

01 Sustainability

Sustainable growth on the agenda

Orkla is now mobilising across companies and countries to develop more sustainable products and solutions.

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Orkla has made considerable progress on integrating sustainability work into business plans and day-to-day operations. All the business areas have intensified their efforts in the past few years, and we are seeing positive results from this work in all areas. We have drawn up criteria for our definition of sustainable products in Orkla and are now beginning to measure sales of these products. Our focus on plant-based food, healthier biscuits and snacks and more environmentally friendly grocery products contributed to sales growth for Orkla in 2019.

One of Europe's most sustainable companies

For the ninth consecutive year, Orkla was included in the Dow Jones list of Europe's most sustainable companies. The Dow Jones Sustainability Index is internationally recognised and serves as a key yardstick for investors and other stakeholders in assessing companies' non-financial performance.

Still included in FTSE4Good

Orkla has been included for the third year in a row in the FTSE4Good Index, which highlights companies with strong environmental, social and governance (ESG) practices. The Index was established by FTSE Russell, a wholly-owned subsidiary of the London Stock Exchange Group, and promotes greater focus on sustainability among companies and investors.

Orkla's footprint

By developing products and services that foster a healthy lifestyle, Orkla makes a positive contribution to public health. As a result of the product improvements that Orkla has carried out in the past five years, salt in our products has been reduced by 7 per cent and sugar by 10 per cent. Our food production makes us one of the biggest purchasers of agricultural and fish raw materials in the Nordic region. At the same time, our use of energy, water and packaging impacts on the environment. Orkla is also involved in certain global raw material chains that present complex economic, social and environmental challenges.

By switching to renewable energy, making efficient use of resources, reducing food waste and making targeted efforts to achieve sustainable raw material production, Orkla helps to ensure a sustainable value chain for food and grocery products. Through our presence in 30 countries, we create economic ripple effects for local communities in the form of jobs, tax revenues and sourcing from local suppliers. Orkla is a major employer, and by investing in human resource development and working systematically to ensure a good working environment, we contribute to the job satisfaction and personal development of our employees.

Sustainable growth

The global sustainability challenges are prompting changes in consumer preferences and customer demands. Across the Nordic countries, seven out of 10 consumers now say that sustainability is a factor in their purchasing decisions, according to the 2019 Sustainable Brand Index. Around 30 per cent also reply that they are willing to pay more for sustainable products. In most of the markets in which Orkla has a presence, there is growing demand for locally produced food, plant-based food and products that promote better health. Orkla's continued growth is contingent on our ability to offer products and services that make it easy for consumers to make everyday choices that have a positive impact on people, the environment and society. Orkla has therefore defined criteria for what we consider to be a sustainable product and has begun to measure sales of our most sustainable products. To be classified among our most sustainable products, the product must satisfy the criteria in at least two of the following three categories: sustainable raw materials, sustainable packaging and products that promote a healthy lifestyle. This classification is a useful management tool that helps us to monitor the progress made in this work. The criteria are linked to the targets that we have set for Orkla's sustainability work and will be further elaborated over time as our knowledge increases and our targets are revised. In 2019, we intensified our efforts to develop our current portfolio in a more sustainable direction, in addition to focusing increasingly actively on plant-based food, better-for-you products and more eco-friendly grocery products.



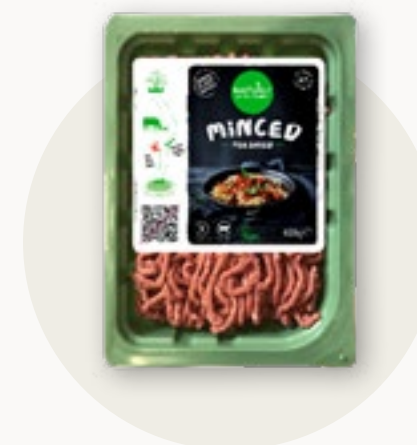
Jordan Green Clean

Eco-friendly toothbrush for children and adults with a handle made of 100 per cent recycled plastic and bristles made of renewable material.



Möller's

Möller's popular Omega-3 capsules in a bottle made of 100 per cent recycled plastic.



Naturli'

Naturli's entire product range is 100 per cent plant-based, and the products have been launched in several countries.

[Figure; A selection of our most sustainable products]

Movement for a sustainable lifestyle

To successfully transition to sustainable production and consumption, we consider it essential to make sustainability an integral factor in all our activities and to mobilise our entire organisation. The efforts to meet our sustainability targets are largely carried out by Orkla's many companies with the support of the Group's specialised functions. Orkla has an internal sustainability network that facilitates experience sharing and collaboration across companies and countries. The Group functions have also launched a number of initiatives at central level in recent years to transfer learning and best practices, establish common approaches and systems and optimise use of available resources. In 2019, to highlight commercial opportunities related to sustainability, the Group held a new series of Sustainability Master Classes for Marketing. The concept has been rolled out in 28 companies in nine countries and has generated extensive engagement within the Group.

Climate risk high on the agenda

Extreme weather has affected the production of certain agricultural raw materials sourced by Orkla, at times impacting on the price and availability of these raw materials. Changes in weather patterns have also led to higher energy prices in some of the countries in which we have production. We anticipate continued volatility in the prices of raw materials, energy and water in the years ahead, but consider that the consequences of extreme weather for Orkla will be moderate in the short and medium term. The bulk of Orkla's production and sourcing takes place in the Nordics, the Baltics and Eastern Europe, where there is less likelihood of water shortage and drought than in

areas with a warmer climate. The risk of Orkla's own production being affected by floods or other consequences of extreme weather are deemed to be low. In 2019, Orkla placed climate risk even more clearly on the agenda and has begun a process to identify and report climate risk in line with the recommendations of the international financial initiative, the Task Force for Climate-related Financial Disclosures.

Status report on Orkla's sustainability work

Our sustainability strategy comprises five main topics: sustainable raw materials, environmental engagement, nutrition and wellness, safe products and care for people and society. These are areas in which we by virtue of our activities have considerable influence and responsibility, and where our efforts will be crucial to the Group's future growth and profitability.

Orkla's performance has improved in all five topical areas. In 2019, the companies launched a wide new range of healthy, vegetarian and organic food products, healthier snacks, health foods, well-being products, cleaning products with gentle ingredients and products that are good environmental choices. Products that promote a healthy lifestyle accounted for around 22 per cent of Orkla's turnover.

Orkla monitors its food safety work closely, and risk factors that arose in 2019 were handled in accordance with Orkla's contingency preparedness procedures, at no risk to consumer health. Orkla's factories also maintain good control of the risk of emissions and other undesirable environmental impacts, and are making good progress towards reducing

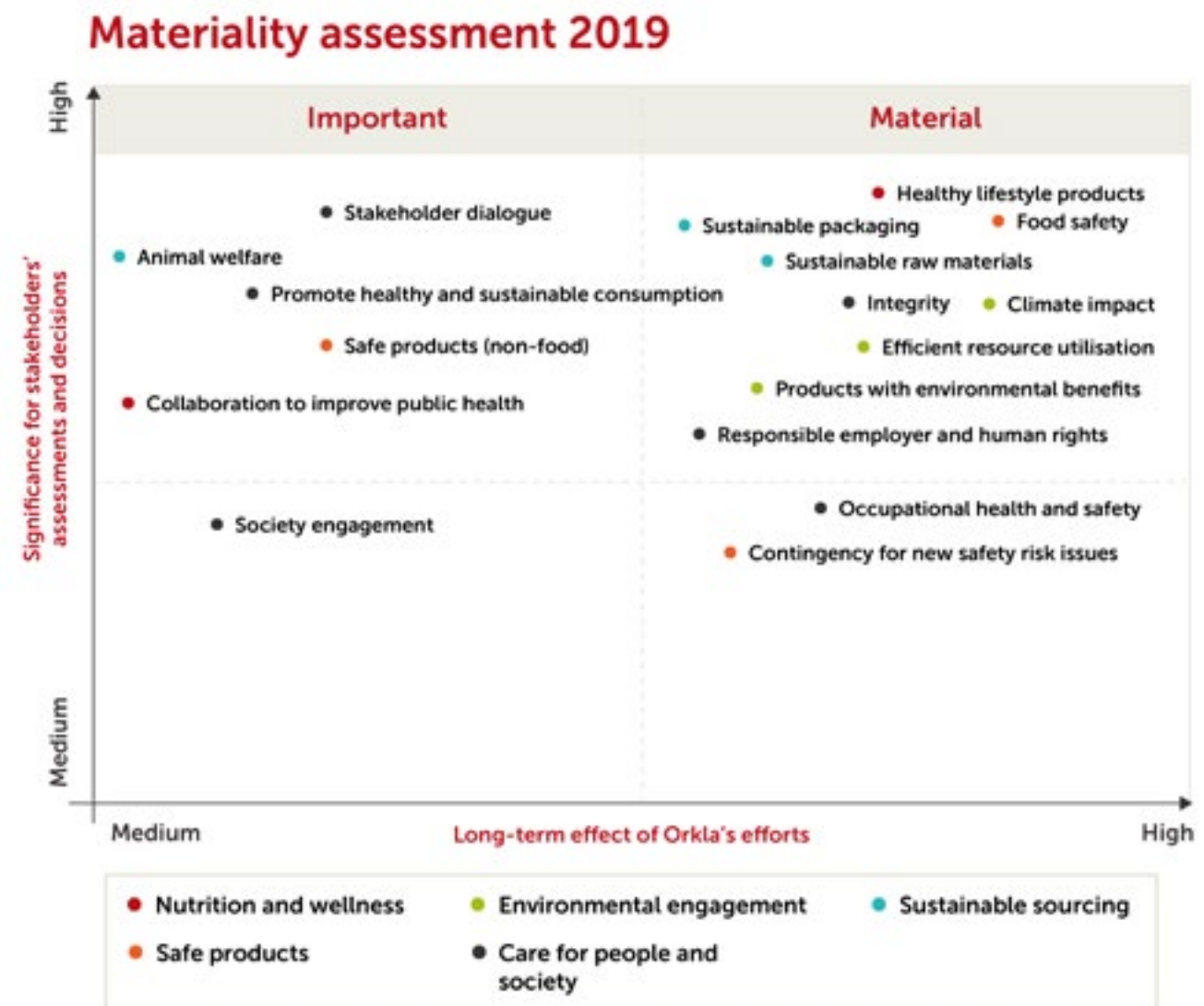
energy consumption, water consumption and food waste from production. In the last five years (2014-2019), Orkla has reduced greenhouse gas emissions from its own operations by 58 per cent, and is already well on its way to meeting the target of 60 per cent reduction by 2025. Renewable energy accounted for a total of 43 per cent of our energy use in 2019. We intend to reach our target of 60 per cent renewable energy in 2025 by phasing out fossil fuels and increasing use of energy from renewable sources.

Orkla is making good headway in monitoring suppliers to ensure that the raw materials we use are sustainably produced. In 2019, we took further steps towards achieving our target of 100 per cent sustainable raw materials. The challenges in this area are complex, and a great deal of work still remains to be done.

The results of our sustainability work in 2019 and the targets for our further efforts are described in greater detail in separate chapters on each main topic.

Orkla's sustainability reporting

Orkla's sustainability reporting for 2019 has been prepared in accordance with the GRI Standards: Core option and the Oslo Stock Exchange's guidance on reporting on corporate responsibility. Orkla's sustainability reporting covers all topics defined as important and material, but greatest weight has been attached to the material topics. The reporting covers the same topics as in 2018. An overview of the indicators covered is presented on Orkla's website, under "Results and reporting".



Under sections 3-3a and 3-3c of the Norwegian Accounting Act, Orkla is required to report on corporate responsibility and selected responsibility topics. An account of the Group's work to address the relevant topics in 2019 may be found in the following chapters:

- "Orkla's sustainability work", page 57
- "Environmental engagement", page 64
- "Sustainable sourcing", page 76
- "Care for people and society", page 107

Unless otherwise stated, the key figures in Orkla's sustainability reporting cover all businesses in which Orkla owned more than a 50 per cent stake as at 31 December 2019. Key figures for emissions and energy and water consumption will be verified by the independent company Cemasys in the course of spring 2020. For information on the sustainability work carried out in Orkla's associate Jotun, we refer to the company's own report.

Corporate responsibility at Orkla

Orkla defines corporate responsibility as operating responsibly with respect for people and the environment. Orkla's directive on corporate responsibility describes the general principles governing the way the Group companies must address the issues of human and workers' rights, environment, health and safety (EHS), anti-corruption and other important areas of responsibility. The directive is based on the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. It has been adopted by Orkla's Board of Directors and applies to the entire Group, including wholly-owned subsidiaries. Orkla's corporate responsibility management procedures are described in the Report of the Board of Directors on page 36 of this report.



Healthy and sustainable products

GRI-ref.		Unit	2019	2018	2017
Sales of healthy and sustainable products					
Self-defined	Estimated share of turnover from products classified as "most sustainable products" ¹	%	18	-	-
Self-defined	Estimated share of turnover from vegan products ^{2,3}	%	20	-	-
Self-defined	Estimated share of turnover from vegan and lacto-ovo vegetarian products ^{2,4}	%	55	-	-
Self-defined	Estimated share of turnover from products for a healthy lifestyle ^{2,5,6}	%	22	14	-
Self-defined	Estimated share of turnover from products with a balanced nutrient profile ²	%	43	-	-
Self-defined	Estimated share of turnover from indulgence products ²	%	35	-	-

¹ Includes Branded Consumer Goods, 57 % of revenue is classified

² Includes food producing companies, 66 % of revenue is classified

³ Products suitable for vegan diet as defined by Food Drink Europe

⁴ Products suitable for vegetarian diets as defined by Food Drink Europe. May contain egg and dairy ingredients.

⁵ Includes foods with less salt, sugar and saturated fat, lacto-ovo vegetarian and vegan products, products with more than 50 % of whole-grain cereals, official nutrition labelling and products with specific health benefits

⁶ Definition and basis for calculation has been changed from 2018 to 2019

02 Environmental engagement

Strong engagement for the environment

Climate change is one of the greatest challenges of our time. Working to reduce greenhouse gas emissions is therefore one of our most important tasks in the environmental area.



The big picture

In just a short time, the gravity of the challenges posed by climate change has changed the tone of social debate. According to a new report issued by the UN Climate Panel, we have only ten years to make radical changes in the way we live. Young people all over the world are striking for the climate and demanding that political leaders take more action to solve the climate crisis. At the same time, interest in sustainable investments is increasing dramatically, and climate risk is high on the agenda in business and industry and the financial community. For Orkla, business risk is primarily linked to the price and availability of key food raw materials. Few of our factories are located in areas where there is a risk of flooding or water shortage, but drought and extreme weather can lead to higher water and energy costs. Changes in regulatory frameworks or political framework conditions can also entail increased costs. There is growing consumer awareness of the importance of sustainable consumption and a more climate-friendly diet. In a survey commissioned by Orkla in the Nordics and Baltics, as many as seven out of 10 consumers state that they want environmentally-friendly products, but find it hard to tell whether a product is sustainable. For Orkla this offers significant opportunities for growth.

Our influence

Orkla's greenhouse gas emissions from our own operations are limited. The greatest impact comes from raw material production and at the consumption stage. We therefore work to reduce emissions in every part of the value chain. Orkla has ambitious goals for transitioning to low-carbon operations by focusing on product innovation, investing in renewable energy, reducing our energy use

and waste and taking important action in the supplier chain. To create growth in the coming years, Orkla must have a portfolio of products and services with a competitive environmental profile. As a growing number of Orkla factories convert to using renewable energy, the climate impact of our products will be reduced. Our environmental work contributes to the achievement of the UN global Sustainable Development Goals 12, 13 and 17.

Our approach

Orkla has adopted a systematic, comprehensive approach to climate work. A detailed description of procedures and work processes may be found on Orkla's website.

Orkla's 2025 sustainability targets

- Transition to low-carbon operations
- Reduce greenhouse gas emissions by 60 per cent*
- Reduce energy and water consumption by 30 per cent*
- Target use of fossil fuel-free energy
- Reduce food waste by 50 per cent*
- Innovate products and processes

*Applies to own operations. Baseline year 2014

Business mobilisation to achieve the 1.5°C climate target

Joining a multitude of international companies, Orkla is stepping up to support the UN Global Compact campaign, "Business Ambition for 1.5°C: Our Only Future". The aim is to mobilise businesses to raise their climate ambitions and set science-based climate targets aligned with the 1.5°C target. At the start of 2020, the campaign was backed by 177 companies from 36 countries.

Mobilising for the climate

There is an urgent need to find solutions to climate change challenges. Orkla has therefore set science-based climate targets and will take its share of responsibility for limiting global warming to a maximum of 1.5°C.

Science-based targets are a key element of Orkla's efforts to address climate risk and reduce greenhouse gas emissions. We also work systematically to reduce energy consumption, switch to renewable energy and reduce food and other types of waste across our operations in 30 countries. We are also stepping up our development of more climate-friendly food and grocery products with a smaller environmental footprint.

Developments in 2019

Reduced greenhouse gas emissions

In autumn 2019, Orkla was one of four Norwegian companies to have its climate targets validated for 1.5°C by the international Science Based Targets initiative (SBTi). We are well on our way to reaching our target of a 60 per cent reduction in greenhouse gas emissions from our own operations and purchased energy. In 2014–2019, we cut our greenhouse gas emissions by 58 per cent. This reduction is a result of improved energy efficiency and the transition to renewable energy in several of our businesses. We also purchase guarantees of origin for renewable electricity for all the electric power we use in Europe. These guarantees are linked to our own hydropower plants. The Indian

company MTR Foods now meets 60 per cent of all its electricity needs with solar energy. Examples of other initiatives include Orkla Confectionery & Snacks Danmark, which uses surplus heat from crisp production to heat housing, while Orkla Suomi is planning to invest substantially in a biogas plant at its crisp factory on Åland. The new bakery at the Grandiosa factory at Stranda in Sunnmøre, Norway, has emphasised use of green, sustainable solutions in its production.

The effect of these efforts is a reduction of 9.3 per cent in greenhouse gas emissions from Orkla's operations in 2019. A total of 43 per cent of energy used is renewable.

Reduced energy consumption

Through Orkla's central energy programme, best practices are shared to lower our energy consumption, and a growing number of energy efficiency projects are being introduced across our business areas. Several factories have made process improvements that cut down on energy use. Investments have also been made in new, more energy-efficient production equipment. In total, Orkla has reduced its energy consumption by 14 per cent since 2014.*

Water consumption

Most of Orkla's operations are located in areas with a low to medium risk of water shortage. Nevertheless, many companies see the importance of implementing environmental initiatives to reduce their water consumption. Actions reported in 2019 include investments in water treatment and recycling, process

*Adjusted for acquisitions and disposals and higher turnover.



Greener pizza

At the end of 2019, work was completed on the new bakery at the Grandiosa factory at Stranda in Sunnmøre. Great emphasis has been placed on green, sustainable production solutions, one of which is to bake 1.3 million Grandiosa Classic pizzas using recovered energy from the start of 2020. During construction of the bakery, importance was attached to using environmentally friendly, local building materials as far as possible, and many actions were taken to reduce energy consumption.

improvements and training for our own employees. In total, Orkla has reduced its water consumption by 11 per cent since 2014*. Orkla primarily uses water from municipal waterworks, and wastewater is treated internally or at municipal treatment facilities. There were no serious incidents involving emissions in 2019.

Transport-related actions

Life-cycle assessments show that emissions from transport account for a minor part of the climate impact of Orkla products. Nonetheless, pallet optimisation and other actions designed to optimise transport of goods are an integral part of company practices. In 2019, Orkla companies took various steps to reduce the environmental impact of transport, ranging from providing eco-friendly driver training to choosing transport with the lowest possible emissions. Orkla Foods Sverige signed on to a voluntary transportation initiative launched by DLF, affirming its commitment to achieving 100 per cent fossil fuel-free transport by 2025. Orkla initiated a dialogue with and monitors transport suppliers to map emissions and promote improvement.

Putting climate risk on the agenda

In 2017, the Task Force for Climate-related Financial Disclosures (TCFD), which was established at the initiative of the Financial Stability Board, launched voluntary guidelines for climate-risk reporting. The guidelines have quickly become the leading framework for assessment and documentation of climate risk, and in 2019 Orkla initiated a process to be able to report in accordance with this framework. Through internal workshops, we have shared knowledge of the TCFD framework with key

*Adjusted for acquisitions and disposals and higher turnover.

in-house personnel and carried out a survey of the risk factors to which Orkla is exposed and the opportunities that this can offer. An overview is presented on page 69. Work on estimating potential risk impacts for Orkla's operations will continue in 2020.

The way forward

We will continue our efforts to improve energy efficiency and reduce water consumption, and will monitor our companies to ensure good progress towards the targets we have set. We will also develop an enhanced model for calculating green house gas emissions from raw materials and use it to initiate and track actions implemented in our supplier chain. Several companies are planning to employ this tool to map the climate footprint of individual products and use the information to guide customers in making good climate choices.



A week full of environmental activities

To promote internal engagement, Orkla organises an annual EHS Week. The topic for 2019 was environmental engagement, and a wide variety of activities were carried out in all 30 countries in which Orkla is present. Company and factory employees took part in activities ranging from clothing swap days, tree planting and community litter collection to bicycle competitions focused on getting to work in an eco-friendly way. Several initiatives were also implemented to reduce food waste and optimise use of raw materials in factories, and canteens featured vegetarian days.

Climate risk

Operations and infrastructure

- Orkla's own production operations are exposed to a relatively limited degree to flooding, water scarcity, power failures or other acute physical risks, but such events will impact the countries in which we operate in the years to come. Several Orkla companies in areas exposed to water shortage or power supply interruptions, such as India and Romania, are taking risk-mitigating action. MTR Foods in India has established systems for collecting rain water, recycling water and ensuring access to locally produced solar energy. Annual water consumption costs are expected to rise in the years ahead.
- The costs of purchased energy have increased in the past few years due in part to new taxes and changes in precipitation, and we expect prices to continue to fluctuate in the coming years.

Raw material availability

- Climate change is causing water scarcity, erosion and changes in biodiversity that affect the basis for agriculture in vulnerable areas. This type of chronic physical climate risk is expected to lead to considerable fluctuation in the prices of cocoa, cotton, soya and other agricultural products from Asia, Africa, South America and Southern Europe in both the short and long term. In the years ahead, drought, flooding and other forms of extreme weather may also affect crop harvests in the rest of Europe and the USA. The anticipated effects of such acute physical climate risks are cost fluctuations, quality deficiencies and temporary supply problems for key raw materials such as grain, fruit, vegetables and animal products. Ocean warming is causing changes in the sustenance base and habitats of several species of fish, and could affect supply and prices.
- To reduce the risk of serious shortage of raw materials, Orkla is committed to promoting sustainable agriculture and fishing by monitoring its suppliers, purchasing certified raw materials, participating in improvement projects and engaging in political dialogue. We are also increasing our use of long-term contract farming agreements and are exploring the possibility of replacing certain raw materials with other alternatives.

Regulatory and operating frameworks

- Only one Orkla factory is currently covered by the EU emissions trading system (EU ETS), and we do not expect the changes planned in the system (phase 4) to affect this situation. In a 3-10-year perspective, changes in the regulatory framework for climate quotas could affect more businesses.
- Taxes on fossil-fuel energy sources are expected to increase further, and may affect Orkla's production and transport costs.
- In a 1-3-year perspective, changes in national manufacturer's liability systems are expected to raise the costs of handling used packaging, partly due to the European Strategy for Plastic in a Circular Economy. To contribute to good, cost-effective solutions to plastic pollution problems and reduce greenhouse gas emissions from packaging, Orkla is engaging actively in packaging innovation and collaboration on improvements in collection, sorting and recycling systems.
- We anticipate stricter regulation of fishing and production of agricultural raw materials vulnerable to climate change as part of the efforts to ensure sustainable fishing and agriculture. Orkla pursues a dialogue with government authorities on these issues, both directly and through its membership in national and international trade organisations.

Market and technology

- Consumers and professional customers are increasingly requesting information on the climate impact of individual products or raw materials, which necessitates new knowledge and expertise and could increase complexity. Orkla has developed a tool that makes it possible to map the climate footprint of food products, and has begun to provide information on this impact for selected products and customer groups. In the years to come, use of this tool will be expanded to include more companies and products. This is a difficult process that will have to be carried out over time.
- Production of many food raw materials is associated with high greenhouse gas emissions, high water consumption, risk of biodiversity loss and social challenges arising from climate change. Orkla's efforts to reduce greenhouse gas emissions in its supply chain and achieve sustainable raw material production mitigate the brand risk related to these challenges.



Climate possibilities

Increased resource efficiency

- In 2014-19, Orkla achieved a reduction of 14 per cent in energy consumption and 11 per cent in water consumption in its own operations. Efficiency improvement initiatives will generate a cost benefit and reduce the effect of potential increases in market prices. These initiatives also reduce Orkla's exposure to future tax increases. To reach Orkla's targets of reducing energy consumption and greenhouse gas emissions, investments must be made in energy-efficient production technology.
- The quantity of organic waste from Orkla's own operations was reduced by 14 per cent in the period 2014-2019. The targeted reduction up to 2025 is expected to reduce raw material and waste management costs.

Energy and transport

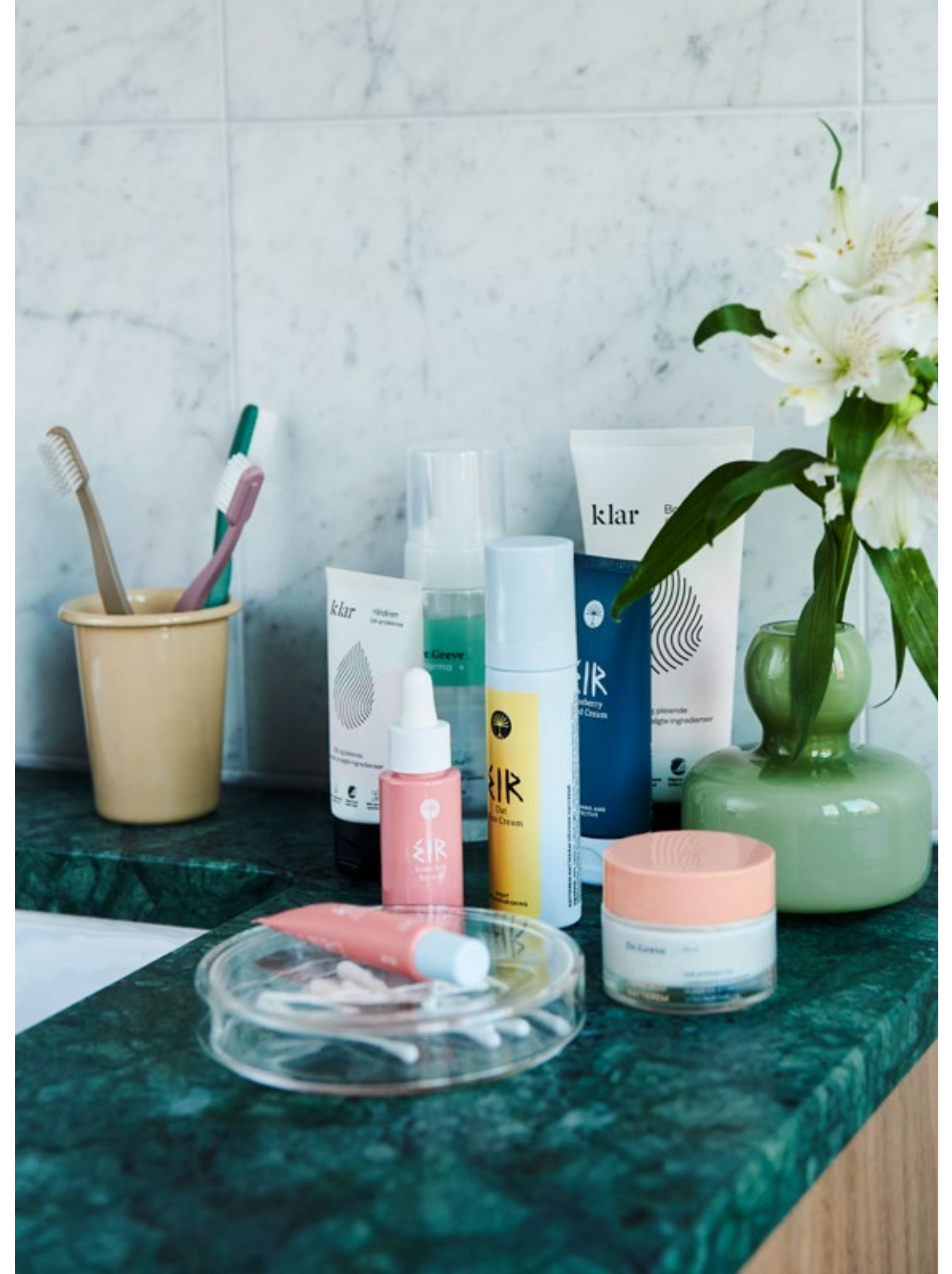
- Orkla's businesses are in the process of phasing out fossil-fuel heating oil and increasing investments in renewable energy. In addition, Orkla purchases guarantees of origin for all electricity for its own operations in Europe. Renewable energy accounted for 43 per cent of energy consumption in 2019. The transition to renewable energy is expected to generate a growing cost benefit in the years to come, in step with energy market price trends. It will also reduce exposure to climate-related energy taxes.
- Orkla produced 2156 GWh renewable energy from its own hydropower plants in 2019, at a power price of 38.4 Norwegian øre per kWh. Several factors could affect energy prices in the coming years. The price picture for energy options up to 2030 (Nasdaq) indicates lower energy prices in 2020, followed by higher prices.

Product innovation

- The increased interest in a plant-based diet offers substantial opportunity for growth for Orkla. Orkla's sales of vegetarian and vegan products totalled NOK 0.5 billion in 2019, and we are targeting strong growth in the next few years.
- Many Orkla companies are developing products that make it easier for consumers and professional customers to reduce their climate footprint or achieve more sustainable consumption in other ways. The companies work across business areas to make their product portfolio more sustainable, and in 2019 Orkla's most sustainable products generated 18 per cent of sales. This strengthens the companies' competitiveness, and our goal is to achieve a steady increase in sales of the most sustainable products in coming years.

Business development

- Orkla actively seeks climate-related investment opportunities, and considers both acquisitions that can strengthen its existing operations and new areas for growth. One example of such an area is seaweed cultivation for industrial food production. Several companies are also considering new business models, including models for a circular economy.



Putting climate-smart food on the menu

To meet our climate targets, we must reduce food waste and make it easier for consumers to eat a climate-friendly diet. Orkla carried out a number of new initiatives in 2019 to contribute to these objectives.

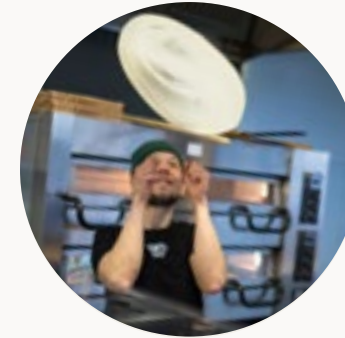
Developments in 2019

A driving force for climate impact labelling of food

To make it easier for consumers to make climate-smart choices at the dinner table, too, the TORO brand introduced a climate impact label for food. The label, which was developed in collaboration with the RISE Research Institute of Sweden, is based on the climate impact tool developed by Orkla in 2018. Orkla Foods Norway held workshops for the grocery retail and supplier industry, and is an active advocate of establishing a common standard for climate impact labelling of all food products. Several Orkla companies now employ the climate impact tool on which TORO's climate impact label is based. To inspire more restaurants and food service enterprises to operate more sustainably, Orkla Foods Sverige has launched recipes indicating the calculated climate impact and a digital tool that makes it easy to plan climate-smart weekly menus.

Reducing food waste

Orkla participates in industry initiatives to reduce food waste in both Norway and Sweden. In addition, several Orkla companies donate surplus food to good causes through various organisations in a number of countries. In India, food waste is high on the agenda at MTR Foods, which implemented several measures in 2019 that reduced food waste by a total of around 80 tonnes. In Sweden, Orkla Foods partners with consumers



Faulty products at a discount

Kotipizza, Finland's biggest pizza chain, became part of Orkla in 2019. The chain has put in place a variety of environmental initiatives, and in 2019 launched a campaign to reduce food waste. By putting "second-rate" pizzas on the menu at a discount, the chain avoids having to throw away pizzas with the wrong toppings or other harmless deficiencies. The restaurants that introduced this system have reduced food waste by 75 per cent, while customers and employees feel that they are helping to make a difference. In the first 30 days, more than 2,000 "second-rate" pizzas were sold, equivalent to a reduction of around 5 tonnes of greenhouse gas emissions.

and provides tips on ways to promote climate-smart products and sell off products with a short shelf life. Several Orkla factories have special retail outlets where products with small quality defects are sold at a discount.

Profitable environmental measures at factories

Orkla works in a long-term perspective by transferring best practices, building skills and offering methods for reducing food waste. Three networks have been established, including one for the Group's potato crisp factories. Through this project, the crisp factories have reduced the amount of food waste by NOK 28.4 million in the past three years. In addition to tracking the networks' activities, Orkla has worked more directly with a total of 15 individual factories. This work has produced good results, contributing to NOK 40 million in cost savings in 2019. The next step is to examine analyses of pizza production in Stranda and of Orkla's Kalev factory.

Orkla and Scandic Hotels team up to reduce climate impacts

Starting in February 2020, Scandic is introducing menus showing the CO2 values of meals served at conferences and events held in all its Swedish hotels. Help and inspiration in calculating the climate impact are provided by OrklaFoodSolutions and the Next is Now concept. Based on the new menus, Scandic estimates that it will reduce the carbon footprint of each three-course menu by almost one third.

THE WAY FORWARD

Orkla companies are continuing their efforts to reduce food and other waste in order to reach the target of a 50 per cent reduction by 2025, and will be monitored to ensure that good progress is being made. We will pursue an active dialogue with local waste disposal sites to promote effective sorting and optimal utilisation of waste.

Voluntary agreement to reduce food waste

The IVL Swedish Environmental Research Institute has started a collaborative project to draw up a voluntary agreement for reducing food waste. Orkla Foods Sverige has participated in the project along with companies and organisations from every part of the food value chain in close dialogue with the Swedish authorities. The ambition is to establish the agreement in 2020. In Norway, Orkla helped to put in place a similar industry agreement in 2017, which has inspired participants to mobilise a concerted effort and contributed to reducing food waste in the Norwegian food industry and retail trade.

TORO launches climate impact labelling of food



A growing number of Norwegian consumers want to eat more climate-friendly food. In 2019, to make it easier to make climate-smart choices, TORO therefore launched a climate impact label for food. The label tells consumers which products leave a low carbon footprint per portion. The aim is to lower the threshold for choosing climate-smart options, so that consumers can be certain that the meal is not only easy to prepare, it also takes the environment into account. The climate impact label is based on a rating scale developed in partnership with the RISE Research Institute of Sweden. Products are ranked according to whether they have a high, medium, low or very low climate footprint. TORO has calculated the carbon footprint per portion, based on the meal preparation instructions on the packet. Recommended additional ingredients are also included in the calculation. For a product to qualify for the climate-friendly label, CO₂ emissions for the meal must be either "low" or "very low", i.e. 0.8 kg CO₂e or lower, which are within the UN's recommended levels.

Environmental engagement

GRI-ref.	Indicators	Unit	2019	2018	2017	Baseline year 2014
Climate impact¹ and emissions						
305-1	Greenhouse gas emissions from own operations, Scope 1	tCO ₂ e	120 820	120 580	129 345	134 320
305-1	Greenhouse gas emissions from bio-energy, Scope 1	tCO ₂ e	446	368	369	274
305-2	Indirect greenhouse gas emissions, Scope 2, location-based calculation	tCO ₂ e	64 780	73 600	74 620	94 800
305-2	Indirect greenhouse gas emissions, Scope 2, market-based calculation ²	tCO ₂ e	6 520	11 000	17 840	147 970
305-3	Estimated greenhouse gas emissions from raw materials and packaging, Scope 3 ³	tCO ₂ e	1 618 700	1 526 500	1 340 300	1 187 700
305-4	Greenhouse gas emissions (Scope 1 and 2 market-based) per FTE ⁴	tCO ₂ e/FTE	7.2	7.5	8.4	15.6
305-4	Greenhouse gas emissions (Scope 1 and 2 market-based) per revenue ⁴	tCO ₂ e/ NOK million	2.9	3.2	3.8	6.9
305-6	Emissions of ozone-depleting substances (ODS) ⁵ used in cooling media	tCFC-11e	0.016	0.012	0.012	0.014
305-7	Emissions of sulphur dioxide	Tonnes	11	12	16	16
305-7	Emissions of nitrogen oxide	Tonnes	99	99	103	107
Efficient resource use						
302-1	Electricity from internally generated hydropower, sold	GWh	2 160	2 320	2 760	2 570
302-1	Total energy usage, own operations	GWh	1 087	1 100	1 116	1 085
302-1	Total energy usage from renewable fuel sources incl. Guarantees of Origin (market-based calculation)	GWh	466	464	437	-
302-1	Energy usage – fossil fuel ⁶	GWh	567	566	596	494
302-1	Energy usage – fossil-free fuel	GWh	54	49	51	82
302-1	Energy usage – purchased electricity	GWh	421	438	424	464
302-1	Energy usage – purchased thermal energy, incl. remote heating	GWh	45	47	45	46
302-3	Energy usage per FTE ⁷	MWh/FTE	61.5	62.4	63.5	65.9
302-3	Energy usage per revenue ⁷	MWh/mill. NOK	24.9	26.9	28.4	28.9

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GRI-ref.	Indicators	Unit	2019	2018	2017	Baseline year 2014
Efficient resource use						
303-1	Total water withdrawal, own operations	Mill. m3	7.3	7.6	8.2	8.2
303-1	Water withdrawal from external water works	Mill. m3	4.6	5.0	5.1	7.3
303-1	Water withdrawal from groundwater	Mill. m3	2.8	2.6	3.2	0.8
303-1	Water withdrawal from collected rainwater and surface water	Mill. m3	0.0	0.0	0.0	0.0
303-3	Water recycled in own operations	%	0.0	0.1	0.1	-
303-4	Discharge of effluents to seawater	Mill. m3	0.1	0.1	0.0	-
303-4	Discharge of effluents to external treatment plants	Mill. m3	3.7	3.6	3.9	7.0
303-4	Discharge of effluents to surface water	Mill. m3	1.9	1.9	2.0	0.4
303-4	Emissions to water – BOD	Tonnes	5 160	5 760	5 430	4 870
303-4	Emissions to water – COD	Tonnes	5 950	6 650	6 050	5 900
303-4	Emissions to water – particles	Tonnes	2 530	2 730	-	-
303-4	Discharge of effluents in areas of water scarcity	Mill. m3	0.1	0.1	0.1	0.1
306-2	Organic waste	Tonnes	84 080	85 600	74 850	90 000
306-2	Organic waste per revenue	Tonnes/mill. NOK	1.9	2.1	1.9	2.2
306-2	Non-hazardous waste – sorted	Tonnes	12 250	11 950	13 350	17 500
306-2	Non-hazardous waste – mixed	Tonnes	12 600	14 900	11 700	10 700
Other						
306-2	Hazardous waste	Tonnes	254	296	216	392
306-3	Spills, deviations from emission limits	Number	3	6	19	-
307-1	Fines and sanctions for non-compliance with environmental laws and/or regulations	Number	1	1	1	-
307-1	Fines for non-compliance with environmental laws and/or regulations	NOK million	0	0	0	0

¹ Calculations are based on the Greenhouse Gas Protocol Initiative (GHG Protocol). Include CO₂, CH₄, N₂O, HFC, PFC, SF₆ and NF₃. Historic figures have been corrected based on new information

² Market-based emissions take into account the effect of Guarantees of Origin for electricity

³ Raw materials and packaging estimated to account for 90-95 % of emissions from Scope 3 activities. The base year 2014 reflects historical figures, not adjusted for subsequent acquisitions

⁴ The baseline year 2014 reflects historical figures, not adjusted for subsequent acquisitions

⁵ ODS; Ozone depleting substances

⁶ Includes use of natural gas, propane, oil, diesel, petrol. Orkla uses standard translation factors for different types of fuel

⁷ Total energy usage in own operations, all types. The baseline year 2014 reflects historical figures, not adjusted for subsequent acquisitions

03 SUSTAINABLE SOURCING

Partnership for sustainable raw material production

Orkla is now stepping up its efforts to ensure deforestation-free supply chains. We are also maintaining our focus on promoting sustainable raw material production.



The big picture

The destruction of the Amazonian rainforest and the forest fires in Brazil have pushed forest conservation higher up the international agenda. A new investor initiative sees rainforest destruction as a threat to the global economy and calls on companies to take immediate action to put an end to deforestation in their own operations and supply chains. At the same time, extreme weather and growing water scarcity are leading to less predictability in global raw material markets. Issues such as sustainable agriculture and modern slavery are giving rise to broad engagement and influencing both policies and business practices. More and more global food and drink companies are investing in their own improvement programmes for key raw materials.

Our influence

Orkla considers it important to use raw materials that are sustainably produced and to help ensure a stable supply of such resources. Our food production makes us one of the biggest purchasers of agricultural and fish raw materials in the Nordic region. Due to climate change, we need to intensify our efforts to promote sustainable agriculture. In several of our markets, we work closely with local farms to ensure access to locally-produced vegetables and important agricultural raw materials of high quality – from sugar beets in Skåne, Sweden to potatoes in every market where we manufacture crisps. Strong growth in the sale of plant-based foods has resulted in a scarcity of certain agricultural raw materials, and Orkla engages in dialogue with suppliers and the agricultural sector to promote production of these raw materials.

Some of the raw materials that Orkla sources, such as cocoa, soya and palm oil, are linked to complex social and environmental challenges. We therefore engage in improvement projects in the value chain, working closely with our suppliers. We set clearly defined requirements, follow up through regular dialogue and promote sustainable raw material production through certification programmes and other improvement activities. Looking ahead, we see a need to invest more in improvement programmes so as to contribute to sustainable development and ensure long-term access to important raw materials. Our sustainable sourcing efforts support the achievement of UN Sustainable Development Goals 2, 8, 14, 15 and 17.

Our approach

A detailed description of our sustainable sourcing procedures and work processes may be found on Orkla's website under "Results and reporting".



Orkla's 2025 sustainability targets

- Ensure respect for workers' rights
- Aim for 100 per cent raw materials from sustainable sources
- Aim for 100 per cent recyclable packaging
- Promote clean oceans and sustainable fishing

Call on business and industry for a Global Deal for Nature and People

Orkla wants to contribute to safeguarding biodiversity by improving our own operations, engaging actively in our supply chain, focusing on innovation and promoting sustainable business practices. In April 2019, Orkla signed WWF's appeal to business and industry to establish a binding Global Deal for Nature and People, similar to the Paris Accord on climate change. We at Orkla agree entirely with WWF and consider this initiative to be crucial to coordinating efforts across countries and achieving the necessary progress. According to WWF's Living Planet Report for 2018, global wildlife populations have declined in size by 60 per cent on average since 1970. The trend is also negative for important natural species and ecosystems.



Did you know that...?

- Orkla is a member of the Sustainable Agriculture Initiative Platform and participates in working groups to promote the sustainable production of almonds, dairy raw materials and wild-growing plants.
- Orkla Foods Sverige partners with the Swedish University of Agricultural Sciences on sustainable cultivation of Swedish legumes. The company also collaborates with the University of Lund on research on rapeseed as a protein source.
- Orkla Foods Sverige participates in the Sustainable Supply Chain for Food in Sweden, which is currently preparing a plan for the period up to 2030 to ensure sustainable Swedish agriculture.
- Naturli' works closely with Aarhus University on research on plant-based raw materials.

Developments in 2019

Deforestation-free supply chains

With regard to raw materials from tropical regions, Orkla has teamed up with selected suppliers who are carrying out special programmes to ensure deforestation-free raw material production. In 2019, we mapped the status of the suppliers' work and identified needs for improvement. In the case of palm oil, Orkla's suppliers have good procedures for training employees and monitoring mills and farms, and are seeing favourable results from large-scale improvement programmes. However, increased efforts are needed to support the transition to sustainable agriculture for the vast majority of small farmers. None of Orkla's branded consumer goods in the Nordic countries contain palm oil. Orkla's use of palm oil is primarily related to the companies in Orkla Food Ingredients and the margarine category. Efforts to monitor suppliers and achieve certification by the Roundtable for Sustainable Palm Oil (RSPO) have continued, and 87 per cent of palm oil is now certified.

Sustainable raw materials

Orkla saw a positive trend in the percentage of certified raw materials in 2019. Most of the cocoa, palm oil and soya purchased by Orkla from high-risk areas is now certified. Orkla has developed a new cocoa strategy and will increase its efforts to address challenges related to traceability, child labour and minimum wages in connection with cocoa production. The new strategy will be introduced in 2020 and will apply to all Orkla companies.

Following reports of breaches of workers' rights in connection with hazelnut farming in Turkey, Orkla conducted a more thorough risk assessment entailing visits to and dialogue with suppliers, farmers and UTZ. As a result, several Orkla companies decided to switch to use of UTZ-certified hazelnuts. With regard to cashew nuts, Orkla is participating in a three-year joint project run by Ethical Trade Norway with support from Norad. In 2019, a survey of risk factors at Vietnamese production facilities was carried out, and a dialogue on improvement action and follow-up was established.

Sustainable textiles

Pierre Robert Group is taking the lead in reducing textiles' environmental impact and raising consumer awareness of this issue. The company has now achieved 100 per cent certification for all its cotton products under the Pierre Robert brand, and is working to ensure a gradual transition for the rest of its portfolio. To increase awareness of workers' rights, the company has carried out a training programme for all employees at five Chinese factories in collaboration with the organisation QuizRR and Ethical Trade Norway.

Animal welfare

In 2019, Orkla engaged in dialogue with key suppliers concerning the Group's animal welfare policy, which was adopted in 2018. Several Orkla companies have switched to using eggs from free-range hens in their food products, and Orkla has drawn up a new policy aimed at fully transitioning to eggs from free-range hens by 2025 for all its own branded products. Pierre Robert is participating in a programme to

improve working conditions and foster good animal welfare at merino sheep farms in South Africa. A total of 20 farms and seven suppliers are involved in the project, which is run by Ethical Trade Norway.

Sustainable fishing

Orkla collaborates closely with the Marine Stewardship Council to promote sustainable fishing, but the percentage of Orkla's fish raw materials that are MSC-certified did not increase as expected in 2019. Internationally agreed fishing quotas for both mackerel and herring are higher than the expert recommendations of the International Council for the Exploration of the Sea (ICES). Until this situation changes, it will be impossible to obtain certification of these raw materials. Orkla has therefore stepped up its dialogue with the Norwegian authorities to advocate increased political efforts to ensure sustainable fishing management.

The way forward

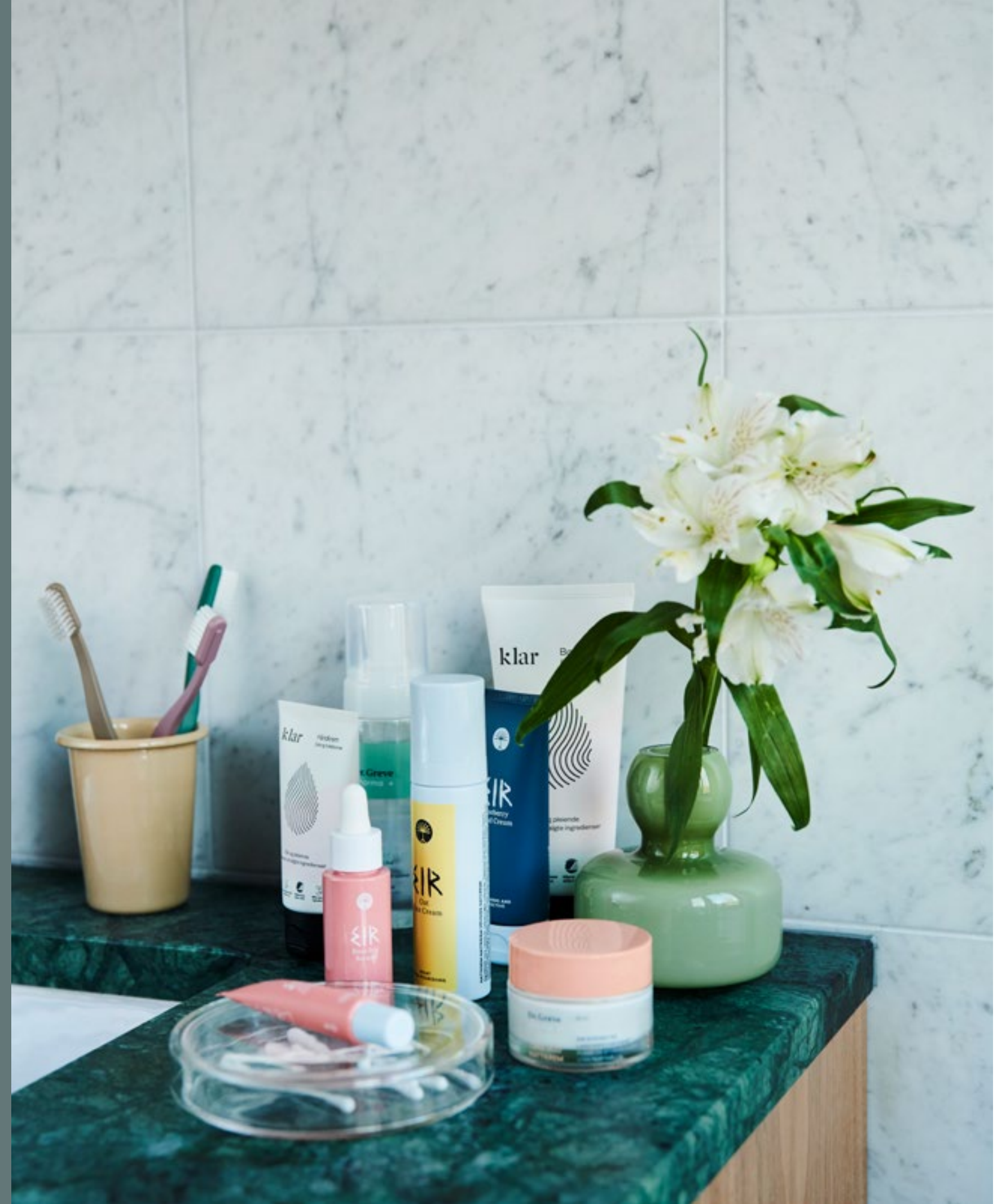
Climate change necessitates greater efforts to ensure sustainable agriculture and fishing. For Orkla, it means increased investment in improvement programmes for key raw materials such as cocoa. Another area of focus will be sustainable fishing in connection with brands such as Möller's, Abba, Kalles and Stabbur-Makrell. For certain raw materials, Orkla will expand its collaboration with contract farmers and support conversion to cultivation methods that reduce greenhouse gas emissions, safeguard biodiversity and provide greater protection against extreme weather.

Did you know that...?

Orkla has a total of around **6000** environmentally certified products, 19 per cent more than in 2018.

95% increase in Nordic Swan eco-labelled products

22% increase in UTZ or FairTrade-certified cocoa-based products.



Strong focus on environmentally friendly packaging

The environmental challenges posed by single-use plastic have created broad engagement aimed at finding new packaging solutions. Orkla is now mobilising across companies and countries to use recycled plastic and promote a transition to circular value chains.

In the past few years, Orkla has significantly increased its expertise on plastic and other packaging. Around 20 per cent of the packaging used by Orkla is plastic in various forms. Plastic has an important function in terms of protecting products and prolonging their shelf life, and it can be the best packaging material, even from an environmental perspective, if we prevent plastic pollution and succeed in recycling more plastic. In choosing packaging, we consider it important that both the material and its design make the packaging easy to recycle.

Developments in 2019

Focus on sustainable packaging

Orkla has increased its efforts to optimise packaging, reduce the amount of plastic used, design packaging to simplify recycling and develop new packaging solutions based on recoverable, recycled or renewable materials. We have strengthened our collaboration with centres of excellence, researchers, external experts, organisations and other companies to find effective, innovative solutions.

Design for recycling

Several of our companies have invested substantial resources in developing plastic packaging that can be recycled and turned into new plastic products. For instance, Orkla Confectionery & Snacks Norge has launched the market's first crisp packet in mono plastic and is planning to use this material in the rest of its snack portfolio as well. Several Nidar chocolate products have been relaunched in similar packaging that contains less air. A total of 94 per cent of the packaging that Orkla used in 2019 was made of materials that can be recycled.



Orkla's 2025 sustainability targets

- 100 per cent recyclable packaging
- 75 per cent packaging made from recycled materials
- 50 per cent plastic packaging made from recycled or renewable materials



KiMs launches Norway's first recyclable crisp packet

Potato crisp packets made of metallised plastic have hitherto been the standard. As the first player on the Norwegian market, Orkla Confectionery & Snacks succeeded in developing a recyclable crisp packet. In autumn 2019, KiMs was relaunched in this innovative packet. By changing the packaging from metallised foil to mono-material plastic, packets can be recycled as plastic and not as residual waste as before. To make it easy for consumers, this information is marked clearly on the packet. Around 3.4 million recyclable crisp packets were released on the market in 2019, and the estimate for 2020 is around 10 million packets. In addition, the new packets are a little smaller, so that less plastic is used for the same amount of crisps. This will result in environmental savings of around 8.5 tonnes less plastic in 2020.

Packaging made of recycled and renewable materials

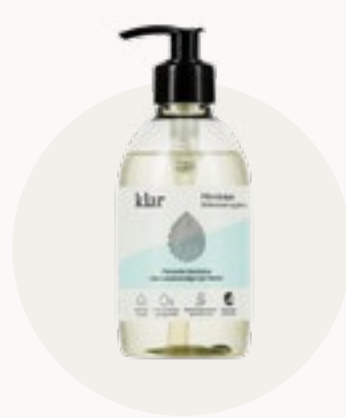
We make active efforts to use more recycled materials in our packaging, and recycled materials accounted for around 35 per cent of packaging in 2019. Möller's relaunched its popular omega-3 capsules in a 100 per cent recycled plastic bottle. We use recovered PET in our FUN Light and BOB dilutable fruit drink bottles, Felix ketchup bottles, and personal care and cleaning products. Jif wipes were launched in a renewable material containing no plastic. In the bakery sector, Bako introduced a broad selection of single-use products for the food service market in alternatives to plastic, and Nic launched plastic-free packaging options for the professional ice cream market. Kotipizza replaced straws, glasses and plastic lids with fiber-based alternatives in its pizza restaurants.

Orkla wants to help create a market for recycled materials by calling for such options and developing alternatives to fossil plastic that meet our food safety and product quality standards. There is a very limited supply of recycled plastic suitable for use as food packaging, and fiber-based alternatives often do not have the requisite barrier properties. We have therefore discussed these issues with packaging suppliers, the waste sector and external centres of expertise in order to understand the challenges and possibilities in this area.

The way forward

Sustainable packaging remains one of our highest priorities in 2020. We intend to engage actively in joint projects with suppliers, relevant expert communities and other companies to develop recyclable packaging and increase use of recycled

and renewable materials. We also wish to contribute actively to creating a market for recycled plastic by increasing our use of this material.



Aims to develop track-and-trace labelling of packaging

Orkla wants to increase its use of recycled plastic, but where food products are concerned it is hard at present to find material of this type that satisfies the necessary food safety requirements. In its hunt for new solutions, Orkla is participating in the international HolyGrail project, in which a number of leading companies are involved. The project is led by Procter & Gamble with funding from the Ellen MacArthur Foundation. The aim is to develop a digital watermark for packaging that makes it possible to track and trace packaging through the value chain. By identifying the type of plastic and earlier applications, plastic can be sorted more accurately and the quality of the recycled plastic is improved. As part of the project, Orkla has carried out demo tests of Idun ketchup bottles and Klar soap bottles.

Did you know that...?

We are engaged in several research projects aimed at building expertise on how we can reduce our dependency on plastic:

- Orkla Home & Personal Care is involved in a research project with NHH – Norwegian School of Economics, the Inland Norway University of Applied Sciences and several other players. One of Project SustainX's objectives is to provide insight into ways of influencing consumers to make greener choices, and how this knowledge can be integrated into new, profitable business models.
- Orkla participates actively in FuturePack, a three-year research project aimed at developing new expertise and technology to make tomorrow's plastic packaging more eco-friendly, using more bio-based and recycled plastics. The project is a joint endeavour between several universities, companies and organisations.
- Several Orkla companies are part of a Norwegian collaborative venture, the Design for Recycling project, under the auspices of Green Dot Norway. The object is to learn more about the kind of changes in material and design choices that could simplify recycling of packaging.
- Orkla Foods Sverige is participating in the STEPS research programme at the University of Lund, Sweden, to stay abreast of the latest developments in plastics research and gain insights that could be useful in promoting more sustainable use of plastic.

Strong engagement for clean oceans

Orkla wants to be a driving force in solving the challenges posed by marine plastic litter. We have therefore teamed up with the rest of the industry and the authorities to find solutions.

Millions of tonnes of plastic end up in the ocean every year. If we are to have a living ocean in the future, we must find new solutions to prevent more plastic from winding up in the ocean. We must both reduce our use of plastic and create a circular economy for plastic. Orkla is active in several areas to help achieve these objectives.

Orkla supports the European plastics declaration

Recycling more plastic is crucial to solving climate change challenges. Orkla therefore supports the Circular Plastics Alliance, a joint European initiative, and helped to draw up the Declaration of the Circular Plastics Alliance that was launched in autumn 2019. By signing the declaration, Orkla and the other players commit to designing products and packaging for recycling, using more recycled plastic and increasing demand for recycled plastics. The goal is to ensure that 10 million tonnes of recycled plastics are used to make products in Europe by 2025.

Developments in 2019

Collaboration to avoid marine plastic litter

Norway has assumed a leading global role in combating marine plastic litter. Several new initiatives, including a plastics partnership, were presented by the Norwegian Government at a UN conference held in Geneva on 4 May. Orkla was invited to share its experience from its work with plastics.

Road map for more sustainable plastic packaging

Orkla has headed the Forum for Circular Plastic Packaging, an industry project that has launched a road map for how players in the packaging value chain in Norway can contribute to realising the EU Strategy for Plastics in a Circular Economy. The project team submitted proposals for ways and means of achieving the EU goals for recycling plastic packaging, and presented the proposals to the Norwegian Government at the Arendal Week democracy festival in August 2019.

Orkla takes the Plastics Pledge

Orkla was one of the very first companies in Norway to sign the Plastics Pledge, aimed at strengthening the circular plastics economy. Companies that sign the pledge commit to working actively to increase the percentage of recycled plastics used in their packaging, avoiding unnecessary use of plastics and designing packaging that is easier to recycle. The Plastics Pledge, which is modelled on the EU's new sustainability goals for 2025 and 2030, was launched by Green Dot Norway.

Dialogue meetings with special interest organisations

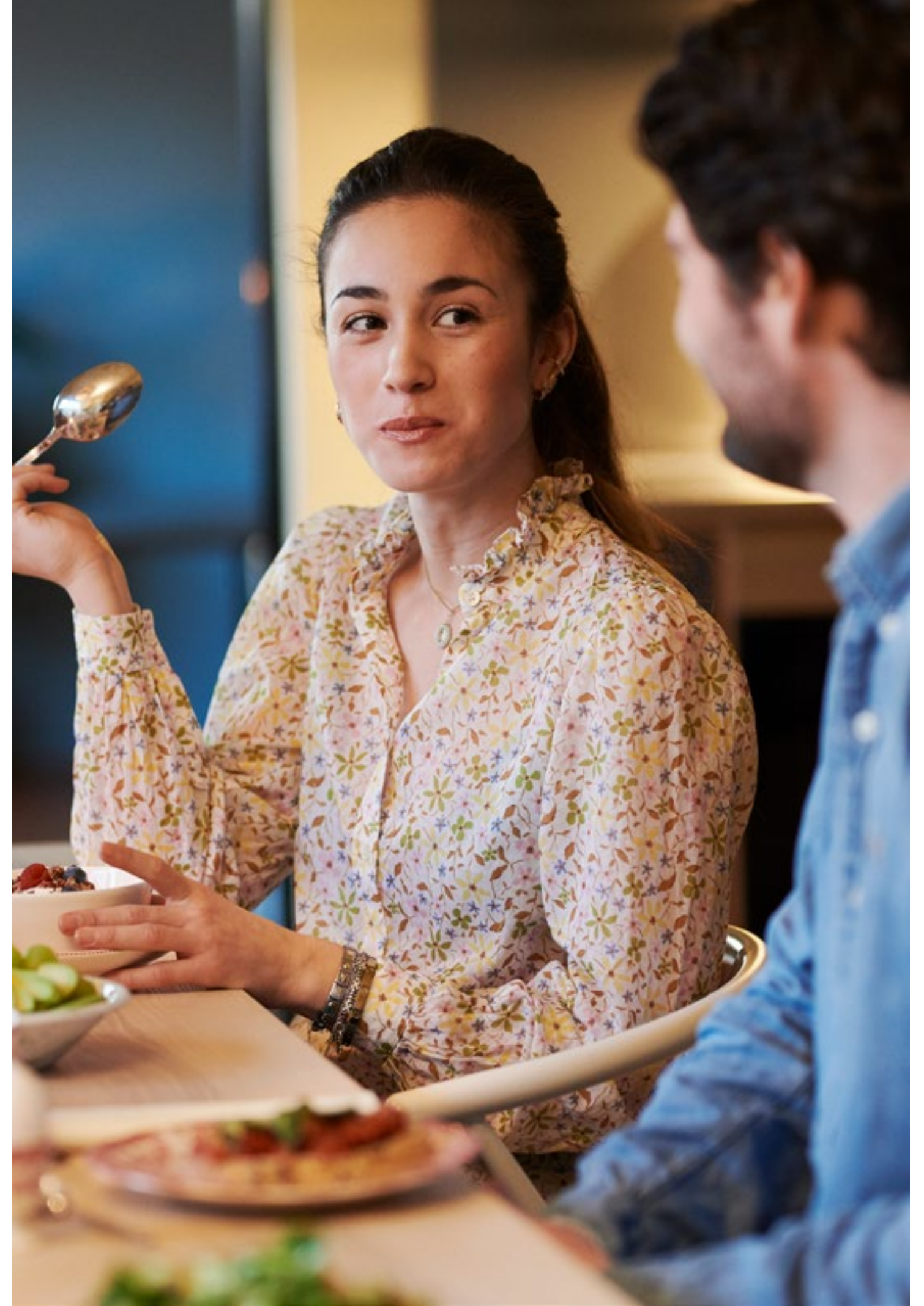
Orkla engages in a constructive dialogue with both environmental organisations and external expert communities on the challenges posed by plastic pollution. In 2019, we participated in several external panel talks on plastic recycling and circular business models and had a number of meetings with In the Same Boat, an organisation that works extensively to clean up plastic litter along the coast of Norway.

Beach clean-ups

Orkla helps to remove plastic litter and garbage from beaches and works closely with organisations such as Keep Norway Tidy and the Keep Sweden Tidy Foundation. Orkla Suomi in Finland supports the John Nurminen Foundation and its work to keep the ocean clean in the Baltic Sea. The Orkla brand Klar has adopted a beach on the island of Håøya in the Oslo fjord, and organises several communal clean-ups every year. In Denmark, Naturli' Foods collaborates with Strandet, an organisation that specialises in reuse of marine plastic and giving it new life.

The way forward

Orkla will continue to collaborate with other players in the packaging value chain on important initiatives for improving the collection, sorting and recycling of used plastic packaging. Among other things, we will participate in the development work of the Circular Plastics Alliance and joint projects implemented by the Forum for Circular Plastic Packaging.



Sustainable sourcing

GRI-ref.	Indicators	Unit	2019	2018	2017
Responsible sourcing procedures					
308-1	Share of new suppliers screened for environmental risk	%	100	100	100
308-2	Suppliers screened for environmental risk through audit or self-assessment	Number	104 ¹	307	373
308-2	Suppliers with identified environmental non-compliances	Number	5	7	8
308-2	Share of suppliers with environmental non-compliances where improvement has been agreed	%	100	100	-
308-2	Share of environmental non-compliances that have been remedied	%	63	75	55
308-2	Share of suppliers with environmental non-compliances where the agreement has been terminated	%	0	0	-
414-1	Share of new suppliers screened using social criteria	%	100	100	100
414-2	Suppliers screened using social criteria through audit or self-assessment	Number	104	75	67
414-2	Suppliers with identified social non-compliances	Number	46	33	35
414-2	Share of suppliers with social non-compliances where improvement has been agreed	%	100	100	-
414-2	Share of social non-compliances that have been remedied	%	78	57	26
414-2	Share of suppliers with social non-compliances where the agreement has been terminated	%	0	0	-
204-1	Share of sourcing from local suppliers ²	%	56	56	63

¹ Excluding food safety audits

² Suppliers located in the same country as Orkla's receiving business

Sustainable sourcing

GRI-ref.	Indicators	Unit	2019	2018	2017
Sustainable raw materials					
301-1	Consumption of raw materials ³	Tonnes	884 000	959 200	1 037 600
301-1	Share of renewable raw materials ⁴	%	96	94	-
FP2	Share of certified cocoa (UTZ Certified or Fairtrade) of total volume purchased	%	77	77	67
FP2	Share of certified marine raw materials (MSC or ASC) of total volume purchased	%	78	85	92 ⁵
FP2	Share of certified palm oil and palm kernel oil of total volume purchased	%	87	75	42
	- RSPO SG	%	38	31	26
	- RSPO MB	%	18	17	12
	- RSPO Credits	%	31	28	4
FP2	Share of certified soya (Roundtable on Responsible Soy, ProTerra, Donau Soja, U.S. Soy Sustainability Assurance Protocol, EU Organic)	%	55	-	-
FP2	Share of hygiene and cleaning products with ecolabelling (Nordic Swan Ecolabelling, Good Environmental Choice) ⁸	%	61	-	-
FP2	Share of Nordic Swan Ecolabelled textile products	%	5	4	11 ⁶
FP2	Share of certified (GOTS) organic cotton of total volume purchased	%	57	41	28 ⁶
FP2	Share of verified mulesing-free merino wool of total volume purchased	%	100	100	100

Sustainable sourcing

GRI-ref.	Indicators	Unit	2019	2018	2017
Sustainable packaging					
301-1	Share of packaging made from renewable materials ⁹	%	29	31	-
301-2	Share of total packaging containing recycled materials ⁹	%	35	44	-
Self-defined	Share of total packaging that is recyclable ⁹	%	94	94	90
301-1	Packaging consumption, all types ⁹	Tonnes	151 742	133 500	136 600
301-1	Plastic packaging consumption ^{7,9}	Tonnes	29 750	27 110	-
301-1	Consumption of packaging per revenue, all types ⁹	Tonnes/mill NOK.	3 480	3 270	3 450

¹ Excluding food safety audits

² Suppliers located in the same country as Orkla's receiving business

³ Raw materials used for own production, ex. finished goods purchased

⁴ Agricultural raw materials, percentage of sourced value (purchase value)

⁵ Concerns Orkla Foods

⁶ Not adjusted for subsequently acquired business

⁷ Includes both pure plastic packaging and composite materials

⁸ Orkla Care ex Poland and Riemann

⁹ More data in 2019 than in previous years because of improved reporting

04 Nutrition and wellness

Making it easier to make healthy everyday choices

We in the food industry must make it easier to eat healthily, green and sustainably. Orkla is therefore increasing its focus on plant-based food. We are also continuing our efforts to make popular favourites healthier and develop products in response to health trends.



The big picture

Strong focus on the connection between food, health and climate change has been placed clearly on the agenda by a number of new reports. The UN Climate Panel estimates that global consumption of meat must be halved if we are to reach the global climate targets. More and more consumers want to eat healthily and sustainably, and demand for plant-based food is soaring. Obesity-related lifestyle diseases are a major global health challenge, and authorities continue their efforts to improve the population's diet. Labelling systems, taxes and other actions aimed at reducing consumption of sugar, salt and saturated fat are currently topics of active discussion in Europe. The shift towards increased consumption of plant-based food and healthier products is reinforced by the steadily growing demand from many grocery chains and other professional customers for this type of product. For Orkla this means opportunities for innovation.

Our influence

Orkla contributes to better public health by reducing the salt and sugar content in a growing number of foods and products that are part of the daily diet of many people. In Norway, the population's sugar intake has decreased by 27 per cent in the past decade. The level of salt in product categories that traditionally contain a lot of salt has similarly declined since 2015, according to data from the concluding report of the Norwegian Salt Partnership.

Orkla is responding to the wellness trend with an ever-wider range of better-for-you snacks, biscuits and snack meals, and

products tailored to meet various health needs. In the bakery industry, Orkla Food Ingredients offers an innovative portfolio of healthy, whole grain bakery products, and vegan breads and cakes. Orkla is well positioned for the green, plant-based trend and expects to see strong growth for this type of product in several markets. Orkla has set aggressive innovation targets, and all its companies have planned initiatives to increase sales of healthy products and reduce consumption of salt and sugar for the 2019–2021 strategy period.

Our approach

A detailed description of procedures and processes for our nutrition and wellness work may be found on Orkla's website under "Results and reporting".



Orkla's 2025 sustainability targets

- Double consumption of products and services that promote a healthier lifestyle¹
- Reduce salt and sugar by 15 per cent²
- Inspire people to adopt a healthier lifestyle¹

¹Applies to selected product types. Baseline year 2017.

²Applies to a reduction in overall consumption of salt and sugar from Orkla's food products. Baseline year 2015.

Our nutrition and wellness work supports the achievement of the UN global Sustainability Development Goal 3.

Healthy growth with Paulúns

Orkla's health brand Paulúns has been launched in several markets with a broad assortment of products that make it easy to eat wholesome, well-balanced food all day long. All the products are made of good raw materials, are entirely sugar-free and contain no additives. Innovations launched in 2019 include the Los Angeles-inspired breakfast cereal Paulúns Nötsmörsbakad SOFT Müsli and new varieties of Paulúns Superlunch and Paulúns nut bars. Paulúns products are now sold in six countries, in Norway under the Bare Bra brand. Orkla's sales of these products totalled NOK 269 million in 2019, up 9 per cent from the previous year.



Partnership to promote better public health

Orkla collaborates closely with the public authorities and the food industry in several countries to help improve public health. In 2019, we again made good progress in our work to make our existing product portfolio healthier, with less salt and sugar.

Interest in health and healthy food has long been a clear trend, not only in the Nordic region, but also in the Baltics and Central Europe. Orkla has worked purposefully for several years to make its product portfolio healthier and develop food products containing less salt and sugar. To succeed in influencing populations' taste preferences in a healthier direction the change must be gradual, and the industry and public authorities must pull together. Orkla therefore seeks to collaborate actively with the authorities and acts as a driving force for industry initiatives.

Developments in 2019

Healthier popular favourites

Orkla is achieving good progress in making its existing product portfolio healthier. All the business areas have placed this goal high on their agenda. Orkla's overall consumption of sugar and salt has been reduced by 10 per cent and 7 per cent, respectively, since 2015*. In 2019, we reduced the sugar content in categories such as jams, dilutable fruit drinks and

other beverages, ketchup, biscuits, marzipan, cakes, slush ice, bars and chocolate. We reduced the salt content of our bread mixes, ready meals, sausages, sauces and dressings, ketchup, crisps and biscuits. The effect of this work is 1 825 tonnes less sugar and 83 tonnes less salt in 2019.

As a result of our long-term efforts to reduce sugar and salt in a broad range of products, Confectionery & Snacks Norge has the lowest average content of sugar and salt in all product categories.

A driving force for changing industry practice

In Norway, Orkla has committed to the agreement of intent to promote healthier food, which is a joint government-industry initiative with specific targets for reducing sugar and salt. Orkla has participated in meetings to follow up on the industry's work to make everyday food healthier. This partnership has proved successful, and the majority of all new products launched by Orkla now have a salt content on a par with or lower than the salt targets set by the Norwegian Salt Partnership. To achieve the same type of change in consumer preferences in other countries, it is essential that the entire industry join forces to reduce salt and sugar in its products. Modelled on the Norwegian agreement of intent to promote healthier food, the public authorities and the food and drink industry in Denmark are now establishing a partnership aimed at making it easier for Danish consumers to make healthy food choices. Orkla is actively involved in this process.

*Due to improved reporting procedures, the baseline data for 2019 has been changed slightly

Furthermore, Orkla is working to put in place a similar co-operation agreement between the industry and the public authorities in Sweden.

Researching new ways to reduce salt

In Sweden, Orkla works closely with the authorities, the food industry, research communities and other companies to find new, innovative ways of reducing salt in various food categories. The objective is to reduce salt without compromising on taste.

Healthy food for kindergarten and school children

The Orkla Foods companies want to contribute to a healthy diet for children, and are engaged in several new initiatives. Through the Next is Now concept, Orkla FoodSolutions is making it easier for Swedish schools to put healthier food and vegetarian dishes on the menu. They have also developed simple, sustainable recipes for children's favourite dishes that call for less meat and more vegetables. Orkla Foods Norge has developed the web portal Barebramat.no, which offers recipes and delivers food to kindergartens. The concept revolves around a more varied diet, more vegetables and fish, and making food more fun.

The way forward

Orkla has achieved a substantial reduction in its use of salt and sugar over many years and will continue to pursue this objective. We want to be a driving force in establishing a joint industry-government initiative in other markets where we have a presence. At the same time, we see a need to increase our research in order to achieve our target of a 15 per cent

reduction by 2025. Several of our companies are currently increasing their focus on courses, guidance and other activities aimed at making it easier for public institutions and professional kitchens to serve healthy meals.



Healthier popular favourites



Knusper Müsli

Knusper Müsli contains no added sugar and is made of 48 per cent whole grain cereals. The box is made of recycled material (Austria)



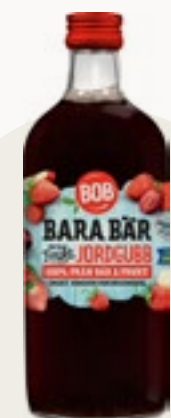
FELIX

Felix organic ketchup, with less salt and sugar (Austria)



OLW-chips

Crisps made of lentils, chickpeas and beans. High protein content and 40 per cent less fat (Sweden)



BOB

Dilutable berry and fruit drink with no added sugar. (Sweden)

Did you know that...?

- Orkla's sales of products bearing the Green Keyhole healthy food label totalled around NOK 679 million in 2019, a rise of 37 per cent from the year before.
- Since 2015, Orkla Foods Sverige has eliminated 100 tonnes of salt from its food products.
- Orkla Confectionery & Snacks Norge has reduced the salt content in its snacks and biscuits by 7 per cent since 2015. The sugar content in its biscuits has been lowered by 7 per cent since 2018.
- Orkla Food Ingredients helps to promote a healthier bakery industry by organising inspirational courses and trade fairs, in addition to offering customers a dedicated web portal featuring healthier recipes and nutrition-related product information.

INNOVATIONS FOR A HEALTHIER LIFESTYLE

Placing our bets on plant-based products

We believe that tomorrow's sustainable, healthy food will contain more vegetables and less meat. Several Orkla launches in 2019 were therefore based on tasty, simple vegetarian and vegan solutions.

In 2019, Orkla increased its focus on plant-based food by launching several new products that make it easier to choose meatless everyday meals. At the same time, our strongest vegetarian and vegan brands, Naturli' and Anamma, were rolled out in a number of new markets. Orkla Confectionery & Snacks is experiencing strong growth with innovative new products like plant-based crisps.

Development in 2019

Sales growth for plant-based alternatives to meat

Orkla is seeing a sharp increase in sales of plant-based food, and sales of the two biggest brands, Anamma and Naturli', totalled NOK 500 million in 2019, up 40 per cent from the year before. Both Anamma and Naturli' offer plant-based alternatives to meat, including plant-based mince, burgers, sausages and other dinner options. Growth is strongest for vegan alternatives to burgers and minced meat, which are often used in family favourites like tacos and pasta. In 2019, the two brands were launched in several new markets. Naturli' has also increased its focus on exports to new markets.



A vegetable revolution in the freezer

Mandagspizza (Monday pizza) is Grandiosa's response to Meat-Free Monday. Launched in Norway in autumn 2019, this vegetable pizza is designed to make it even easier for consumers to choose a meat-free meal without compromising on taste. The pizza is topped with tempting, colourful vegetables and its taste has broad appeal. Grandiosa Mandagspizza has been well received in the market, and in just a short time has won a solid position in the meatless pizza category. At the same time, it is boosting growth for the Grandiosa brand since it also appeals to new target groups. The vegetable pizza does well in taste tests and was chosen as winner among other vegetarian launches assessed in TV 2's consumer investigative journalism programme, Matkontrollen.

Plant-based innovations

Danske Naturli' Foods has a broad range of innovative, plant-based food products, drinks and ice cream. New products in 2019 included Naturli' Chick Free, which is made of peas and has a high content of protein, fiber, vitamins and antioxidants. The packaging is made of at least 50 per cent recycled plastic.

Growth for vegetarian ready meals and pizza

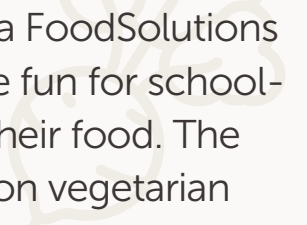
Pizza is still a favourite food trend, and demand for good vegan pizzas is on the rise in Sweden. Anamma launched stone-baked vegan pizzas and VegoTexmex and VegoVesuvio mini PanPizzas, while Felix Veggie introduced new pies. Other innovations include crispy vegetarian vegetable balls from the Danish company Beauvais and Grandiosa Mandagspizza (Monday pizza) in Norway. In Sweden, Felix Veggie is expanding its assortment with vegetarian soups in three different flavours.

Lentil chips a big success

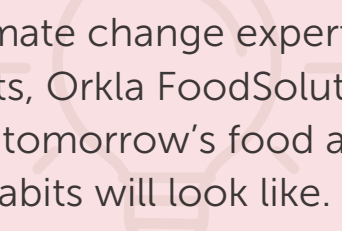
One of 2019's innovative healthy product launches is Göteborgs Utvalda's thin, crispy crackers made of root vegetables, available in two different flavours. OLW is launching plant-based snacks: Cheez Doodles and Cheez Balls made of broadbeans. Following up on the highly successful lentil and chickpea crisps, we are now continuing to develop healthier snacks made with exciting new plant-based bases.

The way forward

Plant-based food is a key priority area for Orkla, and we have ambitions of achieving significant growth going forward. At the same time, we are continuing our efforts to reduce salt and sugar in order to reach our 2025 targets.

Fast Fusion Friday

With the concept Fast Fusion Friday, Orkla FoodSolutions in Sweden is trying to make it a little more fun for school-children to eat the right food and eat all their food. The dishes in the recipe collection are based on vegetarian raw materials with flavours from every corner of the world and have funny names. The servings themselves have a Street Food design to make Friday a special day. The carbon footprint of each recipe has been calculated to make it easy to see the climate impact of the meals.

Next is Now

Assisted by health and climate change experts and drawing on its own insights, Orkla FoodSolutions in Sweden is exploring what tomorrow's food and the next generation's eating habits will look like. Eight trends clearly dominate, which have been grouped under the Next is Now concept. To develop specific solutions, Orkla FoodSolutions has organised three Next is Now cookalongs, where experts meet cooks, industry meets small-scale customers and tradition meets innovation.

Is the grass greener? Researching climate-friendly alternatives

Naturli' has entered into partnership with scientists from the Technical University of Denmark – DTU and Aalborg University on the InnoGrass project. The project will run for 2.5 years and examines how protein can be extracted from grass and used as human food. In fact, grass protein has exactly the right combination of amino acids that is important for our diet. The protein is very reminiscent of soya protein, in addition to which grass can be grown more sustainably.



Nutrition and health

GRI-ref.		Unit	2019	2018	2017
Reduction of salt, saturated fat and sugar¹					
Self-defined	Decrease in salt due to reduction activities	Kg	83 600	192 000	80 000
		%	0.8	2.0	-
Self-defined	Consumption of salt (own production) per revenue	Kg/million NOK	325	300	-
Self-defined	Decrease in saturated fat due to reduction activities	Kg	607 000	379 000	960 000
Self-defined	Decrease in sugar due to reduction activities	Kg	1 825 000	3 382 000	1 040 000
		%	2.1	2.7	-
Self-defined	Consumption of sugar (own production) per revenue	Kg/million NOK	2 660	3 800	-

¹ Concerns companies with food production. Historical figures have not been adjusted for subsequent changes in corporate structure

05 SAFE PRODUCTS

Safe products build trust

We take top quality and safe food seriously at Orkla. That's why we have common standards and systems to ensure good, cost-effective control of food safety risk in every part of our value chain.



The big picture

More and more consumers want to know where grocery products are manufactured, and which company is behind them. This calls for higher standards of transparency and traceability. However, the risk picture is complex, and fraud related to the quality of raw materials has emerged as a significant risk. Another clear trend is that a number of international grocery chains and suppliers are experimenting with block-chain technology to develop best practices for tracing raw materials and ensuring 100 per cent reliable information throughout the value chain.

Our influence

As a branded consumer goods company, we are dependent on trust. That is why Orkla's logo can be found on the back of the packaging of all our branded products as a guarantee that they meet the Group's stringent food and product safety requirements. By establishing common standards and systems, we ensure good, cost-effective control of food safety risk in every part of our value chain. Given the many raw materials, production sites and suppliers involved, Orkla's risk picture is complex. However, the gradual transition to fewer, larger factories and common suppliers across the Group companies is helping to reduce complexity. When we acquire new companies, we emphasise the importance of quickly implementing Orkla's solutions and laying the foundation for a strong food safety culture.

Our approach

A detailed description of our food safety procedures and work processes may be found on Orkla's website.

Our goals

Orkla has worked purposefully to ensure food and product safety for many years. These efforts support the achievement of UN global Sustainable Development Goals 12 and 17.

**Orkla's 2025 sustainability targets**

- 100 per cent food manufacturing facilities at green level
- 100 per cent approved suppliers
- Continue to ensure that all products are safe

Developments in 2019**Ensuring good control of food safety**

Orkla has good control of food safety in its own operations. All the factories in the Group are regularly audited in compliance with the stringent requirements of the Orkla Food Safety Standard (OFFS). In 2019, Orkla's food safety team conducted 89 audits. The number of audits has increased significantly in the past three years due to the increase in acquisitions. Several follow-up audits have been carried out to bring newly-acquired companies up to an

acceptable level. Experience shows that audit results improve noticeably after two or three follow-up audits. Orkla's central food safety team is also involved in all acquisition processes in the Group to assess risk at an early stage. At the same time, food fraud has been given greater prominence on the agenda with specific requirements for risk assessment of all raw materials and new control procedures. Orkla has not identified any cases of significant fraud.

Strengthening the food safety culture

An important step in combating and reducing food fraud is to have a strong quality culture and expertise to identify and deal with new risks in the value chain at an early stage. Orkla has therefore significantly expanded the range of courses offered to key company personnel by adding more types of courses. Course offerings have increased by 75 per cent in the last five years. Training is provided partly by Orkla's own staff, and partly in collaboration with external specialists from Campden BRI. Priority is given to building skills in areas such as control of critical production points, root cause analysis, allergen handling, internal audits and supplier monitoring. Orkla also provides in-depth, multi-module courses in handling food safety. To ensure constant focus on continuous improvement, Orkla trains internal auditors to conduct audits at their own factories, as a supplement to the central audits. In 2018, Orkla introduced a new requirement that all companies and factories must have plans for further developing and improving their food safety culture. To lay a basis for appropriate action, 36 Orkla factories are participating in a pilot project with partners including Taylor Shannon International and Campden BRI.

Sharing best practices

Orkla has established a common food safety and quality policy, with cross-company systems and work methods. Companies acquired by the Group are quickly introduced to Orkla's standards. Competence is also shared through quality networks and conferences. The Orkla Food Safety Conference was held for the third time with 130 participants from a large number of companies and countries. The conference is an important arena for internal knowledge-sharing and network-building.

Close supplier monitoring

Orkla requires its suppliers to meet strict standards and has a well-established approval and monitoring system. In 2018, responsibility for coordinating supplier audits was placed at business area level to ensure efficient use of resources and increase the expertise of the audit team. At the same time, fewer resources are now devoted to monitoring suppliers who can document their compliance with very high standards through BRC certification by recognised certification bodies. A total of 256 supplier audits were conducted in 2019, which is slightly higher than in 2018.

Efficient contingency management

In 2019, Orkla adopted new targets for all its companies: no recalls or withdrawals, and a substantial reduction in the number of consumer complaints. Procedures for reporting contingencies were improved with greater emphasis on learning from actual cases in order to prevent similar incidents. To provide training in efficient management of contingencies,

Orkla organises exercises for companies' management teams. In 2019, five contingency exercises were held, in addition to a course in contingency and media handling for key personnel. Orkla had no serious Class 1 food safety emergencies, but more recalls or withdrawals were reported than in 2018. This is linked to the fact that Orkla has set clearer requirements for reporting such matters. Rapid response and good contingency handling have limited the harmful effects for consumers and customers, and the incidents have not resulted in high costs.

The way forward

Focus will be maintained on ensuring good, cost-effective control of food safety risk. More emphasis will also be placed on cyber security in Orkla's quality systems. In addition, Orkla attaches greater importance to quality-related risk, and is including this risk in the HACCP manual as a means of reducing the number of complaints. Orkla is in a phase of growth and expansion, and the integration of recently acquired companies will therefore continue to have high priority, with emphasis on a quick introduction to Orkla's systems and methods. A growing number of common solutions are being developed in various areas, and important work documents will be digitalised and simplified. More courses will be provided, and e-learning material will be developed to make it easier to share knowledge and expertise across the Orkla Group.



Safe grocery products

Orkla products must be safe to use. This is an absolute requirement. Customers and consumers must know that they are receiving the same high quality every single time they choose our well-known, popular branded cleaning, personal care and textile products.

Environmental assessments and safety are key factors in all product development, and just as in our food production, our non-food companies comply with strict product safety guidelines in every part of their value chain. The precautionary principle applies to all work, and in accordance with their duty of substitution, the companies systematically replace ingredients that could have a negative health or environmental impact with other ingredients. The companies keep close track of relevant external research to stay up to date on potential risks to health. There were no cases involving breaches of product safety rules in 2019, and almost 100 per cent of all products launched in 2019 underwent a health and safety assessment.

Developments in 2019

Orkla Home & Personal Care has its own laboratories which carry out extensive innovation to the benefit of consumers in the form of steadily improving products. The company uses only well-documented ingredients and always makes thorough environmental and safety assessments. The official Nordic Swan ecolabel has been used actively since 1983.

Substitution work continued to have high priority in 2019. One result was a switch to a milder preservative in Zalo dishwashing liquid. Furthermore, fragrances containing the allergenic substance Lyrall were replaced, and certain polymers with low biodegradability in nature were removed. The Klar range of sustainable, effective cleaning products launched several new Nordic Swan-labelled products, also for personal care, and the HTH and Dr. Greve range was relaunched with the Nordic Swan ecolabel on 27 of a total of 38 products.

Lilleborg develops effective, sustainable hygiene and cleaning systems for the professional market. In 2019, the company's Uniq Duotex mops were relaunched and awarded Class A classification for low emissions of microplastics. Digitalisation is high on the agenda, and in 2019 Lilleborg continued to roll out the eSmiley electronic self-monitoring food safety and HACCP system that makes it easier for food service establishments to verify food safety. In 2019, work was completed on the Lilleborg Control digital tool, which helps food manufacturers reduce their water and energy consumption. Increased use of low pressure technology in open plant cleaning (OPC) in the food industry based on Lilleborg's EnduroPower concept reduces use of water and energy in plants, in addition to minimising use of aerosols and cleaning more efficiently. The company's biggest-selling cleaning product, the Suma Daglig Rengjøring D26 daily cleaning detergent, is now fragrance-free. Lilleborg is an active user of the Nordic Swan ecolabel and was awarded the 2019 Nordic Swan Ecolabel prize for best label use in the corporate market.

In the course of 2019, 90 per cent of all merino wool garments from Pierre Robert Group were awarded the Nordic Swan Ecolabel. During the year, the company also switched to using 100 per cent organic cotton, mainly GOTS-certified, for all its cotton undergarments. In addition to setting stringent requirements for water and energy efficiency and use of pesticides, both GOTS and the Nordic Swan Ecolabel apply strict criteria for use of colorants and chemicals in the garments. Both certification systems also impose requirements regarding social and safety conditions for workers in every part of the production chain.

The way forward

The companies continue to focus on renewing Nordic Swan certification of existing products and on certifying new products with natural ingredients in 2021. Substitution will remain a high priority, with particular focus on fragrances and preservatives. In working to increase the percentage of recycled plastic in packaging, it will be important to protect personal care products from possible contamination from recycled plastics of unknown origin. Efforts to promote Enduro Power and more sustainable cleaning methods in the food industry will continue in 2020.



Safe products

GRI-ref.		Unit	2019	2018	2017
Safe food production¹					
FP5	Share of production volume manufactured in compliance with the Orkla Food Safety Standard	%	100	100	100
FP5	Factories audited according to the Orkla Food Safety Standard	Number	89	102	79
FP5	Share of food manufacturing sites certified by independent third party	%	56	53	-
416-2	Incidents of non-compliance concerning food safety, risk level 1 (life threatening)	Number	0	0	0
416-2	Incidents of non-compliance concerning food safety, risk level 2 (serious health risk)	Number	24	8	12
Safe deliveries of raw materials					
Self-defined	Risk assessment of suppliers: Self-assessments	Number	1 668	1 810	1 790
Self-defined	Risk assessment of suppliers: Assessments carried out by Orkla	Number	1 434	1 350	1 170
Self-defined	Risk assessment of suppliers: Supplier audits	Number	264	237	320
Food safety training					
Self-defined	Participants in courses run by Orkla's Food Safety Team	Number	256	400	340
Self-defined	Extent of courses run by Orkla's Food Safety Team	Hours	3 900	3 130	2 380
Self-defined	Participants in courses run by Orkla factories	Number	7 430	4 500	4 900
Self-defined	Extent of courses run by Orkla factories	Hours	18 570	9 700	7 200

¹ Concerns companies with food production

06 CARE FOR PEOPLE AND SOCIETY

Mobilising all of Orkla

Orkla works to ensure a good future for our own operations, our employees and the society of which we are a part. To contribute to sustainable production and consumption, we are mobilising our employees across companies and countries and engaging actively in collaboration with others.



The big picture

If we are to succeed in limiting climate change and ensuring sustainable resource use, we must be prepared to make a genuine transition. These challenges, combined with new strong global competition and the development of new technology, are spurring innovative thinking about how value is created. For a company like Orkla this creates commercial risk, but also business opportunities linked to innovation and long-term market position. Many countries are struggling with growing economic disparities and high unemployment. These challenges underscore the vital role played by the business community in creating new jobs, increasing productivity and fostering respect for fundamental rights. At the start of a new decade, cooperation and new partnerships between business and industry, public authorities and other key social players are crucial to creating growth that is economically, environmentally and socially sustainable.

Our influence

Given our presence in many countries, it is important that Orkla finds local answers to the major global challenges. That is why we work to make sustainability an integral part of our operations and engage in dialogue with local stakeholders. We are committed to partnering with others to make it attractive to choose sustainable solutions and to make doing so profitable in the long term. Orkla wants to be an attractive employer that offers good working conditions and fair and competitive terms for all its employees. By investing in skills development and working systematically to ensure good occupational health and safety, we make a positive contribution to our employees' job satisfaction and personal development. The Orkla companies

**Orkla's 2025 sustainability targets**

- Create strong local engagement for sustainability
- Be a responsible employer
- Create healthy workplaces with zero injuries
- Create a culture of integrity everywhere
- Create local engagement that makes a positive difference

We contribute to the achievement of the UN's global Sustainable Development Goals 2, 3, 8, 12, 13, 14, 15 and 17.

also create economic ripple effects for local communities in the form of jobs, tax revenues and sourcing from local suppliers.

Orkla's approach

Orkla has adopted a systematic, overarching approach to the topic "Care for people and society" that includes focus on stakeholder dialogue and social engagement, promoting healthy, sustainable consumption, being a responsible employer, fostering integrity and ensuring occupational health and safety. A detailed description of procedures and work processes may be found on Orkla's website under "Results and reporting".

Partnering to promote sustainable development

Through dialogue and collaboration with others, Orkla can make a real positive difference and contribute to attaining the UN's global Sustainable Development Goals. This is also important for building trust in Orkla as a company.

Develoments in 2019

A good stakeholder dialogue

At Orkla we engage in an ongoing dialogue with our different stakeholder groups in order to understand their concerns, discuss important topics that affect our operations, and adapt to changes in society. Partnering with others also enables us to achieve larger solutions and make more progress than we would be able to do on our own. We consider it important to adopt a common approach to stakeholder dialogue in all our key markets, and in 2019 we established a new, uniform organisational structure for our communications work across companies and countries. We engaged actively in dialogue and cooperation with other companies, organisations, research communities and public authorities to increase the collection, sorting and recycling of plastic packaging and develop forward-looking packaging. Sustainable food production, circular business models and climate impact labelling were also

important topics of dialogue and collaboration. We continued to pursue our dialogue with government authorities and politicians at national level and in the EU on trade policy framework conditions, other factors relating to our operations and efforts to promote good public health and increase plastic recycling. Orkla's most important stakeholders and the topics of our dialogue in 2019 are summarised in a separate illustration and described in the respective thematic chapters.

Strong local engagement

Important dialogue in Almedalen and Arendal

The Almedalen Week in Sweden and Arendal Week in Norway have become key forums for business and industry, organisations, politicians and ordinary citizens to engage in dialogue on weighty societal issues. At both events, Orkla participated in several panel discussions on challenges and solutions related to food and climate change, plastic pollution, a circular economy and responsible sourcing practices. In Arendal, Orkla held a separate event on climate impact labelling of food and took part in the launch of a Norwegian road map for transitioning to circular plastic value chains.

The Orkla companies partner with local authorities, schools and organisations to make a positive contribution to their local communities. In 2019, Orkla provided a total of NOK 25.5 million in funding for various types of projects that benefit society. Examples of our local engagement:

- **Bringing joy to children in hospitals:** Orkla Health and Collett Vitaminbjørner vitamin bears support the Sykehusklovnene hospital clowns, who are a group of professional performers specialised in working with children in hospitals. Orkla Confectionery & Snacks Danmark supports the Danish Hospitalskllovne.
- **Active lifestyle:** Through the Mesikäpp brand, Orkla Eesti has conducted a campaign offering advice and tips for an active lifestyle, in addition to supporting activities for young people with disabilities.
- **Children's Day:** Orkla Foods Česko a Slovensko has supported events for children in Bysice and other places in the Czech Republic, in continuation of the company's long-term engagement for children.
- **Kalles Kaviar Cup:** Every year, Orkla Foods Sverige and the Kalles brand support a football cup with around 1500 participants. Kalles also supports the Prostate Cancer Foundation.
- **Maskrosbarn (Dandelion Children):** In 2019 Orkla Confectionery and Snacks Sverige carried out various activities to help children in families with substance abuse problems as part of its long-term collaboration with the Maskrosbarn organisation.

The way forward

Orkla aims to strengthen cooperation between the companies in each country to achieve an active, productive

stakeholder dialogue and maximise effect through concerted efforts. At the same time, we continue to pursue an active dialogue with public authorities, organisations and other industry players to prevent plastic pollution, reduce greenhouse gas emissions and promote a healthy diet.



Social responsibility in India



In 2019, Orkla-owned MTR Foods continued its strong social engagement. Its partnership with the Akshaya Patra Foundation on providing lunches for schoolchildren was expanded to include 61 schools with around 6000 pupils in Karnataka, where the company is located. In cooperation with the Bommasandra Industries Association, MTR Foods has granted funding to establish shops for ten street sellers who found themselves in a difficult situation with no income. The company has also launched a platform for voluntary engagement through which its employees can support local farmers by planting trees along the Cauvery River, one of the main water sources for Karnataka and Tamil Nadu. MTR Foods employees have donated more than 1,200 trees, thereby contributing to soil improvement and water flow in the river. In August, Karnataka suffered heavy rains and flooding, which caused deaths and extensive material damage. MTR Foods donated supplies and took part in the relief efforts for a total of some 1,800 families in 20 different areas.

Promoting more sustainable consumption

At Orkla, we are committed to making sustainability an integral part of our operations and an increasingly important source of innovation and growth. Several of our companies are engaged in initiatives to promote more sustainable consumption.

Developments in 2019

In 2019, Orkla and its brands carried out a variety of campaigns and initiatives to inspire consumers to adopt healthier, more sustainable consumption habits. We also launched several new products that make it easier to make good environmental choices in everyday life. Examples include:

- **Climate-friendly consumption:** In 2019, TORO launched the climate impact label to give guidance to consumers on the climate effects of TORO products and tips on making good climate-smart choices. Orkla Foods Česko a Slovensko plans to put a climate impact label on Vitana's dried products. Orkla Foods Sverige and Burlöv municipality teamed up to organise a climate week featuring vegetarian recipes designed for school kitchens.
- **Second-hand shopping:** Orkla continued its partnership with Tise, a start-up company with the vision of making the

world more sustainable by making second-hand purchases and other green shopping choices fun and inspiring.

- **Health care made easy:** Orkla also collaborates with Your.MD, a web portal offering personal guidance on health issues and medical symptoms.
- **Next is Now:** Under the slogan "Next is Now", Orkla Foods Sverige invited experts on food, sustainability and health to share their knowledge and reflections on changes in Swedish food habits and how the food industry can facilitate healthy, sustainable food choices.
- **Sustainable bakeries:** Under the heading "Idun leads the way", the Idun Group brought representatives of large parts of the Norwegian bakery industry together at a trade fair to share knowledge of trends and inspire creative thinking. Among the innovations that attracted the most attention were a new range of vegan cakes and new packaging solutions that can replace plastic.
- **Brain health:** Möller's Pharma and the Norwegian Brain Council conducted a joint campaign to promote brain health and the benefits of omega-3. For each product sold, one Norwegian krone goes to the Council's projects.
- **A healthy diet:** Sonneveld has worked for many years to increase fiber and reduce salt in their bread mixes. In 2019, they took part in a EU-backed campaign to communi-



Pierre Robert x Jenny Skavlan

In 2019, Pierre Robert launched a new collection of Nordic Swan ecolabelled wool garments in cooperation with actress and clothing designer Jenny Skavlan, who is well-known for her engagement in promoting garment reuse and sustainable fashion. The clothes have a timeless design and are made of high-quality materials to be able to last for season after season. The Nordic Swan ecolabel sets strict requirements for every part of the production process, from the sheep farm and wool dyeing process to clothing production and choice of packaging. In connection with the campaign, Jenny Skavlan also provided advice and tips on clothing repair through video films and other communication channels. The launch is part of Pierre Robert's general focus on developing clothes that are good environmental choices, produced under good working conditions, and compliant with stringent animal welfare standards.

cate the nutritional benefits of eating bread. The campaign contributed to a 3.4 per cent increase in bread sales in the Netherlands.

- **Healthy lifestyle:** Orkla Lietuva partners with the Sveikatiada initiative on a programme to teach Lithuanian school children to lead a healthy lifestyle. Since 2009, around 35 000 children have taken part in the programme.
- **Sustainable fishing:** The majority of Orkla's fish products are MSC-certified, and Orkla worked closely with MSC in 2019 to raise awareness of the importance of sustainable fishing. Among other things, Abba partners with MSC to carry out a yearly consumer campaign.
- **Plastic clearing:** In cooperation with the Empower organisation, the team behind the Klar brand carried out a pilot project to enable effective collection of plastic waste in nature based on a digital deposit and tracking system. The purpose of the project was to build knowledge and test new circular solutions.

Research on food and health

To gain new insights and develop solutions for sustainable production and consumption, Orkla takes part in a number of research projects. Orkla Foods Sverige is involved in a joint project headed by the Skåne Food Innovation Network, aimed at shaping a strategy for attaining the vision of zero malnutrition among the elderly. Over several years, the

company has developed a strong portfolio of nutritious foods especially designed for this target group.

Orkla has participated in Matfloken, a collaborative project between food companies and the Norwegian authorities aimed at gaining knowledge about people's attitudes towards food and sustainability that could be important input for value chain innovation. Orkla Foods Sverige has partnered with the Swedish University of Agricultural Sciences (SLU) on a project to develop new legumes, and a joint project with the University of Lund focused on better utilisation of protein from rapeseed.

Good, responsible marketing

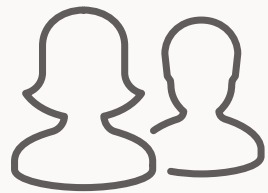
Orkla is committed to responsible marketing to children and young people and has adopted a restrictive practice in this respect. Orkla supports the principles set out in the EU Pledge, and the companies have established procedures to ensure that their marketing of food and drink complies with these principles. Orkla sits on the board of the voluntary Food and Drink Industry Professional Practices Committee. In 2019, the Committee worked to promote responsible marketing through social media. Orkla also participated in drawing up voluntary guidelines for marketing through influencers in Norway, with a view to reducing body-related pressure. In addition, Orkla contributed to the creation of an expert committee on influencer marketing to help ensure sound, responsible marketing practices. In 2019, four cases of breaches of marketing and product labelling rules were reported. One company was given a small fine for incorrect use of health claims on its website, while another company

received a small fine for non-compliance with origin labelling requirements in connection with the sale of an imported product. A third company was ordered to provide supplementary information on quantity discounts, while a fourth was required to make changes in its declaration of contents. The first three companies have made changes as ordered, while the fourth has appealed the decision.

The way forward

In the next few years, the companies will intensify their efforts to guide and inspire consumers and professional customers to make healthy, climate-friendly purchasing decisions. This will be done through the marketing of our products and in joint external projects.

Important topics for stakeholder dialogue in 2019



Employees

- A good, inclusive working environment
- Injury prevention
- Diversity and non-discrimination
- Skills development
- Restructuring of businesses
- 2025 sustainability targets



Authorities

- A circular value chain for plastics
- Reduction of food waste
- Partnership for better public health
- Sustainable fishing management
- Deforestation-free supply chains
- The Ethics Information Act
- Ongoing dialogue with supervisory authorities
- The Fair Trade Practices Act
- Agricultural policy and customs issues
- Supply chain due diligence



Customers and consumers

- Healthier products
- Food allergies
- Plastics and environmentally friendly packaging
- Reduction of food waste
- Sustainable raw materials
- Animal welfare
- Recycling of textiles and packaging
- Product safety
- Contingencies
- Product issues



Suppliers

- Sustainable packaging
- Deforestation-free supply chains
- Sustainable fish and seafood
- Improvement work cocoa (Ivory Coast)
- Improvement work cashew nuts and hazelnuts
- Sustainable textile production
- Animal welfare
- Compliance with Orkla's Supplier Code of Conduct

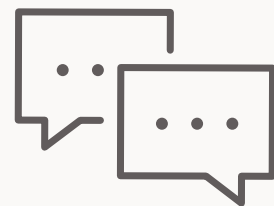
Important topics for stakeholder dialogue in 2019



Local communities*

- Environmental initiatives
- Restructuring of businesses
- Collaboration on vocational training
- Building projects

*Two Orkla factories received complaints from neighbours concerning noise or odours from production. Three factories received complaints from local authorities due to discharges of organic material in wastewater. All the factories have taken remedial action.



Advocacy organisations

- A circular value chain for plastics
- Marine environment protection
- Animal welfare
- Reduction of food waste
- A textile recycling system
- Renewable energy
- Reduction of supply chain greenhouse gas emissions
- Deforestation-free supply chains
- Sustainable fishing
- Supply chain due diligence



Research communities

- Circular business models
- Recycling of plastic
- Reduction of greenhouse gas emissions (Science Based Targets)
- Products' environmental impact
- Development of healthy, sustainably produced food
- Efficient resource use
- Food waste
- Omega-3 and fish



Investors

- Orkla's sustainability strategy
- Climate risk
- Risk management
- Reporting

A responsible employer

Orkla continued its efforts to develop good workplaces characterised by respect and consideration, human resource development, equal opportunities and fair working conditions.

Developments in 2019

Respect for human rights

In 2019, focus was maintained on ensuring that all the companies in the Group comply with the principles set out in Orkla's Responsible Employer and Human Rights Policy. The companies carried out several training initiatives and assessed the risk of non-compliance in the areas covered by the policy. The assessment was carried out by the companies' HR staff in dialogue with elected employee representatives and other key personnel. It showed that the risk of breaches of workers' rights in Orkla's operations is low. The companies have hiring procedures, employment contracts, wage setting and working hours that protect employee rights and ensure compliance with national statutory requirements.

Orkla is committed to offering fair, competitive conditions, and wages are determined through collective bargaining or benchmarking against other companies. The wages of the lowest paid employees exceed national minimum wage requirements, and Orkla has internal guidelines to ensure that all employees are paid a wage that meets their fundamental needs. In a few companies, a need was identified to increase

the minimum wage, and these companies have made plans to do so. Most of the companies have established pension plans for permanent employees. None of the Orkla companies have employees under the age of 15, and most of them apply a minimum age limit of 18 years for employment. All the companies consider the risk of a breach of children's rights in their own operations to be low, and there are no cases of forced labour. In connection with the risk assessment in 2019, the companies identified relevant improvement initiatives to attain the goal of being a responsible employer.

«#A home to grow»

In 2018, as part of the focus on being an attractive employer, Orkla carried out a survey to determine what employees in every part of the Group appreciate most about working at Orkla. The insights gained in the survey have been used to formulate a general pledge to employees as to what Orkla must offer as employer. The new pledge - #a home to grow – was launched in 2019 through a number of internal gatherings and other communications initiatives. We also established a new programme for employee ambassadors, which sets out principles for ways in which every employee can engage actively in making Orkla an attractive workplace and be an ambassador for his or her own company.

Comprehensive professional development

Orkla wants to help provide good opportunities for development at all levels and in every country. In the past few years, our human resource development work has been significantly strengthened by better organisation, new central competence-

building programmes and increased use of digital training. Orkla's strategy for professional development consists of a combination of learning and development through on-the-job training, social dialogue and formal courses. The scope of course-based training increased in 2019, compared with previous years. Among other things, we strengthened management training programmes by updating Orkla's leadership development programme for middle managers, launched a new introductory course for new management staff and carried out another round of Orkla's strategic leadership development programme for senior executives. Orkla also introduced new digital marketing, sales and digital skills academies. In addition, the companies provided extensive local training in work-related topics such as health, environment, safety and food safety.

A harmonised process and common IT tools for evaluating and following up on management staff and administrative employees were introduced in around 80 per cent of the companies, and our aim is for all the companies to undergo this process. Orkla's goal is to establish procedures ensuring that all its employees have regular development interviews. Unfortunately, not as much progress as hoped is being made in this area, and we see a need both to increase our efforts and improve reporting procedures.

Active employee involvement

Orkla is committed to promoting a corporate culture based on respect and care and to enabling the active involvement of employees in issues that are important for the Group's operations and the individual's work. To achieve this goal, a

number of internal gatherings, meetings and other communications and culture-building initiatives were carried out in 2019 at both Orkla and company level. Good formal arrangements for dialogue between management and employee representatives also play an important role in ensuring appropriate handling of matters affecting employee interests. The corporate agreement governing collaboration between Orkla and employee unions expires in 2020 and will then be renegotiated. To supplement the central corporate democracy arrangements, we consider it important to ensure that every company in the Group has formal consultation channels. Around 85 per cent of Orkla employees work in companies that have established such channels. The percentage is somewhat lower than in 2018 due to the acquisition of new companies, and we will follow up on these companies to help improve formal consultation procedures.

Besides wage negotiations, the main topics of management-employee dialogue in 2019 were occupational health and safety and the restructuring projects described on page 122. When changes are carried out that affect the employees, the employee representatives must be involved at an early stage in line with a process agreed on with Orkla's main employee representatives. The period of notice at local level varies according to national legislation and the type of matter involved, but four to eight weeks' notice is typically given in connection with major changes.

Diversity and equal opportunity

Orkla strives to promote diversity and equality of opportunity, and in 2019, several of the companies drew up diversity policies based on Orkla's central diversity guidelines. We held a gathering

for 100 employees in Norway which focused on unconscious discrimination, and the experience gained from that meeting will be used to improve training. Many of the companies have also carried out awareness-raising programmes on diversity and non-discrimination, and a total of some 5 000 employees took part in such training in 2019.

In 2019, Orkla decided to endorse the UN Standard of Conduct to support the business community in tackling discrimination against lesbian, gay, bi, trans and intersex (LGBTI) people, and we organised a simple event to highlight this issue in connection with the Oslo Pride Parade. We have also joined a Norwegian corporate network for LGBT in the workplace to promote learning and experience sharing.

Orkla has worked systematically for many years to increase the percentage of women in management positions. Women hold around 40 per cent of all management positions, which is considered satisfactory. The percentage of women in senior executive positions is 35.5 per cent. While the percentage has increased in the past few years, it will be difficult to reach the target of women in 40 per cent of management positions in 2020 and 50 per cent in 2025. Formal employee evaluations are carried out annually in every part of the Group, in which we make a point of looking for women management candidates. When recruiting new management team members at company or business area level, we adhere to the requirement that there must always be at least one woman candidate. In 2019, Orkla adopted a new digital recruitment tool to prevent unconscious bias in connection with recruitment to the Norwegian

companies. The project has shown good results, and we are now planning to roll the tool out to more companies and countries.

Orkla has formal, harmonised recruitment and wage-setting procedures designed to prevent discrimination. Nevertheless, internal wage analyses show that there are certain differences in pay between female and male employees that cannot be explained by formal wage-setting criteria. We seek determinedly to avoid such disparities and have developed a database solution that makes it easier for companies to analyse wage data with a view to detecting undesirable differences. Orkla wants to help enable all parents to take parental leave irrespective of gender. In 2019, 4.9 per cent of Orkla's female and 1.3 per cent of male employees took parental leave.

In the past few years, Orkla has improved its internal procedures for handling and reporting grievances and whistle-blowing concerns. In 2019, there was one case of possible discrimination in connection with hiring, but no blameworthy circumstances were revealed.

The way forward

We will continue to promote human resource development, employee consultation and diversity in 2020, and will follow up on areas of improvement identified through risk assessment and management-employee dialogue. In particular, we will improve development interview procedures for blue-collar workers, increase digital training in the Group and carry out an awareness-raising programme on diversity and non-discrimination.

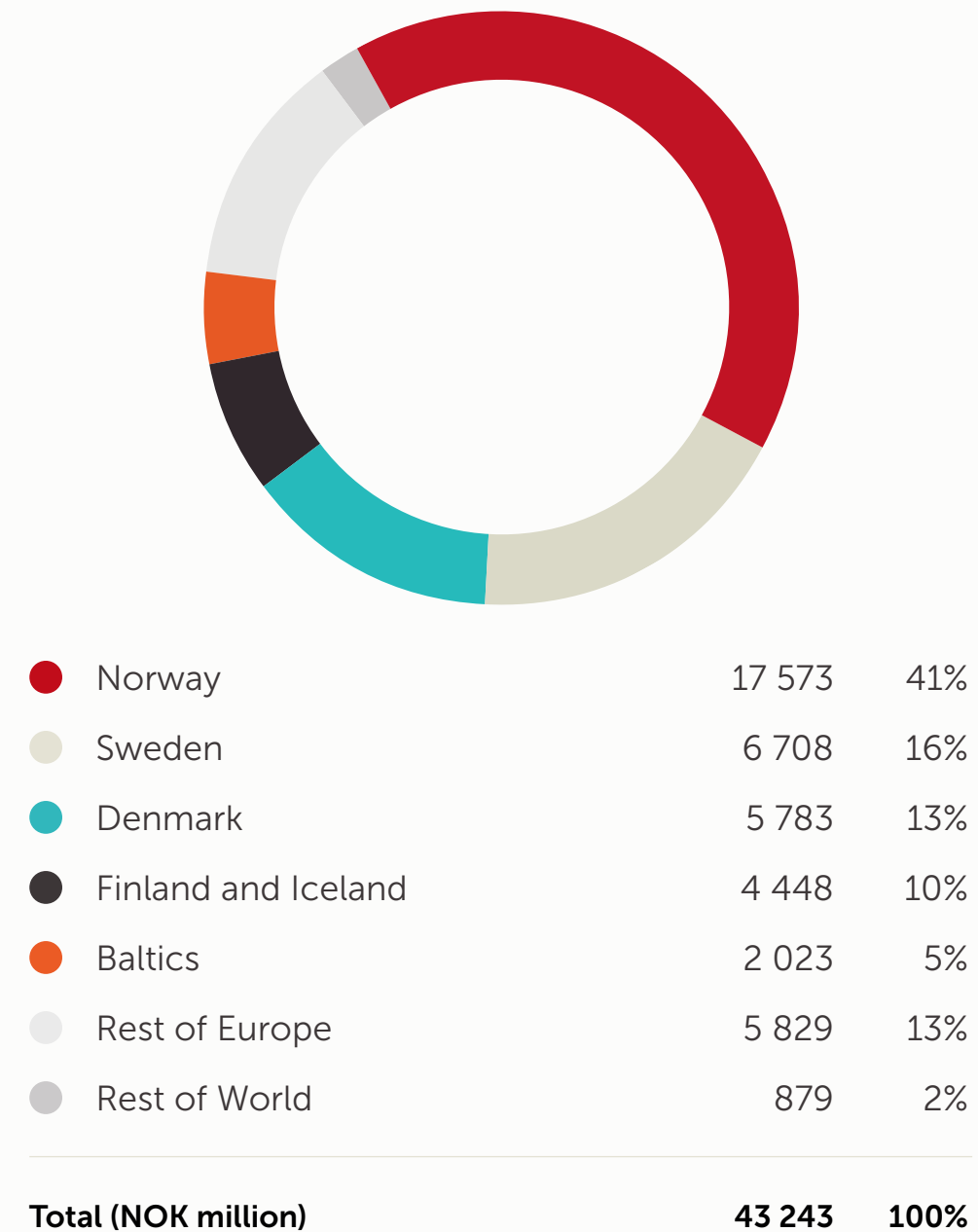
Integrity

Orkla seeks to foster a corporate culture based on integrity and good business practices, and in 2019 continued its efforts to promote good judgement and prevent ethical risk.

Developments in 2019

Corruption and other unethical business practices limit the possibilities of economic development and hamper competition on equal terms. In 2019, we maintained our long-term focus on ensuring high awareness of Orkla's Code of Conduct and preventing undesirable conduct. Orkla has zero tolerance for corruption, price-fixing agreements, market sharing or other measures that impede free competition. Orkla's anti-corruption manual, competition law manual and Code of Conduct describe the Group's standards and guidelines in this area. The anti-corruption manual was updated in 2019 to provide better guidance on dealing with risk factors. Orkla's internal audit staff is responsible for the Group's whistle-blowing system and for investigating and dealing with any matters reported. During the year, the staff addressed matters of varying scope and nature related to possible breaches of Orkla's Code of Conduct. Orkla uses a whistle-blowing channel that enables employees to report matters anonymously in their mother tongue and ensures that Orkla complies with personal data protection and information security rules.

Capital employed by geographical region



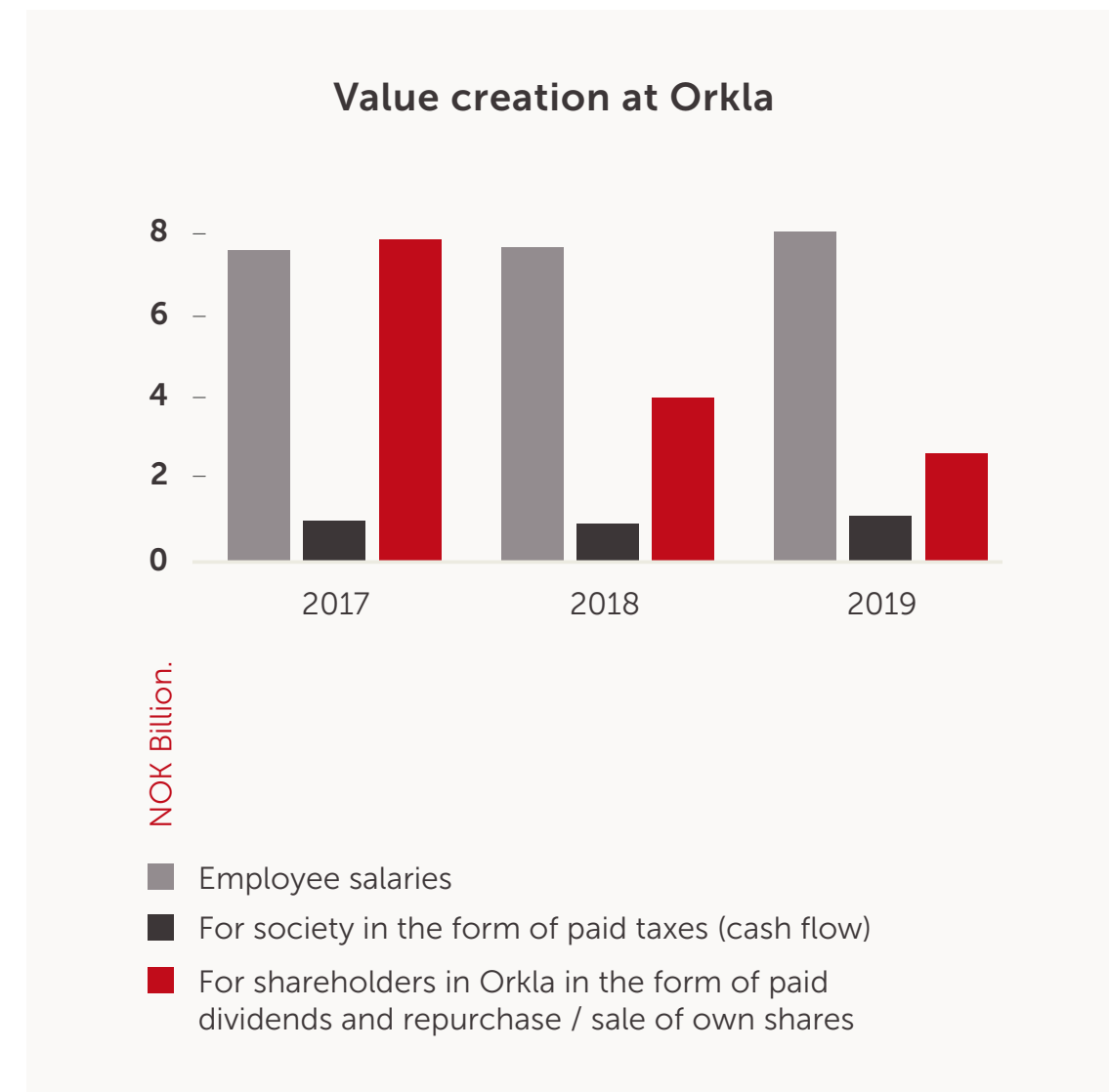
Orkla has reviewed its whistle-blowing procedures to make sure that they satisfy the new rules in the EU directive on protection of whistle-blowers, which enters into force as of 2020.

Orkla's ongoing e-learning programme in anti-corruption and competition law continued in 2019. Other training activities related to anti-corruption and Orkla's Code of Conduct were also carried out in several of the companies. Through Orkla's Supplier Code of Conduct, we require suppliers to have zero tolerance for corruption, and suppliers are monitored if necessary. In connection with acquisitions and major investments, Orkla assesses the risk of becoming involved in breaches of anti-corruption and competition law, and risk-mitigating action is taken whenever we consider the risk to be obvious. In 2019, the Norwegian Competition Authority opened an investigation of Orkla-owned Lilleborg AS based on suspicions of a possible breach of the Competition Act, and the company is assisting the competition authorities by facilitating an effective investigation.

Work on ensuring good internal control of personal data handling has continued, and Orkla has defined clear responsibility for monitoring these procedures in the companies and at Group level. In 2019, the companies reviewed the status of efforts to introduce procedures in this area and identified relevant improvement measures to ensure compliance with the EU Data Protection Directive. In 2019, the companies were contacted by numerous consumers requesting that they be deleted from e-mail address lists, and these requests were dealt with by the companies' consumer service function.

The way forward

Internal training programmes and focus on raising awareness of ethical issues will continue in 2020. The new anti-corruption manual will be translated into several languages and introduced through a new anti-corruption training programme. Orkla will also continue to monitor companies to ensure that the personal data handling procedures are functioning as intended.





Orkla's influence in local communities

To create long-term, competitive operations, Orkla invested in new companies, production improvements and some major restructuring projects in 2019. The leading Finnish pizza chain, Kotipizza, which is broadly committed to sustainability, was Orkla's biggest investment in 2019. Orkla Foods is still implementing a five-year investment programme to expand pizza production at Stranda and has invested in modernisation of pickle production in Bzenec, Czech Republic. Production of vegetables and herring in Turku, Finland was closed down and transferred to other businesses within and outside Orkla in 2018-2019. The companies Vitana and Hamé were merged to form the Orkla Foods Česko a Slovensko company in 2019. Orkla Confectionery & Snacks began work on construction of a new, modern chocolate factory in Riga, Latvia, and drew up plans for a new biscuit factory in the same place. Orkla Food Ingredients merged the companies Condite and Prominent into a single company. These increased investments create positive ripple effects in the form of jobs and sourcing from local suppliers. At the same time, around 50 employees have lost their jobs as a result of the restructuring. Those concerned have been helped to find new employment or acquire further training. Employee representatives have been involved in the restructuring projects through regular consultation meetings, and Orkla has also emphasised the importance of openness and dialogue with key stakeholders in the local community.

Occupational health and safety

Orkla wants to promote the good health of its employees. We apply the same occupational health and safety requirements in every country in which we operate. Our companies work systematically to prevent injuries and foster a health-promoting environment.

A safe, healthy working environment is a fundamental right for all employees and essential to ensuring stable, efficient operations. Orkla's vision is to operate with zero injuries. We will achieve this goal by building a strong EHS culture where training and employee involvement at all levels are fundamental elements. Good risk management, systematic efforts to prevent injuries and occupational illnesses, and initiatives to promote a good working environment are crucial to achieving our zero vision. Risk assessment provides an essential basis for effective action plans, and all the companies regularly prepare such assessments. A significant share of risks across companies and countries is related to ergonomics, use of machinery, falls, storage and handling of chemicals, the psychosocial working environment and inadequate knowledge of safety risks and procedures. Orkla wants all its companies to establish principles for health-promoting workplaces, adapting the principles to conditions in each individual country. The companies' EHS

work is based on the requirements and guidelines set out in Orkla's EHS standard. Our systematic improvement efforts focus on establishing a high level of knowledge and awareness and taking preventive action.

Developments in 2019

Systematic training and follow-up

Our EHS work is monitored at company and business area level through the submission of status reports to the management teams, the Group Executive Board and Orkla's Board of Directors. All Orkla factories have been audited in the past three years, and facilities that do not meet the requirements of Orkla's EHS Standard at the time of audit are tracked closely. Newly acquired companies are quickly introduced to Orkla's EHS standard. In addition to ensuring that the business units operate in compliance with laws and regulations, the purpose of the audits is to promote learning through systematic observation and feedback.

A strong EHS culture

The Orkla Golden Rules were developed in 2018 to strengthen our EHS culture and underpin our efforts to achieve zero-injury operations. These rules for safe, responsible behaviour were applied in 2019 to raise employee awareness of key topics in our EHS standard in all parts of Orkla. This was done, for instance, through Orkla's common EHS Week, which was held for the second year in a row. The event attracted broad interest, and more than 80 factories and other organisational units carried out internal training activities and improvement initiatives with focus on promoting a good working environment and

good employee health. In connection with the EHS Week, the companies were asked to share examples of effective initiatives and practices, and Orkla awarded three internal prizes. Orkla Foods Česko a Slovensko won the prize for best EHS Week for having involved all its employees at 15 factories as well as its sales and office personnel. Orkla Home & Personal Care's factories in Sweden and Malaysia shared the prize for best EHS initiative for good, effective training activities, and Orkla Confectionery & Snacks Norge's factory in Trondheim won the prize for best EHS film. Additionally, both Orkla and the companies held a wide range of courses and gatherings. In 2019, a total of approx. 34,300 hours of organised EHS training were provided by the Group and the companies. To facilitate further development of the Group's EHS culture, information and training materials were prepared in 2019 to create an understanding of the importance of management-employee dialogue. These materials will now be rolled out throughout the company.

Health-promoting work

The recorded sickness absence rate at Orkla was 4.4 per cent in 2019, a significant improvement from 2018. The sickness absence rate is a complex issue determined by many factors at different levels which influence each other in different ways and to different degrees. The rate varies substantially from one country and company to another, and there is continuous focus on improving follow-up of absences and carrying out preventive activities. Preventive activities are important for avoiding future sickness absence, and we therefore also identify health risk so that we can take appropriate action. A number

of Orkla companies have carried out risk assessments that show that ergonomics and the psychosocial/organisational working environment are the factors with the greatest impact on sickness related to work and occupational health. Important topics in connection with Orkla's EHS Week in 2019 were therefore team spirit and care for others. Several Česko companies have carried out training and other preventive activities related to the psychosocial working environment, substance abuse prevention and ergonomics.

Injuries

The number of injuries resulting in absence declined from 2018. The Lost Work Day Rate (LWDR) in 2019 was 3.5, a reduction of 15 per cent from the previous year. In 2019, there were fewer injuries with serious consequences and no breaches of official EHS rules were reported. Most of the injuries were of a less serious nature, such as cuts, blows or crushing injuries. All the incidents were followed up in the respective companies. Reporting and investigating EHS incidents provides important information for preventing future accidents and incidents, and helps create greater understanding and awareness of risk within the organisation. Overall, Orkla's performance in terms of reducing the number of occupational injuries has improved. Around two-thirds of Orkla's units had no injuries resulting in absence in 2019. The companies took a variety of actions to prevent injuries. In addition to extensive training and improvements in internal procedures, various types of safety action were taken such as increased use of personal safety equipment, better labelling and replacement of old equipment.

The way forward

Our efforts to prevent injury and promote health will continue with emphasis on the key principles in Orkla's EHS standard. In addition to training and risk mapping, new initiatives will be introduced to ensure that good progress is made towards our goal of zero injuries. To further reduce injuries, we will concentrate more actively on behaviour. Focus on employees' own safety behaviour and that of their colleagues must be strongly embedded in the organisation. Management-employee dialogue is an important tool in this process. Developing good, proactive EHS indicators for tracking companies' performance is also important.



Care for people and society

GRI-ref.	Indicators	Unit	2019	2018	2017
Stakeholder dialogue and social engagement					
203-1	Support for external organisations and projects				
	- Investment in local infrastructure	NOK million	0	1.5	-
	- Financial support for projects beneficial to the community	NOK million	14.4	17.6	17.3
	- Value of products and work (pro-bono)	NOK million	11.1	11.4	12.3
415-1	Financial support received from government during the year				
	- Subsidies for operational investments, labour and environmental measures	NOK million	51.6	51.6 ¹	14.6
	- Raw material price compensation	NOK million	159.3	159.8	161.2
202-2	Share of management team members recruited from the country where the business is located	%	93	91	95
415-1	Total value of political contributions	NOK million	0	0	0
417-2	Formal complaints and matters related to product labelling laws and regulations	Number	2	2	3
417-3	Formal complaints and matters related to marketing laws and regulations	Number	2	0	2
Responsible employer					
405-1	Employee diversity				
	- Total number of employees	Number	18 348	18 510	18 180
	- Share of administrative employees	%	44.3	47.0	40.5
	- Share of blue-collar workers	%	55.7	53.0	59.5
	- Share of employees under 30 years old	%	13.4	13.0	-
	- Share of employees 30-50 years old	%	53.0	51.7	-
	- Share of employees over 50 years old	%	33.6	35.3	-
	- Total share of women employees	%	47.3	47.8	48.7
	- Share of women administrative employees	%	51.5	47.5	47.4
- Share of women blue-collar workers	%	44.0	48.1	49.7	
405-1	Diversity in management				
	- Total number of managers at all levels	Number	2 082	1 850	1 820
	- Total share of women in management	%	39.9	41.4	40.0

¹ Adjusted compared to annual report 2018 due to reporting error

GRI-ref.	Indicators	Unit	2019	2018	2017
Responsible employer					
405-1	- Total share of managers under 30 years old	%	2.5	1.7	-
	- Total share of managers 30-50 years old	%	67.2	61.5	-
	- Total share of managers over 50 years old	%	30.3	36.8	-
	- Managers on Orkla's Group Executive Board	Number	10	10	9
	- Share of women on Orkla's Group Executive Board	%	20	20	11
	- Managers in management teams at Group, business area and company level	Number	391	338	382
	- Share of women in management teams at Group, business area and company level	%	35.5	34.9	34.3

GRI-ref.	Indicators	Unit	2019	2018	2017
Responsible employer					
401-1	Workforce changes				
	- Number of new employee hires	Number	1 909	2 050	1 810
	- Employee turnover (new employees/total number of employees ²)	%	10	14	10
404-1	Average hours of organised training per employee	Hours	8.5	6.8	7.0
412-1	Human rights risk assessment				
	- Number of business units that have carried out risk assessment during the year	Number	41	35	-
	- Share of business units that have carried out risk assessment during the year	%	93	83	-
412-2	Employee training on human rights issues				
	- Total number of hours of training	Hours	42 000	29 700	26 700
	- Share of employees who have received training during the year (unique individuals not registered)	%	100	74	45
404-3	Share of employees covered by procedures for regular performance appraisal				
	- Total	%	60	61	59
	- Management	%	89	86	97
	- Administrative employees	%	77	85	76
	- Sales personnel	%	87	88	83
	- Blue-collar workers	%	46	48	45
406-1	- Formal complaints or cases related to breaches of anti-discrimination regulation	Number	1	1	2

² Includes new employee hires and former employees assigned to a new job in merged companies

GRI-ref.	Indicators	Unit	2019	2018	2017
Integrity					
205-2	Anti-corruption training				
	- Number of employees trained during the year	Number	887	3 950	1 810
	- Share of employees trained during the year	%	4.8	21.3	9.9
205-3	Formal complaints and cases related to breaches of anti-corruption regulation	Number	0	1	0
206-1	Formal complaints and cases related to breaches of competition law	Number	1	0	0
418-1	Formal complaints and cases related to breaches of privacy regulation	Number	0	0	-
419-1	Non-compliance with laws and regulations in the social and economic area				
	- Value of significant fines	NOK million	0	0	-
	- Number of non-monetary sanctions	Number	0	0	-
	- Number of cases brought through dispute resolution mechanisms	Number	6	4	-
Occupational health and safety					
403-10	Sickness absence ³				
	- Sickness absence, total	%	4.4	4.8	4.7
	- Sickness absence, Norway	%	5.2	6.0	5.3
	- Sickness absence, Nordics (excl. Norway)	%	3.8	4.5	4.4
	- Sickness absence, rest of world	%	4.8	4.8	4.8
403-9	Injuries ³				
	- Lost Workday Rate ⁴ (LDWR), total		3.5	4.1	5.7
	- Lost Workday Rate ⁴ , Norway		1.6	2.1	3.8
	- Lost Workday Rate ⁴ , Nordics (excl. Norway) and Baltics		4.7	5.6	7.2
	- Lost Workday Rate ⁴ , rest of world		3.1	3.5	5.3
	- Total Recordable Rate ⁵ (TRR), total		7.0	8.9	12.7
	- Total Recordable Rate ⁵ (TRR), Norway		5.7	8.5	9.3
	- Total Recordable Rate ⁵ , Nordics (excl. Norway and Baltics)		10.8	12.2	16.2
	- Total Recordable Rate ⁵ , rest of world		4.5	6.2	8.7
- Work-related fatalities		0	0	0	

³ Historical figures have not been adjusted for changes in group structure

⁴ Number of injuries leading to absence per million hours worked

⁵ Number of injuries leading to absence, need for medical treatment or restricted work per million hours worked