

## The Recommendations of the Nomination Committee to the 2021 General Meeting

### The work of the nomination committee

Borregaard's website contains separate information on the nomination committee and its mandate, as well as contact information for input to the committee's work. The website also includes an information page about the 2021 General meeting with details of the nominations, and how to contact the nomination committee.

Since the 2020 General meeting, the committee has held seven meetings. The committee has conducted a thorough assessment of the Board and all its members by reviewing the Board's self-evaluation and through individual interviews with the chair and the other members of the Board. There has also been dialogue with the company's management and the CEO to gain an understanding of the company's position and the Board's needs regarding expertise. A letter has been sent to the 20 biggest shareholders with information about the committee's work and how to contact and provide input to the committee. Additionally, meetings have also been held with some of the major shareholders.

The committee's decisions on proposed candidates to the Board and nomination committee and on rates of remuneration have been unanimous.

### **Item 6 - Members of the Board of directors**

In general, the nomination committee has wanted to balance the need for continuity and understanding of Borregaard's activities with a gradual replacement of the Board members over time. For various reasons, three board members were replaced at the General meeting in 2018, when three new board members were elected. The committee has therefore not recommended board replacements at the last two General meetings, in 2019 and 2020.

Jan A. Oksum, who has been the chair of the Board of directors since the company was listed in 2012, has notified the committee of his intention to step down from the Board of directors at the upcoming General meeting. On this basis, the committee's work has been focused on identifying a new candidate for the Board of directors and a new chair. The nomination committee would also like to take this opportunity to thank Jan Oksum for his valuable contributions to the Board of directors' work since the company was listed in 2012.

Of the four remaining shareholder-elected board members, one – Terje Andersen – has several years of experience on the Borregaard Board of directors, including before the listing in 2012. The other three members were elected at the General meeting in April 2018 and therefore have three years' experience on Borregaard's Board of directors.

In light of this, the nomination committee proposes that the four remaining shareholder-elected board members, Terje Andersen, Tove Andersen, Margrethe Hauge and Helge Aasen, be re-elected.

**John Arne Ulvan** is proposed as a new member of the Board of directors. He has extensive experience as Group CEO for Fellesskjøpet Agri SA and from various management roles at Hydro/Yara. Through these companies, Ulvan has worked on sales, marketing, business development and management in international industrial companies with markets that are also of relevance to Borregaard.

In the opinion of the nomination committee, its proposed list of board members represents a well-composed and complementary team in which, overall, the candidates possess relevant and broad experience of

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operational responsibilities, international industrial activities and board work in undertakings including industrial and technology companies. The committee believes that the composition of the Board is in line with the company's needs and the requirements set out in the company's instructions for the nomination committee.

All shareholder-elected Board members are independent of the company's management. Please refer to the appendix/CV containing more detailed information.

From the proposed members for the Board of directors, the nomination committee will propose the election of **Helge Aasen** as chair of the Board. Mr Aasen has extensive relevant management experience from the process industry and, with three years of experience on Borregaard's Board of directors, he has a good level of knowledge of the company. In accordance with an agreement and established practice, an employee representative has given an assessment of the proposal for the chair of the Board.

In accordance with previous practice, a term of office of one year, until the next General meeting, is proposed.

Proposals for board members

1. The following board members are proposed:
  - i. Helge Aasen (elected from 2018) – re-elected
  - ii. Terje Andersen (elected from 2012) – re-elected
  - iii. Tove Andersen (elected from 2018) –re-elected
  - iv. Margrethe Hauge (elected from 2018) – re-elected
  - v. John Arne Ulvan (new)
2. Helge Aasen to be elected as the chair of the Board of directors.
3. The committee proposes a term of office of one year, until the next General meeting.

**Item 7 - Members of the nomination committee**

The nomination committee was elected at the 2020 General meeting. Like the Board of directors, the nomination committee serves for a term of one year, until the 2021 General meeting.

There is a need for adequate continuity in the nomination committee to ensure that the needs of the company and of the Board are understood and to follow up the assessments and meetings that have taken place with the owners, the Board and potential candidates. Two new members, Erik Must and Rune Selmar, were elected to the committee at the 2016 General meeting, and Ola Wessel-Aas was elected at the 2017 General meeting. However, Ola Wessel-Aas has now announced that he wishes to step down from the committee.

The nomination committee has previously consisted of three members and the committee recommends continuing with the three remaining members. The committee has been in contact with several of the largest owners concerning the composition and size of the committee.

The three members of the committee that are proposed for re-election are independent of both the company's Board of directors and executive personnel. Two of the members of the committee have a

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background from some of Borregaard's largest owners. The committee members have extensive experience from positions in industry, boards, nomination committees and other appointments.

Based on an overall assessment, the nomination committee will recommend the re-election of the three remaining members of the committee. In the opinion of the nomination committee, the committee has relevant and broad experience and good knowledge of relevant organisations and individuals. In the opinion of the nomination committee, the proposed candidates and the composition of the committee satisfy all the recommendations of the Norwegian Corporate Governance Board (NUES).

Please refer to the appendix/CV containing more detailed information.

**Proposals for members of the nomination committee**

1. The following nomination committee members are proposed:
  - i. Mimi K. Berdal (elected from 2013) – re-elected
  - ii. Erik Must (elected from 2016) - re-elected
  - iii. Rune Selmar (elected from 2016) - re-elected
2. Mimi K. Berdal is proposed as chair of the committee.
3. The committee proposes a term of office of one year, until the next General meeting.

**Items 8 and 9 - Remuneration of the Board (item 8) and nomination committee (item 9)**

In its remuneration proposal, the nomination committee has continued with the two existing perspectives. The first is that the level of remuneration should be competitive, but not leading, compared with relevant listed companies in Norway. Independent benchmarks are used as a basis for such an assessment. The second is a desire to link the shareholder-elected members more closely to the owners' perspectives and interests through ownership of the company.

The nomination committee will therefore recommend continuing the scheme adopted at the General meeting in 2018, under which board members are obliged to buy shares in the company for at least 20% of their gross board remuneration until the share value reaches an amount corresponding to one year of remuneration. The nomination committee is responsible for following up on board members' share purchases and holdings. All shareholder-elected board members have satisfied the requirement concerning shareholdings for the current election period. The share purchase requirement is not applicable to employee-elected members or observers on the Board.

For the upcoming board period, the nomination committee proposes adjusting remuneration in line with wage adjustments in the company in 2020 (approximately 2.4%), although with a slightly larger increase for the remuneration of the chair of the Board (approximately 4.5%) based on benchmark assessments. It also proposes increasing the remuneration for board committees and the nomination committee by approximately 2.4%.

The committee therefore believes that the proposal represents a competitive but not leading level of remuneration, corresponding to responsibilities, expertise requirements and workload and with a strong ownership perspective.

### **Proposed remuneration structure and rates**

The following remuneration structure and rates will apply from the 2021 General meeting until the next General meeting in 2022:

#### Remuneration of the Board

Chair of the Board: NOK 575,000 (550,000 last period)

Board member, shareholder-elected: NOK 332,100 (324,300 last period)

Board member, employee-elected: NOK 297,700 (290,700 last period)

Observer (employee-elected)\*\*: NOK 99,200 (96,800 last period)

Deputy for observer\*\*\*: NOK 7 700 (7,500 last period)

Chair of the audit committee: NOK 92 900 (90,700 last period)

Member of the audit committee\*: NOK 62 300 (60,800 last period)

Chair of the compensation committee: NOK 55 700 (54,400 last period)

Member of the compensation committee\*: NOK 43 500 (42,400 last period)

It is recommended to pay the remuneration in instalments during this period.

\* Remuneration for an employee-elected board member also covers participation in board committees.

\*\* An observer is also a permanent deputy for an employee-elected board member and remuneration for an observer also covers any function as an acting board member.

\*\*\* The same remuneration rate also applies in a situation where a deputy for an observer acts as a board member because both the employee-elected board member and the observer are absent.

#### Requirement to purchase shares for part of the remuneration

- The Board's shareholder-elected members must use 20% of their gross board remuneration (excluding remuneration for committee work) to purchase shares in the company until they (including their personal close associates/companies that they control) own shares equal in value to one year's gross board remuneration (excluding remuneration for committee work).
- The purchase of shares shall take place in accordance with applicable legislation as well as the Rules for Primary Insiders in Borregaard and the company's Instructions for Handling Inside Information. It is recommended that purchases be made during the first week following the publication of quarterly figures. The purchase may be distributed over time but must be carried out no later than by the end of the year and involve at least 20% of the gross remuneration for this calendar year.
- The shares must be retained for as long as the board member serves on the Board. A shareholding exceeding one year's board remuneration is not covered by this requirement.
- The nomination committee shall monitor compliance with the share purchase scheme, and this will be part of the committee's assessment of candidates for election to subsequent terms.

#### Remuneration of the nomination committee

Chair of the nomination committee:

NOK 61,700 (60,200 last period) + NOK 10,000 (9,700 last period) per meeting in addition to 4 full meetings

Member of the nomination committee:

NOK 43,500 (42,400 last period) + NOK 8 200 (8,000 last period) per meeting in addition to 4 full meetings

Oslo/Sarpsborg 9 March 2021

Mimi K. Berdal, Chair

Erik Must

Rune Selmar

Ola Wessel-Aas

## Appendix to the Recommendations of the Nomination Committee

### Board of Directors

#### **Helge Aasen**

Born 1963, Norwegian citizen

#### Education:

Degree in Metallurgy, from the Norwegian University of Science and Technology, Trondheim, Norway.  
Leadership program, IMD, Switzerland

#### Professional career:

Helge Aasen has considerable experience from international industrial companies. He was the CEO of Elkem ASA during the period from 2009 to 2019. Mr Aasen has held a number of positions in the Elkem Group since 1990, including experience from various divisions in the Group as well as sales, marketing and commercial positions. Mr Aasen has previously held engineering positions at Norsk Ferro AS, a part of Norsk Jern Holding.

#### Directorships (selection):

Mr Aasen is a board member of Elkem ASA and China National Bluestar Company and chair of the board of the Federation of Norwegian Industries (Norsk Industri). Mr Aasen has been a board member of Borregaard ASA since 2018 and is a member of the audit committee. He has participated in all eight board meetings since the last General meeting.

Mr Aasen holds 2,900 shares in Borregaard ASA.

#### **Terje Andersen**

Born 1958, Norwegian citizen

#### Education:

Degree in Business Administration (siviløkonom) from the Norwegian School of Economics and Business Administration (NHH), Bergen.

#### Professional career:

Terje Andersen is CEO of Orkla Investments. Andersen has considerable experience from international industrial companies. Since 1989, he has held various positions within the Orkla Group, including CFO of Orkla ASA, Commercial Director of Lilleborg AS and CFO of Orkla Brands. Mr Andersen has also held positions in Nevi Finans AS and Deloitte Touche.

#### Directorships (selection):

Mr Andersen holds board positions in a number of companies, such as Jotun AS (member) and Saudefaldene AS (chair). He has previously held positions as a board member of Gränges AB, Sapa AS, Elkem AS and Elkem Solar AS. Mr Andersen has been a member/chair of the board of directors of Borregaard Industries Limited since 2005 and a member of the board of directors of Borregaard ASA since 2012 and is the chair of the audit committee. He has participated in all eight board meetings since the last General meeting.

Mr Andersen holds 4,371 shares in Borregaard ASA.

**Tove Andersen**

Born 1970, Norwegian citizen

Education:

Degree in Applied Physics and Mathematics from the Norwegian University of Science and Technology, Trondheim, Norway. MBA, BI Norwegian Business School

Professional career:

Ms Andersen has considerable experience from international industrial companies. She is currently EVP Europe at Yara International ASA and a member of the Group Executive Management Team. Since 1997, Ms Andersen has held a number of different positions at Norsk Hydro/Yara, including EVP Production and EVP Supply Chain, VP for Marketing and New Business, Country Manager UK/Ireland, Director of Specialities and Retail Marketing and Director of Business Development and Alliances. Ms Andersen has also been a researcher at the Norwegian Computing Centre.

Directorships (selection):

Ms Andersen is a board member of Equinor ASA. She has previously held board memberships in Cambi ASA, Posten Norge AS, AgGateway Global Network, Globalrange Ltd and the Agricultural Industries Confederation. Ms Andersen has been a board member of Borregaard ASA since 2018 and is a member of the audit committee. She has participated in all eight board meetings since the last General meeting.

Ms Andersen holds 4,000 shares in Borregaard ASA.

**Margrethe Hauge**

Born 1971, Norwegian citizen

Education:

MSc. Economics & Business Administration, University of Mannheim, Germany.

Professional career:

Margrethe Hauge is the CEO of Goodtech ASA. She has considerable experience from international industrial companies. Hauge has been the CEO of Teknisk Bureau AS and Regional Managing Director of MRC Global Inc. Prior to this, she was Managing Director of MRC Solberg & Andersen AS and EVP Services at TTS Group ASA. She has also held several positions at Kverneland Group ASA, including VP Business Area Crop Care in Amsterdam, Business Area Spare Parts as well as Programme VP for strategic improvement areas and General Manager of three Group businesses in Australia. Ms Hauge has also been a trainee at Norsk Hydro ASA.

Directorships (selection):

Ms Hauge is deputy chair of the board of directors of Salmar ASA and is a board member of GIEK. Other previous board memberships include Bjørge ASA, AFF Stiftelsen/Konsulent AS and Codfarmers ASA. Ms Hauge has been a board member of Borregaard ASA since 2018 and is a member of the compensation committee. She has participated in seven of eight board meetings since the last General meeting.

Ms Hauge holds 4,077 shares in Borregaard ASA.

### **John Arne Ulvan**

Born in 1965, Norwegian citizen

#### Education:

Degree in Chemical Engineering and Wood Processing from the Norwegian University of Science and Technology, NTNU (prev. NTH), Trondheim, Norway.

#### Professional career:

John Arne Ulvan was the CEO of Felleskjøpet Agri SA from 2011 – 2020. Prior to this period, he gained considerable experience from a number of positions at Norsk Hydro/Yara International from 1990 to 2011, including as VP Business Unit Manager – Environmental and Specialty Products, VP Strategy & Programs, VP Business Development Environment and Marketing Director Canada.

#### Directorships (selection):

Mr Ulvan has held a number of board positions in connection with his management roles at Felleskjøpet Agri, including as member of the Executive Committee of InterCOOP (Switzerland), board member of the Confederation of Norwegian Enterprise's (NHO) FoodDrinkNorway, chair of Norgesmøllene AS, deputy chair of the corporate assembly of Moelven Industrier ASA and as member of the nomination and compensation committee at Moelven ASA.

Mr Ulvan holds 500 shares in Borregaard ASA.

## **The nomination committee**

### **Mimi K. Berdal**

Born 1959, Norwegian citizen

Education: Law degree from the University of Oslo

#### Professional career

Independent consultant. Partner at Arntzen de Besche advokatfirma AS and Arntzen, Underland & Co. Legal adviser at Total Norge AS.

#### Directorships and other appointments (current)

Ms Berdal holds several board positions, including EMGS ASA (chair), Interoil ASA, KLP Eiendom AS and Goodtech ASA.

#### Previous appointments (selection)

She has held board memberships in several companies, including Gassco AS (chair), Infratek ASA (chair), Renewable Energy Corporation ASA (chair 2013), Q-free ASA (deputy chair and chair of the audit committee), Rocksource ASA (chair) and Itera ASA (chair of the audit committee). Ms Berdal has also held positions of trust at BWG Homes ASA (chair of the nomination committee) and Sevan Marine ASA (chair of the nomination committee), among others.

Ms Berdal owns 2,500 shares in Borregaard through the investment company MKB Invest AS.

### **Erik Must**

Born in 1943, Norwegian citizen

Education: Degree in Business Administration (siviløkonom) from Copenhagen Business School

Professional career

Mr Must was previously Managing Director and chair of the board of Fondsfians and has extensive experience from Norwegian industry and finance.

Directorships and other appointments (current)

Mr Must is chair of the board of several companies: Must Holding AS and the company's wholly-owned subsidiaries, Must Invest, Fondsavanse and Fondsfians Kapitalforvaltning. He is a member of the board of the SAM fund for medical research. Mr Must is also a member of the nomination committees at Kongsberg Group, Gyldendal, Veidekke and PCI Biotech.

Previous appointments (selection)

He has been the chair of the board of directors at Fondsfians and Arendals Fossekompani and a board member of the Kongsberg Group, Gyldendal, Norges handels- og sjøfartstidende (NHST), the Norwegian Trekking Association, the Norwegian Museum of Cultural History and the Biotechnology Centre at the University of Oslo. He has also been a member of the nomination committees at Telenor ASA and Oslo Børs VPS.

Mr Must and his companies are among Borregaard's largest owners.

**Rune Selmar**

Born 1959, Norwegian citizen

Education: Degree in Business Administration (siviløkonom) from the Norwegian School of Economics and Business Administration (NHH). Authorised securities dealer from the Norwegian College of Banking (Bankakademiet) and authorised financial analyst from NHH/the Norwegian Society of Financial Analysts (NFF)

Professional career

Mr Selmar is the CEO of Permian Fund Services AS. He has previously been the CEO of ODIN Forvaltning AS and the Norwegian National Insurance Fund and has also held management positions at Norfund and Rasmussengruppen AS.

Directorships and other appointments (current)

Mr Selmar is the chair of the board of directors at Selco AS. He is also the chair of the nomination committee at Tomra ASA.

Previous appointments (selection)

Mr Selmar has been chair of the board of directors at Avantor AS and board member of a number of other companies: Expert ASA, Hexagon Composites ASA, Vital Forsikring ASA/DnB Livsforsikring ASA, Vind AS and Røntgensenteret AS. He has also been member of the corporate assembly and nomination committee at Orkla ASA, the corporate assembly at Telenor ASA and the committee of shareholders' representatives and nomination committee at Storebrand ASA.