

The Nomination Committee's recommendation to the 2019 Annual General Meeting (AGM)

The Nomination Committee's work

Borregaard's website includes separate information on the Nomination Committee, its mandate and contact information for suggestions for the Committee's work. The website also includes a dedicated information page on the 2019 AGM with information on the choices and contact details for the Nomination Committee.

Since the 2018 AGM, the Nomination Committee has held three meetings. The Committee has performed a thorough evaluation of the board and its members through a review of the board's own evaluation and through individual dialogue with the chairman and the other shareholder- and employee-elected board members. There has also been dialogue with the company's management and President and CEO to gain an understanding of the company's position and the board's need for expertise.

A letter has also been sent to the 20 largest shareholders with information on the Committee's work and the opportunity for contact and proposals to the Committee.

The Committee's decisions on proposals for candidates to the board and the Nomination Committee and proposals for remuneration rates have been unanimous.

Item 6 - Members to the board

The Nomination Committee's assessment is that the current board has had a good and relevant composition in line with the company's needs and the requirements that emerge from the instructions to the Nomination Committee. Of the current five shareholder-elected board members, two have several years of experience from Borregaard's board 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 different reasons there was a major replacement of board members at the last AGM in April 2018, where three new board members were elected.

Due to this, the Nomination Committee proposes re-election of all shareholder-elected board members; Jan A. Oksum, Terje Andersen, Tove Andersen, Margrethe Hauge and Helge Aasen. The Nomination Committee's opinion is that the proposal for board members represents a well-composed and complementary team where the candidates overall have relevant and broad experience from both operational responsibility, international industrial operations and board duties in industrial and technology businesses.

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

Refer to separate attachment/CV with detailed information for the matter.

Items 6, 7, 8 and 9 - the Nomination Committee's recommendation

Among the proposed members to the board, the Nomination Committee will propose re-election for Jan A. Oksum as chairman. In accordance with agreement and established practice, an employee representative has provided an opinion in connection with the proposal for chairman.

In accordance with earlier practice, a term of one year is proposed, until the next AGM.

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 AGM in 2018. The Nomination Committee, like the board of directors, has a term of one year, up to the 2019 AGM.

The Nomination Committee is of the opinion that the Committee has relevant and broad experience with good knowledge of relevant environments and people. All of the members of the Committee are independent, both of the company's Board of Directors and leading employees. Three of the members of the Committee represent some of Borregaard's largest owners. They have broad experience from positions in business and as members of board, nomination committees and other positions of trust.

There is a need for sufficient continuity among the members of the Nomination Committee to ensure understanding for the company, the board's needs and to pursue the assessments and discussions that have taken place with owners, the board and relevant candidates. At the AGM in 2016 two new members of the Committee were elected; Erik Must and Rune Selmar, and at the AGM 2017 Ola Wessel-Aas was elected. The Nomination Committee is thus of the opinion that there is no need for changes to the Committee at the AGM in 2019, and will recommend re-election for all members of the Committee. The Committee is of the opinion that the proposed candidates and the composition of the committee meets all of the recommendations from NUES.

Refer to separate attachment/CV with detailed information for the matter.

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 to the board of directors (item 8) and Nomination Committee (item 9)

In its work with remuneration, the Nomination Committee has based its proposal on two perspectives. One is that the level of remuneration should be competitive without being leading, compared to relevant listed publicly traded companies in Norway. Independent benchmark studies are used as a basis for the assessment. The other perspective is related to a desire from several shareholders to tie the shareholder-elected members closer to the owners' perspectives and interests through ownership in the company.

The Nomination Committee will therefore propose to continue the scheme that was adopted by the AGM in 2018, where board members are obliged to acquire shares in the company for at least 20% of the gross director's remuneration, until the share value reaches a size of one year's remuneration. The Nomination Committee's task is to follow up the board members' share purchases and holdings. All shareholder-elected board members have met the requirement for shareholdings for the current term. The requirement for share purchases does not apply to employee-elected members or observers on the board.

In order to compensate a liquidity reduction as a result of the share purchase requirement, remuneration rates were increased by approximately 15% in 2018. For the upcoming board period, the Nomination Committee proposes adjusting remuneration in line with salary developments in the company in 2018 (approximately 2.9%). It is also proposed to increase remuneration for the board committees and Nomination Committee by approximately 2.9%.

The Committee is therefore of the opinion that the proposals express a remuneration level that is competitive, yet not leading, and which corresponds to responsibilities, competence requirements, workload and with a strong ownership perspective.

Proposal for resolution – Remuneration structure and rates

The following remuneration structure and rates apply from the AGM in 2019 up to the next AGM in 2020:

Remuneration - Board

Chairman: NOK 525,000 (510,000 last term)
 Board member, shareholder-elected: NOK 313,900 (305,000 last term)
 Board member, employee-elected: NOK 281,400 (273,400 last term)
 Observer (employee-elected)**: NOK 93,700 per year (91,000 last term)
 Deputy for observer***: NOK 7,200 per meeting (NOK 7000 last term)
 Chairman of the Audit Committee: NOK 87,800 (85,300 last term)
 Member of the Audit Committee*: NOK 58,800 (57,100 last term)
 Chairman of the Remuneration Committee: NOK 52,600 (51,100 last term)
 Member of the Remuneration Committee*: NOK 41,000 (39,800 last term)

It is recommended that remuneration is paid in rates throughout the period.

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

*** The observer is also the permanent deputy for the employee-elected board member and remuneration for the observer also covers any function as attending board member.*

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

Requirement to share purchase for parts of 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 they (including their personal close associates/companies under their control) own shares of a value corresponding to 1 year's gross board remuneration (excl. 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 are made during the first week after publication of quarterly results. The purchase may be spread over time, but must be completed no later than the turn of the year and constitute at least 20% of the gross remuneration for this calendar year.
- The shares must be retained for as long as the board member holds the position. Holdings exceeding one year's board remuneration are not subject to this requirement.
- The Nomination Committees 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 - Nomination Committee

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Chair of Nomination Committee: NOK 58,200 (56,500 last period) + NOK 9,400 (9,100) per meeting beyond 4 meetings

Member of the Nomination Committee: NOK 41,000 (39,800 last period) + NOK 7,400 (7,700) per meeting beyond 4 meetings

Oslo/Sarpsborg 4 March 2019

Mimi K. Berdal, Chairman

Erik Must

Rune Selmar

Ola Wessel-Aas

Appendix to the Nomination Committee's recommendation

The Board of Directors

Jan Anders Oksum

Born 1950. Norwegian citizen.

Education :

Graduate engineer in wood processing chemistry, Norwegian University of Science and Technology in Trondheim.

Career:

Oksum has extensive experience from international industrial companies. He is currently an independent consultant in organisational and management development, strategy and project management. He has more than 30 years of experience from the wood processing industry and Norske Skogindustrier ASA where he has held different positions, including research director, plant manager and vice president for strategy and business development. He was CEO of the company from 2004 to 2006. He has also been research assistant at the Paper Industry's Research Institution in Oslo.

Positions of trust (excerpts):

Oksum is a board member of Chemring Nobel AS. He has previously held board positions at Norconsult (chairman), Elopak AS (member), Södra Cell AB (member), Holmen, Gulliksen & Co AS (chairman), Hafslund Pellets Holding AS (member), Biowood Norway AS (chairman), Nuclear Protection Products AS (chairman) and Estate Media AS (chairman).

Oksum has been a board member of Borregaard Industries Limited since 2007, and chairman of Borregaard ASA since the company was listed in 2012. He has taken part in 8 of 8 board meetings since the last AGM.

Oksum has (through a company he controls) 11,500 shares in Borregaard ASA.

Terje Andersen

Born 1958. Norwegian citizen.

Education :

Business economist from the Norwegian School of Economics in Bergen (NHH).

Career:

Terje Andersen is CEO of Orkla Investments. Andersen has extensive experience from international industrial companies. Since 1989 he has held different positions in the Orkla group, including as CFO of Orkla ASA, CFO of Lilleborg AS and CFO of Orkla Brands. Andersen has also held positions with Nevi Finans AS and Deloitte Touche.

Positions of trust (excerpts):

Andersen has directorships in several companies such as Jotun AS (member) and Saudefaldene AS (chairman). He has previously also been a board member of Gränges AB, Sapa AS, Elkem AS and Elkem Solar AS.

Andersen has been a board member/chairman of Borregaard Industries Limited since 2005, and board member of Borregaard ASA since 2012. He has taken part in 8 of 8 board meetings since the last AGM.

Andersen has 4371 shares in Borregaard ASA.

Tove Andersen

Born 1970. Norwegian citizen.

Education :

Graduate engineer in physics and mathematics, Norwegian University of Science and Technology in Trondheim.

MBA, BI-Norwegian Business School

Career:

Tove Andersen has extensive experience from international industrial companies. She is currently EVP Production of Yara International ASA and a member of the corporate management. Since 1997 Andersen has held a number of different positions with 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. Andersen has also worked as a researcher at the Norwegian Computing Centre.

Positions of trust (excerpts):

Andersen is a board member of Cambi ASA and Posten Norge AS. She has previously also been a board member of AgGateway Global Network, Globalrange Ltd. and Agricultural Industries Confederation.

Andersen holds 4,000 shares in Borregaard ASA.

Margrethe Hauge

Born 1971. Norwegian citizen.

Education :

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

Career:

Margrethe Hauge is a Partner in H&O Industrier AS, a company involved in strategic business development and restructuring management in international businesses. She has extensive experience from international industrial companies. Until 2017 Hauge worked for the company MRC Global Inc. as Regional Managing Director - Nordic&Germany. Prior to this she was President and CEO of MRC Solberg & Andersen AS and EVP Services in TTS Group ASA. She has also held several positions in Kverneland Group ASA, including Director of Business Area Crop Care in Amsterdam, Business Area Spare Parts and programme director for strategic improvement areas and General Manager for three businesses in the group in Australia. Hauge has also been trainee of Norsk Hydro ASA.

Positions of trust (excerpts):

Hauge is a board member in Salmar ASA and GIEK. She has formerly also been board member of Bjørge ASA, AFF Stiftelsen/Konsulent AS and Codfarmers ASA.

Hauge has 4,077 shares in Borregaard ASA.

Helge Aasen

Born 1963. Norwegian citizen.

Education :

Graduate engineer in metallurgy, Norwegian University of Science and Technology in Trondheim.
Management Programme, IMD in Switzerland

Career:

Helge Aasen has extensive experience from international industrial companies. He is currently President and CEO of Elkem ASA, a position he has held since 2009. Aasen has held a number of positions in the Elkem group since 1990, including experience from various divisions in the group in addition to sales, marketing and commercial positions. Aasen has previously held engineering positions with Norsk Ferro AS, a part of Norsk Jern Holding.

Positions of trust (excerpts):

Aasen is board member of China National Bluestar Company and chairman of Norsk Industri (national association in the Norwegian Confederation of Norwegian Enterprise NHO).

Helge Aasen holds 1300 shares in Borregaard ASA.

The Nomination Committee

Mimi K. Berdal

Born 1959. Norwegian citizen

Education

Law degree (University of Oslo)

Professional experience

Own consulting business

Partner in Arntzen de Besche advokatfirma AS and Arntzen, Underland & Co

Legal adviser to Total Norge AS

Board positions and positions of trust (current)

Berdal holds several board positions; Gassco AS (chairman), Itera ASA (member), EMGS ASA (member) and Goodtech ASA.

Selection of previous assignments

She has held positions of trust in several companies; Infratek ASA (chairman), Renewable Energy Corporation ASA (chairman 2013), Q-free ASA (deputy chairman), Rocksource ASA (chairman), Copeinca ASA, Stiftelsen Norsk Rikstoto, Synnøve Finden ASA, Copeinca ASA, Camposol Holding PLC, Intex Resources ASA and Stabæk Fotball (chairman). Berdal has also held positions of trust in Orkla ASA (deputy member of corporate assembly), BWG Homes ASA (chairman of Nomination Committee) and Sevan Marine ASA (chairman of Nomination Committee), and member of technical committee for good business management (Centre for Continuing Legal Education).

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

Erik Must

Born 1943. Norwegian citizen.

Education

Business economist (Copenhagen School of Economics).

Professional experience

Must has previously been managing director and chairman of Fondsfinans and has extensive experience from the Norwegian industry and finance sectors.

Board positions and positions of trust (current)

Must is chairman of several companies; Erik Must AS and the company's wholly-owned subsidiaries, Must Invest and Fondsavanse. He is chairman of the SAM fund for Medical Research. Must is also a member of the nomination committees of Veidekke and PCI Biotech.

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Selection of previous assignments

He has been chairman of Fondsfinans and Arendals Fossekompani and 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.

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

Rune Selmar

Born 1959. Norwegian citizen.

Education

Business economist from the Norwegian School of Economics (NHH). Authorised Fund Broker from Bankakademiet and Authorised Financial Analyst from the Norwegian School of Economics/Norwegian Society of Financial Analysts (NFF).

Professional experience

Selmar is CEO of ODIN Forvaltning AS. He has previously held managerial positions at Norfund (Head of Department, Financial Institutions and SME funds) and the National Insurance Scheme (Investment Director and Managing Director) in addition to Rasmussen-gruppen AS, N. A. Jensen & Co A/S and DnC.

Board positions and positions of trust (current)

Selmar has board positions in RS Partners AS (member) and Selco AS (chairman). He is also chairman of the nomination committee in REC.

Selection of previous assignments

Selmar has been chairman of Avantor AS and board member in a number of companies; Expert ASA, Hexagon Composites ASA, Vital Forsikring ASA/DnB Livsforsikring ASA, Vind AS and Røntgensenteret AS. He has also been a member of the corporate assembly and nomination committee in Orkla ASA, the corporate assembly of Telenor ASA and the supervisory board and nomination committee of Storebrand ASA.

ODIN Forvaltning is amongst 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).

Professional experience

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

Board positions and positions of trust (current)

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Ola Wessel-Aas is chairman of the Norwegian Alternative Investment Association and is also a member of the nomination committee in Kitron ASA.

Selection of previous assignments

Wessel-Aas has previously been a member of the nomination committees in Oslo Børs VPS Holding, Bakkafrøst, Protector insurance and Telio.

Taiga Fund Management is amongst Borregaard's largest owners.