Borregaard ASA
Target Validation Report

Jul, 2022

About the

Science Based Targets initiative

The Science Based Targets initiative (SBTi) mobilizes companies to set science-based targets and boost their competitive advantage in the transition to the low-carbon economy. It is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi call to action is one of the We Mean Business Coalition commitments. The initiative defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.

The SBTi focuses on the following four key topics:

Builds technical foundations

Scales-up adoption

Conducts independent assessments

Institutionalizes SBTs

Executive summary

This report presents the results and recommendations of the SBTi's independent validation for Borregaard ASA's GHG emission reduction targets. It provides an overview of the assessment of the company's submitted targets and emissions covered within the targets' boundaries, as well as some guidance on the next steps to implement the targets.

The SBTi has established a set of criteria that all targets must meet to be validated as science-based. The SBTi has assessed Borregaard ASA's submission against the SBTi's Criteria v5.0 and after careful review has approved the targets. A detailed overview of the criteria is provided in Appendix 2. The approved targets will be listed on the SBTi website as follows:

Borregaard ASA commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2020 base year. Borregaard ASA also commits to reduce absolute scope 3 GHG emissions 25% within the same timeframe.*
**The target boundary includes biogenic emissions and removals associated with the use of bioenergy.*

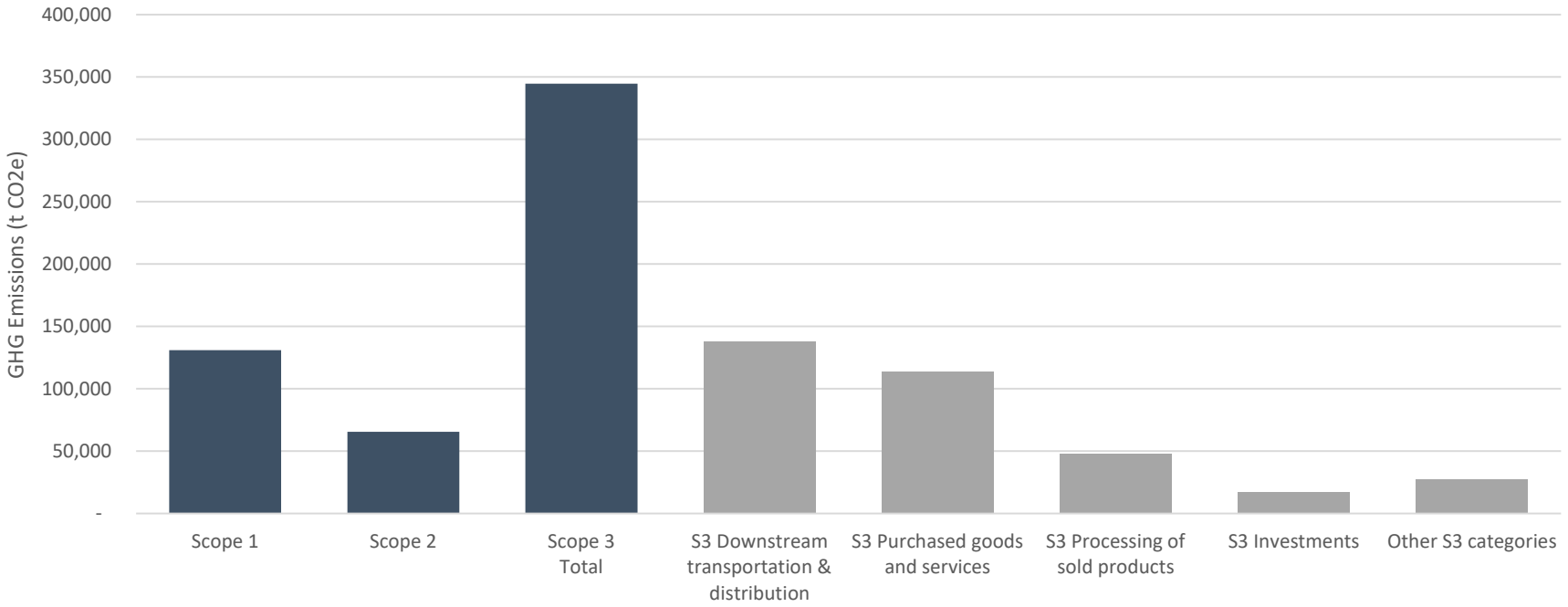
1.5°C

The SBTi classifies targets against the long-term temperature pathways of well-below 2°C and 1.5°C. The SBTi's Target Validation Team has classified your company's scope 1 and 2 target ambition and has determined that it is in line with a 1.5°C trajectory.*

*This assessment corresponds only to the scope 1 and scope 2 portion of the submitted targets, which may or may not cover the most relevant sources of value chain emissions within the company's organizational boundary. To communicate internally or externally about your target ambition level, please consult the messaging and guidance you receive from the SBTi communications team. The analysis that underpins this temperature assessment and classification of targets is presented in Chapter 6 of the SBTi's Target Validation Protocol. An approach to classify the ambition of scope 3 targets is still in development.

GHG inventory overview

Borregaard ASA submitted one annual GHG inventory for review by the SBTi. For the base year of 2020 total emissions are 540,971 t CO_2e, with scope 1+2 representing 36.2% and scope 3 representing 63.7% of total emissions. The GHG emissions inventory covers all relevant GHG emissions, from all relevant sources and subsidiaries. Biogenic emissions have been reported alongside the GHG inventory and are also covered by the proposed targets.



Please see Appendix 1, which provides a full breakdown of the entire submitted GHG inventory.

Overview of your science-based targets

Borregaard ASA has submitted two targets for review by the SBTi. As scope 3 accounts for more than 40% of total emissions, both operational scope 1+2 and value chain scope 3 emissions are covered by targets. These targets have been assessed against the SBTi's quantitative and qualitative criteria, and have been validated in accordance with the SBTi validation protocol. For approval, a company's targets must comply with all applicable criteria.

After careful review, the two proposed targets were found to meet all criteria in terms of timeframe, emissions coverage, and ambition. The table below provides an overview of each approved target. Appendix 2 provides the complete assessment of how the targets were validated against all SBTi criteria.

Scope 1+2 Targets

Target ID	Scope Coverage	Type	Base Year	Target Year	Ambition	Boundary Coverage	Method	Validation Result
ABS1	Scope 1+2	Absolute	2020	2030	42.0%	100.0%	Absolute Contraction	Approved

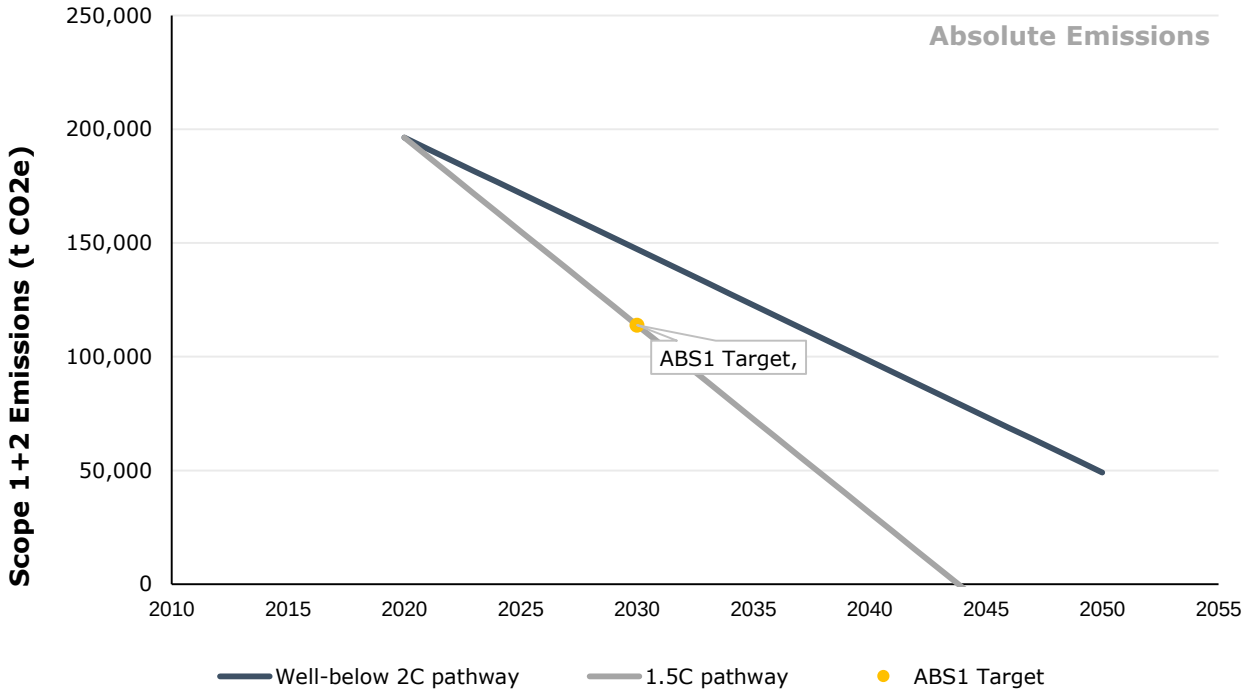
Scope 3 Targets

Target ID	Scope Coverage	Type	Base Year	Target Year	Ambition	Boundary Coverage	Method	Validation Result
ABS2	Scope 3	Absolute	2020	2030	25.0%	100.0%	Absolute Contraction	Approved

Scope 1 and 2 targets overview

To address Borregaard ASA's scope 1+2 emissions and biogenic CO2 emissions and removals, one target has been set. The proposed target intends to reduce absolute emissions 42.0% by 2030 from a 2020 base year, and is modelled using the Absolute Contraction approach.

The chart compares the target against two long term Absolute Contraction temperature pathways. The ambition of the proposed scope 1 and 2 target meets the minimum ambition for the 1.5°C pathway in the target year of 2030 and is therefore considered ambitious.



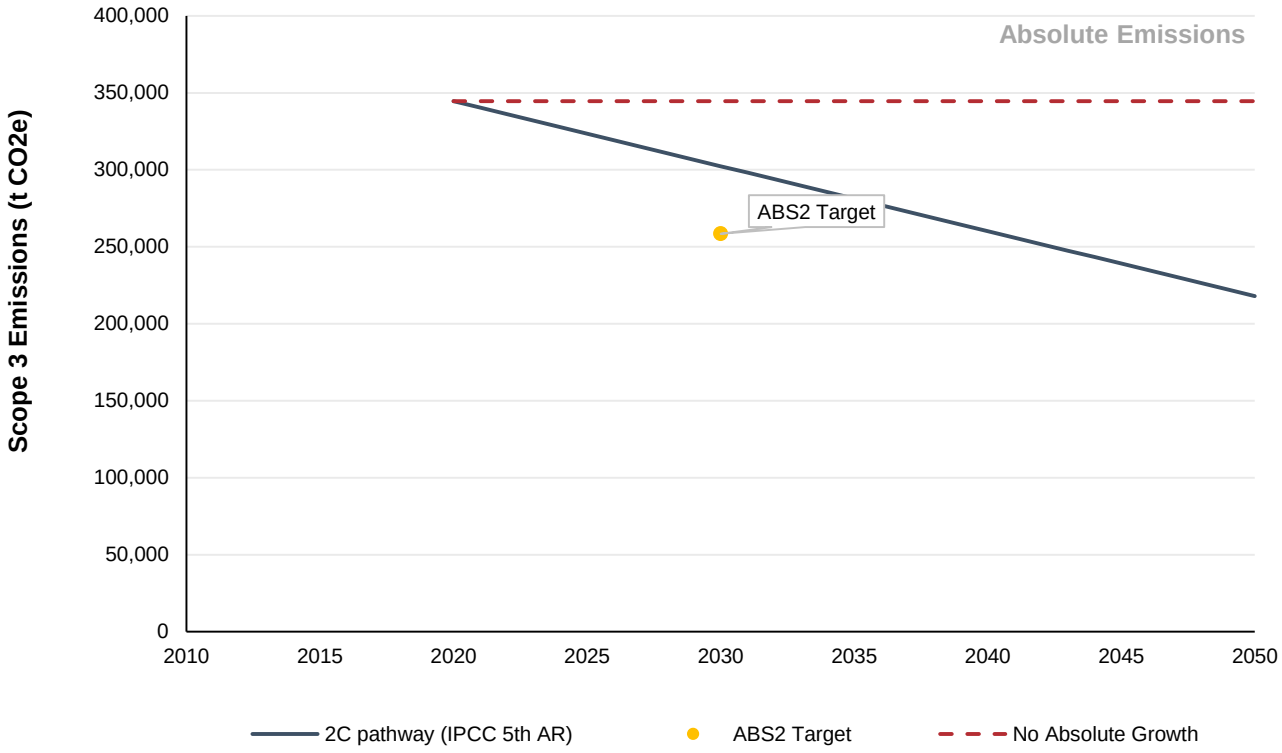
Note that the graph does not display biogenic CO2 emissions and/or removals.

Using the Absolute Contraction Approach, the targets covering scope 1+2 emissions are classified as 1.5°C aligned. The SBTi commends your ambitious 1.5°C aligned target, currently the most ambitious designation available through the SBTi process.

Scope 3 targets overview

To address Borregaard ASA's scope 3 emissions, one target addressing 100.0% of base year scope 3 GHG emissions has been set.

The target intends to reduce absolute emissions 25.0% by 2030 from a 2020 base year, and is modelled using the Absolute Contraction approach. The graph on the right compares the ambition of the scope 3 target against the minimum absolute emission reduction required to be considered in line with a 2°C pathway. The ambition of the target exceeds the minimum ambition for the 2°C pathway under the Absolute Contraction Approach in the target year of 2030, and is therefore considered ambitious.



Scope 3 reduction levers

Despite the challenges of addressing indirect emissions, doing so not only has huge potential to prevent the worst impacts of climate change, but can also lead to substantial business benefits. Setting scope 3 targets enables companies to mitigate value chain risks, unlock new innovations and collaborations, and respond to mounting pressure from investors, customers, and civil society.

Borregaard ASA's GHG inventory highlighted that scope 3 emissions represented 63.7% of base year emissions. The table below highlights the activities that can be undertaken to best address the scope 3 emissions.

For further information, please see the SBTi's best practice guidance on S3 GHG management: report

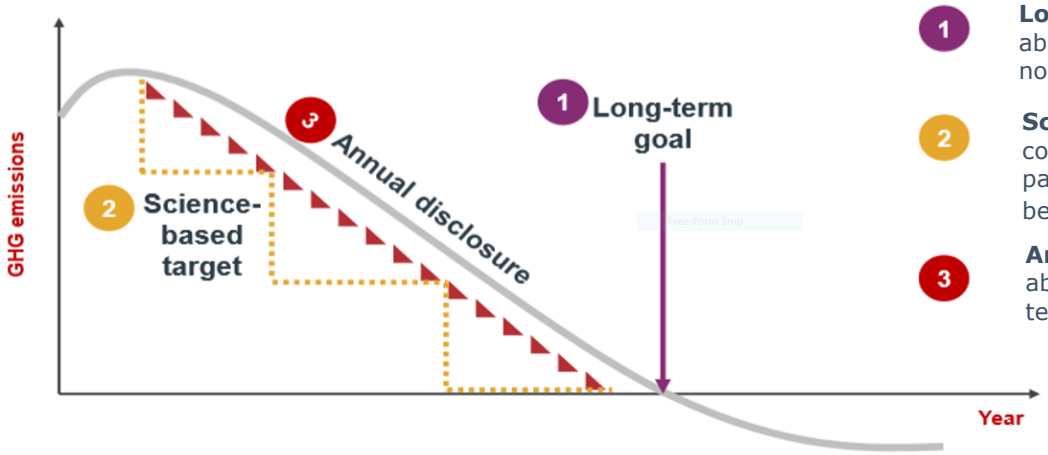
Scope 3 categories	Scope 3 best practice activities
Purchased goods and services; Capital goods	Supplier engagement, procurement policy and choices, product and service design, business model innovation
Fuel and energy related activities	Procurement policy and choices, product and service design, operational policies
Upstream transportation and distribution; Upstream leased assets	Supplier engagement, procurement policy and choices, product and service design
Waste generated in operations	Product and service design, business model innovation, operational policies
Business travel; Employee commuting	Procurement policy and choices, operational policies
Processing of sold products; Use of sold products	Product and service design, customer engagement, business model innovation
Franchises; Investments	Product and service design, operational policies, investment strategy

Science-based target recalculation and announcement

Congratulations on your approved science-based targets (SBTs). The IPCC special report on 1.5°C highlighted the necessity to reach net-zero emissions by mid-century. Your SBTs are a key element in setting out on this net-zero decarbonization trajectory while maximizing transparency and accountability throughout.

The next step is for Borregaard ASA to publicly announce these targets within six months of receiving this approval. Failure to publish within this timeline will require the targets to be resubmitted for validation. In line with SBTi Criteria, Borregaard ASA must review its target(s) against the latest criteria and guidance in five years, and if necessary, recalculate and revalidate for continued recognition by the SBTi.

As multi-decade planning is typically beyond the traditional corporate planning time horizon, setting SBTs is a critical activity to set companies on a net-zero decarbonization trajectory. Together with annual disclosure of GHG emissions and progress against the targets, SBTs ensure maximum transparency, accountability and corporate leadership to align with a long-term goal toward net-zero.



1. **Long-term goal:** A net-zero long-term goal provides certainty about the direction that the company will follow and serves as a north-star for long-term strategic decisions;
2. **Science-based target:** Science-based targets ensure that the company is taking shorter term action to reduce emissions at a pace that is consistent with keeping warming below 1.5°C / well-below 2°C;
3. **Annual disclosure:** Climate disclosure provides transparency about the progress that the company is making to meet its long-term and medium-term goals

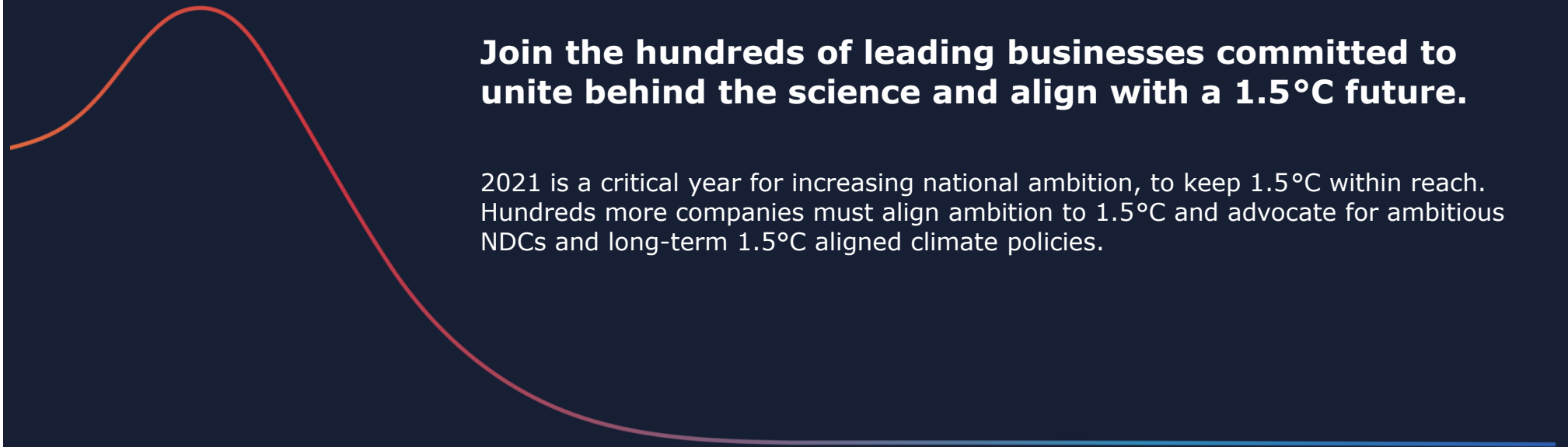
Target temperature alignment

The SBTi assesses submitted targets against three temperature pathways: 2°C, well-below 2°C, and 1.5°C alignment. The most ambitious designation available through the SBTi process is a 1.5°C aligned target. Your company can choose to voluntarily update the ambition of your target if not already in line with 1.5°C.

Voluntary target update process

As your scope 1 and 2 targets have been classified as 1.5°C aligned, the SBTi voluntary ambition process is not relevant. We encourage 1.5°C aligned companies to also strive for the highest ambition possible in scope 3. The Business Ambition for 1.5°C campaign provides another opportunity for companies to demonstrate ambition by extending the 1.5°C classification across all scopes and/or setting ambitious net-zero targets.

The SBTi temperature classification corresponds only to the scope 1 and scope 2 portion of your targets, which may or may not cover the most relevant sources of value chain emissions within your organizational boundary. To communicate internally or externally about your target ambition level, please consult the messaging and guidance you receive from the SBTi communications team.



Join the hundreds of leading businesses committed to unite behind the science and align with a 1.5°C future.

2021 is a critical year for increasing national ambition, to keep 1.5°C within reach. Hundreds more companies must align ambition to 1.5°C and advocate for ambitious NDCs and long-term 1.5°C aligned climate policies.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

#OurOnlyFuture

How can companies join?

The first step is to sign the business ambition for 1.5°C campaign letter.

Companies may commit to one of two options:

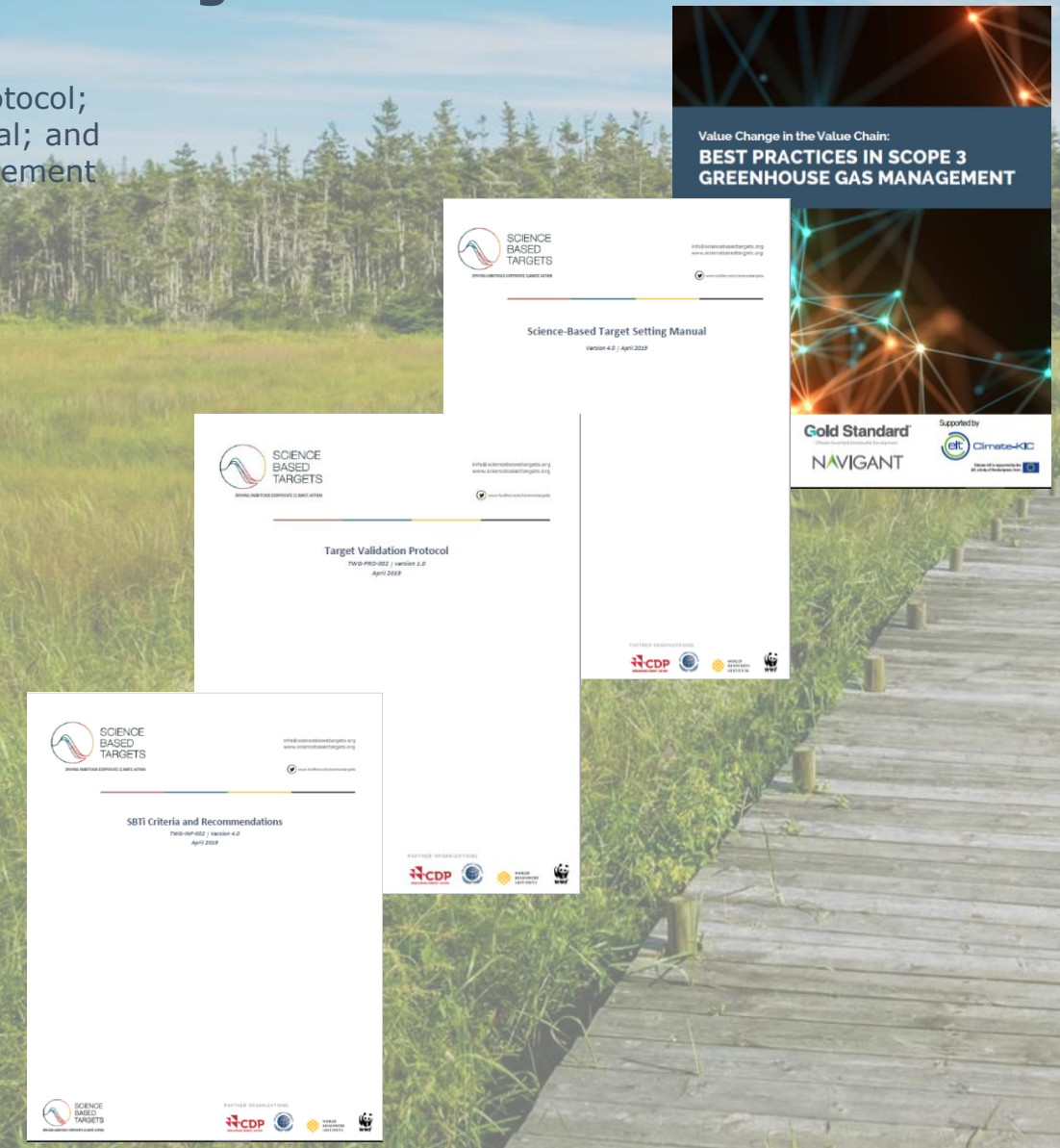
Option 1 – Setting science-based emissions reduction targets across all relevant scopes, in line with 1.5°C emissions scenarios

Option 2 – Setting a long-term target to reach net-zero value chain emissions by no later than 2050, alongside science-based targets across all relevant scopes.

- Learn more
- Read the campaign FAQs
- View the business leaders taking action

Stay up to date with our latest resources, including:

- The SBTi criteria;
- Target Validation Protocol;
- Target Setting Manual; and
- Scope 3 GHG management



Connect

Join us at our upcoming SBTi events here

Connect with us on our social media platforms:

Learn

- Review the latest updates from us with the SBTi blog
- Read our latest resources

Publish

Let our communications team know when you would like your target to be made public on our website.* Browse our communications pack for assets and tips to announce your target.

**All targets must be made public within six months of receiving this report*

View our package here

Feedback or questions?

Contact: info@sciencebasedtargets.org

Appendix 1. GHG Inventory

	Baseline Year		Most Recent Year	
	2020		2020	
Emission Category	**Emissions (t CO2e)**	**Share of total emissions**	**Emissions (t CO2e)**	**Share of total emissions**
Scope 1	**130,945**	**24.2%**	**130,945**	**24.2%**
Scope 2	**65,414**	**12.1%**	**65,414**	**12.1%**
Scope 1+2	196,359		196,359	
Scope 3	**344,612**	**63.7%**	**344,612**	**63.7%**
1. Purchased goods and services	113,998	33.1%	113,998	33.1%
2. Capital goods	1,756	0.5%	1,756	0.5%
3. Fuel and energy related activities	3,750	1.1%	3,750	1.1%
4. Upstream transportation & distribution	11,150	3.2%	11,150	3.2%
5. Waste generated in operations	1,971	0.6%	1,971	0.6%
6. Business travel	588	0.2%	588	0.2%
7. Employee commuting	807	0.2%	807	0.2%
8. Upstream leased assets	NA	NA	NA	NA
9. Downstream transportation & distribution	137,777	40.0%	137,777	40.0%
10. Processing of sold products	48,099	14.0%	48,099	14.0%
11. Use of sold products	NA	NA	NA	NA
12. End-of-life treatment of sold products	7,563	2.2%	7,563	2.2%
13. Downstream leased assets	NA	NA	NA	NA
14. Franchises	NA	NA	NA	NA
15. Investments	17,153	5.0%	17,153	5.0%
Scope 1+2+3	**540,971**		**540,971**	

Other emissions: optional or out of scope	**Emissions (tCO2e)**	**Notes**	**Emissions (tCO2e)**	**Notes**
Direct CO2 emissions from bioenergy (S1)	312,005		312,005	
Direct CO2 removals from bioenergy (S1)	312,005		312,005	
Optional emissions, e.g., indirect use-phase				

Appendix 2. SBTi Criteria Overview

Appendix 2 presents an overview of SBTi's assessment of Borregaard ASA's targets against the SBTi target validation criteria, as well as additional recommendations, key questions resolved, or updates made to the submission that occured during the validation process.

GHG Inventory		Scope 1+2 Targets		Scope 3 Targets		Reporting	
Scopes	✓	Target Boundary	✓	Required Target	✓	Sector Guidance	✓
Significance	✓	Target Timeframe	✓	Target Boundary	✓	Annual Reporting	✓
GHG Inventory	✓	Target Ambition	✓	Target Timeframe	✓	Recalculation	✓
Bioenergy	✓	Methods	✓	Target Ambition	✓		
		Scope 2 Approaches	✓	Methods	✓		

Additional recommendations and notes
No additional recommendations or notes.

GHG Emissions Inventory and Target Boundary Criteria

Criteria	Result of the Assessment	Compliance
C1. Scopes	The target(s) cover all scope 1 and 2 emissions in the company's GHG inventory, developed in line with the GHG Protocol Corporate Standard, and therefore complies with Criterion 1.	**Compliant**
C2. Significance thresholds	Targets for scope 1 and 2 emissions cover 100.0% of the company's scope 1 and 2 emissions. The target submission therefore complies with Criterion 2.	**Compliant**
C3. Greenhouse gases	The GHG inventory and scope 1 and 2 target covers all relevant GHGs and therefore complies with Criterion 3.	**Compliant**
C4. Bioenergy accounting	The company reported direct carbon emissions from combustion of biofuels and/or biomass, and the relevant emissions are included in the scope 1 and 2 target boundary. The target submission therefore complies with Criterion 4.	**Compliant**
C5. Subsidiaries	The company included all relevant subsidiary emissions in GHG inventory and target boundary and therefore complies with Criterion 5.	**Compliant**

Scope 1+2 Timeframe Criteria

Criteria	Result of the Assessment	Compliance
C6. Base and target years	The target year of 2030 is between 5 and 15 years from the submission date. The target submission therefore complies with Criterion 6.	**Compliant**
C7. Progress to date	The required reduction between the most recent year that a GHG inventory is available and the scope 1 and 2 target year is sufficiently ambitious. The target submission therefore complies with Criterion 7.	**Compliant**

Scope 1+2 Ambition Criteria

C8. Level of ambition	The proposed reduction in scope 1 and 2 emissions is aligned with a rate of decarbonization consistent to keep global temperature increase to 1.5°C compared to pre-industrial temperatures. The target submission therefore complies with Criterion 8.	**Compliant**
C9. Absolute vs. intensity	No scope 1 and 2 intensity targets were submitted, thus Criterion 9 is not applicable.	**N/A**
C10. Method validity	The target has been assessed against the Absolute Contraction approach endorsed by the SBTi and therefore complies with Criterion 10.	**Compliant**

Scope 1+2 Ambition Criteria Continued

Criteria	Result of the Assessment	Compliance
C11. Combined scope targets	No combined scope 1+2+3 targets have been submitted, thus Criterion 11 is not applicable.	**N/A**
C12. Offsets	The submitted targets do not include offsets, and therefore comply with Criterion 12.	**Compliant**
C13. Avoided emissions	The submitted targets do not include avoided emissions, and therefore comply with Criterion 13.	**Compliant**
C14. Approaches	A location-based approach is used to account for scope 2 emissions and to track performance. The target submission therefore complies with Criterion 14.	**Compliant**
C15. Renewable electricity	No dedicated renewable electricity targets have been submitted, thus Criterion 15 is not applicable.	**N/A**

Scope 3 Target Criteria

Criteria	Result of the Assessment	Compliance
C16. Scope 3 screening	A complete screening has been carried out with scope 3 GHG emissions accounting for 63.7% of the total emissions, and a scope 3 target has been set. The target submission therefore complies with Criterion 16.	**Compliant**
C17. Requirement to have a scope 3 target	Relevant scope 3 emissions are 40% or more of total emissions and a scope 3 target has been set, therefore the submission complies with Criterion 17.	**Compliant**
C18. Boundary	The proposed scope 3 target(s) cover 100.0% of scope 3 emissions and therefore comply with Criterion 18.	**Compliant**
C19. Timeframe	The target year of 2030 is between 5 and 15 years from the submission date. The target submission therefore complies with Criterion 19.	**Compliant**
C20. Ambition	The target addressing 100.0% of base year scope 3 emissions meets the minimum ambition requirements of the Absolute Contraction approach, and is therefore considered ambitious. The target submission therefore complies with Criterion 20.	**Compliant**
C20.1. Supplier or Customer Engagement	No supplier or customer engagement target was submitted for validation, thus Criterion 20.1 is not applicable.	**N/A**

Scope 3 Target Criteria

Criteria	Result of the Assessment	Compliance
C20.2. Fossil fuel sale, transmission and distribution	The company is not involved in the distribution of natural gas or other fossil fuel products, thus Criterion 20.2 is not applicable.	**N/A**
C21. Requirements from sector-specific guidance	All relevant sector guidance has been followed and therefore the submission complies with Criterion 21.	**Compliant**

Reporting, Recalculation, and Target Validity Criteria

C22. Frequency	The company has committed to publicly reporting its company-wide GHG emissions as well as progress against its targets and therefore complies with Criterion 22.	**Compliant**
C23. Mandatory target recalculation	In five years, Borregaard ASA must review the approved target(s) and, if necessary, recalculate and revalidate for continued science-based recognition.	**Compliant**
C24. Target validity	Borregaard ASA must publicly announce these targets by January 2023 or must revalidate its targets for continued science-based recognition.	**Compliant**

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