

Norbord Europe Ltd (Operating as part of the West Fraser Group)

Gender Pay Reporting – March 2022 Report

Norbord Europe Ltd recognises the benefits of a diverse workforce and our aim is to be as accessible to all regardless of gender or background. We firmly believe that diversity of our workforce will deliver fruitful returns and stronger team performance. Operating as part of the West Fraser Group our policy is to promote from within wherever possible.

Norbord Europe Ltd welcome the opportunity to publicise our gender pay report for March 2022. At date of publishing the industry average for gender pay in a wood operating company (paper & wood operators, Production Managers, Directors in Manufacturing, Forklift, and truck drivers) is circa 11% which is just above the UK average of 7.9% across all industries.

Norbord Europe can advise of the following for our March 2022 Report. Our figures show a very minimal gap between male and female employees. This is continued progress on our previous reporting period. Essentially, whilst median basic pay may be slightly more favourable to men, there is a favourable swing to our females when we look at total pay including bonus. This gender pay gap data is a valuable tool to help understand the extent to which our own business and our industry are missing out on female talent. We see gender pay gap reporting as a critical step in our drive to attract, retain and develop a diverse workforce at Norbord Europe Ltd.

1. **Mean Gender Pay Gap:** The difference between the mean (average) hourly pay rate for all men and women in an organisation and the pay rate for women as a percentage of the mean hourly rate for men.
2. **Median Gender Pay Gap:** The difference between the median (mid-point) hourly pay rate for all men and women in an organisation and the pay rate for women as a percentage of the median hourly rate for men.
3. **Mean Bonus Pay Gap:** The difference between the mean (average) value of bonus for all men and women as a percentage of the mean bonus for men.
4. **Median Bonus Pay Gap:** The difference between the median (mid-point) value of bonus for all men and women as a percentage of the median bonus for men.
5. **Bonus Payment:** Proportion of male and females receiving a bonus
6. **Quartile pay distribution:** The proportion of men and women in each 25% quartile of an employer's pay structure. The hourly pay rates for men and women are ordered from lowest to highest and divided into four equal sections – lower, lower-middle, upper-middle, and upper. The number of women and men in each quartile are calculated as a percentage of the total employees within the quartile.

What impacts our data at Norbord Europe Ltd?

The following table indicates the differences between Men and Women for points 1-4 above, data that indicates there are no major gaps in terms of Gender pay.

Difference % Men -v- Women	Mean Hourly Rate	Median Hourly Rate	Mean Basic pay	Median Basic pay	Mean Bonus / SMIS	Median Bonus SMIS	Mean Earning Basic + Bonus	Median Earnings Basic + Bonus
All (683)	-2%	-5%	-1%	+6%	-8%	-92%*	-1%	-4%

*This figure is directly a result of a high number of males being recruited over the last 12 months to a site with the lowest profit share and them receiving a pro rata amount. We know due to business performance in 2022 there will be a significant change in the reporting.

There are a number of demographic factors which should be read in conjunction with the above and recent events which account for the shift:

Demographics

- All employees and future employees, regardless of gender, are paid equally for comparable work as defined in Equal Pay Act 2010.
- Norbord has traditionally attracted a very high proportion of male employees, especially within site-based production roles (90% male). Average turnover in previous years has been around 6% which did not allow much progress, however, there has been a step change this year with turnover increasing to nearer 16%. Office and field-based roles have moved towards a more even balance of male and female employees.
- Our shift population has traditionally been male dominated however over recent years the pool of females engaged has increased.
- In addition, within 2021 we have also maintained our representation of females on our Senior Leadership Team and Extended Leadership Team, again packages are comparable. Regular Industry and Market comparisons are conducted to ensure we remain competitive.
- We have also closed the mean age of our employees which is currently 45.98 years for males and 40.95 for females.
- All sites have secured generous pay deals in recent years and therefore this has helped salaries grown year on year regardless of gender.
- As a result of external factors and rising cost of living we are entering into a more favourable agreement at one of our sites early in order to secure our staff in the midst of this competitive recruitment market.

Recent Events

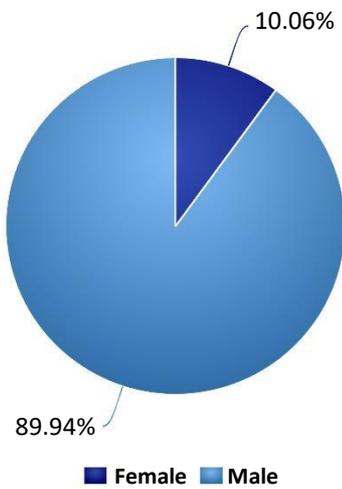
- Due to the ongoing pandemic and working from home restrictions we have seen some movement in the support functions, this has produced a slightly higher turnover, however, this has allowed us to go out to the market and offers pending, will see an increase in our female population. These roles are within the sales, IT and graduate placement sectors.
- In the last 18 months we have had restructures across Inverness, South Molton, and Cowie which unfortunately meant we lost a number of employees including some with significant service who saw an opportunity for career change or early retirement and volunteered.
- We have experienced some success in recruiting female employees to technical roles such as Production Operator, Electrical Apprentice, Process Engineers, Quality Technician, Quality Manager and Technical Manager.
- Growth of operator workforce on one site through looking at different shift patterns to accommodate changing business needs. We have for example offered school hours or shift patterns which allow to accommodate family hours.
- We have a higher population of males on one site who in the last 12 months had low profit share bonus. However, it is clear from our data that this will change.

In terms of point 5 above, all employees regardless of gender are also entitled to participate in a reward scheme determined by the Terms and Conditions associated with their role. We have two different schemes in operation.

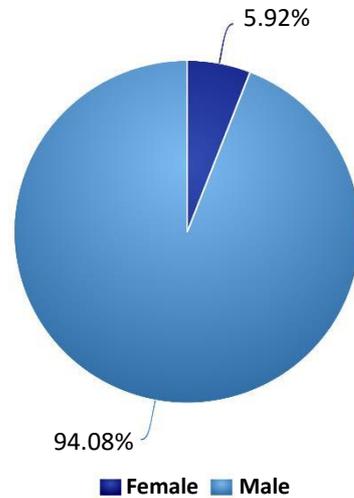
1. Profit Share for all employees who are not covered by the Senior Manager Incentive Scheme. This is determined by the Operating Profit divided by the number of eligible employees on each respective site.
2. Senior Manager Incentive Scheme which is limited to Senior Managers and the Sales Population. The calculation has two elements both Business and Individual Performance and the same criteria is applied to both males and females.

Finally, in relation to point 6 above, the total sample identified a male / female split of 90.7% male and 9.3% female across the UK.

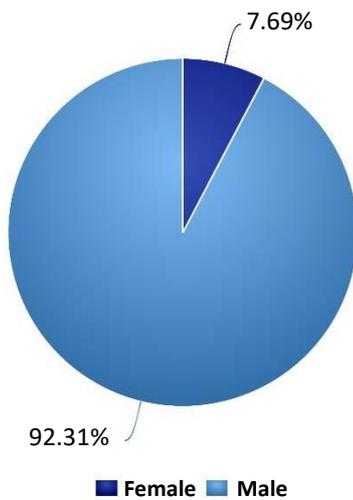
The split across each percentile group is fairly evenly spread and I believe will continue to improve as our business grows.



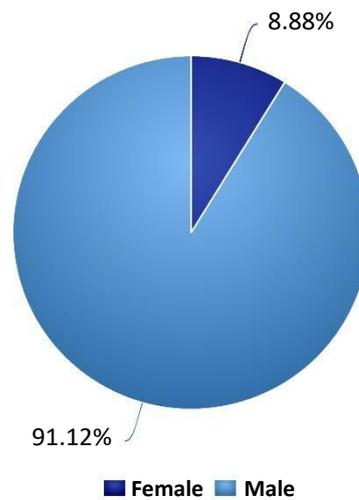
Upper



Upper middle



Lower middle



Lower hourly

This indicates that, without exception women are consistently represented throughout our business, however we will continue to work towards balancing representation.

Going forward

As aforementioned, at Norbord Europe Limited we are committed to providing equal opportunities and improving the balance of our workforce. We are already undertaking several initiatives to increase diversity across our business.

Recruitment Strategy

We are continuing to explore non-traditional methods in our Norbord Recruitment strategy, such as Career Ready (attracting young talent), STEM events to help engage the next generation within local schools across two of our UK Sites and have been working with universities to offer Industrial Placements and Post Grad Opportunities, as well as Graduate Level Apprenticeships. We have also moved away from recruiting on technical ability alone and always assess behaviours as part of the recruitment process ensuring a fair opportunity is awarded to all.

New this year we have engaged with the following:

- Circl – ‘Be a leader- build a leader’ – mentoring programme to help build leaders from unrepresented backgrounds. Employees engaged in the first session have now completed the programme and the next round of employees are due to start this month.
- Youth Employment UK – We are now recognised as a Youth Positive Employer and working to attract a wider audience base.
- Extended our process apprenticeship programme to both Cowie and South Molton.
- We have appointed a young professionals ambassador to be the University liaison with Strathclyde University.
- Creation of young professionals’ network which is owned and led by young people.
- Partnered with two local schools to encourage more females into the STEM environment.
- In addition, as part of a Global West Fraser Initiative, we have been able to offer each mill the opportunity to partner with up to two schools to offer a scholarship to employees in the local area to the mill. This can be to encourage more females into the manufacturing or wood industries.
- Created Testimonial Booklets to demonstrate careers paths open for all employees
- Showcased one of our female employees as part of women in engineering earlier this year.
- Appointment of female Senior Leadership member to the Global Diversity Counsel to represent Norbord Europe. She will be responsible for sharing our progress and bringing back best practise to deliver our ambitions within Europe.
- We also celebrate Women in Engineering and International Womens Day

Recruitment Training

All supervisors and line managers who may be involved in interviewing are required to complete Front Line Leader Training to ensure that all candidates are given the same opportunities. This involves Unconscious Bias Training and Self Reflection.

Diversity and Inclusion

Strategy has been created and will be initiated to increase awareness of the insider/outsider effect and the benefits of a diversified workforce. We have also been focussing on identifying the available work force around our mills in order to assess how representative our mills are of the local demographics.

Revised Role Profiles

Profiles have been revised to focus on Accountabilities and Responsibilities, ensuring everyone is clear on their individual role.

Succession Planning and Development

Our appraisal system designed to understand employee aspirations and highlight some of the potential careerpaths and opportunities available to employees has been operating for circa 3 years. These will be used to help demonstrate opportunities are equally available to all.

A number of employees had been highlighted as key talent and these individuals have been promoted in the last year and will be receiving additional development discussions to encourage their progression and secure Succession Planning for the future.

Some of our internal successes include:

- Promotion of process engineer to Functional Management Role
- Promotion of process engineer to Lead Role
- Progression of females from low level to Senior Manager Roles.
- Progression of functional head to Director
- Progression and promotion on a non-operational manager to a Production Management Role

Developing a strong talent pipeline regardless of gender is essential to our success. We have been successful in filling a number of senior roles and now need to backfill positions.

Mentoring

We utilise mentoring to help employees on their development journey. There are further plans to consider reverse mentoring where we utilise the skillset of younger employees who have niche skill sets which may help others. This is an opportunity for some to show case and share talents and for others provides an additional support network. We ask all Apprentices and Graduates to present 'this is me' in order that they can be recognised and share their talents across the business. We then ask for 6 monthly presentations through the Senior Leadership Team and their mentors to showcase the programme scopes they have been delivering against. It is encouraging to see the blend of this group heading towards a 50/50 split of male and female gender pool. Career Ready and Circl are just two of the mentoring organisations with whom we have collaborated.

Summary

Norbord Europe Ltd are striving towards achieving a gender balanced workforce. We not only recognise the business benefit of a diversified workforce, but it fits with our inclusive culture. We are committed to investing in our workforce to ensure each and every employee regardless of gender or any other characteristic, can achieve their potential, ambition and aspirations.

Whilst we acknowledge we have made improvements in the last few years we clearly believe further action is needed to increase the representation of females within our UK Operations. We are actively working to increase this both today and in future generations.

We will continue to track our progression and move in the right direction.

I, Steve Roebuck, EHS Director, confirm that the information in this statement is accurate.

Signed: 

Dated: 01/04/22