

## The nomination committee's recommendation to the 2020 Annual General Meeting (AGM)

### **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 2020 AGM with details of the nominations, and how to contact the nomination committee.

The committee has held three meetings since the 2019 AGM. 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 other shareholder-elected and employee-elected members of the board. There has also been dialogue with the company's management team and the CEO in order to gain an understanding of the company's position and the board's needs for expertise.

A letter has also been sent to the 20 largest shareholders with information about the committee's work and how to contact and provide input to the committee.

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**

The nomination committee considers the composition of the current board to be appropriate for the needs of the company and the requirements of the instructions for the nomination committee. Of the five current shareholder-elected board members, two have several years of experience from Borregaard's board including before the IPO in 2012. The other three members were elected at the AGM in April 2018.

In general, the nomination committee has wanted to balance the need for continuity with a gradual replacement of the board members over time. For various reasons, a larger number of board members were replaced at the annual general meeting in 2018 when three new board members were elected.

In light of this, the nomination committee proposes that all shareholder-elected board members be re-elected: Jan A. Oksum, Terje Andersen, Tove Andersen, Margrethe Hauge and Helge Aasen. The nomination committee's opinion is that its proposed list of board members represents a well-composed and complementary team in which, overall, the candidates possess relevant and broad experience of operational responsibilities, international industrial activities and board work in undertakings including industrial and technology companies.

All shareholder-elected board members are independent of the company's management.

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

From among the proposed board members, the nomination committee proposes the re-election of Jan A. Oksum as chair of the board. 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 AGM, is proposed.

### Proposal for resolution – board members

1. Election of board members:
  - i. Jan A. Oksum (elected as chairman from 2012) – re-election
  - ii. Terje Andersen (elected from 2012) – re-election
  - iii. Tove Andersen (elected from 2018) – re-election
  - iv. Margrethe Hauge (elected from 2018) - re-election
  - v. Helge Aasen (elected from 2018) – re-election
2. Jan A. Oksum is elected as chairman
3. The term of the office is set to one year, up to the next AGM.

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

The nomination committee was elected at the 2019 annual general meeting. Like the board of directors, the nomination committee serves for a term of one year, until the 2020 AGM.

In the opinion of the nomination committee, it has relevant and broad experience and good knowledge of relevant organisations and individuals. All the members of the committee are independent of both the company's board of directors and executive personnel. Three of the members of the committee represent some of Borregaard's largest owners. They have extensive experience from positions in industry, boards, nomination committees and other appointments.

This year the largest shareholders were contacted specially in relation to the composition of the nomination committee.

There is a need for adequate continuity among the members of the nomination committee to ensure the company and the needs 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 annual general meeting, and Ola Wessel-Aas was elected at the 2017 AGM. Therefore, in the opinion of the nomination committee, there is no need for replacements in the committee at the 2020 annual general meeting and the committee proposes that all members of the committee be re-elected. 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.*

### Proposal for resolution - members of the Nomination Committee

1. Election of members for the Nomination Committee:
  - i. Mimi K. Berdal (elected from 2013) – re-election
  - ii. Erik Must (elected from 2016) - re-election
  - iii. Rune Selmar (elected from 2016) - re-election
  - iv. Ola Wessel-Aas (elected from 2017) - re-election
2. Mimi K. Berdal elected as chairman of the Committee
3. The term of office is one year, up to the next AGM.

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

In its work on remuneration, the nomination committee has based its proposal on two 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 perspective relates to the desire of a number of shareholders to link the shareholder-elected members more closely to the owners' perspectives and interests through ownership of the company.

The nomination committee therefore proposes that the scheme approved by the 2018 annual general meeting be continued, where board members are obligated to purchase shares in the company amounting to at least 20% of their gross board remuneration until the value of their shares equals one year's remuneration. The nomination committee is tasked with monitoring the share purchases and holdings of board members. All shareholder-elected board members have satisfied the requirement regarding shares held in 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 inflation in the company in 2019 (approximately 3.3%), although with a slightly larger increase for the remuneration of the chair of the board (approximately 4.8%) based on benchmark assessments. It also proposes increasing the remuneration for board committees and the nomination committee by approximately 3.3%.

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

Items 6, 7, 8 and 9 – The recommendations of the nomination committee

### Proposal for resolution – Remuneration structure and rates

The following remuneration structure and rates will apply from the 2020 AGM until the next AGM in 2021:

#### Remuneration of the board

Chair of the board: NOK 550,000 (525,000 last period)  
Board member, shareholder-elected: NOK 324,300 (313,900 last period)  
Board member, employee-elected: NOK 290,700 (281,400 last period)  
Observer (employee-elected)\*\*: NOK 96,800 (93,700 last period)  
Deputy for observer\*\*\*: NOK 7,500 (7,200 last period)  
Chair of the audit committee: NOK 90,700 (87,800 last period)  
Member of the audit committee\*: NOK 60,800 (58,800 last period)  
Chair of the remuneration committee: NOK 54,400 (52,600 last period)  
Member of the remuneration committee\*: NOK 42,400 (41,000 last period)

It is recommended to pay the remuneration in rates during the 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 attends 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 60,200 (58,200 last period) + 9,700 (9,400) per meeting in excess of four meetings

Member of the nomination committee: NOK 42,400 (41,000 last period) + 8,000 (7,700) per meeting in excess of four meetings

Oslo/Sarpsborg 10 March 2020

Mimi K. Berdal, Chair

Erik Must

Rune Selmar

Ola Wessel-Aas

## Appendix to the Recommendations of the Nomination Committee

### Board of Directors

#### **Jan Anders Oksum**

Born 1950, Norwegian citizen

#### Education:

Master's degree in Wood Processing Chemistry from the Norwegian University of Science and Technology, Trondheim, Norway.

#### Professional career:

Mr Oksum has considerable experience from international industrial companies. Mr Oksum is now an independent consultant within organisational development and strategy. He has more than 30 years' experience from the forestry industry and Norske Skogindustrier ASA, where he has held various positions including VP Research, Mill Manager and SVP Business and Strategy Development. He was CEO of the company from 2004 to 2006. He has also been Research Associate at the Pulp and Paper Research Institute, Oslo.

#### Directorships (selection):

Mr Oksum serves on the board of directors of Chemring Nobel AS. Previous to this, he held board positions with Norconsult (chair), Elopak AS (member), Södra Cell AB (member), Holmen, Gulliksen & Co AS (chair), Hafslund Pellets Holding AS (member), Biowood Norway AS (chair), Nuclear Protection Products AS (chair) and Estate Media AS (chair).

Mr Oksum has been a member the board of directors of Borregaard Industries Limited since 2007 and chair of the board of Borregaard ASA since the listing of the company in 2012.

He has participated in all eight board meetings since the last AGM.

Mr Oksum holds 11,500 shares in Borregaard ASA through a controlled company.

#### **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:

Mr Andersen is the 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 Terje 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.

He has participated in all eight board meetings since the last AGM.

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 Production at Yara International ASA and a member of the group executive management team. Since 1997, Ms Andersen has held a number of different positions in Norsk Hydro/Yara, including EVP Supply Chain, VP for Marketing and New Business, Country Manager UK/Ireland, Director Specialities and Retail Marketing, and Director 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 Cambi ASA. Other previous board memberships include 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.

She has participated in all eight board meetings since the last AGM.

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:

Ms Hauge is the CEO of Teknisk Bureau AS. She has considerable experience from international industrial companies. Until 2017, Ms Hauge was Regional Managing Director - Nordic & Germany at 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 a board member of Salmar ASA and 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.

She has participated in seven out of eight board meetings since the last AGM.

Ms Hauge holds 4,077 shares in Borregaard ASA.

## **Helge Aasen**

Born 1963, Norwegian citizen

### Education:

Master's degree in Metallurgy from the Norwegian University of Science and Technology, Trondheim, Norway. Leadership program, IMD, Switzerland

### Professional career:

Mr Andersen has considerable experience from international industrial companies. He was the CEO of Elkem ASA in the period 2009-2019. 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 Norwegian Industry Association (NHO).

Mr Aasen has been a board member of Borregaard ASA since 2018.

He has participated in seven out of eight board meetings since the last AGM.

Mr Aasen holds 2,900 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 has several board positions: Interoil ASA, Vistin Pharma ASA, KLP Eiendom AS, Itera ASA (member), EMGS ASA (member) and Goodtech ASA.

#### Previous appointments (selection)

She has held directorships in several companies: Gassco AS (chair), Infratek ASA (chair), Renewable Energy Corporation ASA (chair 2013), Q-free ASA (deputy chair), Rocksource ASA (chair), Copeinca ASA, Stiftelsen Norsk Rikstoto, Synnøve Finden ASA, Copeinca ASA, Camposol Holding PLC, Intex Resources ASA and Stabæk Fotball (chair). Ms Berdal has also held offices in Orkla ASA (deputy member of the corporate assembly), BWG Homes ASA (chair of the nomination committee) and Sevan Marine ASA (chair of the nomination committee), and been a member of the expert committee for good corporate governance (Centre for Continuing Legal Education).

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

### **Erik Must**

Born 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 Fondsfinans and has extensive experience from Norwegian industry and finance.

#### Directorships and other appointments (current)

Mr Must is chair of the board of several companies: Erik Must AS and its wholly owned subsidiaries Must Invest and Fondsavanse. He is a member of the board of the SAM fund for medical research. Mr Must is also a member of the nomination committees of Veidekke and PCI Biotech.

#### Previous appointments (selection)

Mr Must has been chair of the board of Fondsfinans and Arendals Fossekompani and a board member of Kongsberg Gruppen, Gyldendal, NHST Media Group, the Norwegian Trekking Association, the Norwegian Folk Museum and the Biotechnology Centre at the University of Oslo. He has also been a member of the nomination committees of 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.

#### Professional career

Mr Selmar was the CEO of ODIN Forvaltning AS until 2019. He has previously held senior positions in Norfund (Head of Department, Financial Institutions and SME Funds) and the Government Pension Fund Norway (Investment Director and Managing Director), as well as Rasmussen-gruppen AS, N. A. Jensen & Co A/S and DnC.

#### Directorships and other appointments (current)

Mr Selmar serves on the boards of RS Partners AS (member) and Selco AS (chair). He is also chair of the nomination committee of REC.

#### Previous appointments (selection)

Mr Selmar has been chair of the board of Avantor AS and board member in several companies: Expert ASA, Hexagon Composites ASA, Vital Insurance ASA/DnB Life Insurance ASA, Vind AS and Røntgensenteret AS. He has also been a member of the corporate assembly and the nomination committee of Orkla ASA, the corporate assembly of Telenor ASA and the supervisory board and the nomination committee of Storebrand ASA.

ODIN Fund Management is one of Borregaard's largest owners.

### **Ola Wessel-Aas**

Born 1970, Norwegian citizen

#### Education

Master of Business Administration, Finance Major (University of Pennsylvania, USA). Bachelor of Arts, Economics (University of Durham, England).

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Professional career

Mr Wessel-Aas is the founder and Portfolio Manager of Taiga Fund Management. He has previously held various positions in Merrill Lynch (including Head of Nordic investment Banking) and McKinsey.

Directorships and other appointments (current)

Mr Wessel-Aas is a board member of the Norwegian Alternative Investment Association and also chair of the nomination committee of Kitron AS.

Previous appointments (selection)

Mr Wessel-Aas was previously a member of the nomination committees of Oslo Børs VPS Holding, Bakkafrøst, Protector Forsikring and Telio.

Taiga Fund Management is one of Borregaard's largest owners.