

REMUNERATION REPORT

PAY AND OTHER REMUNERATION OF SENIOR MANAGEMENT

2023



1 INTRODUCTION

1.1 INTRODUCTION

This report describes Borregaard's remuneration of senior management during the financial year 2023. 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 2023. 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 2023. Return on capital employed (ROCE) rose to 18.3% , well above the minimum target level (15%) and there was a significant profit increase (EBITDA) for the Group as a whole (+8.4%) and for the BioMaterials and Fine Chemicals segments. 2023 was a good year in terms of personal safety and the sick leave decreased.

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 guidelines for the year 2023 were approved by the Annual General Meeting on 14 April 2021. New guidelines were approved by the AGM on 18 April 2023 with effect from the year 2024 (attached).

Comparable remuneration data are obtained from an independent, external company and 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 Remuneration 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 2023

The board has, including through the Remuneration 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 2023.

This report was dealt with in the board meeting on March 15, 2024

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	2023	4 080 000	4 115 295	271 452	1 356 602	1 819 680	1 979 520	39,8%	9 542 549
		2022	3 910 000	3 949 206	265 678	832 023	1 955 000	1 450 020	40,3%	8 451 927
Tom Erik Foss-Jacobsen EVP BioSolutions	Sarpsborg	2023	2 700 400	2 725 939	268 974	418 145	1 350 200	742 320	38,0%	5 505 578
		2022	2 589 000	2 617 343	258 468	409 968	1 172 299	483 340	33,5%	4 941 418
Gisle Løhre Johansen EVP Speciality Cellulose and Fine Chemicals	Sarpsborg	2023	2 103 800	2 116 220	201 741	297 534	1 051 900	494 880	37,2%	4 162 275
		2022	2 017 000	2 032 199	186 323	288 183	1 008 500	386 672	35,8%	3 901 877
Ole Gunnar Jakobsen Plant Director Sarpsborg Site	Sarpsborg	2023	2 138 200	2 158 422	193 503	315 567	788 568	494 880	32,5%	3 950 940
		2022	2 050 000	2 058 695	239 339	302 697	1 025 000	386 672	35,2%	4 012 403
Per Bjarne Lyngstad CFO	Fredrikstad	2023	2 294 600	2 296 551	226 128	336 026	1 023 392	494 880	34,7%	4 376 977
		2022	2 200 000	2 192 688	175 520	330 007	1 100 000	386 672	35,5%	4 184 887
Kristin Misund SVP R&D and Business development	Sarpsborg	2023	1 877 400	1 895 161	172 461	266 814	837 320	395 904	34,6%	3 567 660
		2022	1 800 000	1 822 191	212 408	256 241	900 000	314 171	34,6%	3 505 011
Liv Longva SVP Strategic Sourcing	Vestby	2023	1 802 400	1 806 930	222 413	250 089	803 870	395 904	34,5%	3 479 206
		2022	1 728 000	1 734 787	186 725	239 579	864 000	314 171	35,3%	3 339 262
Dag Arthur Aasbø SVP Organisation and Public Affairs	Sarpsborg	2023	1 810 400	1 805 463	219 751	232 109	807 438	395 904	34,8%	3 460 665
		2022	1 728 000	1 715 959	200 800	230 567	864 000	314 171	35,4%	3 325 497
Sveinung Heggen General Counsel	Bærum	2023	2 449 000	2 468 312	235 028	357 937	376 656	395 904	20,2%	3 833 837
		2022	2 348 000	2 370 590	242 831	353 713	466 303	314 171	20,8%	3 747 608

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 118,620 as of 31.12.2023 and NOK 111,477 as of 31.12.2022). Premiums for the early retirement scheme, "AFP", are not included in the pension costs. Premiums amount to 2.6% of salary between 1G and 7.1G up to and including the year the employee turns 61 years of age.

5. Bonus/STI is accrued bonus earned in the reporting year and includes holiday pay.

6. Remuneration related to share options/LTI is the value of stock options at the time of allocation and is not an actual paid remuneration.

The increase in the CEO's total remuneration from 2022 to 2023 is due to increased value of options awarded and pension contributions linked to a former compensation agreement linked to termination of employment before normal retirement age, which includes 60% of annual salary in addition to full pension contributions in the 2-year period from 65 to 67 years of age.

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. A target bonus (10% of base salary) is given at an EBITDA improvement of 7.5%. For the EVPs for the business areas, the improvement target is linked to their own business area. For the CEO and heads of group staffs, it is the group's overall improvement that is the basis.

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.

For the CEO, the sustainability goal is linked to maintaining high results from independent rating companies' assessment of Borregaard. These assessments include climate and environmental conditions, social conditions and governance criteria.

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") over time 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

Name of manager	Description of performance criterias	Relative weighting of performance criterias	Measured performance before cap / max limit		Accrued bonus earned in 2023 ¹⁾ after potential cap / max limit		Actual paid bonus in 2023 ²⁾
			In percent	In percent	In NOK	In NOK	
Per A. Sørli	ROCE	44%	22,7%	22,7%			
	EBITDA improvement	35%	11,2%	11,2%			
	ESG (health, safety, sustainability)/Other	21%	10,7%	10,7%			
SUM			44,6%	44,6%	1 819 680	1 948 119	
Tom Erik Foss-Jacobsen	ROCE	44%	22,7%	19,0%			
	EBITDA improvement	35%	26,5%	22,1%			
	ESG (health, safety, sustainability)/Other	21%	10,7%	8,9%			
SUM			59,9%	50,0%	1 350 200	1 189 895	
Gisle Løhre Johansen	ROCE	44%	22,7%	17,9%			
	EBITDA improvement	35%	30,0%	23,7%			
	ESG (health, safety, sustainability)/Other	21%	10,7%	8,4%			
SUM			63,4%	50,0%	1 051 900	947 812	
Ole Gunnar Jakobsen	ROCE	44%	22,7%	22,7%			
	EBITDA improvement	35%	3,5%	3,5%			
	ESG (health, safety, sustainability)/Other	21%	10,7%	10,7%			
SUM			36,9%	36,9%	788 568	1 015 197	
Per Bjarne Lyngstad	ROCE	44%	22,7%	22,7%			
	EBITDA improvement	35%	11,2%	11,2%			
	ESG (health, safety, sustainability)/Other	21%	10,7%	10,7%			
SUM			44,6%	44,6%	1 023 392	1 082 153	
Kistin Misund	ROCE	44%	22,7%	22,7%			
	EBITDA improvement	35%	11,2%	11,2%			
	ESG (health, safety, sustainability)/Other	21%	10,7%	10,7%			
SUM			44,6%	44,6%	837 320	894 460	
Liv Longva	ROCE	44%	22,7%	22,7%			
	EBITDA improvement	35%	11,2%	11,2%			
	ESG (health, safety, sustainability)/Other	21%	10,7%	10,7%			
SUM			44,6%	44,6%	803 870	861 461	
Dag Arthur Aasbø	ROCE	44%	22,7%	22,7%			
	EBITDA improvement	35%	11,2%	11,2%			
	ESG (health, safety, sustainability)/Other	21%	10,7%	10,7%			
SUM			44,6%	44,6%	807 438	861 035	
Sveinung Heggen	ROCE	24%	5,5%	5,5%			
	EBITDA improvement	36%	3,4%	3,4%			
	ESG/Other	40%	6,5%	6,5%			
SUM			15,4% ³⁾	15,4%	376 656	471 076	

1) Earned and accrued bonus in 2023 including vacation pay.

2) Actual paid bonus in 2023 plus paid vacation pay in 2023 earned on bonus paid in 2022.

3) The General Counsel has a different annual bonus/STI scheme than the other members of the executive management team.

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 generally 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 biorefinery 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.

Allocation of options in February 2023 followed criteria given by the AGM in 2021. Borregaard's Annual General Meeting in April 2023 adjusted the criteria for (future) allocations to include performance criteria for parts of the allocations, requiring that the company has delivered above minimum criteria for sustainability, innovation and return on capital employed. See an overview of the updated regulations in the appendix to this report.

EXECUTIVE MANAGEMENT'S HOLDINGS OF STOCK OPTIONS AND SHARES

Name	Options - Allocation criteria for share options				Options - Information related to the fiscal year - 2023							Number of shares Shareholding as of 31 Desember*
	Share options granted year	Number of granted share options	Value of share options at grant date	Strike price of the share adjusted for dividend after grant date	Opening balance			Throughout 2023		Closing balance		
					Number of share options held at the beginning of the year	Granted share options in 2023	Exercised share options in 2023	Gross profit on exercised share options in 2023	Number of granted, not exercised share options	Value of share options held at end of year (share price NOK 117.40)	Number of share options in vesting period	
Per A. Sørle	2023	40 000	1 979 520	190,75		40 000				40 000		40 000
	2022	30 000	1 450 020	220,50		30 000				30 000		30 000
	2021	40 000	1 427 560	172,45		40 000				40 000		40 000
	2020	60 000	1 597 740	91,35		60 000				60 000	4 803 000	
	2019	60 000	1 511 700	67,05		60 000		-60 000	6 606 000			
SUM					190 000	40 000	-60 000	6 606 000	170 000	4 803 000	110 000	164 810
Tom Erik Foss-Jacobsen	2023	15 000	742 320	190,75		15 000				15 000		15 000
	2022	10 000	483 340	220,50		10 000				10 000		10 000
	2021	15 000	535 335	172,45		15 000				15 000		15 000
	2020	30 000	798 870	91,35		30 000				30 000	2 401 500	
	2019	20 000	503 900	67,05		15 000				15 000	1 565 250	
SUM					70 000	15 000			85 000	3 966 750	40 000	30 232
Gisle Løhre Johansen	2023	10 000	494 880	190,75		10 000				10 000		10 000
	2022	8 000	386 672	220,50		8 000				8 000		8 000
	2021	10 000	356 890	172,45		10 000				10 000		10 000
	2020	20 000	532 580	91,35		20 000		-5 100	497 964	14 900	1 192 745	
	2019	15 000	377 925	67,05		15 000		-15 000	1 600 050			
SUM					53 000	10 000	-20 100	2 098 014	42 900	1 192 745	28 000	21 974
Ole Gunnar Jakobsen	2023	10 000	494 880	190,75		10 000				10 000		10 000
	2022	8 000	386 672	220,50		8 000				8 000		8 000
	2021	10 000	356 890	172,45		10 000				10 000		10 000
	2020	20 000	532 580	91,35		20 000				20 000	1 601 000	
	2019	20 000	503 900	67,05		20 000		-18 450	2 133 189	1 550	161 743	
SUM					58 000	10 000	-18 450	2 133 189	49 550	1 762 743	28 000	32 980
Per Bjarne Lyngstad	2023	10 000	494 880	190,75		10 000				10 000		10 000
	2022	8 000	386 672	220,50		8 000				8 000		8 000
	2021	10 000	356 890	172,45		10 000				10 000		10 000
	2020	20 000	532 580	91,35		20 000				20 000	1 601 000	
	2019	20 000	503 900	67,05		20 000		-20 000	2 202 000			
SUM					58 000	10 000	-20 000	2 202 000	48 000	1 601 000	28 000	61 413
Kristin Misund	2023	8 000	395 904	190,75		8 000				8 000		8 000
	2022	6 500	314 171	220,50		6 500				6 500		6 500
	2021	8 000	285 512	172,45		8 000				8 000		8 000
	2020	15 000	399 435	91,35		15 000				15 000	1 200 750	
	2019			67,05								
SUM					29 500	8 000			37 500	1 200 750	22 500	70 223
Liv Longva	2023	8 000	395 904	190,75		8 000				8 000		8 000
	2022	6 500	314 171	220,50		6 500				6 500		6 500
	2021	8 000	285 512	172,45		8 000				8 000		8 000
	2020	15 000	399 435	91,35		15 000				15 000	1 200 750	
	2019			67,05								
SUM					29 500	8 000			37 500	1 200 750	22 500	11 896
Dag Arthur Aasbe	2023	8 000	395 904	190,75		8 000				8 000		8 000
	2022	6 500	314 171	220,50		6 500				6 500		6 500
	2021	8 000	285 512	172,45		8 000				8 000		8 000
	2020	15 000	399 435	91,35		15 000				15 000	1 200 750	
	2019	15 000	377 925	67,05		13 000		-13 000	1 431 300			
SUM					42 500	8 000	-13 000	1 431 300	37 500	1 200 750	22 500	55 713
Sveinung Heggen	2023	8 000	395 904	190,75		8 000				8 000		8 000
	2022	6 500	314 171	220,50		6 500				6 500		6 500
	2021	8 000	285 512	172,45		8 000				8 000		8 000
	2020	15 000	399 435	91,35		15 000				15 000	1 200 750	
	2019	15 000	377 925	67,05		15 000		-15 000	1 374 450			
2018	15 000	273 555	65,95		13 700		-13 700	1 441 651				
SUM					58 200	8 000	-28 700	2 816 101	37 500	1 200 750	22 500	25 821

*Shareholdings include shares owned by related parties.

DURATION OF OPTION PROGRAMMES

Granted year	Grant date	Vesting period	Exersise period	Expiry date
2023	01.03.2023	01.03.2023-01.03.2026	01.03.2026-01.03.2028	01.03.2028
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

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.

There have been no such circumstances or cases in 2023.

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). If there are no major deviations in the benchmark level, the executive salary adjustment follows the general salary development in the company, as was done in 2023.

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 2018	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	Actual 2023	2023 vs 2022 in percent	Actual 2022 without pension/LTI/Benefit	Actual 2023 without pension/LTI/Benefit	2023 vs 2022 in percent
Per A. Sørli	5 960 579	6 563 022	10,1%	7 435 825	13,3%	8 218 786	10,5%	8 451 927	2,8%	9 542 549	12,9%	5 904 206	5 934 975	0,52%
Tom Erik Foss-Jacobsen	2 874 654	3 523 834	22,6%	4 142 668	17,6%	4 995 206	20,6%	4 941 418	-1,1%	5 505 578	11,4%	3 789 642	4 076 139	7,56%
Gisle Løhre Johansen	2 741 516	2 916 612	6,4%	3 764 010	29,1%	3 358 233	-10,8%	3 901 877	16,2%	4 162 275	6,7%	3 040 699	3 168 120	4,19%
Ole Gunnar Jakobsen	2 612 271	2 901 791	11,1%	3 513 478	21,1%	3 686 035	4,9%	4 012 403	8,9%	3 950 940	-1,5%	3 083 695	2 946 990	-4,43%
Per Bjarne Lyngstad	3 011 228	3 026 657	0,5%	3 441 240	13,7%	3 720 813	8,1%	4 184 887	12,5%	4 376 977	4,6%	3 292 688	3 319 943	0,83%
Kristin Misund	NA	2 021 546	NA	3 067 239		3 398 413	10,8%	3 505 011	3,1%	3 567 660	1,8%	2 722 191	2 732 481	0,38%
Liv Longva	1 969 172	1 667 353	-15,3%	2 544 587	52,6%	3 193 782	25,5%	3 339 262	4,6%	3 479 206	4,2%	2 598 787	2 610 800	0,46%
Dag Arthur Aasbø	2 556 128	2 530 695	-1,0%	2 877 661	13,7%	3 194 136	11,0%	3 325 497	4,1%	3 460 665	4,1%	2 579 959	2 612 901	1,28%
Sveinung Heggen	3 211 224	3 285 691	2,3%	3 511 315	6,9%	3 600 781	2,5%	3 747 608	4,1%	3 833 837	2,3%	2 836 893	2 844 968	0,28%
Borregaard Group results														
Sales revenues (in NOK thousand)	4 705 000	4 951 000	5,2%	5 227 000	5,6%	5 715 000	9,3%	6 776 000	18,6%	7 024 000	3,7%	6 776 000	7 024 000	3,7%
Profit before tax, depreciation, amortisation and other income and expenses (in NOK thousand)	903 000	1 007 000	11,5%	1 132 000	12,4%	1 372 000	21,2%	1 643 000	19,8%	1 781 000	8,4%	1 643 000	1 781 000	8,4%
Average number of man-years (excluding Executive Management)	1 075	1 097	2,0%	1 074	-2,1%	1 053	-2,0%	1 073	1,9%	1 107	3,2%	1 073	1 107	3,2%
Average remuneration pr man-years, without pension and LTI (excluding Executive Management)	722 345	740 264	2,5%	800 140	8,1%	821 290	2,6%	864 029	5,2%	936 543	8,4%	864 029	936 543	8,4%

The actual remuneration column for the management includes pension costs, benefits and value of options/LTI, which not are included in the corresponding column for the employees' average pay. The increase in the CEO's total remuneration from 2022 to 2023 is due to increased value of options awarded and pension contributions linked to a former compensation agreement linked to termination of employment before normal retirement age, which includes 60% of annual salary in addition to full pension contributions in the 2-year period from 65 to 67 years of age. The increase in remuneration to EVP BioSolutions realtes to a higher value of share options/LTI, and higher bonus/STI.

The increase in average remuneration from 2022 to 2023 for all employees (excluding Group Executive Management) was 8.4%. For employees in Norway, the increase was 5% while it was 13% for employees in subsidiaries outside Norway and also includes the effect of a weaker NOK.

In order to compare the same compensation elements between all employees and the management, columns have been created (2022 and 2023) where fixed salary and bonus/STI are summed up (i.e. pension/LTI/benefits in kind are not included).

9 INFORMATION REGARDING SHAREHOLDER VOTES

Borregaard's guidelines for management remuneration were last revised and presented to the Annual General Meeting in April 2023 and will apply from 2024. The guidelines were approved by 97% 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 18 April 2023 and apply until the next AGM in 2024:

Remuneration – Board of Directors

Chair	NOK 646,700 (NOK 620,000 last period)
Board member, shareholder-elected	NOK 365,100 (NOK 350,000 last period)
Board member, employee-elected	NOK 314,000 (NOK 314,000 last period)
Observer (employee-elected) **	NOK 105,000 (NOK 105,000 last period)
Deputy for observer***	NOK 8,100 per meeting (NOK 8,100 last period)
Chair of the audit and sustainability committee	NOK 104,300 (NOK 100,000 last period)
Member of the audit and sustainability committee*	NOK 68,900 (NOK 66,000 last period)
Chair of the remuneration committee	NOK 61,600 (NOK 59,000 last period)
Member of the remuneration committee*	NOK 48,000 (NOK 46,000 last period)

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	Year	Fixed board remuneration	Chair Audit and Sustainability Committee	Member Audit and Sustainability Committee	Chair Compensation Committee	Member Compensation Committee	Total board remuneration decided by AGM	Actual board remuneration paid	Number of shares at year-end
Shareholder-elected Board members									
Helge Aasen, Chair Board	2023	646 700			61 600		708 300	700 975	4 500
	2022	620 000			59 000		679 000	597 925	4 500
Terje Andersen	2023	365 100	104 300				469 400	464 550	4 371
	2022	350 000	100 000				450 000	403 898	4 371
Tove Andersen	2023	365 100		68 900			434 000	429 500	9 100
	2022	350 000		66 000			416 000	370 748	6 000
Margrethe Hauge	2023	365 100				48 000	413 100	408 825	4 077
	2022	350 000				46 000	396 000	341 898	4 077
John Arne Ulvan	2023	365 100		68 900			434 000	429 500	3 500
	2022	350 000		66 000			416 000	370 748	3 500
Employee-elected Board members									
Ragnhild Anker Eide	2023	314 000					314 000	314 000	3 850
	2022	314 000					314 000	309 925	3 699
Arundel Kristiansen	2023	314 000					314 000	314 000	906
	2022	314 000					314 000	309 925	906
Employee-elected Board observers									
Bente Seljebakken Klausen	2023	105 000					105 000	105 000	1 735
	2022	105 000					105 000	103 550	1 402
Roy Kåre Appelgren	2023	105 000					105 000	105 000	2 259
	2022	105 000					105 000	103 550	1 911

Remuneration - Nomination committee

Chair of the Nomination Committee: NOK 68,900 (NOK 66,000 last term) + NOK 11,000 (NOK 10,500 last term) per meeting beyond 4 full meetings

Member of the Nomination Committee: NOK 48,500 (NOK 46,500 last term) + NOK 9,000 (NOK 8,600 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 2023 AGM to the 2024 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	2023	68 900	0	68 175
	2022	66 000	0	64 925
Erik Must	2023	48 500	0	48 000
	2022	46 500	0	45 750
Rune Selmar	2023	48 500	0	48 000
	2022	46 500	0	45 750
Atle Hauge From April 22	2023	48 500	0	48 000
	2022	46 500	0	34 875

APPENDIX

THE COMPANY'S REMUNERATION POLICY AND SHARE-RELATED REMUNERATION, ADOPTED AT THE ANNUAL GENERAL MEETING ON 18 APRIL 2023

Guidelines for determining pay and other remuneration to senior management

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.

Follow-up and changes to the guidelines

It is the Annual General Meeting that adopts the remuneration policy, following a recommendation from the board. The board has a separate compensation committee that follows up the individual schemes and guidelines. The compensation committee presents its recommendations to the board for consideration. In specific cases, such as when recruiting new senior managers, it may be appropriate to deviate from the guidelines. In such cases, the compensation committee and the board must justify the changes and they must be documented and mentioned in the report presented to the Annual General Meeting.

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’ compensation 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 primarily 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 compensation committee will ensure that the allocation of options and the administration of the scheme comply with the intentions. The strike price has been set at 10% above the share 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 in that the development of shareholder value (share price) and investment in shares are the 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 to a considerable extent complementary to the criteria for the annual bonus scheme (short-term incentives, STI).

Members of the executive management team 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.

Restrictions on allocations

- The total annual allocation of new options may be no more than 0.8% of the company's shares. The total number of outstanding options may be no more than 2.0% of the company's shares.
- The number of options allocated shall be dimensioned so that the value of the options at the time of allocation, calculated according to the Black Scholes model, may amount to no more than 30% of the maximum gain.

Allocation criteria

Options can be allocated to two groups of senior personnel at certain job levels who have achieved good results and where the company sees a particular need to ensure that they make a long-term commitment to the company:

1. The CEO and other members of the executive management team

Members of the executive management team have options with the intention that the executive management team shall jointly deliver on the company's and the owners' long-term goals and strategy.

- Up to half of the frame (option value of 15% of maximum annual gain) is a fixed part of the LTI and part of the overall remuneration package.
- Up to half of the frame (option value of 15% of maximum annual gain) is given on the condition that minimum results have been achieved related to factors that are important for the company's results, strategy and development.

- Financial targets: minimum 10% ROCE
 - Sustainability/ESG: Results among the top 10% in at least two recognized 3rd party assessments (e.g. CDP and Ecovadis)
 - Innovation rate (proportion of sales from new products) of at least 10% on average over the last two years
 - If any of the performance-based criteria are not met, the award is reduced by 1/3 for each of the areas ROCE, sustainability/ESG and innovation.
- The scheme/rights are only valid as long as the option holder is employed (not given notice/resigned) in the Group. Exceptions apply when the person concerned is retired and does not move to another permanent position.

2. Management and key personnel/specialists in the business areas and corporate staff

Candidates from this group may be awarded options based on 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 (not given notice/resigned) in the Group.

Restrictions on gains

- The options have a strike price 10% above the market price of the shares on the allocation date, which in itself constitutes a result criterion and 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 25% of the gain before 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.