term loan with the Nordic Investment Bank, its green bond issue of NOK 500 million, and its long-term revolving credit facilities totalling NOK 1,500 million from three Scandinavian banks. In June 2017, LignoTech Florida entered into a USD 60 million loan agreement. The loan has a remaining balance of USD 48.8 million at 31 December 2024. To meet short term liquidity needs, an overdraft facility of USD 15 million was established.

For liquidity and cash management purposes two multicurrency overdraft facilities totalling NOK 225 million are in place.

/ [1] *Alternative performance measures, see page 199 for definition.*

	Book value		Fair value	
Amounts in NOK million	2024	2023	2024	2023
Non-current interest-bearing liabilities				
Bank loans/bond	1,593	1,548	1,593	1,548
Other interest-bearing liabilities	442	468	442	468
Total non-current interest-bearing liabilities	2,035	2,016	2,035	2,016
Current interest-bearing liabilities				
Bank loans/overdraft/commercial paper/bond	176	151	176	151
Other interest-bearing liabilities	112	95	112	95
Total current interest-bearing liabilities	288	246	288	246
Total interest-bearing liabilities	2,323	2,262	2,323	2,262
Interest-bearing receivables				
Non-current interest-bearing receivables	1	2	1	2
Cash and cash equivalents	82	469	82	469
Total interest-bearing receivables	83	471	83	471
Net interest-bearing debt[1]	**2,240**	**1,791**	**2,240**	**1,791**

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2024	Cash flows	Additions/ transfer leases	Foreign exchange movement	Fair value changes	31 December 2024
Long-term borrowings	2,016	-118	66	71	-	2,035
Short-term borrowings excluding overdraft	206	-32	19	9	-	202
Other instruments	-	-	-	-	-	-
Change in net interest-bearing liablities	-	-150	-	-	-	-
Overdraft	40	41		5	-	86
Total liabilities from financing activities	**2,262**	**-109**	**85**	**85**	**-**	**2,323**

/ [1] *Alternative performance measures, see page 199 for definition.*

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2023	Cash flows	Additions/ transfer leases	Foreign exchange movement	Fair value changes	31 December 2023
Long-term borrowings	1,370	463	170	13	-	2,016
Short-term borrowings excluding overdraft	579	-473	101	-1	-	206
Other instruments	-	-	-	-	-	-
Change in net interest-bearing liablities		**-10**				
Overdraft	123	-87	-	4	-	40
Total liabilities from financing activities	**2,072**	**-97**	**271**	**16**	**-**	**2,262**

There were no drawings under the Bank Facilities Agreements as of 31 December 2024. Drawings originating from the bond issue, the term loan with Nordic Investment Bank, and the term loan related to LignoTech Florida amounted to NOK 1,621 million as of 31 December 2024. The maturity profiles of the Group's interest-bearing liabilities are shown in the table below.

MATURITY PROFILE INTEREST-BEARING LIABILITIES AND UNUTILISED CREDIT FACILITIES

	Gross interest-bearing liabilities		Unutilised credit facilities	
Amounts in NOK million	2024	2023	2024	2023
Maturity < 1 year	288	246	310	338
Maturity 1-3 years	788	404	1,500	500
Maturity 3-5 years	738	1,059	-	1,000
Maturity 5-7 years	213	193	-	-
Maturity > 7 years	296	360	-	-
Total	**2,323**	**2,262**	**1,810**	**1,838**

NOTE 28 FINANCIAL AND CLIMATE RISKS

(I) ORGANISATION OF FINANCIAL RISK MANAGEMENT

Borregaard operates internationally and is exposed to financial risks like currency risk, interest rate risk, commodity price risk, climate risk, liquidity risk and credit risk. Borregaard uses derivatives and other financial instruments to reduce these risks in accordance with the Group's finance policy.

Responsibility for managing financial risk in Borregaard is divided between business areas, which manage risk related to business processes and corporate functions, which manages risk related to centralised activities like funding, interest rate management, cash management, currency risk management and credit management policy. Borregaard's CFO and the Group's Treasury Department are responsible for managing centralised financial risk elements.

Financial risks

This section describes the most important risk factors within the Group and the management of these risks. In this context, financial risk is defined as risk related to financial instruments. These may either be hedging instruments for underlying risk or viewed as inherently a source of risk.

Borregaard is exposed to currency risk for most of its sales, primarily in USD and EUR. A substantial part of this exposure, defined as estimated net cash flow in USD or EUR, is routinely hedged on a rolling basis with a nine-month time horizon. In order to secure medium-term competitiveness, the hedging horizon may gradually be extended to three years for a EUR/NOK hedging rate in the range of 10.50-11.00 and gradually to three years for USD/NOK hedging rates in the 9.50-10.00 range.

On the revenue side, all of Borregaard's business segments are exposed to price risk in international markets. Borregaard is also exposed to price risk on wood, energy (heat energy and electric power) and other strategic raw materials. At the end of 2024 Borregaard has five long-term supply contracts for electric energy to the Sarpsborg site for the period 2025 to 2034:

- Eidsiva Vannkraft, 2.8 TWh for the period 2020 to 2029 with annual deliveries decreasing from 420 GWh to 130 GWh.
- Statkraft, 1.75 TWh for the period 2020 to 2029, with annual deliveries of 175 GWh.
- E-CO Energi, 1.66 TWh for the period 2022 to 2033, with annual deliveries increasing from 88 GWh to 175 GWh.
- Å Energi, 0,88 TWh for the period 2024 to 2033, with annual deliveries of 88 GWh.
- Hafslund, 0,88 TWh for the period 2025 to 2034, with annual deliveries of 88 GWh.

The long-term supply contracts for electric energy are intended for own use and therefore deemed qualified under the own-use exemption.

Borregaard also has a hedging strategy which enables hedging of part of its future expected power consumption. The purpose of this hedging is to reduce the risk from volatility in the power prices.

(II) CATEGORIES OF FINANCIAL RISKS FOR THE BORREGAARD GROUP

Currency risk

As NOK is the presentation currency for the Group, Borregaard is exposed to currency translation risk for net investments in foreign operations. Borregaard hedges this category of risk using currency forward contracts for EUR and a mix of forward contracts and loan for USD.

Transaction risk is hedged against each entity's functional currency. Borregaard applies hedge accounting for most hedges of future transactions, either cash flow hedges or fair value hedges of firm commitments. The different types of hedges are described in Note 29.

The Group's aggregated outstanding currency hedges of future transactions on the balance sheet date are shown in the tables on the next page.

FOREIGN EXCHANGE CONTRACTS LINKED TO HEDGING OF FUTURE REVENUES AND COSTS

2024

Amounts in million

Purchase currency	Amount	Sale currency	Amount	Maturity
USD	2	NOK	19	2025
NOK	1,572	USD	158	2025
NOK	1,567	USD	150	2026
NOK	1,086	USD	102	2027
EUR	2	USD	2	2025
EUR	2	NOK	18	2025
NOK	1,365	EUR	125	2025
NOK	1,389	EUR	119	2026
NOK	1,049	EUR	87	2027
SEK	66	NOK	68	2025

2023

Amounts in million

Purchase currency	Amount	Sale currency	Amount	Maturity
USD	2	NOK	19	2024
NOK	1,557	USD	168	2024
NOK	1,572	USD	158	2025
NOK	1,094	USD	106	2026
EUR	1	USD	1	2024
EUR	5	NOK	53	2024
EUR	2	NOK	18	2025
NOK	1,314	EUR	124	2024
NOK	1,365	EUR	125	2025
NOK	973	EUR	83	2026
SEK	48	NOK	48	2024

Interest rate risk

Borregaard's interest rate risk is mainly related to the Group's interest-bearing liabilities and assets. This risk is managed at parent level. Borregaard shall primarily follow a floating rate strategy, but may consider fixed rates for a maximum of 50% of its debt, using appropriate derivatives.

Liquidity risk

Liquidity risk is the risk that Borregaard is not able to meet its payment obligations. This risk is managed centrally, but in close concert with affected subsidiaries. Borregaard AS initiates measures deemed necessary to maintain a strong liquidity. Cash flow from operations, which among other factors is affected by changes in working capital, is managed operationally at Group level, and is relatively stable. Borregaard monitors liquidity flows, short and long-term, through reporting and selected forecasting routines. Due to the aforementioned measures, the Group has limited liquidity risk.

The table below shows the maturity profile for the Group's contractual financial liabilities, including liabilities which are not recognised in the financial position.

The amounts represent undiscounted future cash flows and may therefore deviate from recognised figures. The table also includes derivatives recognised as assets on the balance sheet date, as derivatives may include both positive and negative cash flows, and the fair value fluctuates over time. Forward prices are used to determine the future settlement amounts for electric power and currency derivatives. See Note 29.

MATURITY PROFILE FINANCIAL LIABILITIES 2024

Amounts in NOK million	Book Value	Contractual cash flows	< 1 year	1-3 years	3-5 years	5-7 years	> 7 years
Interest-bearing liabilities excluding lease liabilities	1,769	1,769	176	637	674	174	108
Lease liabilities	554	733	143	195	95	65	235
Interest payable bank loans & bonds	9	332	103	161	51	16	1
Accounts payable	551	551	551	-	-	-	-
Gross settled derivatives*	693	-	-	-	-	-	-
Inflow	-	-9,626	-4,535	-5,091	-	-	-
Outflow	-	10,319	4,893	5,380	31	6	9
Total	**3,575**	**4,077**	**1,330**	**1,282**	**851**	**261**	**353**

MATURITY PROFILE FINANCIAL LIABILITIES 2023

Amounts in NOK million	Book Value	Contractual cash flows	< 1 year	1-3 years	3-5 years	5-7 years	> 7 years
Interest-bearing liabilities excluding lease liabilities	1,699	1,699	151	241	990	156	161
Lease liabilities	563	757	127	210	101	63	256
Interest payable bank loans & bonds	9	430	108	192	98	26	6
Accounts payable	560	560	560	-	-	-	-
Gross settled derivatives*	307	-	-	-	-	-	-
Inflow	-	-9,226	-4,194	-5,025	-2	-2	-3
Outflow	-	9,533	4,423	5,086	16	8	-
Total	**3,138**	**3,753**	**1,175**	**704**	**1,203**	**251**	**420**

The financial liabilities are serviced by cash flow from operations, liquid, and interest-bearing assets, and, when necessary, drawings on unutilised credit facilities.

Credit risk

The management of credit risk related to accounts receivable and other operating receivables is handled as part of the business risk but based on guidelines set by Borregaard AS and continuously monitored by the operating entities. There is no significant concentration of credit risk in respect of single counterparts. A credit management policy is in place. Credit losses are historically modest due to a stable and financially healthy customer base as well as stringent monitoring of trade receivables. See Note 22. For sales to countries or customers associated with high political or commercial risk, trade finance products are widely used to reduce credit risk. With these risk mitigation measures in place, the current credit risk is considered to be acceptable. See Note 8 for geographical breakdown of sales revenues.

Borregaard considers its credit risk related to other financial instruments to be low. Firstly, only relationship banks act as counterparts for financial hedge transactions. Secondly, bank accounts are mainly held with relationship banks. For deposits of liquidity with other counterparts in countries where relationship banks are not present, Borregaard has requirements relating to the bank's credit rating.

Maximum credit risk

The maximum credit exposure for the Group related to financial instruments corresponds to total gross receivables. In the hypothetical and highly unlikely event that no receivables are redeemed, this amounts to:

Amounts in NOK million	2024	2023
Cash and cash equivalents	82	469
Accounts receivable	1,073	877
Other current receivables	41	33
Non-current receivables	191	184
Derivatives	6	124
Total	**1,393**	**1,687**

Commodity price risk

The Group is exposed to price risks in respect of a number of raw materials, of which electric power, liquefied natural gas and wood are the most substantial. However, prices of sold products are also affected by raw material prices, and it is generally Borregaard's policy to reduce the price risk through commercial contracts.

Climate risk and nature risks

Climate and nature risk assessments comply with IFRS S2 and TNFD standards. In the table below, climate and nature risks and opportunities, as described from page 80 in this Annual Report, and in the Climate and Nature Risk Report, are included with current exposure and current price/ level cost.

CLIMATE AND NATURE RISKS

	CURRENT EXPOSURE	CURRENT PRICE LEVEL & COST
Current and emerging carbon pricing mechanism	EU ETS: 105,915 t CO_2 in 2024 CO_2 Tax for waste incineration: 37,748 t CO_2 Emission rights owned 647,269. Scope 3 emissions 487,301 for 2024.	EU ETS 85 EUR/t CO_2, free allowances covers the demand. CO_2 Tax 176 NOK/t CO_2
Increased energy prices	Total energy 1,859 GWh, energy from fossil-based sources is 640 GWh (from LNG, light oil and waste), wheras 1,218 GWh is from renewable sources (power supply, biofuel and biogas) of which 779 GWh is from electricity. Long-term power supply contracts.	Energy is 9% of total cost in 2024, NOK 537 million.
Availability of forest raw material	1 million fm^3, 95% certified wood PEFC/FSC® standard and 100% FSC® Controlled Wood.	Wood 14% of total cost in 2024, NOK 783 million.
Physical acute (change in weather conditions)	Supply chain/Operations - Challenging river conditions (Rhine and Glomma). Operations: Hurricanes in Florida. Operations: Investigation and measures to reduce risk related to ground conditions due to heavy precipitation, risk of landslide. Remediation of contaminated soil.	Costs related to supply chain alternatives not considered to be material. NAT/CAT Insurance in place. Payout related to ground conditions was NOK 24 million in 2024. Accrual related to remediaton of contaminated soil of NOK 30 million in 2024.
Physical chronic (sea level rise)	Current exposure low, the risk is not likely to have consequence before 2030.	N/A

CLIMATE OPPORTUNITIES

	CURRENT EXPOSURE	CURRENT PRICE LEVEL & COST
Resource efficiency (high utilisation of raw materials/energy)	94% utilisation of wood. Energy conservation program: 21.7 GJ/TAD cellulose in 2024.	Average electricity spot price (Oslo region) at 487 NOK/MWh in 2024.
Renewable energy (reduced GHG exposure)	Total energy 1,859 GWh, 1,218 GWh from renewable sources. CO_2 emissions from energy is the major emissions source - technology are available to invest in more renewable energy solutions to acheive our scienced based emisson targets. Flexibility for variable load (LNG, electricity and light oil).	Energy is 9% of total cost in 2024, NOK 537 million.
Product and services (Products that replaces fossil based)	About 51% (NOK 3.8 billion) of Borregaard's sales revenues in 2024 came from bio-based products with lower climate/environmental footprint compared with fossil-based products.	Sales revenue for bio-based products.
Capital markets	82% of long-term financing (including Revolving Credit Facilities) at the end of 2024 had a sustainability linked margin or were issued in accordance with Borregaard's Green Financing Framework ("green financing").	There were indications that the margin on the green bond issued in 2023 got a slight discount compared to a traditional bond issue. However, it is difficult to quantify the exact effect.
Resilience	800 different products in numerous applications, reduced exposure to cyclical markets. Markets that will grow or decline due to climate changes are identified.	Average sales price in 2024: BioSolutions products NOK 12,045 per mtds. BioMaterials products NOK 16,343 per mt.

Sensitivity analysis

The financial instruments of the Borregaard Group are exposed to different types of market risk which can affect the income statement or equity. Financial instruments, in particular derivatives, are applied as means of hedging both financial and operational exposure.

In the table below, Borregaard presents a partial analysis of the sensitivity of financial instruments, where the isolated effect of each type of risk on the income statement and on equity is estimated. This is done on the basis of a selected reasonably possible change in market prices/rates on the statement of financial position as of 31 December.

According to IFRS, the analysis covers only financial instruments and is not meant to give a complete overview of the Group's market risk, for instance:

- For currency hedges of contracts entered into, changes in fair value of the hedging instrument will affect the income statement, while changes in the fair value of the underlying hedged contract offset by the hedging instrument will not be shown, as it is not a financial instrument.
- If one of the parameters changes, the analysis will not take into account any correlation with other parameters.
- Financial instruments denominated in the entities' functional currencies do not constitute any currency risk and are therefore not included in this analysis. Nor is the currency exposure on translation of such financial instruments to the presentation currency of the Group included, for the same reason.
- No sensitivity analysis is performed for the power hedges as the exposure is considered immaterial.

Generally, the effect on the income statement and equity of financial instruments in the table below is expected to offset the effects of the hedged items where financial instruments are part of a hedging relationship.

SENSITIVITY FINANCIAL INSTRUMENTS 2024

	ACCOUNTING EFFECTS ON			
	Income statement of		Equity of	
Amounts in NOK million	Increase	Decrease	Increase	Decrease
Financial instruments in hedging relationships				
Interest rate risk (excluding leasing): 100 bp parallel shift in interest curves all currencies	-16	16	-	-
Currency risk: 10% change in FX-rate USD/NOK	-	-	-360	360
Currency risk: 10% change in FX-rate EUR/NOK	-	-	-311	311
Currency risk: 10% change in FX-rate SEK/NOK	-	-	5	-5

SENSITIVITY FINANCIAL INSTRUMENTS 2023

	ACCOUNTING EFFECTS ON			
	Income statement of		Equity of	
Amounts in NOK million	Increase	Decrease	Increase	Decrease
Financial instruments in hedging relationships				
Interest rate risk (excluding leasing): 100 bp parallel shift in interest curves all currencies	-16	16	-	-
Currency risk: 10% change in FX-rate USD/NOK	-	-	-339	339
Currency risk: 10% change in FX-rate EUR/NOK	-	-	-290	290
Currency risk: 10% change in FX-rate SEK/NOK	-	-	4	-4

Accounting effects of changes in market risk are classified to income statement and equity according to where the effect of the changes in fair value will be recognised initially. Effects recognised in the income statement will also affect equity beyond the figures presented in the table.

NOTE 29 DERIVATIVES AND HEDGING

Derivatives are measured at fair value on the balance sheet date and reported as receivables or liabilities. Changes in fair value are reported in the income statement in cases where the derivative is not part of a hedge relationship that satisfies the criteria for hedge accounting. Embedded derivatives in contracts are identified and measured separately. Purchases and sales of derivatives are recognised at trade date. The Group applies IFRS 9 on its financial instruments.

Hedge accounting

The Group's existing hedge relationships designated in effective hedging relationships qualify for hedge accounting under IFRS 9. The Group uses the following criteria for classifying a derivative or another financial instrument as a hedging instrument:

(1) the hedging instrument is expected to be highly effective in offsetting the changes in fair value or the cash flow of an identified object,
(2) the hedging effectiveness can be measured reliably,
(3) satisfactory documentation is established before entering into the hedging instrument, showing among other things that the hedging relationship is effective,
(4) for cash flow hedges, that the future transaction is considered to be highly probable, and the hedging relationship is evaluated regularly and is considered to be effective.

The table below shows the fair value of all outstanding derivative financial instruments grouped according to treatment in the financial statements:

DERIVATIVES AND HEDGING

	2024		2023	
Amounts in NOK million	Assets	Liabilities	Assets	Liabilities
Cash flow hedges				
Currency forwards, currency swaps	5	610	105	378
Power hedges	-	-	-	-
Interest swaps	-	-	-	-
Embedded derivative	-	88	9	50
Hedges of net investments				
Currency forwards, currency swaps	-	-	6	-
Other derivatives - Fair value changes recognised in income statement				
Currency forwards, currency swaps, options	1	1	4	3
Total derivatives	**6**	**699**	**124**	**431**

Calculation of fair value

- Currency forwards and currency swaps are measured at fair value using the observed forward exchange rate for contracts with a corresponding term to maturity at the balance sheet date.
- The fair value of currency options is calculated using Garman-Kohlhagen's version of the Black Scholes Option pricing method, and the variables are based on observed indicative market prices at the balance sheet date.

These derivative financial instruments are designated in hedge relationships as follows:

Cash flow hedges

The effective part of changes in the fair value of a hedging instrument is recognised in comprehensive income and reclassified to the income statement when the hedged transaction affects profit or loss and is presented on the same line as the hedged transaction. The ineffective part of the hedging instrument is reported in the income statement. When a hedging instrument is sold, exercised or terminated, the accumulated gains and losses at this point will remain in hedging reserve of equity and will be recognised in the income statement when the hedged transaction affects profit or

loss. The group has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of foreign exchange are identical to the hedged components. If the hedged transaction is no longer expected to occur, the accumulated unrealised gain or loss recognised in the hedging reserve of equity will be recognised in the income statement immediately. Embedded EUR derivatives in power contracts are designed as hedging instruments to hedge currency fluctuations of highly probable future sales.

In 2024, a loss of NOK 10 million (2023: loss of NOK 7.8 million) was recorded in the income statement as a result of hedging inefficiency. All expected cash flows which have been hedged during 2024 still qualify for hedge accounting.

Hedges of net investments in foreign currencies

Currency risk on foreign net investments is hedged with currency forward contracts and currency loans. Realised and unrealised effects of the effective part of the hedging instrument are recognised through comprehensive income. Effects from ineffective parts of the hedging instrument are recognised through profit and loss. The group has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of foreign exchange are identical to the hedged components.

DEVELOPMENT IN THE EQUITY HEDGING RESERVE

Amounts in NOK million	2024	2023
Opening balance hedging reserve before tax	**-607**	**-410**
Reclassified to P/L - operating revenues (-gain/+loss)	222	50
Reclassified to P/L - operating costs (-gain/+loss)	1	3
Reclassified to P/L - net financial income (-gain/+loss)	7	-1
Reclassified to Balance sheet (-gain/+loss)	2	-
Fair value change cash flow hedges	-611	-216
Change in gain/(loss) on hedges of net investments in subsidiaries	-115	-32
Closing balance hedging reserve before tax	**-1,101**	**-607**
Deferred tax and tax payable hedging reserve	250	141
Closing balance hedging reserve after tax	**-851**	**-466**

A negative hedging reserve means a negative recognition in the income statement in the future. In 2024, the impact of hedging activities on the operating profit was NOK -365 million (NOK -268 million). The hedging impact from cash flow hedges recognised in the equity hedging reserve as of 31 December 2024 are expected to be recycled to the income statement as follows (before tax):

2025: NOK -357 million
After 2025: NOK -336 million

Fair value hedges

Gains and losses on derivatives designated as hedging instruments in fair value hedges are reported in the income statement and are offset by changes in the value of the hedged item.

There have not been any significant fair value hedges in the period 2024-2025.

NOTE 30 EQUITY AND SHARE CAPITAL

Borregaard ASA was established on 22 August 2012 with a share capital of NOK 1 million. As part of establishing the Borregaard Group, capital transactions to increase share capital and share premium fund was made. Share capital, share premium fund, other paid-in equity and retained earnings are presented from the establishment of the Borregaard Group in October 2012.

Date/year	Number of shares	Nominal value (NOK)	Share capital (NOK million)
31 December 2024	100,000,000	1	100
31 December 2023	100,000,000	1	100

THE 20 LARGEST SHAREHOLDERS AS OF 31 DECEMBER 2024* CONT.

Shareholder	Number of shares	% of capital
1 FOLKETRYGDFONDET	12,015,250	12.02%
2 ERIK MUST	7,252,755	7.25%
3 THE GOLDMAN SACHS GROUP, INC	7,211,277	7.21%
4 IMPAX ASSET MGT	4,860,132	4.86%
5 NORDEA	4,711,459	4.71%
6 PARETO ASSET MGT	4,221,391	4.22%
7 ABRDN PLC	3,997,772	4.00%
8 STOREBRAND INVESTMENTS	3,829,530	3.83%
9 VANGUARD GROUP	3,767,183	3.77%
10 ALFRED BERG	3,562,705	3.56%
11 ODIN FUND MGT	2,718,451	2.72%
12 KLP KAPITALFORVALTNING	2,648,096	2.65%
13 ARCTIC ASSET MGT	2,319,130	2.32%
14 DNB ASSET MGT	2,087,154	2.09%
15 SCHRODERS	1,929,717	1.93%
16 DEGROOF PETERCAM ASSET MGT	1,612,397	1.61%
17 JUPITER ASSET MGT	1,579,493	1.58%
18 JANUS HENDERSON INVESTORS	1,548,776	1.55%
19 DIMENSIONAL FUND ADVISORS	1,072,181	1.07%
20 JUNO INVESTMENT PARTNERS	1,069,225	1.07%
Total shares	74,014,074	74.01%

** The list of top 20 shareholders is based on information from MUFG Corporate Markets in their capacity as shareholder analysis provider. In preparing this report, MUFG Corporate Markets has used data sourced from third parties. None of the third parties have been involved in the preparation of this report and do not accept any liability for its contents. The information disclosed is factual information only and is not financial product advice. Neither Borregaard, MUFG Corporate Markets or any third party supplier of data accepts any responsibility for any investment decision or action taken or not taken as a result of this report.*

TREASURY SHARES OWNED BY BORREGAARD ASA

	Nominal value (NOK)	Number of shares	Fair value (NOK million)
1 January 2023	**434,553**	**434,553**	**66**
Exercise of share options in 2023	-354,050	-354,050	-
Shares to employees	-169,213	-169,213	-
Purchase/Buy-back of treasury shares	525,570	525,570	-
31 December 2023	**436,860**	**436,860**	**75**
Exercise of share options in 2024	-344,450	-344,450	-
Shares to employees	-166,605	-166,605	-
Purchase/Buy-back of treasury shares	522,974	522,974	-
31 December 2024	**448,779**	**448,779**	**82**

NOTE 31 NON-CONTROLLING INTERESTS

As of 31 December 2024, non-controlling interests consist of LignoTech Ibérica SA and LignoTech Florida LLC. Borregaard owns 60% of LignoTech Ibérica located in Spain and 55% of LignoTech Florida located in USA. In 2020, LignoTech Ibérica lost its local lignin source when Sniace's cellulose business went bankrupt and had to close. Production at the lignin plant was discontinued and liquidation will be finalised in 2025. The entities are fully consolidated into the Borregaard Group's financial statements and minority interests are recognised.

As of 31 December 2024, current assets were NOK 204 million (NOK 149 million) in LignoTech Florida and non-current assets amounted to NOK 840 million (NOK 825 million). Current liabilities were NOK 273 million (NOK 230 million) and non-current liabilities amounted to NOK 718 million (NOK 694 million). LignoTech Florida had a loss for the year of NOK -3 million in 2024 (NOK -42 million).

Amounts in NOK million	2024	2023
Changes in non-controlling interests:		
Non-controlling interests 1 January	39	51
Non-controlling interests' share of profit/loss	6	-14
Translation differences, etc.	4	2
Non-controlling interests 31 December	**49**	**39**

NOTE 32 PLEDGES AND GUARANTEES

In 2017, LignoTech Florida LLC (55% owned by Borregaard) entered into a USD 60 million loan agreement as well as a USD 15 million overdraft facility. The owners will guarantee the loan and the overdraft facility on a pro rata basis until relevant financial conditions are met. As of 31 December 2024, USD 48.8 million of the facility was drawn. See Note 26 and 31.

NOTE 33 RELATED PARTIES

Activity within the Group is reported in the segment information disclosed in Note 7.

Borregaard has one joint venture, Umkomaas Lignin (proprietary) Limited trading as LignoTech South Africa (50%). This company is jointly owned with Sappi Southern Africa Ltd. The equity method is used for consolidation according to IFRS 11 for joint arrangements (see also Note 6). In 2020, the operation at LignoTech South Africa was mothballed and later the decision to permanently close the operation was taken. There have been no internal transactions in 2024 and liquidation will be finalised in 2025.

Internal trading within the Group is carried out in accordance with special agreements on an arm's length basis, and joint expenses in Borregaard are distributed among the Group companies in accordance with distribution formulas, depending on the various types of expense. For further information on intercompany transactions, see Note 7 "Segments". The members of the Group Executive Management of Borregaard hold a total of 507,000 stock options in the Company. Further information regarding the Group Executive Management is disclosed in Note 9.

Other transactions with related parties are part of ordinary business operations. Transactions with associate companies are considered immaterial.

NOTE 34 GOVERNMENT GRANTS

Government grants are recognised in the financial statements when there is a reasonable assurance that the requirements of the grants will be complied with and that the grants will be received. Grants related to income are presented as reduction of expenses they are intended to compensate for. Government grants that relate to assets are recognised as a reduction in the acquisition cost of the asset. The grant reduces the depreciation of the asset.

Borregaard recognised NOK 120.8 million in government grants in 2024 (NOK 108 million)[3]. Of this amount, NOK 119.3 million was recognised as reduced expenses (NOK 103 million), while NOK 1.5 million was recognised as a reduction of the acquisition cost of the asset concerned (NOK 5 million). The grants are provided by the Norwegian government and the US government mainly for research and development projects, environmental investments and CO_2 compensation.

/ [1] *Alternative performance measures, see page 199 for definition.*
/ [3] *Figures in parentheses are for the corresponding period in the previous year.*

The current regulation on CO_2 compensation for industrial enterprises for the period 1 January 2021 to 31 December 2030 was approved during the 4th quarter of 2022. Borregaard is also in line with the effect of the regulation from 2025. Of the recognised government grants of NOK 120.8 million (NOK 108 million), NOK 97.8 million was related to CO_2 compensation (NOK 73 million).

NOTE 35
ENVIRONMENT, HEALTH AND SAFETY MATTERS

A provision is recognised when the Group has a present obligation (legal or constructive) following a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the cash flows.

Environment, Health and Safety issues (EHS): Sulphur dioxide (SO_2) is one of the most important chemicals used in the production processes at Borregaard. There are several EHS regulations to secure safe operations, a safe working environment and low emissions to the environment. The use of SO_2 has been regulated for many years, but the authorities both in the EU and in Norway have enhanced the regulations during the last years and new demands are coming. Borregaard decided to introduce new technology to substantially reduce the amount of SO_2 stored at the plant in Sarpsborg in order to further improve safety. The majority of the installation was done in 2020 and finalised in 2022. Technology for recovery and scrubbing of emissions will be installed in different process areas during the next years, as well as measures to reduce the exposure to SO_2 in the working environment. In 2024, there were two hourly exceedances of local air quality, compared to four in 2023. One exceedance was caused by a failure in the scrubber absorption system and one from a valve leakage.

Reductions in COD effluents: Borregaard has submitted a long-term plan for reduction of COD to water to the Norwegian Environmental Authorities. The plan includes several measures including recipe and process optimisation and technical installations such as spill collection and evaporation. The goal is to reduce COD emissions to a level below 47 tonnes per day in 2026. The emissions of COD increased by 9% in 2024 compared with the all-time-low level in 2023. The increase is mainly due to lower performance in the wastewater treatment system. Improvements are expected in 2025.

Chlor-alkali plant: From 1949 to 1997, Borregaard used mercury-based technology for chlor-alkali production at the site in Sarpsborg. This process led to pollution of the soil in the area surrounding the plant. In 1994, a ground water barrier was built and a water monitoring programme was established. The concentration of mercury in ground water wells and in the sewage system is continuously monitored in close co-operation with the authorities to secure stable and acceptable mercury levels. The mercury level decreased in 2024 and was below 1 kg/year, well below the permitted level of 3 kg/year. Borregaard has performed a study investigating how to increase emission barriers further and has decided to extend the water barrier to secure stable mercury levels at acceptable risk. An accrual of NOK 30 million was made as of 31 December 2024 to increase the emission barriers further.

Ground conditions: In 2022, a provision of NOK 20 million was made related to ground conditions at the site in Norway. Implementation of the measures started in 2023 and will be fully implemented in 2025. An additional accrual of NOK 6.5 million was made in 2023 related to the work. The work has been delayed due to weather and water conditions and it has led to accruals of NOK 13.5 million in 2024 for expected additional costs.

ENVIRONMENTAL ACCRUALS

Amounts in NOK million	Chlor-alkali plant	Ground conditions	Total
Accrual 1 January 2023	-	20	20
Additional accruals in 2023	-	7	7
Utilisation in 2023	-	-5	-5
Accrual 31 December 2023	-	22	22
Additional accrual in 2024	30	13	43
Utilisation in 2024 of initial accrual	-	-24	-24
Accrual 31 December 2024	30	11	41

Borregaard's site in Norway has several areas that are defined as polluted by the Norwegian Environment Agency, due to former operations. Borregaard's future costs for environmental remediation depends on a number of uncertain factors, such as changes in regulations or approval from authorities for the extent of actions. Monitoring of contaminated areas will continue to confirm that implemented measures are sufficient, and if not sufficient, additional costs will incur.

Conditions which could require future expenditures may be determined to exist for various sites, including Borregaard's major production facilities and warehouses.

NOTE 36 UNCERTAINTY IN GLOBAL ECONOMY

War and conflicts in Ukraine and the Middle East as well as uncertainty in the global economy may impact Borregaard's markets and costs. Borregaard will continue to closely monitor markets and costs development and implement relevant measures if required. See Note 28 for financial risks.

NOTE 37 OTHER MATTERS AND SUBSEQUENT EVENTS

Borregaard to participate in Alginor capital raise

Borregaard will co-invest with existing shareholders, Must Invest and Hatteland Group, in a direct offering of new shares in Alginor, amounting to NOK 100 million. Additionally, the same three shareholders will underwrite a subsequent rights issue for NOK 50 million, with subscription rights extended to all other shareholders.

Depending on the outcome of the subsequent rights issue, Borregaard's equity contribution will range from NOK 55 to 83 million, corresponding to an ownership share of between 36% and 43% in Alginor.

Including this equity raise, Borregaard's total investments in Alginor will increase to between NOK 474 and 502 million.

See notification to the Oslo Stock exchange on 17 March 2025.

Shares to employees: As part of the employee share programme, Borregaard has sold a total of 170,744 shares to employees in February 2025. The share price was NOK 147.65 per share including a 25% discount. Costs in 2025, including administration costs, related to the employee share programme amount to approximately NOK 9.6 million. For more details, see notifications to the Oslo Stock Exchange on 3, 10 and 28 February 2025.

Share options issued: In February 2025, 398,000 share options at a strike price of NOK 221.22 were granted under the long-term incentive programme. The options will expire after five years, the vesting period is three years and the options may be exercised during the last two years. For more details, see notification to the Oslo Stock Exchange on 14 February 2025.

There have been no events after the balance sheet date that would have had a material impact on the financial statements, or the assessments carried out.

BORREGAARD ASA FINANCIAL STATEMENTS

CONTENTS

INCOME STATEMENT

Amounts in NOK thousand	Note	2024	2023
Other operating expenses	4, 8	-12,580	-10,699
Operating profit		**-12,580**	**-10,699**
Finance income	5, 8	545,699	537,086
Finance costs	5	-35,770	-30,308
Financial items, net	5, 8	509,929	506,778
Profit/loss before taxes		**497,349**	**496,079**
Taxes	6	-109,304	-109,222
Profit/loss for the year		**388,045**	**386,857**
Proposed dividend		-423,093	-373,362

Sarpsborg, 17 March 2025

THE BOARD OF DIRECTORS OF BORREGAARD ASA

Signed
HELGE AASEN
Chair

Signed
TERJE ANDERSEN

Signed
TOVE ANDERSEN

Signed
MARGRETHE HAUGE

Signed
JOHN ARNE ULVAN

Signed
ARUNDEL KRISTIANSEN

Signed
RAGNHILD ANKER EIDE

Signed
PER A. SØRLIE
President and CEO

STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	Note	31.12.2024	31.12.2023
Assets			
Deferred tax assets	6	468	268
Shares in subsidiaries	7	1,158,347	1,158,347
Loans to Group companies	8	1,649,166	1,619,404
Non interest-bearing receivables		1,013	1,145
Non-current assets		**2,808,994**	**2,779,164**
Receivables	8	450,168	450,219
Cash, cash equivalents and deposits in Group cash pool	8	-	16,030
Current assets		**450,168**	**466,249**
Total assets		**3,259,162**	**3,245,413**
Equity and liabilities			
Share capital	9	100,000	100,000
Treasury shares	9	-449	-437
Share premium		1,758,347	1,758,347
Other paid in equity		82,418	77,457
Retained earnings		279,182	323,912
Equity		**2,219,498**	**2,259,279**
Interest-bearing liabilities	10	500,000	500,000
Non-current liabilities		**500,000**	**500,000**
Dividends		423,093	373,362
Income tax payable	6	109,504	109,262
Accounts payable	8	1,110	1,441
Overdraft of Group cash pool	8	2,973	-
Other liabilities		2,984	2,069
Current liabilities		**539,664**	**486,134**
Equity and liabilities		**3,259,162**	**3,245,413**

STATEMENT OF CASH FLOW

Amounts in NOK thousand	2024	2023
Profit/loss before taxes	497,349	496,079
Changes in net working capital, etc.	767	151,134
Taxes paid	-109,262	-137,416
Cash flow from operating activities	**388,854**	**509,797**
Cash flow from investing activities	**-**	**-**
Dividends	-374,022	-324,203
Proceeds from sales of treasury shares	93,724	92,451
Buy-back of treasury shares	-97,797	-91,728
Net paid to shareholders	**-378,095**	**-323,480**
Change in interest-bearing liabilities	-	100,000
Change in interest-bearing receivables	-29,762	-273,805
Change in net interest-bearing liabilities	**-29,762**	**-173,805**
Cash flow from financing activities	**-407,857**	**-497,285**
Change in cash and cash equivalents	**-19,003**	**12,512**
Cash and cash equivalents as of 1 January	16,030	3,518
Change in cash and cash equivalents	-19,003	12,512
Cash and cash equivalents as of 31 December	**-2,973**	**16,030**

The cash flow statement has been prepared according to the indirect method and reflects cash flows from operating, investing and financing activities and explains changes in cash and cash equivalents in the reporting period.

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK thousand	Share capital	Treasury shares	Share premium	Other paid-in equity	Retained earnings	Total equity
Equity 31 December 2022	**100,000**	**-435**	**1,758,347**	**67,594**	**320,170**	**2,245,676**
Profit/loss for the year	-	-	-	-	386,857	386,857
Proposed dividend for 2022	-	-	-	-	323,588	323,588
Actual paid-out dividend in 2023	-	-	-	-	-324,203	-324,203
Proposed dividend for 2023	-	-	-	-	-373,362	-373,362
Buy-back/sales of treasury shares	-	-2	-	9,863	-9,138	723
Equity 31 December 2023	**100,000**	**-437**	**1,758,347**	**77,457**	**323,912**	**2,259,279**
Profit/loss for the year	-	-	-	-	388,045	388,045
Proposed dividend for 2023	-	-	-	-	373,362	373,362
Actual paid-out dividend in 2024	-	-	-	-	-374,022	-374,022
Proposed dividend for 2024	-	-	-	-	-423,093	-423,093
Buy-back/sales of treasury shares	-	-12	-	4,961	-9,022	-4,073
Equity 31 December 2024	**100,000**	**-449**	**1,758,347**	**82,418**	**279,182**	**2,219,498**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 01 GENERAL INFORMATION

Borregaard ASA ("The Company") was incorporated as a public limited liability company on 22 August 2012. On 17 September, The Company was inserted as a holding company of Borregaard AS.

NOTE 02 ACCOUNTING PRINCIPLES

The financial statements for Borregaard ASA have been prepared and presented in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (Norwegian GAAP). The annual accounts give a true and fair view of assets and liabilities, financial status and result.

All amounts are in NOK thousand unless otherwise stated. The functional currency of Borregaard ASA is NOK.

Classification of items in the financial statements

An asset or liability is classified as current when it is part of a normal operating cycle, when it is held primarily for trading purposes, when it falls due within 12 months and when it consists of cash or cash equivalents on the statement of financial position date. Other items are non-current.

NOTE 03 PAYROLL AND PENSIONS

Borregaard ASA has no employees and therefore no pension plan. The executive management is employed by Borregaard AS. For matters relating to the remuneration of the executive management, reference is made to Note 9 in the Consolidated Financial Statements and the separate report "Remuneration report 2024" at the company's website.

NOTE 04 REMUNERATION AND CONTRACTUAL ARRANGEMENTS

Remuneration of the Board of Directors

In the General Meeting of the Company's shareholders in April 2024 it was determined that The Board of Directors is remunerated at annual rates for the period up to the next General Meeting in 2025:

Board of Directors			
Board chair	NOK	695,000	per year
Board member, shareholder-elected	NOK	387,000	per year
Board member, employee-elected	NOK	314,000	per year
Observer, employee-elected	NOK	105,000	per year
Deputy for observer	NOK	8,100	per meeting
Audit and Sustainability Committee			
Committee chair	NOK	112,000	per year
Member	NOK	73,000	per year
Compensation Committee			
Committee chair	NOK	66,000	per year
Member	NOK	50,900	per year

Remuneration of the Nomination Committee

The Chair of the Nomination Committee receives NOK 73,800 per year and an additional NOK 11,800 per meeting exceeding four meetings. Other members receive NOK 51,400 per year and an additional NOK 9,600 per meeting exceeding four meetings.

SHAREHOLDINGS OF CEO AND MEMBERS OF THE BOARD OF DIRECTORS

	Number of shares*
President & CEO	
Per A. Sørlie	165,351
Shareholder-elected Board members	
Helge Aasen	4,500
Terje Andersen	4,371
Tove Andersen	9,100
Margrethe Hauge	4,077
John Arne Ulvan	3,500
Employee-elected Board members	
Ragnhild Anker Eide	3,850
Arundel Kristiansen	1,447
Employee-elected Board observers	
Bente Seljebakken Klausen	1,861
Roy Kåre Appelgren	2,800
Total	**200,857**

** Total share ownership including related parties*

FEES TO EXTERNAL AUDITOR

Amounts in NOK thousand	2024	2023
Statutory audit	955	838
Specific Scope audit subsidiaries	567	540
Other attest services	350	248
Sustainability attestation	1,152	447
Tax consultancy services	-	-
Other non-audit services	66	195
Total	**3,090**	**2,268**

NOTE 05 FINANCE INCOME AND FINANCE COSTS

Amounts in NOK thousand	2024	2023
Group contribution	450,000	450,000
Interest income from Borregaard AS	94,458	86,872
Interest income	1,241	214
Total finance income	**545,699**	**537,086**
Interest costs	-35,754	-30,294
Foreign exchange loss	-16	-14
Total finance costs	**-35,770**	**-30,308**
Financial items, net	**509,929**	**506,778**

NOTE 06 TAXES

Deferred tax shows the company's tax liability assuming its assets and debt are realised at book value by year-end. Positive temporary differences state that book value is higher than taxable value, and vice versa for negative differences. The item Taxes in the profit and loss statement, consists of two elements: The tax payable, and the change in deferred tax. Deferred tax/tax benefit is reflected as long-term debt/non-current assets in the balance sheet.

TAX EXPENSE

Amounts in NOK thousand	2024	2023
Profit before tax	497,349	496,079
Current tax expense	-109,504	-109,294
Change in deferred tax	200	72
Total tax expense	**-109,304**	**-109,222**
Tax as % of Profit before taxes	22%	22%

Deferred tax liabilities

Deferred tax liability consists of the tax liabilities that are payable in the future. The table below lists deferred tax assets and liabilities relating to the timing differences between tax accounting and financial accounting.

Amounts in NOK thousand	2024	2023
Deferred tax on tax increasing/ reducing differences		
Provisions	-468	-268
Deferred tax liabilities/assets	**-468**	**-268**
This year's change in deferred tax	200	72
Change in deferred tax income statement	**200**	**72**

Deferred tax assets are only capitalised to the extent that it is probable that there will be sufficient future taxable profit for the tax asset to be used, either because the unit recently reported a profit or because assets with excess value have been identified. If future profits are not likely to be sufficient to absorb the tax reducing timing differences, deferred tax assets are not recognised.

Reconciliation of total tax expense

Amounts in NOK thousand	2024	2023
22% of profit before taxes	-109,417	-109,137
Other non-deductible expenses	113	-53
Correction previous years	-	-32
Total tax expense	**-109,304**	**-109,222**

The tax rate in Norway is 22%.

NOTE 07 SHARES IN SUBSIDIARIES

Long-term investments in subsidiaries, associate companies and other shares and bonds, which are held to maturity date, are classified as non-current assets in the balance sheet and entered at the lower of cost and market value.

Only directly owned subsidiaries are included in the below table.

Amounts in NOK thousand	Book value	Group´s share of capital
Borregaard AS, Sarpsborg, Norway	1,158,347	100%
Total	**1,158,347**	**-**

Borregaard ASA also has indirect ownership in the following subsidiaries, joint venture and associate companies, of which the profit/loss and equity are important in the valuation of the above company.

	Group´s share of capital
Indirectly owned subsidiaries	
Borregaard, Inc.	100%
Nutracell AS	100%
Borregaard Austria GmbH	100%
Borregaard Czech s.r.o.	100%
Borregaard UK Ltd.	100%
Borregaard Deutschland GmbH	100%
Borregaard S.E.A. Pte. Ltd	100%
Borregaard Poland sp. z.o.o.	100%
Borregaard France SarL	100%
Borregaard Ibérica, S.L.	100%
LignoTech Ibérica SA	60%
Borregaard USA, Inc.	100%
Borregaard Brasil LTDA	100%
Borregaard South Asia Pvt. Ltd	100%
Borregaard China Company Limited	100%
LignoTech Florida LLC	55%
Borregaard South Africa (Pty) Ltd.	100%
Indirectly owned joint venture	
Umkomaas Lignin (Pte) Ltd	50%
Indirectly owned associate companies	
Alginor ASA	35%
Kaffe Bueno Aps	12%

NOTE 08 RELATED PARTIES

INTERCOMPANY RELATIONS WITH BORREGAARD AS

Amounts in NOK thousand	2024	2023
Other operating expenses (Note 4)	4,154	3,975
Group contribution	450,000	450,000
Interest income from Group companies (Note 5)	94,458	86,872
Loans to Group companies*	1,649,166	1,619,404
Current receivable Group contribution	450,000	450,000
Deposits in Group cash pool	-2,973	16,030
Accounts payable	1,051	1,002

** The loans are interest-bearing and the interest is calculated in accordance with market conditions.*

NOTE 09 SHARE CAPITAL AND SHAREHOLDERS

Information about the share capital and a list of the largest shareholders in Borregaard ASA is presented in Note 30 in the Consolidated Financial Statements for the Borregaard Group.

NOTE 10 INTEREST-BEARING LIABILITIES

Unsecured green bond 2023-2028

On 13 June 2023, Borregaard issued NOK 500 million in new senior unsecured green bond. The new green bond have a tenor of 5 years and a coupon of 3 months NIBOR plus 1.25% p.a. Settlement of the transaction took place on 20 June 2023. Maturity is 20 June 2028.

NOTE 11 GUARANTEES

MORTGAGES AND GUARANTEES

Amounts in NOK thousand	2024	2023
Guarantees to subsidiaries	1,500,000	1,500,000
Total guarantee commitments	**1,500,000**	**1,500,000**

Borregaard ASA is jointly and severally liable as guarantor and as borrower for the long-term credit facilities entered into by Borregaard AS (NOK 1 500 million).

In addition, Borregaard ASA is jointly and severally liable borrower with Borregaard AS for the USD 50 million term loan with Nordic Investment Bank.

In 2017, LignoTech Florida LLC (55% owned by Borregaard) entered into a USD 60 million loan agreement as well as a USD 15 million overdraft facility. The loan has a remaining balance of USD 48.8 million as of 31 December 2024. The owners will guarantee the loan and the overdraft facility on a pro rata basis until certain financial conditions are met.

NOTE 12 OTHER MATTERS AND SUBSEQUENT EVENTS

There have been no events after the balance sheet date that would have had a material impact on the financial statements.

STATEMENT FROM THE BOARD OF DIRECTORS

We confirm that the financial statements for the period 1 January up to and including 31 December 2024, to the best of our knowledge, have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial positions and profit or loss of the Company and the Group as a whole.

The Board of Directors' report includes a fair review of the development and performance of the business and the position of the Company and the Group as a whole, together with a description of the principal risks and uncertainties that they face.

The annual report has been prepared in accordance with sustainability reporting standards established pursuant to Section 2-6 of the Norwegian Accounting Act and in accordance with the rules established pursuant to Article 8(4) of the Taxonomy Regulation.

Sarpsborg, 17 March 2025

THE BOARD OF DIRECTORS OF BORREGAARD ASA

Signed
HELGE AASEN
Chair

Signed
TERJE ANDERSEN

Signed
TOVE ANDERSEN

Signed
MARGRETHE HAUGE

Signed
JOHN ARNE ULVAN

Signed
ARUNDEL KRISTIANSEN

Signed
RAGNHILD ANKER EIDE

Signed
PER A. SØRLIE
President and CEO

AUDITOR'S REPORT

Statsautoriserte revisorer
Ernst & Young AS

Stortorvet 7, 0155 Oslo
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Medlemmer av Den norske Revisorforening

To the General Meeting in Borregaard ASA

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Borregaard ASA (the Company) which comprise:

- The financial statements of the company, which comprise statement of financial position as at 31 December 2024 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise statement of financial position as at 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the company as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the group as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 13 years from the election by the general meeting of the shareholders on 22 August for the accounting year 2012 (with a renewed election on the 7 April 2022).

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Hedging of cash flows related to sales

Basis for the key audit matter
The Group is exposed to currency risk as a significant part of sales are invoiced in foreign currencies. A portion of future forecasted cash flows from sales are hedged using currency forward contracts. The Group applies hedge accounting for cash flow hedges. The use of hedge accounting requires effective hedging relationships and supporting documentation. Accounting for cash flow hedging related to sales is material to The Group and we consider this a key audit matter.

Our audit response
We assessed the Group's requirements for use of hedge accounting. We tested, on a sample basis, whether the documentation of cash flow hedging meets the requirements of IFRS Accounting Standards as adopted by EU and that the hedging instruments therefore are eligible for hedge accounting. We examined the assessments of cash flows forecasts from sales and the relationship between hedging instruments and hedged items. Furthermore, we considered the retrospective effectiveness testing to assess that the ineffective part of the hedge has been calculated accurately. We reconciled the outcome of the retrospective effectiveness testing resulting in the hedge adjustment to the financial statements. We obtained external confirmations for unrealized forward contracts at year-end and assessed the changes in fair value of forward contracts and changes in foreign exchange for hedged items. Further, we assessed the impact on income statement, comprehensive income and the financial position. We refer to note 28 financial and climate risks and note 29 derivatives and hedging.

Environmental obligations

Basis for the key audit matter
The Group operates in an industry with risk of environmental contamination. The site in Norway has, due to former operations, areas that are defined as polluted by the Norwegian Environment Agency. Contaminated areas are monitored on a continuous basis to assess if implemented measures are sufficient. Environmental provisions are recognized when contamination and environment clean up obligations are identified, and a reliable estimate can be made of the amount of the obligation. Since environmental obligations may be material and subject to estimation uncertainty, we consider recognition and measurement of environmental provisions to be a key audit matter.

Our audit response
We read correspondence with the Group's external advisors on the current situation and risks regarding potential environmental obligations and potential provisions and correspondence with environmental authorities to assess the recognition criteria and suggested measures. In addition, we inspected the Group's litigation and compliance reports and held discussions with the Group's internal counsel. We also held discussions with management and internal representatives responsible for monitoring and assessing potential environmental obligations. We refer to note 35 environment, health and safety matters.

Other information

The Board of Directors and the President and CEO (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report that fact if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our statement on the Board of Directors' report applies correspondingly for the statement on Corporate Governance.

Our statement that the Board of Directors' report contains the information required by applicable law does not cover the sustainability report, for which a separate assurance report is issued.

Shape the future with confidence

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial

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statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Borregaard ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name borregaardasa-2024-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our

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procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 19 March 2025
ERNST & YOUNG AS

The auditor's report is signed electronically

Kjetil Rimstad
State Authorised Public Accountant (Norway)

HISTORICAL KEY FIGURES

	Definitions		2024	2023	2022	2021	2020
Profit & loss							
Operating revenues		(mill.NOK)	7,617	7,132	6,881	5,805	5,328
EBITDA[1]		(mill.NOK)	1,874	1,781	1,643	1,372	1,132
Depreciation and write-down		(mill.NOK)	-556	-485	-444	-416	-443
Amortisation intangible assets		(mill.NOK)	-5	-5	-5	-4	-5
Other income and expences[1]		(mill.NOK)	-30	-	-8	-	-116
Operating profit		(mill.NOK)	1,283	1,291	1,186	952	568
EBITDA margin[1]		(%)	24.6	25.0	23.9	23.6	21.2
Ordinary profit before taxes		(mill.NOK)	1,079	1,124	1,118	873	496
Profit/loss for the year		(mill.NOK)	829	856	851	660	379
Cash flow							
Cash flow from operating activities		(mill.NOK)	1,068	1,563	735	1,431	886
Return							
Return on capital employed[1]		(%)	17.1%	18.3%	18.1%	16.1%	11.4%
Capital as of 31 december							
Book value of total assets		(mill.NOK)	9,584	9,115	8,114	7,166	7,003
Market capitalisation	1	(mill.NOK)	18,158	17,065	15,134	22,108	14,125
Equity ratio[1]		(%)	53.1	53.7	54.8	60.1	53.9
Net interest-bearing debt[1]		(mill.NOK)	2,240	1,791	1,836	1,417	1,794
Leverage ratio[1]			1.20	1.01	1.12	1.03	1.58
Share of floating interest-bearing liabilities		(%)	100.0	100.0	81.8	74.48	78.95

	Definitions		2024	2023	2022	2021	2020
Shares							
Number of shares outstanding diluted		(x 1,000)	99,598	99,753	99,753	99,743	99,712
Shares outstanding excluding treasury shares		(x 1,000)	99,551	99,563	99,565	99,585	99,615
Share-related key figures							
Share price at 31 December		(NOK)	182	171	152	222	142
Earnings per share diluted	2	(NOK)	8.25	8.71	8.92	6.94	4.37
Ordinary dividend per share (proposed for 2024)		(NOK)	4.25	3.75	3.25	2.75	2.50
Extraordinary dividend		(NOK)	-	-	-	2.25	-
Payout ratio	3	(%)	51.53	43.07	36.43	72.05	57.21
Price/earnings ratio	4		22.11	19.69	17.04	31.99	32.45
Personell							
Number of man-years at 31 December (excluding JV)			1,141	1,127	1,107	1,079	1,091

DEFINITION:
1 Market capitalisation is calculated on the basis of number of shares outstanding multiplied by the share price at year end
2 Profit for the year after minority interests/Average number of shares outstanding diluted at year end
3 Total dividend per share/Earnings per share diluted
4 Share price/Earnings per share diluted

/ [3] Figures in parentheses are for the corresponding period in the previous year.

INDEPENDENT ASSURANCE OF SUSTAINABILITY REPORTING

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Medlemmer av Den norske Revisorforening

To the General Meeting in Borregaard ASA

INDEPENDENT SUSTAINABILITY AUDITOR'S LIMITED ASSURANCE REPORT

Limited assurance conclusion

We have conducted a limited assurance engagement on the sustainability statement of Borregaard ASA (the "Company"), included in Sustainability Statements of the Board of Directors' report (the "Sustainability Statement"), as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*; and
- compliance of the disclosures in subsection *Taxonomy regulation* within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Sustainability auditor's responsibilities section of our report.

Our independence and quality management

We have complied with the independence and other ethical requirements as required by relevant laws and regulations in Norway and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other matter

The comparative information included in the Sustainability Statement was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

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Responsibilities for the Sustainability Statement

The Board of Directors and the Managing Director (management) are responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities* of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Company's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Company's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the ESRS;
- preparing the disclosures in *Taxonomy regulation* within the environmental section of the Sustainability Statement, in compliance with the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company's. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Sustainability auditor's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and

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- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*.

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Company's internal documentation of its Process; and

  Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Sustainability Statement by
  - obtaining an understanding of the Company's control environment, processes, control activities and information system relevant to the preparation of the Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Company's internal control; and
  - obtaining an understanding of the Company's risk assessment process
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Sustainability Statement

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- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and other sections of the Board of Directors' report;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- Obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- Evaluated whether information about the identified taxonomy-eligible and taxonomy-aligned economic activities is included in the Sustainability Statement; and
- Performed inquiries of relevant personnel, analytical procedures and substantive procedures on selected taxonomy disclosures included in the Sustainability Statement.

Oslo, 19 March 2025
ERNST & YOUNG AS

The assurance report has been signed electronically

Kjetil Rimstad
State Authorised Public Accountant (Norway)

ALTERNATIVE PERFORMANCE MEASURES

In the discussion of the reported operating results, financial position and cash flows, Borregaard refers to certain measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. Borregaard management makes regular use of these Alternative Performance Measures and is of the opinion that this information, along with comparable GAAP measures, is useful to investors who wish to evaluate the company's operating performance, ability to repay debt and capability to pursue new business opportunities. Such Alternative Performance Measures should not be viewed in isolation or as an alternative to the equivalent GAAP measures.

EBITDA

Description
EBITDA is defined by Borregaard as operating profit before depreciation, amortisation and other income and expenses.

Reason for including
Shows performance regardless of capital structure, tax situation and adjusted for income and expenses related transactions and events not considered by management to be part of operating activities. Management believes the measure enables an evaluation of operating performance.

EBITDA	2024	2023
Operating profit	1,283	1,291
Other income and expenses	30	0
Amortisation intangible assets	5	5
Depreciation and impairment property, plant and equipment	556	485
EBITDA	**1,874**	**1,781**

EBITDA MARGIN

Description
EBITDA margin is defined by Borregaard as EBITDA divided by operating revenues.

Reason for including
Shows the operations' performance regardless of capital structure and tax situation as a ratio to operating revenues.

EBITDA MARGIN	2024	2023
EBITDA	1,874	1,781
Operating revenues	7,617	7,132
EBITDA margin (%) (EBITDA/operating revenues)	**24.6**	**25.0**

EQUITY RATIO

Description
Equity ratio is defined by Borregaard as equity (including non-controlling interests) divided by equity and liabilities.

Reason for including
Equity ratio is an important measure in describing the capital structure.

EQUITY RATIO	2024	2023
Total equity	5,090	4,894
Equity & liabilities	9,584	9,115
Equity ratio (%) (total equity/equity & liabilities)	**53.1**	**53.7**

EXPANSION INVESTMENTS

Description

Borregaard's investments are either categorised as replacement or expansion. Expansion investments are defined by Borregaard as investments made in order to expand production capacity, produce new products or improve the performance of existing products. Such investments include business acquisitions, investments in bio-based start-ups, pilot plants, capitalised research and development costs and new distribution set-ups.

Reason for including

Borregaard's strategic priorities are specialisation and diversification, increased value creation from the biorefinery, development of business areas, and continued emphasis on ESG along the entire value chain. To be able to deliver on those priorities, expansion investments are needed. As such, expansion investments are important information for investors. One of Borregaard's financial objectives is to have an internal rate of return >15% pre-tax for expansion investments.

EXPANSION INVESTMENTS	2024	2023
Total investments including investment in associate companies and bio-based start-ups	861	838
Replacement investments	-598	-550
Expansion investments including investment in associate companies and bio-based start-ups	**263**	**288**

OTHER INCOME AND EXPENSES

Description

Other income and expenses are defined by Borregaard as non-recurring items or items related to other periods or to a discontinued business or activity. These items are not viewed as reliable indicators of future earnings based on the business areas' normal operations. These items will be included in the Group's operating profit.

Reason for including

To be able to compare the EBITDA of different reporting periods, significant non-recurring items not directly related to operating activities, are included in Other income and expenses.

OTHER INCOME & EXPENCES	2024	2023
Other income & expences	-30	-

NET INTEREST-BEARING DEBT

Description
Net interest-bearing debt is defined by Borregaard as interest-bearing liabilities minus interest-bearing assets.

Reason for including
Net interest-bearing debt provides an indicator of the net indebtedness and an indicator of the overall strength of the statement of financial position. Net interest-bearing debt is part of Borregaard's financial covenants (leverage ratio) and is important in understanding the capital structure.

NET INTEREST-BEARING DEBT	31.12.2024	31.12.2023
Non-current interest-bearing liabilities	2,035	2,016
Current interest-bearing liabilities including overdraft of cashpool	288	246
Non-current interest-bearing receivables (included in "Other assets")	-1	-2
Cash and cash deposits	-82	-469
Net interest-bearing debt	**2,240**	**1,791**

LEVERAGE RATIO

Description
Leverage ratio is defined by Borregaard as net interest bearing debt divided by last twelve months' (LTM) EBITDA.

Reason for including
Leverage ratio is an indicator of the overall strength of the statement of financial position. Borregaard has a targeted leverage ratio between 1.0 and 2.25 over time. Leverage ratio is Borregaard's financial covenant on long-term credit facilities.

LEVERAGE RATIO	31.12.2024	31.12.2023
Net interest-bearing debt	2,240	1,791
EBITDA	1,874	1,781
Leverage ratio (net interest-bearing debt/EBITDA)	**1.20**	**1.01**

CAPITAL EMPLOYED

Description
Capital employed is defined by Borregaard as the total of net working capital, intangible assets, property, plant and equipment, right-of-use assets minus net pension liabilities.

Reason for including
Borregaard uses capital employed as basis for calculating ROCE.

CAPITAL EMPLOYED (END OF YEAR)	31.12.2024	31.12.2023
Capital employed (end of year)	8,172	7,142

RETURN ON CAPITAL EMPLOYED (ROCE)

Description

Return on capital employed (ROCE) is defined by Borregaard as last twelve months' (LTM) capital contribution (operating profit before amortisation and other income and expenses) divided by average capital employed based on the ending balance of the last five quarters.

Reason for including

ROCE is an important financial ratio to assess Borregaard's profitability and capital efficiency. One of Borregaard's financial objectives is to have ROCE >15% pre-tax over a business cycle.

RETURN ON CAPITAL EMPLOYED (ROCE)	2024	2023
Capital employed end of:		
Q4, 2022	-	6,802
Q1, 2023	-	7,142
Q2, 2023	-	7,216
Q3, 2023	-	7,191
Q4, 2023	7,142	7,142
Q1, 2024	7,789	-
Q2, 2024	7,582	-
Q3, 2024	7,813	-
Q4, 2024	8,172	-
Average capital employed	**7,700**	**7,099**

CAPITAL CONTRIBUTION	2024	2023
Operating profit	1,283	1,291
Other income and expenses	30	0
Amortisation intangible assets	5	5
Capital contribution	**1,318**	**1,296**

RETURN ON CAPITAL EMPLOYED (ROCE)	2024	2023
Capital contribution	1,318	1,296
Average capital employed	7,700	7,099
Return on capital employed (ROCE) (%) (capital contribution/average capital employed)	**17.1**	**18.3**

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