

Norbord Europe Ltd - Gender Pay Reporting - 2019

Norbord Europe recognise 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.

Norbord Europe Ltd welcome the opportunity to publicise their gender pay report for 2019. At date of publish the industry mean for a manufacturing company is 11% which is just above the UK average of 9.1% across all industries.

Norbord Europe can now advise of the following for 2019. Our figures show a 10.6% mean and 12% median pay gap between males and female employees.

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.

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 employers 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

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	10.67%	11.95%	9.42%	17.95%	18.60%	8.40%	11.42%	9.86%

There are a number of demographic factors which should be read in conjunction with the above:

OUR VALUES



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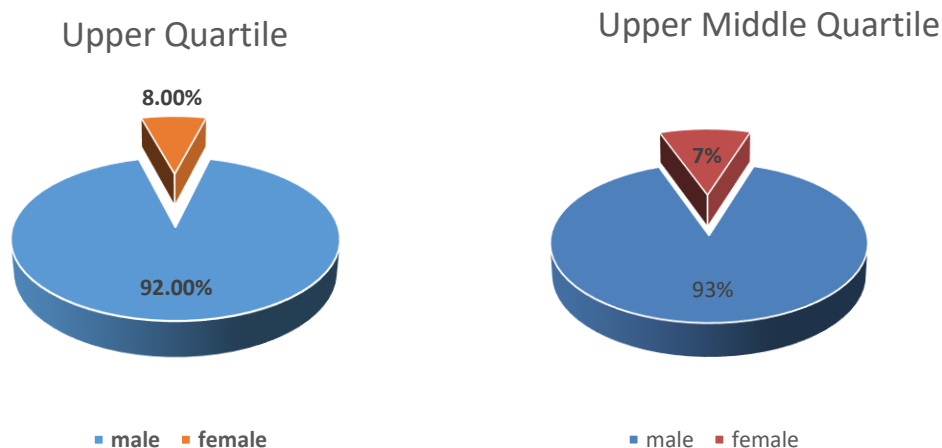
- All employees and future employees, regardless of gender, are paid equally for comparable work as defined in Equal Pay Act 2010.
- Norbord has traditionally attracted a very high proportion of male employees, especially within site based production roles (90% male). With low turnover on average 5.7% this means there has been limited opportunity to rebalance the demographics however there has been step change. In recent years we have been successful in recruiting female employees to roles traditionally associated with males, such as production operators, fork lift truck drivers and Graduate Engineers.
- Office and field based functional roles such as Sales 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. The business have looked at different shift patterns to accommodate changing business needs.
- In addition within 2018 we have also increased our representation of females on our Senior Leadership Team and again packages are comparable. Regular Industry and Market comparisons are conducted to ensure we remain competitive. Going forward this will also be reviewed independently by our Head Office in Toronto who have conduct their own benchmarking exercise.
- Finally the mean age (45 years) and length of service of males is significantly higher than that of females (38 years). All sites have secured generous pay deals in recent years and therefore this has helped salary growth year on year regardless of gender.

In terms of point 5 above, all employees regardless of gender are also entitled to a **Bonus** determined by the Terms and Conditions associated with their role.

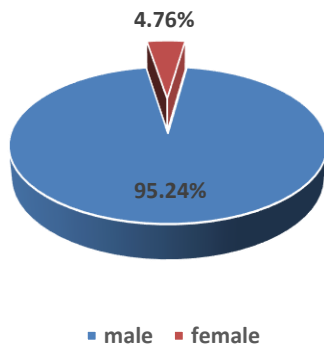
We have two different bonus schemes in operation.

- 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.
- 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.

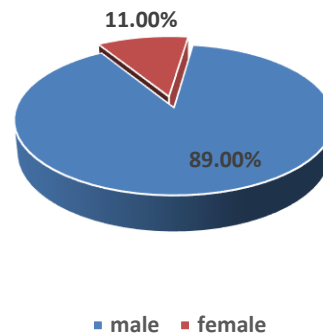
Finally in relation to point 6 above, the total sample identified a male / female split of 89.8% male and 10.2% female. The pay quartile representations are as follows:



Lower Middle Quartile



Lower Quartile



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.

New Recruitment Strategy

Norbord Recruitment strategy has moved away from traditional methods to consider other avenues for recruiting talent such as Career Ready (attracting young talent), working with Universities to offer Industrial Placements and Post Grad Opportunities and new for 2019 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.

In addition we have recently engaged in STEM events to help engage the next generation in manufacturing.

We are reviewing our websites and advertising material to ensure we are showing a true reflection of a company which genuinely encourages and celebrates diversity within our businesses.

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.

Revised Role Profiles

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

Succession Planning and Development

In 2018 we implemented a new appraisal system to understand employee aspirations and have also carried out an exercise to highlight some of the potential career paths and opportunities available to employees. These will be used to help demonstrate opportunities are equally available to all. A number of employees have been highlighted as key talent and these individuals will be receiving additional development discussions to encourage their progression and secure Succession Planning for the future. This exercise has involved:

- Our process engineers which are more heavily dominated by females 70/30.
- Progression of females in Engineering roles
- Progression of females from Auxiliary to Technical Admin.
- Progression of females from low level to senior manager roles.

Developing a strong talent pipeline regardless of gender is essential to our success.

Mentoring

In 2018 we also launched a mentoring programme 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 skillsets which may help others. This is an opportunity for some to showcase and share talents and for others provides an additional support network.

Summary

Striving towards a gender balanced workforce is reflective of our Values, i.e. our commitment to recruit the best, to continually invest in our employees and create an environment within which employees potential and aspirations, regardless of gender, are unlocked.

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

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

Signed:



Dated: 2/4/18