

REMUNERATION REPORT

PAY AND OTHER REMUNERATION OF SENIOR MANAGEMENT

2022



1 INTRODUCTION

1.1 INTRODUCTION

This report describes Borregaard's remuneration of senior management during the financial year 2022. The report shall provide relevant information in accordance with the requirements of the Public Limited Liability Companies Act (§6-16 a and b) and be presented to the Annual General Meeting. The report is also available on the company's website under "Sustainability documentation".

The report covers Borregaard's executive management team, which in addition to the CEO, consists of eight people. The composition of the executive management team has remained unchanged through 2022. An overview of nomination committee and board fees (including employee-elected members) is also provided. See item 10 regarding remuneration of the board and nomination committee.

1.2 SUMMARY OF THE FINANCIAL YEAR

Borregaard delivered good financial results in 2022. Return on capital employed (ROCE) rose to above the target level and there was a significant profit increase (EBITDA) for the Group as a whole and for all segments, particularly BioMaterials and Fine Chemicals. 2022 was a good year in terms of personal safety, but sick leave increased somewhat. Furthermore, the company has delivered on important strategic measures such as a high degree of specialisation and received good ratings in sustainability valuations such as CDP and EcoVadis. All of these factors are important measurement parameters for Borregaard and are also included as criteria for management's remuneration.

1.3 CASE PROCESSING AND FOLLOW-UP OF GUIDELINES FOR MANAGEMENT REMUNERATION

The Annual General Meeting (AGM) has adopted the company's remuneration policy for senior management in accordance with laws and regulations. The guidelines have been revised and refined in recent years, and include guidelines for base salary, pension, annual bonus and long-term incentives (LTIs)/options. In the work with the guidelines, there has been a dialogue with several owner groups and their representatives.

The current guidelines were approved by the Annual General Meeting on 14 April 2021.

Comparable remuneration data are obtained from an independent, external company that are used in the assessment of the compensation level. LTI/option allocations take place in accordance with a more comprehensive regulation that is included in the overall guidelines and which the board has thus been authorised by the General Meeting to implement.

It is the board's responsibility to follow up the remuneration guidelines and make decisions accordingly. The board has a separate compensation committee that follows up, discusses and makes recommendations to the board in specific cases concerning the various remuneration elements.

The nomination committee follows up matters related to the board's fees and rules related to these. The nomination committee's assessments are based on available statistics for remuneration and practices in comparable listed companies in Norway. Wage inflation for Borregaard's employees is also a relevant basis for comparison for determining remuneration.

1.4 THE BOARD'S FOLLOW-UP OF REMUNERATION POLICY IN 2022

The board has, including through the compensation committee, based the remuneration of senior executives on the adopted guidelines. The board has also reviewed that the exercise of share options and bonus payments are in line with the guidelines and intentions for these schemes.

The board declares that the company's remuneration guidelines have been followed through 2022.

2 TOTAL REMUNERATION OF EXECUTIVE MANAGEMENT

	Municipality of residence	Year	Fixed remuneration				Variable remuneration			Total remuneration
			Fixed salary ¹⁾	Salary paid ²⁾	Benefits in kind ³⁾	Pension cost ⁴⁾	Bonus/STI (one year variable) ⁵⁾	Share options/LTI (multi-year variable) ⁶⁾	Variable remuneration in % of total remuneration	
Per A. Sørli President and CEO	Fredrikstad	2022	3 910 000	3 949 206	265 678	832 023	1 955 000	1 450 020	40,3 %	8 451 927
		2021	3 800 000	3 847 373	243 760	800 093	1 900 000	1 427 560	40,5 %	8 218 786
Tom Erik Foss-Jacobsen EVP BioSolutions	Sarpsborg	2022	2 589 000	2 617 343	258 468	409 968	1 172 299	483 340	33,5 %	4 941 418
		2021	2 517 700	2 546 375	260 129	394 518	1 258 850	535 335	35,9 %	4 995 206
Gisle Løhre Johansen EVP Speciality Cellulose and Fine Chemicals	Sarpsborg	2022	2 017 000	2 032 199	186 323	288 183	1 008 500	386 672	35,8 %	3 901 877
		2021	1 961 100	1 981 090	226 032	280 609	513 612	356 890	25,9 %	3 358 233
Ole Gunnar Jakobsen Plant Director Sarpsborg Site	Sarpsborg	2022	2 050 000	2 058 695	239 339	302 697	1 025 000	386 672	35,2 %	4 012 403
		2021	1 867 000	1 888 267	241 264	266 114	933 500	356 890	35,0 %	3 686 035
Per Bjarne Lyngstad CFO	Fredrikstad	2022	2 200 000	2 192 688	175 520	330 007	1 100 000	386 672	35,5 %	4 184 887
		2021	1 914 700	1 943 359	185 621	277 594	957 350	356 890	35,3 %	3 720 813
Kristin Misund SVP R&D and Business development	Sarpsborg	2022	1 800 000	1 822 191	212 408	256 241	900 000	314 171	34,6 %	3 505 011
		2021	1 696 600	1 715 926	312 854	235 822	848 300	285 512	33,4 %	3 398 413
Liv Longva SVP Strategic Sourcing	Vestby	2022	1 728 000	1 734 787	186 725	239 579	864 000	314 171	35,3 %	3 339 262
		2021	1 680 600	1 683 758	152 288	231 923	840 300	285 512	35,3 %	3 193 782
Dag Arthur Aasbø SVP Organisation and Public Affairs	Sarpsborg	2022	1 728 000	1 715 959	200 800	230 567	864 000	314 171	35,4 %	3 325 497
		2021	1 680 600	1 677 062	165 074	226 187	840 300	285 512	35,2 %	3 194 136
Sveinung Heggen General Counsel	Bærum	2022	2 348 000	2 370 590	242 831	353 713	466 303	314 171	20,8 %	3 747 608
		2021	2 283 300	2 309 584	216 303	342 540	446 842	285 512	20,3 %	3 600 781

1. Fixed salary is agreed annual salary.
2. Salary paid is actual salary paid plus paid holiday pay earned on salary the previous year.
3. Benefits in kind are taxable benefits such as car arrangement, insurance, telecommunication etc.
4. Pension cost is contribution to the defined contribution pension schemes that specify a contribution of 5% of fixed salary up to 7.1G and 20% of fixed salary above 7.1G ("G" is the basic amount in the National Insurance scheme, NOK 111,477 as of 31.12.2022 and NOK 106.399 as of 31.12.2021)
5. Premiums for the early retirement scheme, "AFP", are not included in the pension costs. Premiums amount to 2.6% (2,5% in 2021) of salary between 1G and 7.1G up to and including the year the employee turns 61 years of age.
6. Bonus/STI is accrued bonus earned in the reporting year and includes holiday pay.
7. Share options/LTI is the value of the share options at the time of allocation.

3 CRITERIA RELATED TO THE ANNUAL BONUS/STI SCHEME:

The company's Short-term incentive (STI) scheme is linked to deliveries related to the financial goals of the company and economic value added. There are also personal goals related to safety, health and sustainability/ESG. There are three main criteria for annual bonuses:

Criterion A: ROCE for the Group as a whole.

The financial goal for the company (Group) is to have a ROCE above 15% over a business cycle.

This criterion gives a bonus payment from 11% ROCE, increasing to the maximum bonus (37.5% of base salary) at 23% ROCE.

The target bonus (12.5% of base salary) is given at 15% ROCE.

Criterion B: Improvement of EBITDA within own area of responsibility.

Bonus starts when improvement is achieved compared to the previous year, increasing to a maximum bonus (30% of base salary) at 22.5%

EBITDA improvement.

The target bonus (10% of base salary) is given at an EBITDA improvement of 7.5%.

Criterion C: ESG/other conditions.

There are mandatory criteria related to safety (injuries), health (sick leave) and at least one goal related to other ESG/sustainability conditions. In addition, other defined individual goals may be related to relevant factors within own area of responsibility (productivity, innovation, employee development, projects).

Targeted bonus is 7.5% of base salary. The maximum bonus linked to this criterion is 17.5% of base salary.

Maximum total bonus

The target bonus ("Good performance") for all criteria combined is set at 30% of base salary. The maximum payment for the individual areas can be summed up to 85% of base salary. However, the maximum annual Bonus/STI is capped at 50% of base salary.

BONUS PERFORMANCE CRITERIA FOR EXECUTIVE MANAGEMENT-2022

Name of manager	Description of performance criteria	Relative weighting of performance criteria	Measured performance before cap / max limit		Accrued bonus earned in 2022 ¹⁾ after potential cap / max limit		Actual paid bonus in 2022 ²⁾
			In percent	In percent	In NOK	In NOK	
Per A. Sørli	ROCE	44 %	22,2 %	18,8 %			
	EBITDA improvement	35 %	26,6 %	22,5 %			
	ESG (health, safety, sustainability)/Other	21 %	10,3 %	8,7 %			
	SUM		59,0 %	50,0 %	1 955 000		1 784 862
Tom Erik Foss-Jacobsen	ROCE	44 %	22,2 %	22,2 %			
	EBITDA improvement	35 %	12,8 %	12,8 %			
	ESG (health, safety, sustainability)/Other	21 %	10,3 %	10,3 %			
	SUM		45,3 %	45,3 %	1 172 299		1 155 426
Gisle Løhre Johansen	ROCE	44 %	22,2 %	17,8 %			
	EBITDA improvement	35 %	30,0 %	24,0 %			
	ESG (health, safety, sustainability)/Other	21 %	10,3 %	8,2 %			
	SUM		62,4 %	50,0 %	1 008 500		560 621
Ole Gunnar Jakobsen	ROCE	44 %	22,2 %	19,8 %			
	EBITDA improvement	35 %	23,7 %	21,1 %			
	ESG (health, safety, sustainability)/Other	21 %	10,3 %	9,1 %			
	SUM		56,1 %	50,0 %	1 025 000		905 896
Per Bjarne Lyngstad	ROCE	44 %	22,2 %	18,8 %			
	EBITDA improvement	35 %	26,6 %	22,5 %			
	ESG (health, safety, sustainability)/Other	21 %	10,3 %	8,7 %			
	SUM		59,0 %	50,0 %	1 100 000		906 329
Kistin Misund	ROCE	44 %	22,2 %	18,8 %			
	EBITDA improvement	35 %	26,6 %	22,5 %			
	ESG (health, safety, sustainability)/Other	21 %	10,3 %	8,7 %			
	SUM		59,0 %	50,0 %	900 000		806 032
Liv Longva	ROCE	44 %	22,2 %	18,8 %			
	EBITDA improvement	35 %	26,6 %	22,5 %			
	ESG (health, safety, sustainability)/Other	21 %	10,3 %	8,7 %			
	SUM		59,0 %	50,0 %	864 000		789 253
Dag Arthur Aasbø	ROCE	44 %	22,2 %	18,8 %			
	EBITDA improvement	35 %	26,6 %	22,5 %			
	ESG (health, safety, sustainability)/Other	21 %	10,3 %	8,7 %			
	SUM		59,0 %	50,0 %	864 000		790 551
Sveinung Heggen	ROCE	24 %	5,4 %	5,4 %			
	EBITDA improvement	36 %	8,0 %	8,0 %			
	ESG/Other	40 %	6,5 %	6,5 %			
	SUM		19,9 %	19,9 %	466 303		414 005

1) Earned and accrued bonus in 2022 including vacation pay

2) Actual paid bonus in 2022 plus paid vacation pay in 2022 earned on bonus paid in 2021

4 SHARE-BASED REMUNERATION

Borregaard's share-based remuneration is a long-term incentive scheme (LTI), which consists of an option or cash-based scheme, linked to developments in the share price. The allocation criteria for options are complementary to the criteria for the annual bonus system (Short-term incentives, STI), so that no criteria directly provide "double remuneration" through both STI and LTI.

Members of executive management are expected, including through the share option scheme, to build up and retain a holding of Borregaard shares corresponding to two annual base salaries for the CEO and one annual base salary for the other members.

Allocation criteria

Options may be allocated to leading employees at certain position levels where the company recognises a special need to form a long-term attachment.

The CEO and other members of executive management have options as a part of the total compensation package with the intention that the executive management shall jointly deliver on the company's and the owners' long-term goals and strategy.

This presupposes that the management, jointly as a team, contributes to optimising the operation of the company as a whole and thereby creates long-term value for the company and its owners. Borregaard is by nature a company with complex and integrated businesses. The bio-refinery concept, where one production system provides many products to several business areas, requires overall optimisation. Borregaard's size and structure have made it appropriate to have a large degree of matrix organisation, where coordination and management across functions is important. Thus Borregaard's executive management, as a group and collegium, has a common function in contributing to the overall optimisation of the business. Furthermore, a long-term perspective is one of Borregaard's core values because the company's development depends on long lasting processes, namely innovation projects, process optimisation, market introductions of new products and investments, where gains and value realisations come after several years. This coincides well with the term of the options and the expectations that management builds up a portfolio of own shares. These conditions, and senior management's overall role in this, justify that options are a suitable and complementary compensation element in line with the owners' goals.

There are a number of restrictions in the allocations and gains criteria. The restrictions on allocations are partly related to the maximum number of options that can be granted (in total and on an annual basis) and that the value of annual option allocations at individual levels should not be more than approximately 30% of the maximum gains (2 annual base salaries for the CEO and 1 annual base salary for the others), given that the share price increases 10% annually for 4 years. Thus, the allocation size is also related to the size of the salary.

As the strike price is set 10% above the share price at the time of allocation, there is a built-in performance criterion in the scheme as the share price must actually increase by at least 10% for the options to have value.

See an overview of overall regulations in the appendix to this report.

EXECUTIVE MANAGEMENT'S HOLDINGS OF STOCK OPTIONS AND SHARES

Name	Allocation criteria for share options				Begin. balance	Throughout 2022			Ending balance			Shares
	Share options granted year	Number of granted share options	Value of share options at grant date	Strike price (NOK) per share adjusted for dividend after grant date	Number of share options held at the beginning of the year	Granted share options in 2022	Exercised share options in 2022	Gross profit on exercised share options in 2022	Number of granted, not exercised share options	Value of share options held at end of year (share price NOK 152.00)	Number of share options in vesting period	Shareholding as of 31 December ¹
Per A. Sørlie	2022	30 000	1 450 020	224		30 000			30 000		30 000	
	2021	40 000	1 427 560	176	40 000				40 000		40 000	
	2020	60 000	1 597 740	95	60 000				60 000	3 444 000	60 000	
	2019	60 000	1 511 700	70	60 000				60 000	4 902 000		
	2018	60 000	1 094 220	66	45 000		-45 000	5 314 500				
SUM					205 000	30 000	-45 000	5 314 500	190 000	8 346 000	130 000	164 810
Tom Erik Foss-Jacobsen	2022	10 000	483 340	224		10 000			10 000		10 000	
	2021	15 000	535 335	176	15 000				15 000		15 000	
	2020	30 000	798 870	95	30 000				30 000	1 722 000	30 000	
	2019	20 000	503 900	70	20 000		-5 000	453 550	15 000	1 225 500		
	2018	20 000	364 740	66	13 350		-13 350	1 269 051				
SUM					78 350	10 000	-18 350	1 722 601	70 000	2 947 500	55 000	30 232
Gisle Løhre Johansen	2022	8 000	386 672	224		8 000			8 000		8 000	
	2021	10 000	356 890	176	10 000				10 000		10 000	
	2020	20 000	532 580	95	20 000				20 000	1 148 000	20 000	
	2019	15 000	377 925	70	15 000				15 000	1 225 500		
	2018	15 000	273 555	66	10 750		-10 750	1 222 060				
SUM					55 750	8 000	-10 750	1 222 060	53 000	2 373 500	38 000	21 974
Ole Gunnar Jakobsen	2022	8 000	386 672	224		8 000			8 000		8 000	
	2021	10 000	356 890	176	10 000				10 000		10 000	
	2020	20 000	532 580	95	20 000				20 000	1 148 000	20 000	
	2019	20 000	503 900	70	20 000				20 000	1 634 000		
	2018	15 000	273 555	66	11 425		-11 425	1 066 295				
SUM					61 425	8 000	-11 425	1 066 295	58 000	2 782 000	38 000	32 980
Per Bjarne Lyngstad	2022	8 000	386 672	224		8 000			8 000		8 000	
	2021	10 000	356 890	176	10 000				10 000		10 000	
	2020	20 000	532 580	95	20 000				20 000	1 148 000	20 000	
	2019	20 000	503 900	70	20 000				20 000	1 634 000		
	2018	20 000	364 740	66	16 136		-16 136	1 905 662				
SUM					66 136	8 000	-16 136	1 905 662	58 000	2 782 000	38 000	61 413
Kristin Misund	2022	6 500	314 171	224		6 500			6 500		6 500	
	2021	8 000	285 512	176	8 000				8 000		8 000	
	2020	15 000	399 435	95	15 000				15 000	861 000	15 000	
	2019			70								
	2018	10 000	182 370	66								
SUM					23 000	6 500			29 500	861 000	29 500	70 223
Liv Longva	2022	6 500	314 171	224		6 500			6 500		6 500	
	2021	8 000	285 512	176	8 000				8 000		8 000	
	2020	15 000	399 435	95	15 000				15 000	861 000	15 000	
	2019			70								
	2018	15 000	273 555	66	15 000		-15 000	1 391 100				
SUM					38 000	6 500	-15 000	1 391 100	29 500	861 000	29 500	11 896
Dag Arthur Aasbø	2022	6 500	314 171	224		6 500			6 500		6 500	
	2021	8 000	285 512	176	8 000				8 000		8 000	
	2020	15 000	399 435	95	15 000				15 000	861 000	15 000	
	2019	15 000	377 925	70	15 000		-2 000	227 500	13 000	1 062 100		
	2018	15 000	273 555	66	12 000		-12 000	1 417 200				
SUM					50 000	6 500	-14 000	1 644 700	42 500	1 923 100	29 500	55 713
Sveinung Heggen	2022	6 500	314 171	224		6 500			6 500		6 500	
	2021	8 000	285 512	176	8 000				8 000		8 000	
	2020	15 000	399 435	95	15 000				15 000	861 000	15 000	
	2019	15 000	377 925	70	15 000				15 000	1 225 500		
	2018	15 000	273 555	66	13 700				13 700	1 178 885		
SUM					51 700	6 500			58 200	3 265 385	29 500	24 823

*Shareholdings include shares owned by related parties

DURATION OF OPTION PROGRAMMES

Great year	Grant date	Vesting period	Exercise period	Expiry date
2022	17.02.2022	17.02.2022-17.02.2025	17.02.2025-17.02.2027	17.02.2027
2021	16.02.2021	16.02.2021-16.02.2024	16.02.2024-16.02.2026	16.02.2026
2020	13.02.2020	13.02.2020-13.02.2022	13.02.2023-13.02.2025	13.02.2025
2019	06.02.2019	06.02.2019-06.02.2022	06.02.2022-06.02.2024	06.02.2024
2018	07.02.2018	07.02.2018-07.02.2021	07.02.2021-07.02.2023	07.02.2023

5 THE COMPANY'S RIGHT TO RECOVER VARIABLE REMUNERATION

The regulations for the annual bonus programmes for senior management stipulate that if during a period of three years after the annual bonus has been paid out, it turns out that the basis for the bonus calculation was incorrect, the company has the right to make corrections in the form of reduced future bonus payments.

The corrections shall be reviewed by the Group's auditor.

6 INFORMATION ON HOW THE REMUNERATION COMPLIES WITH THE REMUNERATION GUIDELINES AND HOW PERFORMANCE CRITERIA WERE USED

The remuneration paid to senior management is in line with the guidelines adopted by the Annual General Meeting in 2021:

Base salary is based on the content of the position and is dimensioned in line with benchmark surveys (up to the median).

The Bonus/STI criteria are strongly based on performance criteria that are consistent with the company's long-term goals and results; ROCE, profit improvement compared to the previous year for the area for which the manager is responsible, as well as ESG/other criteria that correspond to the company's stated goals and strategies. See further details under section 3.

The scheme has been compared through a benchmark and shows that the company's STI schemes are on a par with comparable companies.

The Options/LTI criteria are long-term in nature and require value development of the company before the options pay off. No gain is achieved until the share price has increased by 10% and the options can only be exercised after 3 years, but with the option to wait up to 5 years from allocation. The scheme emphasises compliance with ownership interests in the company, both in connection with the share price, but also in that half of the gain after tax must be used to purchase shares in the company, until the holding reaches 2 annual base salaries for the CEO and 1 annual base salary for the rest of senior management.

Section 4 shows how a long-term incentive scheme with a 3-8 year horizon (3-5 years` vesting period followed by share purchases with a 3-year commitment) supports the long-term value creation processes in Borregaard (innovation, market introduction, investment programmes).

The LTI scheme has been compared through benchmarks and shows that the company's LTI schemes, as they are dimensioned and valued at the time of allocation, are somewhat below the benchmark for comparable companies that have LTI schemes.

7 EXCEPTIONS AND DEVIATIONS FROM THE REMUNERATION POLICY AND THE PROCEDURE FOR IMPLEMENTATION

The guidelines have been followed and there have been no exceptions regarding remuneration of senior management

8 ANNUAL CHANGES IN REMUNERATION AND THE COMPANY'S PROFIT

	Actual 2017	Actual 2018	2018 vs 2017 in percent	Actual 2019	2019 vs 2018 in percent	Actual 2020	2020 vs 2019 in percent	Actual 2021	2021 vs 2020 in percent	Actual 2022	2022 vs 2021 in percent
Per A. Sørli	6 594 449	5 960 579	-9,6 %	6 563 022	10,1 %	7 435 825	13,3 %	8 218 786	10,5 %	8 451 927	2,8 %
Tom Erik Foss-Jacobsen	3 277 452	2 874 654	-12,3 %	3 523 834	22,6 %	4 142 668	17,6 %	4 995 206	20,6 %	4 941 418	-1,1 %
Gisle Løhre Johansen	3 068 994	2 741 516	-10,7 %	2 916 612	6,4 %	3 764 010	29,1 %	3 358 233	-10,8 %	3 901 877	16,2 %
Ole Gunnar Jakobsen	3 038 456	2 612 271	-14,0 %	2 901 791	11,1 %	3 513 478	21,1 %	3 686 035	4,9 %	4 012 403	8,9 %
Per Bjarne Lyngstad	3 247 438	3 011 228	-7,3 %	3 026 657	0,5 %	3 441 240	13,7 %	3 720 813	8,1 %	4 184 887	12,5 %
Kristin Misund	NA	NA	NA	2 021 546	NA	3 067 239	51,7 %	3 398 413	10,8 %	3 505 011	3,1 %
Liv Longva	NA	1 969 172	NA	1 667 353	-15,3 %	2 544 587	52,6 %	3 193 782	25,5 %	3 339 262	4,6 %
Dag Arthur Aasbø	2 847 203	2 556 128	-10,2 %	2 530 695	-1,0 %	2 877 661	13,7 %	3 194 136	11,0 %	3 325 497	4,1 %
Sveinung Heggen	3 192 576	3 211 224	0,6 %	3 285 691	2,3 %	3 511 315	6,9 %	3 600 781	2,5 %	3 747 608	4,1 %

Borregaard Group results											
Sales revenues (in NOK thousand)	4 522 000	4 705 000	4,0 %	4 951 000	5,2 %	5 227 000	5,6 %	5 715 000	9,3 %	6 776 000	18,6 %
Profit before tax, depreciation, amortization and other income and expenses (in NOK thousand)	1 055 000	903 000	-14,4 %	1 007 000	11,5 %	1 132 000	12,4 %	1 372 000	21,2 %	1 643 000	19,8 %
Average number of man-years (excluding executive management)	1 028	1 075	4,6 %	1 097	2,0 %	1 074	-2,1 %	1 053	-2,0 %	1 073	1,9 %
Average remuneration divided by no. of man-years (excluding executive management)	716 917	722 345	0,8 %	740 264	2,5 %	800 140	8,1 %	821 290	2,6 %	864 029	5,2 %

9 INFORMATION REGARDING SHAREHOLDER VOTES

Borregaard's guidelines for management remuneration were last revised and presented to the Annual General Meeting in April 2021. The guidelines were approved by 89.3% of the votes cast.

10 REMUNERATION OF THE BOARD OF DIRECTORS AND THE NOMINATION COMMITTEE

The following fee structure and rates were approved at the AGM on 7 April 2022 and apply until the next AGM in 2023:

Remuneration – Board of Directors

Chair	NOK 620 000
Board member, shareholder-elected	NOK 350 000
Board member, employee-elected	NOK 314 000
Observer (employee-elected) **	NOK 105 000
Deputy for observer***	NOK 8 100 per meeting
Chair of the audit & sustainability committee	NOK 100 000
Member of the audit & sustainability committee*	NOK 66 000
Chair of the remuneration committee	NOK 59 000
Member of the remuneration committee*	NOK 46 000

It is recommended that remuneration is paid in rates throughout 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 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 the gross board remuneration (excl. remuneration for committee work) to purchase shares in the company until their shareholding (including their personal close associates/companies under their control) corresponds to 1 year's gross board remuneration (excluding remuneration for committee work).
- The purchase of shares shall take place in accordance with applicable statutes and the Regulations for Primary Insiders at Borregaard and the company's Instructions for Inside Information.
- It is recommended that purchases should 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 the calendar year in question.
- 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 a part of the committee's assessment of candidates for election to subsequent periods.

REMUNERATION OF THE BOARD OF DIRECTORS

Board members	Decided remuneration from Annual General Meeting (AGM) this year until next AGM							Actual board remuneration paid
	Year	Fixed board remuneration	Chair Audit & Sustainability Committee	Member Audit & Sustainability Committee	Chair Compensation Committee	Member Compensation Committee	Total board remuneration decided by AGM	
Shareholder-elected Board members								
Helge Aasen, Chair Board <small>Chair from April 21</small>	2022	620 000			59 000		679 000	597 925
	2021	575 000			55 700		630 700	570 907
Terje Andersen	2022	350 000	100 000				450 000	403 898
	2021	332 100	92 900				425 000	389 726
Tove Andersen	2022	350 000		66 000			416 000	370 748
	2021	332 100		62 300			394 400	364 534
Margrethe Hauge	2022	350 000				46 000	396 000	341 898
	2021	332 100				43 500	375 600	358 204
John Arne Ulvan <small>From April 21</small>	2022	350 000		66 000			416 000	370 748
	2021	332 100		62 300			394 400	335 652
Employee-elected Board members								
Ragnhild Anker Eide	2022	314 000					314 000	309 925
	2021	297 700					297 700	295 950
Arundel Kristiansen	2022	314 000					314 000	309 925
	2021	297 700					297 700	295 950
Employee-elected Board observers								
Bente Seljebakken Klausen	2022	105 000					105 000	103 550
	2021	99 200					99 200	98 600
Roy Kåre Appelgren	2022	105 000					105 000	103 550
	2021	99 200					99 200	98 600

Remuneration - Nomination committee

Chair of the nomination committee: NOK 66,000 (NOK 61,700 last term) + NOK 10,500 (NOK 10,000 last term) per meeting beyond 4 full meetings

Member of the nomination committee: NOK 46,500 (NOK 43,500 last term) + NOK 8,600 (NOK 8,200 last term) per meeting beyond 4 full meetings

The nomination committee has applied a strict practice when calculating the number of meetings. The number consists of meetings convened and held with the entire committee present. Conversations, correspondence and meetings conducted by the chair or individual members as part of the committee's work are not considered as full meetings.

For the period from the 2022 AGM to the 2023 AGM, committee work did not exceed 4 full meetings.

Actual remuneration paid for the year will be somewhat below the fee adopted by the AGM, as part of the fee consists of the fee rate from the previous AGM period.

Nomination Committee	Year	Remuneration decided by AGM	Actual remuneration paid for meetings beyond 4	Actual remuneration paid
Mimi Kristine Berdal Chair	2022	66 000	0	64 925
	2021	61 700	0	50 790
Erik Must	2022	46 500	0	45 750
	2021	43 500	0	35 805
Rune Selmar	2022	46 500	0	45 750
	2021	43 500	0	35 805
Atle Hauge From April 22	2022	46 500	0	34 875
	2021			

APPENDIX

THE COMPANY'S REMUNERATION POLICY AND SHARE-RELATED REMUNERATION, ADOPTED AT THE ANNUAL GENERAL MEETING ON 14 APRIL 2021

The company's general guidelines for policies on remuneration and associated conditions:

- Overall, the conditions shall be competitive and suitable for the company's need to attract and retain employees
- Remuneration schemes shall contribute to consistency between the company's and the owners' goals and results and the various elements of the individual terms and conditions. The criteria for the various elements of the remuneration schemes must be complementary.
- The schemes must be simple, long-term and sufficiently flexible

In the guidelines for annual bonuses and the option scheme, criteria that correspond to the communicated financial and long-term objectives and strategies for the company have been selected. There are also limitations in the schemes to ensure that payments are at a reasonable level, also when taking into consideration the financial sustainability of the company.

The schemes shall also be designed to motivate and attract the expertise required by the company. The remuneration schemes include balanced criteria to ensure that employees contribute to delivery of good results at company level, while also focusing on matters within their individual areas of responsibility.

THE MAIN ELEMENTS OF THE REMUNERATION SCHEMES

Base salary - The level should be close to the median for comparable companies and positions. Base salary is determined based on the responsibility, complexity, expertise requirements and scope associated with the role.

Pension - Based on the established defined contribution pension schemes, with the intention that the relative pension contributions, including the Norwegian National Insurance Scheme, are independent of income level. The defined contribution pension schemes specify a contribution of 5% of fixed salary up to 7.1G and 20% of salary above 7.1G.

Annual bonus scheme - Based on pre-defined criteria that are based on positive results and progress

The criteria include return on capital employed (ROCE) for the Group, economic value added (EBITDA) for the area in question, safety and sick leave for the Group, as well as personal targets, including criteria related to sustainability and growth/improvement. The target bonus level for delivery of "good performance" is approximately 30%. The maximum annual bonus is 50% of annual base salary. The criteria and calculation basis are reviewed annually by the board of directors' remuneration committee and adopted by the board. If errors have occurred for bonuses paid during the past three years, the company has the right to correct this in future bonus payments.

Long-term incentive scheme - Option or cash-based scheme linked to movements in the share price. The scheme has complementary objectives and criteria to the annual bonus scheme

Other benefits - The company's management employees also have access to a car scheme (company car/mileage), a free mobile phone and newspapers, as well as access to insurance schemes available to all employees in Borregaard's Norwegian operations.

Other matters - Management employees are subject to the same retirement age as other employees in line with Norwegian laws and regulations (flexible between 62 and 70 years of age). There is a mutual notice period of six months for executive management employees, without severance pay. A separate agreement with somewhat deviating terms applies to the CEO; the maximum retirement age is two years lower (68 years of age) with associated pension compensation, a mutual notice period of nine months and six months' severance pay. (See note 9 of the Annual Report for details).

FURTHER INFORMATION ABOUT THE GUIDELINES FOR BORREGAARD'S SHARE-RELATED OPTION SCHEME

General information about the scheme

Borregaard's long-term incentive (LTI) scheme is an option scheme related to the share price and forms part of an overall remuneration package for senior management. The option scheme implies that employees in the scheme can obtain share options that entitle them to purchase a defined number of shares at a given value for a fixed period of time. When options are exercised, the sale of shares will realise a gain. In order to adapt the scheme to its objectives, the allocations and potential maximum gains are subject to a number of restrictions.

The board will consider on an annual basis whether to allocate options and can provide recommendations for such allocation within the framework of these guidelines. The board can decide whether the options will be physical or synthetic. The board and its remuneration committee will ensure that the allocation of options and the administration of the scheme comply with the intentions. The strike price for all allocations since 2014 has been set at 10% above the price on the date of allocation.

The purpose of the scheme

There are two main reasons behind the scheme:

- Strengthening the ownership perspective and supporting the company's long-term objectives by including development of shareholder value (share price) and investment in shares as criteria for this remuneration.
- Providing senior managers and key employees with an incentive to make a long-term commitment to the company.
- The allocation criteria for options (long-term incentives, LTI) are complementary to the criteria for the annual bonus scheme (short-term incentives, STI).

Members of senior management are expected, including through the share option scheme, to build up and retain a holding of Borregaard shares corresponding to two annual base salaries for the CEO and one annual base salary for the other members.

Allocation criteria

Options may be allocated to leading employees at certain position levels that the company recognises has a special need to form a long-term attachment with:

- The CEO and other members of senior management have options as a part of the total remuneration package with the intention that senior management shall jointly deliver on the company's and the owners' long-term goals and strategy.
- Management and key personnel/specialists in the business areas and corporate staff may be allocated options on the basis of the following criteria:
- The employee has, in line with the company's culture and values, over time, delivered positive results within at least two of the following areas, anchored in the company's long-term objectives and strategy:
 - Organic growth/specialisation
 - Continuous improvement
 - Innovation
 - Sustainability/ESG
 - Development of talent/managers
- The employee/position is particularly important/critical for achievement of the company's goals. The employee is considered difficult to replace, and there may be a risk that he/she will leave the company. The scheme does not automatically follow a particular position, and one or more allocations do not entitle the holder to subsequent allocations.
- The scheme/rights are only valid as long as the option holder is employed (has not already given notice/resigned) in the Group.

Restrictions on allocations

- The total annual allocation of new share options may be no more than 0.8% of the company's outstanding shares.
- The total number of outstanding options may be no more than 2.0% of the company's outstanding shares.
- The number of options allocated shall be dimensioned to provide approximately 30% of the maximum allowed gain after four years, assuming an annual growth rate of 10% in the share price.

Restrictions on gains

- The options have a strike price 10% above the market price for the shares on the allocation date, which requires a (substantial) increase in the share price before the options gain value. The strike price is adjusted for dividends and other factors relevant to share capital (e.g. buy-backs, write-downs and new share issues).
- The total pre-tax gain per calendar year from exercise of options may not exceed two annual base salaries for the CEO and one annual base salary for other employees.

Time limits

The options may not be exercised earlier than three years after their allocation, and must be exercised within two years of the first opportunity.

Requirement to purchase shares

Employees must use at least half of the gain (after tax) to purchase Borregaard shares, with a lock-in period of three years. This requirement will remain in place for senior management until a shareholding equivalent to two annual base salaries for the CEO and one annual base salary for the other members has been achieved.

DISCOUNTED SHARES FOR EMPLOYEES

For several years, Borregaard has had a scheme allowing employees to buy a limited number of shares at a discount in relation to the market price. The scheme is implemented annually, most recently in February 2022, when employees could purchase shares for a maximum amount of NOK 63,000 including a discount of 25%. The shares purchased via the scheme are subject to a lock-in period of one year.

The scheme is available to all Borregaard employees – including executive personnel – with the exception of countries where practical/legal circumstances make this difficult. Between 400 and 550 employees have participated in the scheme in recent years.

The board decides each year whether the scheme shall be implemented. The scheme is also planned for the upcoming Annual General Meeting period.

REMUNERATION FOR BOARD MEMBERS AND OBSERVERS ELECTED BY EMPLOYEES

Remuneration for board members and observers elected by employees is proposed by the nomination committee and adopted by the General Meeting through a separate resolution. The nomination committee's assessments are based on available statistics for remuneration and practices in comparable listed companies in Norway. Wage inflation for Borregaard's employees is also a relevant basis for comparison for determining remuneration.