

DIVERSITY AT BORREGAARD

REPORT ON WORK ON DIVERSITY, EQUALITY AND INCLUSION (INCL. EQUAL PAY REPORT)

2022



TABLE OF CONTENTS

Introduction.....	3
Endorsed in Governing Documents.....	3
Facts Relating to Diversity at Borregaard.....	4
Gender.....	4
Nationalities.....	4
Age.....	4
Facilitation for employees with health and functional limitations.....	4
Part-time/temporary work.....	5
Equal pay.....	5
Risk Assessment Regarding Discrimination or Other Obstacles to Equality and Diversity.....	5
Analysis of the Causes of Identified Discrimination Risks.....	6
Appropriate Measures Contribute to Increased Equality and Diversity and to Counteract Discrimination at the Company.....	7
EHS.....	7
Recruitment.....	7
Personal development and training.....	7
Pay policy.....	8
Evaluation of the Implemented Measures.....	8
References.....	10
Attachment.....	11
Pay Report Borregaard AS 2021.....	11

INTRODUCTION

Diversity, equality, inclusion and the absence of discrimination are important to Borregaard. These matters are integrated in the company's core values, code of conduct, policies and are addressed in our sustainability report.

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

ENDORSED IN GOVERNING DOCUMENTS

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

These topics are also addressed in further detail in the company's *Code of Conduct* and other governing documents. For Borregaard, 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 company culture, diversity loses its value. Borregaard ensures practices that include guidelines, as well as a corporate culture that includes a variety of people and competencies. The company has 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.

Borregaard has a duty to avoid discrimination and works towards an increase in diversity among its employees. We view diversity as a positive factor that contributes to varied and valuable opinions and views in internal discussions and processes that improve quality in our decision-making. We believe that strengthening diversity based on cultures, genders, religion, ethnic origin, social groups, functional limitations, sexual orientation, marital status, age or political opinions will strengthen our competence platform and increase our productivity.

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. We promote equal opportunities, especially in relation to recruitment, pay and benefits, further development and competence.

BORREGAARD HAS DEFINED THE FOLLOWING LONG-TERM FOCUS AREAS RELATED TO EQUALITY AND DIVERSITY:

- Identify 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.
- Identify possible arenas to clarify and communicate our efforts within equality and diversity.
- Attract and recruit diverse employees at all levels of the company, cf. the recruitment policy.
- Develop managers from different backgrounds at all levels.

FACTS RELATING TO DIVERSITY AT BORREGAARD

Borregaard has surveyed a number of factors from recent years that form the basis for statistics and background data for this 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, thus the figures for this company are stated in parentheses. A detailed overview concerning facts related to diversity is presented in the HR GRI report, which is available on the company's website under "sustainability documentation".

GENDER

- Gender distribution: In 2022, the Borregaard Group had 1107 (798) full-time equivalents, of which 25% (24%) were female.
- Gender distribution in management: There are 177 (119) managers, 27% (28%) of which are female.
- Gender distribution in the senior management team: There are nine people, including the President and CEO, in the Group Executive Management. Two of these are female (22%).
- The proportion of females on the 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 121 (64) new employees that were hired, 30 (18) were female. This corresponds to 25% (28%).

NATIONALITIES

The company had 1107 (798) full-time equivalents at the end of 2022. These represented 32 (16) different nationalities. We have found that nationality is the best way of defining ethnic identity. Borregaard is proud to have a workforce that is culturally diverse. 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 2022, the average employee age at Borregaard was: 46 (46) years.

Retirement age/pension: In 2022, 27 (14) people retired from Borregaard. The average retirement age was 65.3 years (66.1). The highest retirement age for the company in Norway is 70 years.

In 2022, 107 senior dialogues were held by managers with employees between the ages of 60 and 70. The focus of these dialogues was competence development and the possible need for measures and adjustments to enable the employee to stay in his/her job as long as desired.

FACILITATION FOR EMPLOYEES WITH HEALTH AND FUNCTIONAL LIMITATIONS

Own employees: The company in Sarpsborg carried out 38 facilitation measures for employees in 2022. An additional 3 employees were given the opportunity to test other tasks or positions and 4 employees have received a permanent internal relocation.

External employees: The company in Sarpsborg collaborates with various local organisations and facilitate work trials for 3-5 people each year. In 2022, we hosted external facilitation measures for 4 individuals with a multicultural background who needed professional as well as language training.

PART-TIME/TEMPORARY WORK

Part-time work: We have 27 (20) part-time employees, of which 13 (6) are female and 14 (14) are male.

Borregaard generally offers full-time positions, but part-time positions may be relevant, particularly when desired by employees. All our employees who work part-time, have chosen to do so voluntarily. The most common reasons include work/family life balance, health issues 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 2022, the company had 1 temporary employee.

Services from third-party recruitment agencies may also be used in case of temporary need for immediate resources. In 2022, Borregaard had 13 temporary hires through a staffing agency to cover long-time sick leave and parental leave.

Parental leave: During 2022, a total of 28 (25) Borregaard employees were on parental leave, of which 9 (7) were female and 19 (18) were male.

EQUAL PAY

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

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

The basic pay ratio between women and men at Borregaard's company in Norway is 103% (female: NOK 722, 809, male: NOK 704,150).

The pay ratio (fixed basic pay) between the President and CEO and the median pay for employees in Norway was approximately 6.5 to 1 in 2022.

For a more detailed analysis of equal pay for equal work, see separate report from 2021 attached to this report.

RISK ASSESSMENT REGARDING DISCRIMINATION OR OTHER OBSTACLES TO EQUALITY AND DIVERSITY

The company conducts dedicated surveys and has several 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.
- Survey on the topic of human rights and whistleblowing in 2020 (80 recipients globally).
- Collaborations with employee representatives and trade unions (various committees)

- Whistleblowing system
- Annual pay assessment for individually paid employees (employees not covered by collective agreements)
- Equal pay assessment for all employees in Norway
- External audits
- Internal HR audits
- HR reporting of KPIs to senior management
- Annual organisational audit 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 our assessments, we have identified the following risk factors to follow up and report 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 employees with young children and older employees

In the process industry there has over decades been, and still is, a substantial overrepresentation of male employees. The recruitment base for the professions that the company requires has traditionally and is still characterised by men. The gender 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 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 the retirement age in the company has increased substantially in recent years (from 58 to 66 years).

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

We are 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 competence base at all levels. Our core areas of competence are sales & marketing, research & development and production. The majority of our employees 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 plants. Employees must be able to communicate in such a way that there is no risk of being misunderstood by others in an operational situation. Inadequate language skills among our employees can result in misunderstandings and create serious incidents.

Most of Borregaard's plants operate 24 hours a day, 365 days a year. This means that shift schedules, which are based on competence requirements for the various processing plants, restrict the company's opportunities for flexibility and facilitation for safety reasons.

APPROPRIATE MEASURES CONTRIBUTE TO INCREASED EQUALITY AND DIVERSITY AND TO COUNTERACT DISCRIMINATION

EHS

- We conduct employee engagement surveys and health and working environment surveys in which questions concerning diversity and inclusion in addition to questions about bullying, discrimination and sexual harassment are asked.
- In Sarpsborg, the company has been an Inclusive Workplace ("IA bedrift") company since 2002. We enjoy positive collaboration with the various parties and have 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. The result is 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.
- We conduct senior dialogues with employees in the ages between 60 and 70.

RECRUITMENT

The company has a systematic and structured recruitment process based on the candidate's competence and the organisation's needs. In our recruitment processes we also address diversity and work towards a more balanced composition of the organisation when it comes to factors such as gender, age and culture background. This means that if we have equal qualified candidates, we will aim to hire the underrepresented gender or age.

Decisions regarding development, internal mobility and promotions are based on unbiased standards such as competence, experience and overall performance. However, our goal is to establish a more balanced workforce when it comes to diversity, which (in some cases) could imply gender, age or geographic preferences in order to balance and optimise the composition of a group, department or unit.

Recruitment training for managers includes updates on our 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 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.

The industry and educational institutions that we recruit from are dominated by male candidates, which makes our goal to increase the share of female employees to minimum 35% quite ambitious.

PERSONAL DEVELOPMENT AND TRAINING

All development programmes, training courses and workshops involve a good mixture of theory and practice. Most of our training courses and development programmes are facilitated in such a way that it enables

participants from different personal and professional backgrounds and business areas to meet, interact and develop solutions together. Borregaard has an ambition to increase the proportion of females and cultural diversity in leading positions in the company and makes sure that these groups are overrepresented in management and personal development programmes.

This starts with our employee introduction programmes, which allows new employees to experience the diversity of the company.

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

PAY POLICY

We use competence-based pay systems at our different units. Pay adjustments beyond the annual pay negotiations between the parties are at the Group's largest production sites determined through committees consisting of representatives of employees and employers.

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 has implemented a career and pay tool for objective pay determination and development opportunities for parts of the organisation.

Norwegian legislation requires a mandatory assessment of equal pay between women and men for employees in Norway. The results for 2021 have been presented in the attached report.

EVALUATION OF THE IMPLEMENTED MEASURES

In 2022, we conducted a global employee engagement survey with questions concerning diversity and inclusion. In general, the vast majority confirms that they are not exposed for discrimination and harassment. However, any deviations or areas of concern will be followed up within the departments, the annual health and working environment survey and in the annual appraisal dialogues.

Competence: In 2022, 42% of the participants at the Borregaard Management Programme were female and eight different nationalities were represented.

The number of female managers has increased the past year, from 43 in 2021 to 47 in 2022.

Recruitment: Borregaard has increased activities to attract, recruit and retain employees in 2022. During the year, we hired 121 new employees and directed special efforts towards an effective job introduction. We carried out a physical introduction programme for 27 new employees located in Sarpsborg, and a digital

introduction programme for 30 new employees from our units worldwide. In 2022, the proportion of women was 25% (28%) of our newly recruited personnel, which is below our target of 35%. Of the new recruits, there was a high proportion of operators, which contributes to the high proportion of men. Engaged and competent employees are important to further develop Borregaard and to fulfil our strategy. The labour market has been challenging for companies recruiting operators, engineers and certain specialist functions within areas such as innovation and digitalisation. Therefore, Borregaard will increase employer branding activities during 2023. Going forward, an additional resource is dedicated to strengthening our brand and our reputation as an attractive employer.

The wage policy: The annual equal pay assessment showed no deviations related to gender, ethnicity or age. The measures described above will be evaluated on an ongoing basis for the purpose of continuous improvement work.

Employee surveys will be conducted on an annual basis to gather feedback and contributions for the evaluations. Similarly, the benchmark studies (both external and internal benchmark) and process will provide key information for the evaluation and review of pay conditions.

REFERENCES

Human Rights Policy: [Human Rights Policy January 7 2022 \(borregaard.com\)](#)

HR GRI report: [Sustainability documentation - Borregaard](#)

Code of Conduct [Code of conduct - Borregaard](#)

The Borregaard Way [The Borregaard Way - Borregaard](#)

[Corporate responsibility - Borregaard](#)

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

Buudir, 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_likestilling/

ATTACHMENT

PAY REPORT BORREGAARD AS 2021

2021



INTRODUCTION

This report describes wage conditions by gender at Borregaard's Norwegian operations, located in Sarpsborg (Borregaard AS) for 2021. The report provides information on the actual conditions with regard to gender equality in Borregaard AS in line with the activity and reporting obligation stated in the Gender Equality and the Discrimination Act (LAW - 2017 - 06-16-51) §§ 26, 26a, 26b and 26c.

Every second year, the company is obliged to map wage conditions by gender. The salary mapping aims to identify salary differences between women and men at different levels and functions in the organisation. The mapping in this report includes employees of Borregaard AS and contains information on salary and benefits that the company provides.

The ratio between women and men when it comes to fixed salary at Borregaard in Norway is 102% (women: NOK 682,012 / men: NOK 670,733). Fixed salary is defined as basic salary plus fixed supplements (eg shift supplement, fixed shift supplement). The group management (9 people) is included in this comparison. For the rest of this report, the group management is not included. The reason for this is that there are less than five women in the group management and that it is made clear in the authorities' guidelines for the activity and reporting obligation that there must be at least five of each gender in each category in order to publish the results of the salary mapping. There is a separate report on remuneration and compensation for the group management which is presented to the general meeting, and which is available on the company's website under «sustainability documentation».

BORREGAARD'S WAGE POLICY

Borregaard's wage policy will contribute to:

- Ensure that employees have salaries that reflect competence, job responsibilities, tasks and authority.
- Recruit and retain qualified employees.
- Develop the employee's competence.
- Achieve business goals.
- Promote gender equality, ie ensure that there are no pay differences on the basis of gender, age or ethnicity.

WAGE NEGOTIATIONS IN BORREGAARD

In Borregaard, salaries are negotiated annually between the company and the unions. The result is applied to all employees, even for those who are not organised in a union.

Local wage negotiations are initiated by the unions convening a review of the basis for local wage negotiations. These are determined on the basis of significant matters for the company: economy, productivity, future prospects and competitiveness in international markets.

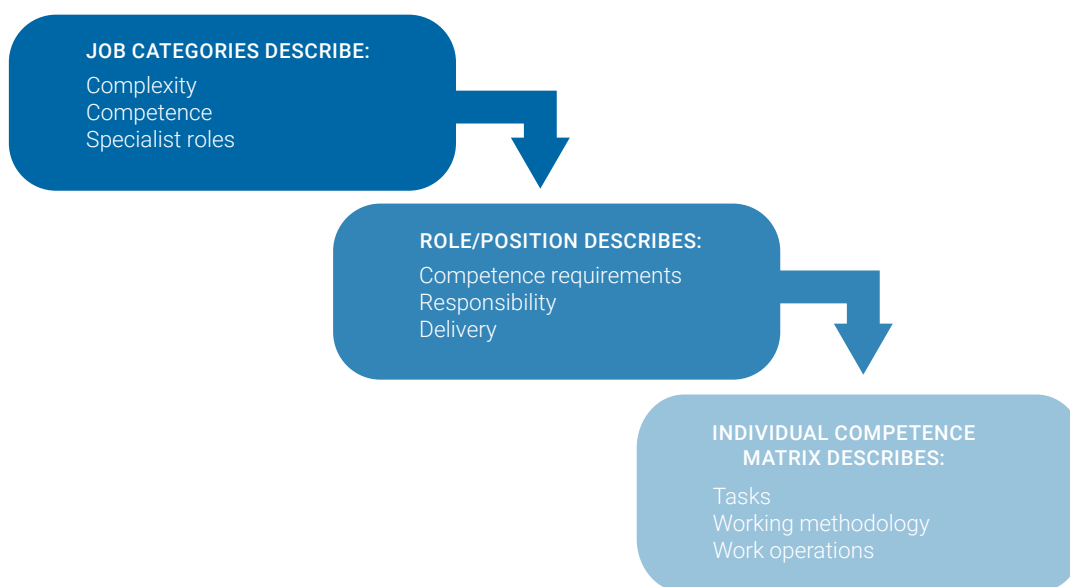
WAGE NEGOTIATIONS WITH UNIONS

Borregaard has seven unions. Four of these unions are part of LO and are included in the "Fellesoverenskomsten for Trefoedling" and wage negotiations consists of both central and local negotiations. Three associations (NITO, TEKNA and Lederne) do not negotiate centrally on wages and only have the local right to bargain.

In addition to the annual wage negotiations, wage assessments and adjustments can be made throughout the year in committees with representatives of management, HR and labour union representatives. For individually paid employees, separate assessments are made annually related to market conditions and a systematic assessment of inequalities in relation to gender, age and ethnicity. This assessment is discussed with the union representatives.

EMPLOYEES ON REGULATORY PAY

In consultation with union representatives, Borregaard has established a pay system that is based on a number of factors related to different categories and roles of employees. Competence, responsibility and complexity are among the factors that are included in the salary placement. The salary system is structured as shown below:



Salary classes and salary levels are linked to the various job categories. Classification and assessment criteria for this pay system have clear similarities with criteria that Bufdir's guide uses to create job groups of employees who do equal work and work of equal value. The employees have the opportunity to develop and acquire needs-oriented competence and thereafter be assessed for grade promotion. Such assessments are carried out independently of wage settlements and are discussed in committees, consisting of representatives from labour unions, management and HR.

For 2021, salary grade placement has been used as a basis for the salary mapping for employees on regulatory pay. In the process industry, there has long been, and still is, a significant male overrepresentation. This is reflected in the gender balance for employees on regulatory pay in Borregaard.

Groups (from low to high)	Women	Men	Percentage women	Total	Differences in benefits (%)	Differences in fixed salary (%)	Differences in fixed supplements (%)	Differences in irregular supplements (%)	Differences in bonus (%)	Differences in overtime pay (%)	Differences in taxable benefits (%)
Group 1	4	29	12%	33	98.4%	99.9%	106.2%	4.0%	100.0%	103.9%	100.0%
Group 2	6	22	21%	28	96.3%	100.0%	76.2%	95.8%	100.0%	88.6%	105.4%
Group 3	2	20	9%	22	111.5%	99.7%	285.7%	252.5%	100.0%	79.0%	93.0%
Group 4	2	46	4%	48	88.8%	99.8%	73.0%	64.5%	100.0%	31.7%	93.1%
Group 5	15	215	7%	230	91.6%	99.6%	83.9%	72.7%	100.0%	52.7%	95.5%
Group 6	-	6	0%	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Group 7	9	10	47%	19	83.1%	100.6%	44.9%	26.5%	100.0%	30.4%	100.0%
Total number	38	348	10%	386							

The "Differences" (%) indicates women's salary level in relation to men. 100% means equal pay, lower than 100% indicates lower pay for female workers (% of men's salary), higher than 100% indicates higher pay than men.

ASSESSMENTS

Borregaard employees who are on call in the operating organisation are subject for overtime pay. Both covering shifts and being on call are the most important drivers for overtime pay. The difference in overtime pay between women and men is due to the fact that the majority of employees in the operating organisation are men.

Group 3 has a low proportion of women. The differences in fixed supplements and irregular supplements are due to the fact that the women in this group are on a working time scheme that triggers these supplements. There are more men than women in this group who have daytime positions.

The results in this report related to employees on regulatory pay will be presented in Borregaard's assessment committee. The committee has a mandate to follow up any deviations and can make decisions to initiate measures or make salary adjustments.

INDIVIDUALLY PAID EMPLOYEES

The salary determination for individual salaried employees will be based on the position's competence requirements, complexity and area of responsibility, and an assessment of the applicant's competence, experience, and suitability in relation to this. In addition, when determining salaries, the HR department will contribute to ensure that there are no immediate imbalances in the department and the company related to gender, age and ethnicity.

For individually paid employees, Bufdir's guide was used to create job groups of employees who do equal work and work of equal value. Employees are assessed according to the following criteria, each criterion with a scale from 1-5:

- Responsibility in the role
- Formal qualifications
- Personnel responsibility
- Complexity in the role

The criteria responsibility and complexity in the role were weighted twice in relation to formal competence and personnel responsibility. Employees were then placed in groups of positions that have equal or almost equal scores.

Groups (from low to high)	Women	Men	Percentage women	Total	Differences in benefits (%)	Differences in fixed salary (%)	Differences in fixed supplements (%)	Differences in irregular supplements (%)	Differences in bonus (%)	Differences in overtime pay (%)	Differences in taxable benefits (%)
Group 1	-	6	0%	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Group 2	13	33	28%	46	99.5%	101.6%	20.9%	17.8%	106.4%	27.2%	124.7%
Group 3	53	90	37%	143	84.9%	90.2%	16.3%	10.0%	91.3%	9.9%	73.5%
Group 4	46	77	37%	123	87.7%	96.6%	7.5%	14.8%	100.0%	27.0%	93.9%
Group 5	24	34	41%	58	89.1%	100.4%	0.0%	9.1%	100.0%	73.2%	85.3%
Total number	136	240	36%	376							

The "Differences" (%) indicates women's salary level in relation to men. 100% means equal pay, lower than 100% indicates lower pay for female workers (% of men's salary), higher than 100% indicates higher pay than men.

ASSESSMENTS

As mentioned above, Borregaard has employees on call in the operating organisation. They are subject for overtime pay. The difference in overtime pay between women and men is due to the fact that the majority

of employees in the various departments on duty are men. We see this, for example, in group 3, where the production managers are located. The role often triggers overtime and variable remuneration, therefore there is a difference between women and men.

Borregaard has employees in the operating organisation who are on call and are paid a fixed allowance to be on call. The difference in fixed allowances between women and men is again due to the fact that the majority of employees in the operating organisation who are on call are men.

Group 3, which is the group with the largest average difference between women and men, includes roles such as IT, digitalisation and project managers. These are coveted roles and contribute to a market-driven salary that is relatively high in relation to other roles. There are mostly men in this group, which is the main reason for the difference. There has been an increase in recruitment to these roles in the last couple of years. In addition, there are greater variations in the type of bonus scheme in this group as it includes both staff and sales personnel.

The results in this report related to employees on individual salaries will be followed up when annual individual salary assessments are made by HR and the immediate manager. Any deviations will be followed up and discussed with the union representatives. In addition, any discrepancies in the various groups will be considered in new recruitments and internal mobility.

OVERALL ASSESSMENT

An assessment has generally been made of salary conditions for all employees in Borregaard's Norwegian company based on predefined criteria. Although the group of employees has collective agreements as a basis, Borregaard's pay system for these is based on similar criteria as for those with individual pay and which in content correspond to criteria mentioned in Bufdir's guide.

Overall comparisons and assessments of wage conditions have been made for the entire group of employees, but more thorough analyses and equal pay surveys will be carried out across the collective bargaining agreements and personal employees.

SOURCES

Act on Gender Equality and Prohibition of Discrimination - LAW-2017-06-16-51

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

Buudir, guidance on how to work with gender equality

https://bufdir.no/Inkludering/arp/for_private_og_offentlige_arbeidsgivere/slik_arbeider_du_for_likestilling

INTERNAL SYSTEMS

CatalystOne - HR system

SAP Zalaris - Payroll system

KornFerry Hay

Job descriptions

The annual salary agreement with labour union

Laboratory agreement

Borregaard's leadership handbook

Borregaard's personnel handbook