

DIVERSITY AT BORREGAARD

*Report on work on
diversity, equality and anti-discrimination
at Borregaard in 2020.*



Introduction

Diversity, equality and the absence of discrimination are important to Borregaard. These matters are endorsed by the company's core values and are addressed in the company's sustainability report.

Additionally, Norwegian legislation now also requires more detailed reviews of the company's work to safeguard diversity and equality and to prevent discrimination. This report provides an account of the associated work.

Endorsed in governing documents

Matters relating to equality, diversity and discrimination are addressed at several points in the Borregaard culture and values document, *The Borregaard Way*, including as part of the value of 'Integrity'.

The topics are also addressed in further detail in the company's *Code of Conduct* and other governing documents. For us, this is about acting responsibly in relation to our stakeholders, exercising corporate responsibility in a proper manner, achieving credibility through transparent, honest and predictable actions, being respectful of individuals and cultures and upholding our own integrity and the company's Code of Conduct.

Without an inclusive culture as part of the working environment, diversity loses its value. By ensuring practices that include guidelines and a corporate culture that contributes to employees being happy at work, we increase motivation, commitment and employees' sense of community, thereby also increasing productivity.

The company has also anchored the requirements concerning equality and diversity in a separate *Human Rights Policy* and the topics are also part of the *UN Global Compact principles* (labour rights), which Borregaard is committed to support.

Borregaard has a target to increase diversity among its employees and has a duty to avoid discrimination. Diversity is a positive factor that contributes to varied and valuable opinions and views in internal discussions and processes. This contributes to improved quality in the company's decision-making. We believe that strengthening diversity on the basis of cultures, genders, religion, ethnic origin, social groups, functional limitations, sexual orientation, marital status, age or political opinions will contribute to a healthy and productive working environment with high levels of motivation and low levels of absence due to illness.

All Borregaard companies will work systematically to promote diversity in the workplace and to prevent discrimination. The company will promote a culture in which personal differences are valued and respected and will also promote equal opportunities, especially in relation to recruitment, pay and benefits, further development and competence.

In order to ensure that the company has a concrete plan with which to work, the company has defined the following topics relating to equality and diversity that it will focus further on as part of Borregaard’s long-term work:

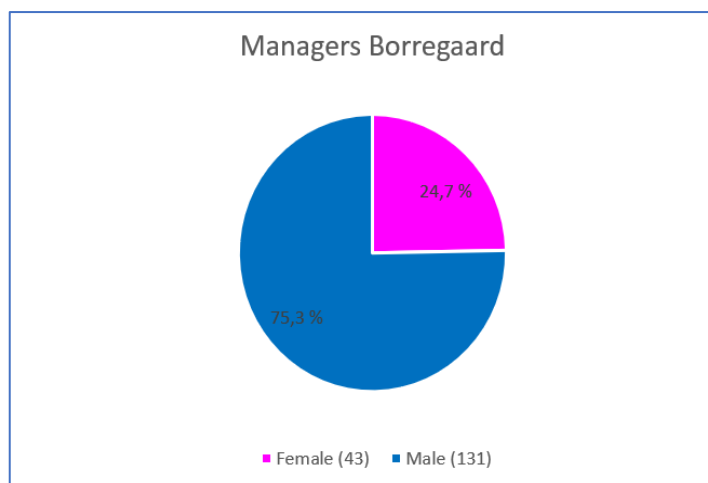
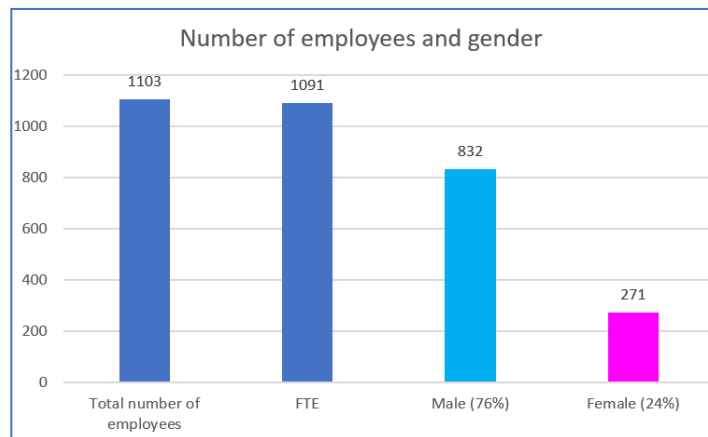
- Surveying the company to identify whether there are any risks of discrimination or other obstacles to equality and diversity in the company through global employee surveys, as well as local health and working environment surveys.
- Identifying possible venues to clarify and communicate our efforts in respect of equality and diversity.
- Attracting and recruiting diverse employees at all levels of the company, cf. the recruitment policy.
- Developing managers from different backgrounds at all levels

Facts relating to diversity at Borregaard

In preparation for the work on analyses and measures, Borregaard surveyed a number of factors from recent years and 2020 in particular that form the basis for statistics and background data for the area. The figures apply to the group as a whole. However, the company in Sarpsborg, Norway (Borregaard AS) is by far the largest unit in Borregaard and the figures for this company are stated in (parentheses).

Gender

- Gender distribution: In 2020, the Borregaard Group had 1091 (770) full-time equivalents, of which 24% (23%) were female.
- Gender distribution in management: There are 174 (111) managers at Borregaard, 25% (25%) of which are female.
- Gender distribution in the senior management team: There are nine people, including the President and CEO, in the senior management team. Two of these are female (22%).
- The proportion of females on the Borregaard Board of Directors is 43% (five members of the Board of Directors were elected by the shareholders and two by the employees).
- Gender distribution among new employees: Of the 40 (25) new employees that were hired, 14 (8) were female. This corresponds to 35% (32%). Additionally, ten apprentices at the company in Sarpsborg were also recruited into permanent roles.



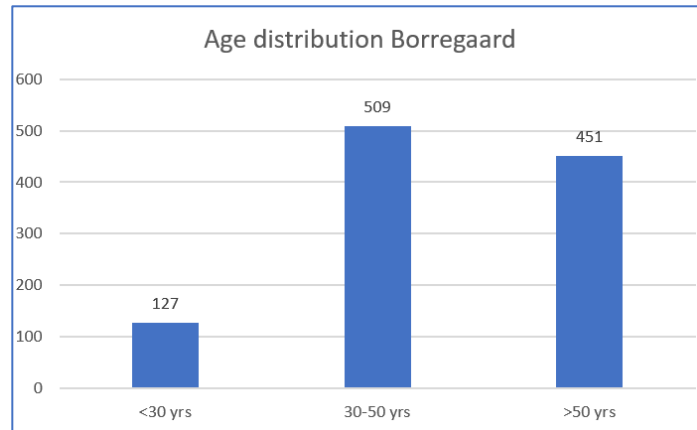
Nationalities

The company had 1091 (770) full-time equivalents at the end of 2020. These represented 25 (14) different nationalities. Nationality is the best way we have found of identifying ethnic identity. Borregaard is proud to have a workforce that is culturally diverse and we believe that this provides us with a competitive advantage and that it is a crucial factor for a global company.

Age

Average age: At the end of 2020, the average age at Borregaard was: 45.6 years (46.6 years)

Retirement age/pension: In 2020, 20 (16) people retired from Borregaard. The average retirement age was 64.5 years (65.4). The highest retirement age for the company in Norway is 70 years.



Facilitation for employees with health and functional limitations

Own employees: The company in Sarpsborg carried out 45 facilitation measures for employees in 2020. An additional six was given the opportunity to test other tasks or positions that resulted in permanent internal relocations.

External employees: The company in Sarpsborg has positive collaborations in place with various local organisations and we host 3-5 people for work trials each year. We did not accept new candidates in 2020 due to infection control measures.

Working hours

Part-time work: We have 25 (14) part-time employees, of which 16 (5) are female and 9 (9) are male.

Borregaard generally offers full-time positions, but part-time positions may be relevant, particularly when desired by employees. All of our employees who work part-time have chosen to do so voluntarily. The most common reasons include work/family life balance, health reasons or other personal reasons.

Temporary work: Borregaard strives to recruit for permanent positions but certain situations may necessitate temporary employment. Some of the most common reasons for this include cover for maternity leave, long-term leave due to illness or temporary project work. At the end of 2020, the company had 9 temporary employees; 3 female and 6 male.

Services from third-party recruitment agencies may also be used in cases in which there is a temporary need for resources.

Parental leave: In 2020, a total of 13 (11) Borregaard employees took parental leave during the year, of which 5 (4) were female and 8 (7) were male.

Equal pay:

Pay is negotiated annually between the company and employee representatives/trade unions where collective agreements are in place.

Other pay assessments and adjustments made during the collective agreement period are discussed by committees comprising representatives of the parties.

The basic pay ratio between women and men at Borregaard's company in Norway is 110% (female: NOK 636,857, male: NOK 571,791).

The pay ratio (fixed basic pay) between the President and CEO and the median pay for employees in Norway was approximately 6.6 to 1 in 2020.

Risk assessment regarding discrimination or other obstacles to equality and diversity

The company conducts dedicated surveys and has a number of methods for identifying the risk of discrimination or obstacles to equality and diversity.

Examples include:

- Health and working environment surveys to identify possible harassment and bullying at various departments in Borregaard Sarpsborg.
- An international survey of 80 employees on the topic of human rights and whistleblowing in 2020.
- Collaborations with employee representatives and trade unions (various committees)
- Whistleblowing system
- Annual pay assessment for individually paid employees (employees not covered by collective agreements)
- External audits
- Internal HR audits
- HR reporting of KPIs to senior management
- Annual management audit process that is presented to senior management and the Board of Directors
- Annual participation in SHE-index (Norway)

Analysis of the causes of identified discrimination risks

Based on this, we can see that the following risk factors must be followed up and reported on:

- Age distribution
- Job requirements and competence that could pose a hindrance to a diverse workplace
- Language requirements, especially for foreign applicants
- Shift schedules could pose a disadvantage to families with young children and older employees

In the process industry there has over decades been, and still is, a substantial male overrepresentation. The recruitment base for the professions that the company requires has traditionally and also today been characterised by men. The distribution has changed somewhat in recent years, for example among the process operators and engineers in Sarpsborg, and the company is actively working to equalise the imbalance through new recruitment of both apprentices and for operational roles. Nevertheless, it will take some time to achieve a more equal gender balance and age distribution in the company as employee turnover is low and because the retirement age in the company has increased substantially in recent years (from 58 years to 65 years).

Borregaard has a global recruitment policy that focuses on ensuring that competence is the most important value parameter in our recruitment process.

Borregaard is a company based on specialist competence. The company's strategy is based on innovation and specialisation. Our competence is composed of different professions that, together, constitute a unique wealth of competence that can be clearly seen at all levels. Operators, engineers and researchers are required to provide documentation of education and experience.

We have high requirements when it comes to the understanding of EHS procedures and communication relating to the performance of work activities at our factories. New employees must be able to communicate in such a way that there is no risk of being misunderstood by others in an operational situation. Misunderstandings could result in a risk of injuries and damage, as well as serious incidents if language skills are not adequate among all employees.

Most of Borregaard's plants, including the largest site in Sarpsborg, are operational 24 hours a day, 365 days a year. This means that shift schedules, which are created on the basis of competence requirements for the various processing plants, restrict the company's opportunities for flexibility and facilitation for reasons of safety.

Appropriate measures contribute to increased equality and diversity and to counteract discrimination at the company

EHS:

- Conducting employee surveys and health and working environment surveys in which, among other things, questions concerning bullying, discrimination and sexual harassment are asked.

- In Sarpsborg, the company has been an Inclusive Workplace (“IA bedrift”) company since 2002 and enjoys positive collaborations with the various parties and has a clearly rooted inclusive mindset. This is managed through the joint consultation committee (“Bedriftsutvalg), the working environment committee (“Arbeidsmiljøutvalg”/AMU) and the Inclusive Workplace committee (“IA-utvalg”), which includes representatives of all parties. This has resulted in an inclusive approach and inclusive management of both systematic and individual matters. The company possesses excellent knowledge both with regard to facilitation measures and public support schemes.

Recruitment

The company has a systematic and structured recruitment process based on competence. None of the aforementioned areas (gender, reduced functional ability, sexual orientation, gender identity and expression, religion and beliefs, care duties, pregnancy, parental leave and adoption) are used in any way in connection with ‘selection criteria’.

Recruitment training for managers includes updates to our own guidelines in relation to applicable laws and regulations, as well as a focus on challenging imbalances and pre-existing biases.

Borregaard is a cornerstone company in Sarpsborg and at some of its other largest sites, with a social profile that invests in its employees and facilitates personal development, flexibility and adjustment of working conditions for those who, for various reasons (e.g. health, age or personal reasons), find it difficult to meet their work commitments. This approach to management and inclusion is endorsed by the group as a whole and is enshrined in our management principles.

Personal development and training

All development programmes, training courses and workshops involve a good mix of theory and practice. Most of our training courses and development programmes are delivered at the company to allow the different business areas to interact. It is important to the company to have good development measures in place within its various fields but also to allow the different fields to meet and develop solutions together. The company has an ambition to increase the proportion of females and international diversity in the company and has therefore aimed to ensure overrepresentation of these groups in many management and personal development programmes.

This starts with the new employee induction programme, which allows new employees to experience the diversity of the company.

E-learning has become an important learning platform and provides the opportunity for increased participation, while the company can also ensure that important information is imparted and mandatory training is completed and documented. Examples include the Code of Conduct and basic EHS training.

Pay policy

The company uses competence-based pay systems at its factories. Pay adjustments beyond the annual pay negotiations between the parties are determined through committees consisting of representatives of the parties.

For employees that are paid individually and not covered by collective agreements, annual assessments are performed in addition to the annual pay negotiations between the parties. Any unintended imbalances based on gender, age, ethnicity, etc. are matters that are considered as part of this annual process. The company has several examples of teams or individuals having received pay adjustments as a result of this process.

In 2021, the company will implement a career and pay tool for objective pay determination and development opportunities for parts of the organisation.

Evaluation of the measures that have been implemented

The measures described above will be evaluated on an ongoing basis for the purpose of continuous improvement work.

Some of the aforementioned measures will still be in the implementation phase during 2021 and will have to be effective for some time before the effects can be evaluated.

Employee surveys will also be conducted to gather feedback and contributions for the evaluations. Similarly, the benchmark studies and process will provide key information for the evaluation and review of pay conditions.

References

Human Rights Policy [https://borregaard.no/Baerekraft-i-Borregaard/Samfunnsansvar/Policy/Human-Rights-Policy/\(language\)/nor-NO](https://borregaard.no/Baerekraft-i-Borregaard/Samfunnsansvar/Policy/Human-Rights-Policy/(language)/nor-NO)

Code of Conduct [https://borregaard.no/Baerekraft-i-Borregaard/Samfunnsansvar/Policy/Etiske-retningslinjer/\(language\)/nor-NO](https://borregaard.no/Baerekraft-i-Borregaard/Samfunnsansvar/Policy/Etiske-retningslinjer/(language)/nor-NO)

The Borregaard Way [https://borregaard.no/content/view/full/109684/\(language\)/nor-NO](https://borregaard.no/content/view/full/109684/(language)/nor-NO)

[Corporate social responsibility at Borregaard](#)

Arbinn, NHO: <https://arbinn.nho.no/forretningsdrift/diskriminering/aktivitetsplikt-og-redegjorelsesplikten-arp/>

Bufdir, guidance for equality work (veiledning for hvordan man skal jobbe med likestilling) https://bufdir.no/Inkludering/arp/for_private_og_offentlige_arbeidsgivere/slik_arbeider_du_for_likestillin_g/