Stakeholder and Materiality Analysis for Borregaard

Borregaard has conducted a stakeholder and materiality analysis in line with the Group's sustainability strategy, including the six prioritised Sustainable Development Goals (SDG's) set out in the UN 2030 Agenda for Sustainable Development. The analysis identifies the economic, social and environmental significance to the company's operations that have the greatest impact on stakeholders' assessments and decisions.

The analysis was conducted by Borregaard's Sustainability Board, together with an interdisciplinary group of in-house specialists from relevant areas. The Sustainability Board addresses and monitors important topics within sustainability, and initiates processes in which policies, objectives and measures are developed within the areas covered by Borregaard's Sustainability Report. The Sustainability Board reports to the CEO and is chaired by the Senior Vice President of Organisation and Public Affairs. The results of the materiality analysis are approved by Borregaard's Board of Directors and are used for defining content and topic boundaries in the Sustainability Report.

Borregaard follows the Oslo Stock Exchange's guidelines of July 2018 on corporate social responsibility reporting and the Euronext guidance on ESG reporting of January 2020.

Our approach

Borregaard exercises corporate social responsibility by running and developing its operations profitably and in a manner that conforms with fundamental ethical values and respect for individual people, society as a whole and the environment. This approach includes maintaining a dialogue with stakeholders, which is   important in our day-to-day operations and when decisions are made. We believe good contact with the stakeholders is an important means of building confidence in Borregaard, as well as understanding the role the company plays in local communities and society as a whole.

Borregaard's most important stakeholders

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

partners, organisations and the media. The groups of stakeholders that are considered Borregaard's most important are:

Our stakeholders' expectations

The individual units in the Borregaard Group continuously assess cases that are relevant for the relationship between the company and society. Complaints and enquiries from external stakeholders are dealt with efficiently, and we maintain a good dialogue. The implementation of improvement projects in areas with specific challenges are continually assessed.

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

Stakeholder group	Expectations of the company	Arena for dialogue	The company's measures
Customers	Security of supply Compliance with regulations Product safety, quality and performance Predictability Availability, service and communication Sustainable purchases and production Ethical standards (anti-corruption, ethical purchases, etc.) Competitive terms and conditions Develop new and improved products/services Market position and reputation (ISK)	Customer meetings The company's website and marketing communication (ISK) Documentation Day-to-day operations	Delivery agreements, preventive maintenance, long-term, planning, stock, etc. Certifications Compliance with guidelines Purchasing policies Proactive communication Customer satisfaction surveys Innovation efforts Competence-driven organisation
Investors and lenders	Sustainability reporting Good governance Transparent and available information Clear and consistent reporting on important and relevant factors Quantitative goals Good ESG score	Investor meetings and seminars Quarterly presentations Shareholder general meetings Annual report with sustainability report Third-part analyses and audits The company's website	Sustainability reporting, including reporting on greenhouse gas emissions and targets for emission cuts Environmental reporting to CDP, Global Company, Responsible Care and GRI Availability of information Establishing relevant and quantifiable goals Preparing and highlighting policies

			Communicating responsibilities Surveying risks and opportunities
Employees	Safe workplaces Good reputation Responsible and attractive workplaces Good working environment, health and safety Management and employee participation Compliance with employee rights Good conditions Qualified and competent workforce	Employee interviews General meetings/departmental meetings Company democracy Good cooperation with trade unions Employee surveys Intranet Competence programmes and on-the-job-training activities	Reputation building/ employer branding Management development Internal and external communication measures Competitive conditions Competence mapping and evaluation
The authorities	Compliance with laws and regulations HSE, energy and climate measures Comprehensive risk management Preparedness Tax and duties	Dialogue meetings and conferences Supervision, audits and checks Public consultation submissions Participation in industry and special interest organisations Environmental reporting	Reporting on progress/ sustainability reporting Transparency and availability Clear goals for HSE and the climate Proactive dialogue with the authorities and politicians Complying with both the intention and letter of the law, as well as international guidelines for tax and duties
Suppliers	Defined quality requirements/security of supply/ service level	Supplier meetings Enquiries Negotiation meetings	Enquiries, with a description of requirements and scope

	Predictability/ long-term perspective	Day-to-day operations	Description of selection criteria
	Willingness to pay, ability and punctuality	Audits	Paying on time
	Reference		Act on the basis of a long-term perspective and predictability in the market
	Integrity		Qualifying suppliers based on criteria regarding HSE, quality and code of conduct
			IP strategy
Local communities	Jobs	24-hour availability	Apprentice programme
	Support local business	Communications unit	Dedicated employees who respond to questions/receive enquiries/give lectures/home visits, etc.
	Apprentice schemes	Protection organisation	
	Transparency about matters that impact neighbours and local communities (odour, pollution, etc.)	Represented in various local forums	Sponsorship and partnerships
		Local media	
	Risk reduction	Guided tours/visits	Proactive and reactive information
	Availability and ability to respond to questions	Close contact with schools and colleges/universities	Being a responsible player
	Participation in local support and sponsorship measures		Improvement work in production (odour, emissions, noise, etc.)
			Pupil and Student programmes
Business partners	Return	Board and owner meetings	Balanced and long-term agreements
	Clear communication	Coordination and operational cooperation	Integrity
	Compliance with agreements		Predictable and recognisable
	Integrity	Development projects	Communication and transparency

Important areas for Borregaard

Borregaard has identified the company's most important and relevant risks and opportunities based on the location and nature of the company's operations, customers and suppliers. This is an integrated and multidisciplinary part of the Groups management processes. The results are based on our values, policies, risk analyses and strategy, as well as how we as a company impact our stakeholders financially, environmentally and socially. These overarching areas also reflect the topics our stakeholders are concerned with, as well as impacted by.

The Sustainability context of our reporting is linked to the six prioritised sustainability goals: zero hunger, economic growth, innovation, responsible production, climate action and life on land. The areas are closely associated with Borregaard's operations and are in line with the company's business strategy. The prioritised sustainability goals are used as a framework for guiding, communicating and reporting on the company's vision, strategy, goal and activities going forward. Based on population growth and climate change, two key challenges the world will face in the years ahead, Borregaard will continue its work on identifying future business opportunities associated with specific sustainable goals.

The Table below shows how each material topic is relevant for the company's economic, social and environmental impacts. The topics are linked to the six prioritized SDG's and to the relevant GRI standard for reporting.

Economic impact	Social impact	Environmental impact
Contribution to society and economic ripple effects (GRI 201-1) (SDG 8).	**Human rights (GRI 412) (SDG 8)**	**Sustainable and climate-friendly products (GRI 302, 303, 305, 306) (SDG 2, SDG 9 SDG12, SDG 13, SDG 15)**
Access to raw materials and energy. SDG 15	**Responsible sourcing (GRI 414, SDG 8)**	**Climate and environment (GRI 302, 303, 305, 306). (SDG 12, SDG 13 SDG 15)**
Safe and healthy working environment (GRI 403) (SDG 8)	**Diversity and gender equality (GRI 405). (SDG 8)**	
Innovation and productivity. (SDG 2, SDG 8, SDG 9)	**Business ethics and anti-corruption (GRI 205). (SDG 8)**	
Public and Process Safety (no GRI standard) SDG 12	**Access to human capital and competence development. (GRI 404) (SDG 8)**	

The results of the materiality analysis

The illustration below shows the results of the stakeholder and materiality analysis with the focus areas considered along two axes: "Significance for the company's stakeholders" and "Significance for the company's economic, social and environmental impacts". We have chosen to use only those parts of the axes that focus on the topics that are the most important and most critical, both for Borregaard and our stakeholders. Consequently, we have not touched on topics that are less important.

The coloured letters refer to the chapters in Borregaard's Sustainability report where the topics are described in more detail.

The material topics and its concerns defined as the most important to both stakeholders and Borregaard are described in more detail in Borregaard's Sustainability report, chapters A to E. The topics reflect the company's five main areas:

- A Sustainable business model
- B Climate, health, safety and environment
- C Employee and competence development
- D Suppliers and business partners
- E Contribution to society

Changes during the year

The analysis is updated yearly as a part of Borregaard's Sustainability reporting process.

In 2019, Borregaard added more information to the materiality illustration, to show its stakeholders the link between the company's material topics and the SDG's.

Sustainability communication to customers including its dilemmas has become more important, thus this material topic has got more attention in 2019, and chapter A in the Sustainability report has been changed.

Borregaard's implementation of the materiality analysis

Borregaard's Sustainability Board addresses and monitors the material topics, and initiates processes in which guidelines, goals and measures are developed within the topic boundaries. The Group Executive Management are responsible for implementing within their respective areas. This results in a completeness of the reporting.

Specific goals and KPIs are presented every year in Borregaard's Sustainability report for each of the material topics.

For 2019 the verification is limited to for the following disclosures as defined by GRI:

• Anti-corruption: 205-1, 205-2 and 205-3

• Anti-competitive behaviour: 206-1

• Safe and healthy working environment: 403-1, 403-2 and 403-9

• Diversity and equal opportunity: 405-1 and 405-2

• Supplier social assessment: 414-1

• Emissions: 305-1, 305-2, 305-4, 305-5, 305-6 and 305-7

• 102 General disclosures (the indicators required for option "Core" in the GRI-framework)

Additionally, auditor has performed controls in order to establish a limited level of assurance for the

following non-GRI disclosure:

• Percentage of purchased wood which is certified under Borregaard's selected certification

program(s)

From the reporting in 2020 Borregaard will have a full GRI verification on all the topics.

Approved by the Sustainability Board 25.03.2020