

# Sustainability

Orkla wants to create sustainable growth. As a producer of food and other consumables, Orkla's primary contribution to sustainable development is to be able to offer sustainable products, and UN Sustainable Development Goal 12 – responsible consumption and production – lies at the very core of the Group's sustainability work.

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# Highlights in 2020

## Transition to low-carbon operations

Orkla has set science-based targets (SBT) for its operations and in the period 2014-2020 has achieved a 62 per cent reduction in greenhouse gas emissions<sup>1</sup>. In 2020, **47 per cent** of the energy that Orkla used came from renewable sources, and the company was awarded an **A score** for its CDP reporting on climate work.

## Healthier products

Orkla continues its efforts to reduce salt and sugar in its products, and in the period 2015-2020 the total contribution from Orkla products to the population’s consumption of salt and sugar has been reduced by 6.5 per cent and 9 per cent, respectively. In 2020, Orkla used **2234 tonnes** less sugar and **168 tonnes** less salt than in the previous year.

## More women in management

Orkla is aiming for 50 per cent women managers at all levels by 2025 and works systematically to achieve this target by means of conscious recruitment and systems for long-term leadership development. The number of women at senior executive level continues to rise, increasing from 35.5 per cent in 2019 to **35.9 per cent** in 2020.

## Sustainable growth

Orkla continues to focus on plant-based food, and turnover from the NATURLI’®, Anamma, Felix, Beauvais Veggie and Lecora Green Line brands increased by **21 per cent** from 2019 to 2020. Developing products that promote sustainable consumption is a priority for the Group, and in 2020 **19 per cent** of turnover derived from products defined as “most sustainable”<sup>2</sup>.

## Sustainable raw materials

Orkla drew up a new framework for sustainable agricultural products and new guidelines for animal welfare. Efforts to reach the target for sustainable raw material production by 2025 continued, and in 2020 **84 per cent** of cocoa, **94 per cent** of palm oil and **66 per cent** of fish were certified under relevant external standards.

## Circular packaging value chains

By launching new packaging solutions and participating in external collaboration, Orkla took new steps in 2020 on the road towards circular value chains for plastic and other packaging. In 2020, **95 per cent** of Orkla’s packaging was recyclable and **47 per cent** was based on recycled materials.

<sup>1</sup> Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol. Base year 2014.  
<sup>2</sup> To be considered one of Orkla’s 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.





## The UN Global Compact and the global Sustainable Development Goals

Orkla has been affiliated with the UN Global Compact since 2005 and actively supports the organisation's ten principles for human and workers' rights, the environment and anti-corruption. Through this worldwide network of companies and organisations, Orkla takes part in a global mobilisation to attain the Sustainable Development Goals (SDGs) for 2030, which were launched by the United Nations in 2015.

In the autumn of 2020, Orkla President and CEO Jaan Ivar Semlitsch marked his support for the goals by participating in an initiative launched by Norwegian Prime Minister Erna Solberg, in which she called on the business community to work to achieve the goals. "We know that the pandemic is hitting society hard and shows just how vulnerable we are. But our efforts to advance sustainability cannot stop. Together we will succeed!", said Jaan Ivar Semlitsch in a video shared on social media.

Orkla's sustainability work contributes directly to achievement of a number of the Sustainable Development Goals, and a central focus of these efforts is SDG 12 – sustainable production and consumption. Orkla companies work determinedly across markets and countries to reduce the climate impacts of their products, promote sustainable raw material production and develop good packaging solutions.

"Orkla is particularly committed to achieving UN Sustainable Development Goal 12, and wants to make it easy for consumers to make sustainable choices," concludes Jaan Ivar Semlitsch.



UN Sustainable Development Goal 12 is pivotal to Orkla’s sustainability work. Orkla companies seek to make the transition to sustainable production and consumption by engaging in promoting sustainable raw material production, developing recyclable packaging solutions based on recovered or renewable materials, reducing the climate footprint of our products and developing products for a healthy lifestyle. Efforts to achieve SDG 12 also contribute to attainment of several other SDGs.



- Ensure responsible production of food raw materials and promote sustainable agriculture and fishing



- Develop products and solutions for health and wellness
- Work systematically to reduce salt and sugar
- Inspire people to adopt a healthy lifestyle



- Promote diversity and gender balance at all levels and across the business



- Work systematically to safeguard human rights in the workplace and in the supply chain



- Reduce greenhouse gas emissions throughout the value chain in line with what is required to limit global warming to a maximum of 1.5 °C



- Protect fish resources through sustainable sourcing
- Avoid plastic pollution by developing circular products and packaging solutions



- Contribute to responsible farming practices for the future
- Ensure deforestation-free supply chains



- Take part in active stakeholder dialogue and partnerships to promote sustainable production and consumption



**Local champion for sustainability**

Orkla is mobilising across companies and countries to develop sustainable products and solutions. Through dialogue and cooperation with others, the Orkla companies will seek good, local solutions for addressing the global sustainability challenges.

Orkla has come a long way towards integrating sustainability into business plans and routine operations. All the business areas have stepped up their efforts in the past few years, and their work is producing positive results in every area. The Group has drawn up criteria for sustainable products that are used to classify the companies’ product portfolio, and has begun to measure sales of these products. Focus on plant-based food, healthier foods, biscuits and snacks, and more environmentally friendly grocery products contributed to sales growth for Orkla in 2020.

**Orkla’s influence**

By developing products and services for a healthy lifestyle, Orkla is promoting public health. Orkla companies also contribute to a healthy diet by focusing on plant-based foods, grain products with a high fibre content and health foods. Orkla’s food manufacturing operations make it one of the biggest purchasers of agricultural and fish raw materials in the Nordic region, and give the Group the opportunity to influence the transition to sustainable agriculture and fishing. Orkla’s operations also affect the environment through use of energy, water and packaging, and the companies are involved in certain global raw material chains that pose complex economic, social and environmental challenges. Through their presence in almost 30 countries, the companies generate 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, the companies help to ensure job satisfaction and personal development for their employees.

**The Orkla Sustainable Life Barometer**

In 2020, for the second year in a row, Orkla conducted a survey in the Nordic and Baltic countries on people’s needs and attitudes towards key sustainability topics. The survey shows that around half of the population is concerned about global warming, and six out of ten respondents state that the world is facing a major climate crisis. There is also great concern about plastic pollution of the ocean, the ability to handle waste effectively and tropical deforestation. Six out of ten people say they try to buy products that they perceive as being sustainable, while 65 per cent find it hard to tell whether a product is sustainable or not. The survey was carried out by Ipsos for Orkla among 7000 respondents in Norway, Sweden, Denmark, Finland, Estonia, Latvia and Lithuania.

**Long-term sustainability ambition**

In order to deal with the challenges posed by climate change, biodiversity loss and natural resource scarcity, global greenhouse gas emissions must be halved in the next ten years and all sectors must switch to sustainable production. As a manufacturer of food and other consumer goods, Orkla’s primary contribution to sustainable development is its ability to offer sustainable products, and UN Sustainable Development Goal 12 – responsible consumption and production – forms the very

core of the Group’s sustainability work. The Orkla companies have worked for many years to achieve the Group’s 2025 sustainability targets. In 2020, Orkla launched a new internal sustainability aspiration up to 2030 which underscores the importance of sustainable products and of mobilising the entire organisation. Across products and countries, Orkla companies shall lead the way in transitioning to sustainable production and consumption and being “a local champion for sustainability”.

**Sustainable growth**

The global sustainability challenges are giving rise to changes in consumer preferences and customer demands. Across the Nordic and Baltic countries, six out of ten consumers state that they try to choose products that they perceive to be sustainable, according to the Orkla Sustainable Life Barometer 2020 survey. In most markets where Orkla has a presence, there is rising demand for locally produced food, plant-based food and products that promote better health. Continued growth for Orkla is contingent on its companies being able to offer products and services that make it easy for consumers to make everyday choices that contribute to positive development for people, the environment and society at large.

Orkla has drawn up criteria for what characterises sustainable food and grocery products, and in 2019 the companies began to classify their products according to the new criteria. This work continued in 2020, and around 71 per cent of turnover from Orkla’s branded goods companies now derives from products that have been classified. The estimated share of turnover generated by products defined as “most sustainable” was 19 per cent in 2020. This is the same level as in 2019, but Orkla adjusted the criteria in 2020, making them stricter. The efforts to develop the current product portfolio in a more sustainable direction continued

in full force in 2020, with vigorous focus on plant-based food, “better-for-you” products and new packaging solutions that contribute to less plastic waste, increased recycling of plastic and reduced greenhouse gas emissions. In 2020, the companies launched a number of new healthy, vegetarian and organic food products, healthier snacks, health foods, wellness products, detergents containing gentle ingredients and products that represent more responsible environmental choices.

**Criteria for sustainable products**

In 2019-2020, Orkla defined internal criteria specifying what characterises sustainable food and grocery products, and began work on classifying all of its products in accordance with the new criteria. To be considered one of Orkla’s 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 process is a useful management tool that makes it easier to monitor the progress of the work. The criteria are linked to Orkla’s 2025 sustainability targets, and will be further developed over time as the Group’s knowledge of each individual topic increases and the targets are revised.



## How the work is organised

In 2020, Orkla reviewed roles and responsibilities in its sustainability work and established some new forums for efficient management and collaboration. The companies have an independent responsibility for contributing to the achievement of Orkla's overarching sustainability goals, and the business areas are responsible for ensuring that this is done, and for monitoring the progress made in the companies' work.

Orkla has an internal sustainability network that facilitates the exchange of lessons learned and collaboration across companies and countries. The Orkla Sustainability Committee was established in 2020 to help ensure effective coordination of sustainability work across business areas and functions, initiate joint development activities and provide support for Orkla's Group Executive Board. Country-based sustainability networks were also established in Norway, Sweden and Denmark for the purpose of discussing important issues, initiating joint activities and coordinating stakeholder dialogue, communications activities and development projects.

## Climate risk high on the agenda

Extreme weather has impacted on the production of certain agricultural raw materials purchased by Orkla, and has at times affected the price and availability of these commodities. Changes in weather patterns have also led to higher energy prices in some of the countries in which Orkla has production operations. The Group anticipates continued volatility in prices of raw materials, energy and water in the coming years, but expects the consequences of extreme weather to be moderate in the short and medium term. The bulk of Orkla's production and procurement takes place in the Nordics, Baltics and Eastern Europe, where there is less likelihood of water scarcity and drought than in warmer climate areas. The risk of Orkla's own production operations being hampered

by flooding or other consequences of extreme weather is assessed as low. Orkla's assessment and reporting of climate risk will be further developed in line with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD), an international financial initiative. A detailed description of this work is provided in a separate report available on Orkla's website.

## Status of Orkla's sustainability work

Orkla's sustainability strategy covers five main topics: environmental engagement, sustainable raw materials, nutrition and wellness, safe products and care for people and society. These are areas in which Orkla, by virtue of its activities, has significant influence and responsibility, and where focus on these topics will be crucial to the Group's future growth and profitability.

In 2020, due to the emergency preparedness work in response to the COVID-19 pandemic, certain projects were given lower priority or were postponed. Nonetheless, Orkla achieved improvement in all five main topical areas.

From 2014 to 2020, greenhouse gas emissions from Orkla's own operations<sup>1</sup> were reduced by 62 per cent (relative to turnover), and energy from renewable sources now accounts for 47 per cent of total energy consumption. The Group is well on its way to reaching its target<sup>2</sup> of reducing greenhouse gas emissions by 63 per cent by 2025 and 77 per cent by 2040. The transition to renewable energy is being made by phasing out fossil fuels, increasing use of energy from renewable sources and purchasing Guarantees of Origin for electricity produced from renewable energy sources.

<sup>1</sup> Scope 1 and 2 in accordance with the Greenhouse Gas Protocol. Base year 2014.

<sup>2</sup> Science based targets for greenhouse gas reduction in line with the Paris Agreement, validated by the Science Based Targets initiative (SBTi).

# Orkla's sustainability strategy and targets for 2025



## Environmental engagement

Strong engagement for the environment

- > 60% renewable energy
- 63% reduction in greenhouse gas emissions from own operations (77% reduction by 2040) <sup>1,2</sup>
- 29% reduction in greenhouse gas emissions in the value chain, outside own operations (75% reduction by 2040) <sup>1,3</sup>
- 30% reduction in energy and water consumption
- 50% reduction in food waste



## Sustainable sourcing

Partnership for sustainable raw materials

- Ensure respect for workers' rights
- Achieve verified sustainable production of key raw materials<sup>4</sup>
- Promote sustainable farming and fishing
- 100% recyclable packaging
- 75% packaging made of recycled materials
- 50% plastic packaging made of recycled or renewable materials



## Nutrition and wellness

Making it easier to live healthily

- Double consumption of products and services that promote a healthier lifestyle
- 15 per cent less salt and sugar<sup>5</sup>
- Inspire people to adopt a healthier lifestyle



## Safe products

Safe products build trust

- 100 per cent food-manufacturing facilities at green level<sup>6</sup>
- 100 per cent approved suppliers<sup>6</sup>
- Continue to ensure that all products are safe



## Care for people and society

Strong local engagement for sustainability

- Create strong local engagement for sustainability
- 100% compliance with Orkla's human rights policy
- Create healthy workplaces with zero injuries
- Women in 50% of leadership positions at all levels
- Create a culture of integrity everywhere

<sup>1</sup> Targets for greenhouse gas reduction have been validated by the Science-based Targets initiative.  
<sup>2</sup> Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol. Base year 2014.  
<sup>3</sup> Scope 3 in accordance with the Greenhouse Gas Protocol. Base year 2014.

<sup>4</sup> The assessment of importance is based on the risk related to and scope of the Group's sourcing  
<sup>5</sup> Reduction in overall consumption of salt and sugar from Orkla's food products. Base year 2015.  
<sup>6</sup> In accordance with the Orkla Food Safety Standard.



Orkla effectively manages food safety risk, and risk issues that arose in 2020 were dealt with in accordance with Orkla's contingency procedures, at no risk to consumer health. Orkla factories also have 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.

Orkla is making good headway in monitoring suppliers to ensure that the raw materials used by the companies are sustainably produced. While the proportion of certified raw materials has increased, on the whole, the challenges in this area are complex, and efforts will have to be intensified in the years ahead in order to achieve the target of sustainable raw material production and accelerate the transition to sustainable agriculture and fishing.

Products that promote a healthy lifestyle accounted for around 19 per cent of the turnover of Orkla Foods and Orkla Confectionery & Snacks in 2020. The companies are well on their way to meeting the target of reducing their products' contribution to salt and sugar consumption by 15 per cent in the ten-year period 2015 – 2025. Purposeful product development over many years has resulted in a total reduction in salt from Orkla companies of around 6.5 per cent and a reduction in sugar of around 9 per cent<sup>3</sup>.

The results of Orkla's sustainability work in 2020 and the targets for further efforts are described in greater detail in separate chapters on each main topic.

<sup>3</sup> The figures are somewhat uncertain due to changes in measurement methods over time.

## Corporate responsibility at Orkla

Orkla defines corporate responsibility as conducting responsible operations with respect for individuals, the environment and society. Orkla's Group directives on corporate responsibility and business ethics describe the general principles for the way Group companies must promote respect for human and workers' rights, environment, health and safety (EHS), anti-corruption efforts and other key areas of responsibility. The directives are based on the UN Global Compact's ten principles, the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The directives have been adopted by Orkla's Board of Directors and apply to the entire Group, including wholly-owned subsidiaries. Orkla's governance procedures for corporate responsibility are described in the Group's Directors' Report on page 37 of this report.

## Orkla's response to COVID-19 and consequences for the company

As a supplier of food, cleaning and personal hygiene products, Orkla has had a vital responsibility to society during the coronavirus outbreak. Orkla was defined early on as a business of critical importance to society and, in the course of 2020, made a great effort to maintain production and supply goods, while giving top priority to ensuring the safety of Orkla employees by implementing effective contingency procedures. The Group's operations have been affected by the pandemic in different ways. In some businesses it has been necessary to lay off employees, while other businesses have seen increased demand and ramped up their production. Some businesses have also established new production lines for the manufacture of disinfectants.

Orkla is dealing with the pandemic as a Class 1 emergency, which is the most severe classification of emergency. President and CEO Jaan Ivar Semmlitsch has overall responsibility for the emergency preparedness work. Orkla's Group Executive Board continuously monitors developments, and the Board of Directors and employee representatives receive regular updates on the COVID-19 situation in Orkla. Contingency management is also done on an ongoing basis in the business areas, companies and factories, and stringent infection control measures have been imposed in all Orkla companies. The health and safety of Orkla employees and stable business operations have been the main priorities since the start of the COVID-19 situation.

Although the COVID-19 pandemic has required resources and time from the Group, it has not curtailed its sustainability work. In 2020, Orkla signed the international Uniting Business and Governments to Recover Better statement, which emphasises that the environmental and social challenges facing the world must not be put on hold due to the pandemic.

### **Orkla's sustainability reporting**

Orkla's sustainability reporting for 2020 has been prepared in accordance with GRI Standards: Core Option and the Oslo Stock Exchange's guidance on corporate responsibility reporting. Orkla's sustainability reporting covers all topics identified as important and material, but greatest weight has been attached to the material topics. The reporting covers the same topics as in 2019. In a number of areas, the reporting covers more indicators than required by Core-level reporting standards. For some indicators, Orkla does not have the necessary data to provide a breakdown of data along all the dimensions identified in GRI's reporting standards. An overview of the indicators covered and any departures from GRI's reporting standards may be found on Orkla's website, under Results and reporting.

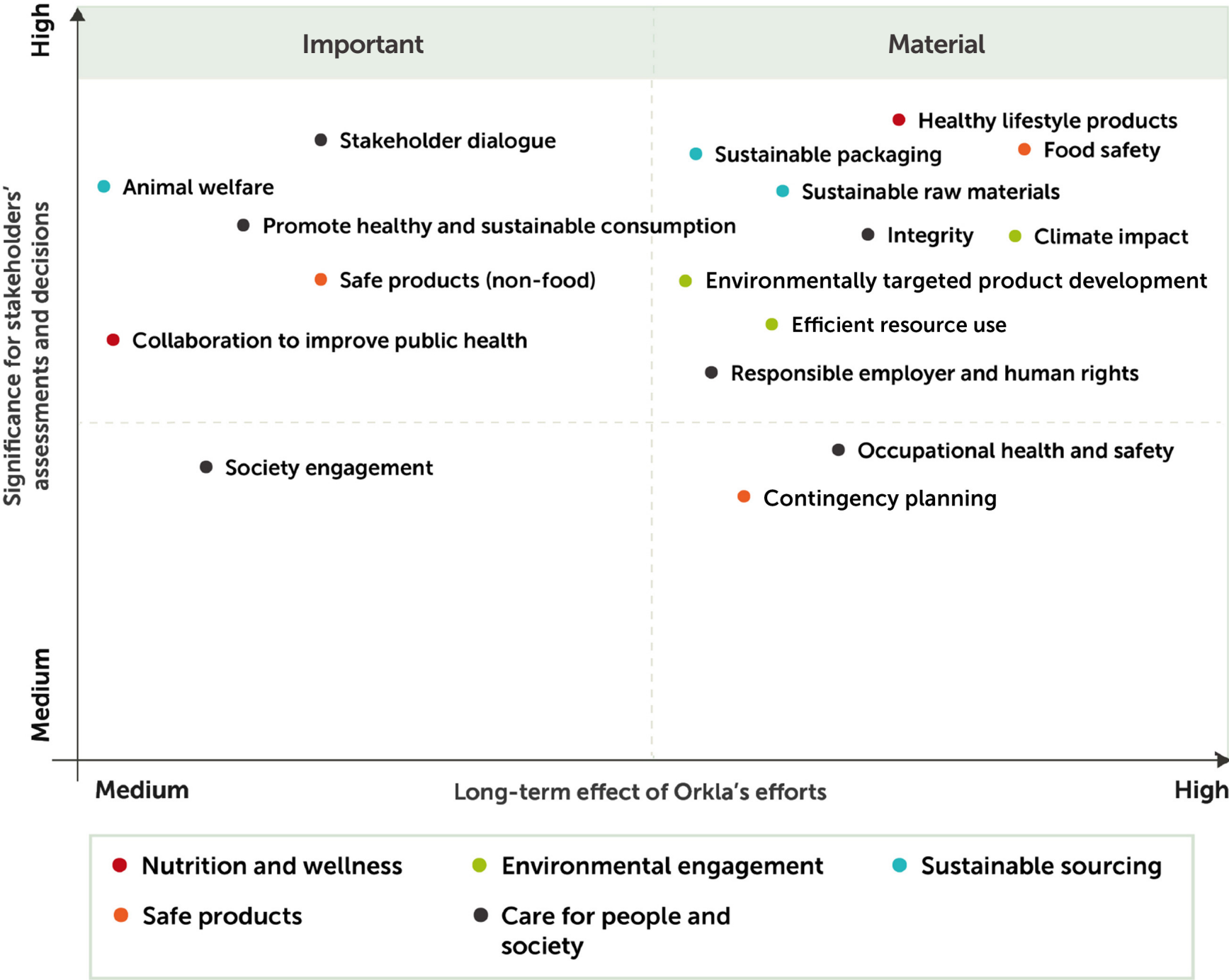
Orkla is required to report on corporate responsibility and selected responsibility topics under sections 3-3a and 3-3c of the Norwegian Accounting Act. An account of the Group's work on the relevant topics in 2020 is provided in these chapters:

- Orkla's sustainability work, page 56
- Environmental engagement, page 68
- Sustainable sourcing, page 85
- Care for people and society, page 125

Unless otherwise stated, the key figures in Orkla's sustainability reporting cover all businesses in which Orkla owned more than a 50 per cent interest as at 31 December 2020. Orkla's climate accounts are prepared in accordance with the GHG Protocol, and verified by the audit and consulting company EY. For information on the sustainability work carried out by Orkla's associate Jotun, reference is made to Jotun's own reporting.



Materiality assessment 2020



## Sales of healthy and sustainable products

GRI-references	Indicators	Unit	2020	2019	2018
Self-defined	Estimated share of turnover from products classified as “most sustainable products” <sup>1</sup>	%	19	19	-
Self-defined	Estimated share of turnover from vegan products <sup>2,3</sup>	%	32	29	-
Self-defined	Estimated share of turnover from vegan and lacto-ovo vegetarian products <sup>2,4</sup>	%	57	53	-
Self-defined	Estimated share of turnover from products for a healthy lifestyle <sup>5, 6</sup>	%	19	19	14
Self-defined	Estimated share of turnover from products with a balanced nutrient profile <sup>5</sup>	%	42	41	-
Self-defined	Estimated share of turnover from indulgence products <sup>5</sup>	%	39	40	-
Self-defined	Estimated share of turnover from eco-labelled products <sup>7</sup> (Nordic Swan Ecolabelling, Good Environmental Choice, GOTS, MSC, EU Ecolabel and more)	%	7	6	-

<sup>1</sup> Applies to classified revenues in Orkla Branded Consumer Goods. 71% of revenues was classified in 2020. Previously reported figures for 2019 have been corrected to include the same selection of companies and products. The classification criteria for 2020 are stricter than those used for 2019

<sup>2</sup> Applies to total revenues in Orkla Foods and Orkla Confectionery & Snacks. Previously reported figures for 2019 have been corrected to include the same selection of companies

<sup>3</sup> Products suitable for vegan diet as defined by Food Drink Europe

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

<sup>5</sup> Applies to classified revenues in Orkla Foods and Orkla Confectionery & Snacks. 92% of revenues is classified according to criteria for health and wellness in 2020. Previously reported figures for 2019 have been corrected to include the same selection of companies and products

<sup>6</sup> Includes foods with less salt, sugar and saturated fat, healthier lacto-ovo vegetarian and vegan products, products with more than 50% of whole-grain cereals, official nutrition labelling and products with specific health benefits. Definition and calculation basis were changed from 2018 to 2019

<sup>7</sup> Applies to total revenues in Orkla Branded Consumer Goods



# Environmental engagement

- Climate impact
- Efficient resource use
- Environmentally targeted product development





The big picture

Climate change is one of society’s great challenges. Reports from the UN Intergovernmental Panel on Climate Change (IPCC) show that people and nature all over the world are already being affected by these changes, and that urgent action is needed to slow the pace of change. A major readjustment must be made in almost every sector to be able to limit global warming to 1.5°C. Orkla will assume its share of responsibility for tackling climate challenges, and is making long-term efforts to reduce its greenhouse gas emissions as required by the Paris Agreement. From a commercial perspective, there is growth potential for Orkla in consumers’ mounting interest in a climate-friendly diet and sustainable consumption. The financial sector’s awareness of climate risk and interest in sustainable investments are also rising sharply. For Orkla, climate-related risk is primarily linked to the price and availability of key food raw materials. Few of the companies’ factories are located in areas at risk of flooding or water shortages, 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.

Orkla’s influence

The environmental impact of Orkla’s own operations is limited. The greatest impact comes from raw material production and at the consumption stage. The companies therefore work to reduce emissions in every part of the value chain. Orkla has ambitious goals for transitioning to low-carbon operations. This will be done by focusing on product innovation, investing in renewable energy, reducing energy use and waste, and taking important action in the supply chain. Changes in the supply chain are also implemented through cooperation and joint initiatives, such as the Sustainable Agriculture Initiative Platform (SAI Platform). To create growth in the years to come, Orkla must have a portfolio of products and services with a competitive environmental profile. As more and

more of Orkla’s factories switch to renewable energy, the climate impact of the companies’ products will be reduced.

Orkla’s approach

Orkla has adopted a systematic, coherent approach to climate work and other key environmental factors such as water and waste. A detailed description of procedures and work processes may be found on Orkla’s website under the GRI Management Approach.

Orkla’s environmental work contributes to the SDGs 12, 13, 14, 15 and 17.



Orkla’s 2025 sustainability targets

- > 60% renewable energy
- 63% reduction in greenhouse gas emissions from own operations (77% reduction by 2040) <sup>1,2</sup>
- 29% reduction in greenhouse gas emissions in the value chain, outside own operations (75% reduction by 2040) <sup>1,3</sup>
- 30% reduction in energy and water consumption
- 50% reduction in food waste

<sup>1</sup> Targets for greenhouse gas reduction have been validated by the Science-based Targets initiative.  
<sup>2</sup> Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol. Base year 2014.  
<sup>3</sup> Scope 3 in accordance with the Greenhouse Gas Protocol. Base year 2014.





## Climate impact

Orkla is in the process of transitioning to low-carbon operations and wants to contribute to a sustainable economic recovery after the COVID-19 crisis.

Orkla has set science-based targets for reducing greenhouse gas emissions that are aligned with the Paris Agreement to limit global warming to 1.5 degrees. These targets have been validated by the international organisation Science-Based Targets initiative (SBTi).

Orkla has joined the international climate campaign, Uniting Business and Governments to Recover Better, initiated by the SBTi and the United Nations Global Compact. The campaign emphasises the importance of business and government working together to reach climate targets and achieve economic recovery after the COVID-19 crisis in a way that will be instrumental in tackling the global climate change challenges. Business and industry must be willing to invest in renewable energy and sustainable solutions. At the same time, it will be necessary to adopt a climate change policy that reduces the risk attached to such investments and promotes green growth.

Most of Orkla's climate impact comes from raw materials production. Orkla therefore gives priority to reducing greenhouse gas emissions throughout the value chain, in accordance with the guidelines for monitoring greenhouse gas emissions in the Greenhouse Gas Protocol. In 2020, the Group improved the calculation models and data quality relating to the raw material chain (Scope 3). To calculate greenhouse gas emissions from food raw materials, Orkla primarily uses climate data from the RISE Research Institute of Sweden. The climate data are seen in conjunction with purchased volumes in specific purchasing categories,



so that the data are broken down to a relevant level, thereby providing insight into which raw materials have the greatest climate impact.

Orkla is one of four Norwegian companies ranked at the very top of PwC Norway’s climate index in 2020, partly because the Group can document emission reductions in line with the Paris Agreement.

A more detailed description of Orkla’s climate risk and the progress made in reducing greenhouse gas emissions may be found on Orkla’s website.

Top score in CDP’s climate reporting



In 2020, Orkla was rated one of the world’s best listed companies for climate leadership by the global, not-for-profit environmental organisation CDP. Orkla was awarded the highest score, A, placing it among the 270 best of the more than 9600 companies that reported.

Developments in 2020

Greenhouse gas emissions from Orkla’s own production operations have been cut by 62 per cent since 2014. This reduction is a result of improved energy efficiency and the switch to renewable energy by many of the Group businesses. In addition, Orkla buys guarantees of origin for

renewable electricity for all the electric power used by its companies in Europe. These guarantees are linked to Orkla’s own hydropower plants. Renewable Electricity Certificates (RECs) were also purchased for electricity used in Malaysia and India.

Collaboration on a fossil-free Sweden

Orkla Foods Sverige has played a central role in "Fossilfritt Sverige", a joint endeavour between nine industries to achieve the goal of making the country fossil free by 2045. In 2020, the trade association Dagligvaruleverantörers Förbund (DLF Sweden), headed by Henrik Julin, CEO of Orkla Foods Sverige, presented a roadmap for realising this goal to the Minister for Environment and Climate and the Minister for Business, Industry and Innovation. The transformation is to be a collaborative effort between government and business, and the roadmap shows how businesses can minimise their environmental footprint while also strengthening their competitiveness when the government contributes by providing the right framework conditions. The most important measures adopted by Orkla Foods Sverige and the grocery industry are 100 per cent recyclable, fossil-free packaging, 100 per cent fossil-free domestic transport and 100 per cent climate impact-labelled products for sustainable choices.

Analyses of Orkla’s value chain show that animal raw materials account for a large share of the overall climate impact. In 2020, the Group urged major suppliers of dairy and meat products to set their own climate targets and take action to reduce emissions in their own value chain

(including Scope 3 emissions under the Greenhouse Gas Protocol). Collaboration with suppliers is an important part of Orkla’s strategy for managing climate impact throughout the value chain. Continuous innovation and development of new vegetarian and plant-based foods with a smaller climate footprint are also a key means of reducing emissions.

The way forward

Efforts to reduce climate impacts in Orkla’s own operations will continue by replacing fossil energy sources with renewable energy and by reducing the Group’s energy consumption. Companies will put in place prioritised measures to reduce greenhouse gas emissions from their own value chain, primarily linked to the raw materials used. Orkla’s climate targets will be followed up with actions and plans, both short and long-term, and the Group will take its share of responsibility for limiting global warming to a maximum of 1.5 degrees.



Orkla Suomi: renewable energy at the crisps factory

Orkla’s crisps factory at Åland, Finland, where Taffel snacks and Oolan-nin potato products are made, increased its investment in renewable energy in 2020. At the start of the year, the factory switched to electricity generated by locally produced wind power from the Ålandic energy company Allwinds.

An investment was also made in expanding the crisps factory’s own biogas plant in 2020. Since the late 1980s, the plant has met part of the factory’s energy needs with biogas produced from materials such as potato peelings and by-products from its own production operations. Since the new investment, production has increased from 650 000 m<sup>3</sup> to 1 400 000 m<sup>3</sup> biogas per year, substantially reducing the need for fossil energy sources. The goal is to reduce greenhouse gas emissions from the factory by 1000 tonnes per year. Besides potato peelings and factory by-products, sludge from local farms is used to increase the efficiency of the biogas production process. The biogas is used as an energy source at the crisps factory, while residues are returned to the local farms as biofertiliser. This creates a circular flow that significantly reduces the overall impact of both the factory and the farms.









## Efficient resource use

Orkla works purposefully and systematically to reduce energy consumption, switch to renewable energy, reduce water use and minimise food waste and other waste.

The Group companies are also stepping up their efforts to develop products and packaging made from renewable, recycled materials. In the period up to 2025, Orkla will continue to focus on fossil-free energy consumption as an important sustainability target.

## Developments in 2020

### Energy

A growing number of energy-efficiency projects are being initiated in all the business areas. Lessons learned and best practices are shared between companies and factories and are an important means of reducing energy consumption. In 2020, the factories continued to implement process improvements that result in less energy use. Investments have also been made in new, more energy-efficient production equipment. In total, Orkla's energy use has been reduced by 19 per cent since 2014.<sup>1</sup>

### Environmental award for district heating

In 2020, Orkla Confectionery & Snacks Danmark received Nord-fyn municipality's environmental award for supplying surplus heat from its crisps factory at Søndersø to Fjernvarme Fyn district heating company. This is equivalent to heat for 400 households and reduces the plant's CO<sub>2</sub> emissions by around 600 tonnes per year. New measures are being explored with a view to supplying district heating to an additional 200 households, thereby further reducing CO<sub>2</sub> emissions by about 350 tonnes per year.

<sup>1</sup>Adjusted for purchased and sold companies and increased turnover.

**Water**

Most of Orkla’s businesses are located in areas with a low or medium risk of water shortage. Nevertheless, many companies see the importance of reducing water use for environmental reasons. Measures reported in 2020 include process improvements, water recycling and water use efficiency training for employees. In total, Orkla’s water consumption has been reduced by 6 per cent since 2014. Higher water consumption in 2020 is primarily due to increased production.

The greatest possibilities for reducing water use lie in the raw materials value chain or consumer water consumption. The risk of water shortage is a relevant risk factor for production of food raw materials that Orkla purchases for its own production. Agricultural drought can lead to raw material scarcity and higher sourcing costs. Collaboration with suppliers to secure raw materials that require lower water consumption will be essential in future.

Several Orkla companies have worked purposefully for many years to develop products with a lower water content. Good examples are concentrated detergents, fruit drink concentrates and cleaning products that reduce consumer water consumption.

Orkla primarily uses water supplied by municipal waterworks, and waste-water is treated internally or in municipal water treatment plants. No incidents involving serious emissions occurred in 2020, but one of Orkla Foods Česko a Slovensko’s food factories received a sanction from local authorities due to deviations in waste water treatment. A new wastewater treatment plant is planned for 2021.

Since 2015, Orkla has reported on its water management to the CDP.

This has increased knowledge and input for Orkla’s targeting and action plans. This work has been expanded and improved, with the result that Orkla scored a ‘B’ grade for its 2020 CDP report on water.

**Transport**

Life cycle assessments (LCA) show that emissions from transport account for a minor proportion of the climate impact from Orkla products. Pallet optimisation and other measures designed to achieve maximum efficiency in goods transport is an integral part of company practice.

**Testing more eco-friendly transport**

In 2020, Orkla entered into cooperation with the transport company Gasum and Volvo Lastvagnar in Sweden aimed at reducing emissions from goods transport. In this collaborative venture, Orkla’s transport partner GDL will drive trucks fueled by liquid biogas between Orkla’s Swedish ketchup and dressing factory at Fågelmara, Blekinge and its warehouse in Helsingborg. Biogas is produced from organic waste, a process in which organic biofertiliser is also produced, thus contributing to a circular economy. By using biogas instead of fossil diesel, CO<sub>2</sub> emissions can be reduced by up to 90 per cent. The purpose of the test period is to increase internal expertise on biogas as a fuel and to join forces with goods carriers to help reduce greenhouse gas emissions. This is contingent on carriers choosing vehicles that run on more eco-friendly fuel, and on the existence of an extensive network of biogas filling stations. Gasum has invested in a Nordic network of liquid biogas filling stations and established a total of 50 stations in 2020, including one in Helsingborg.



In 2020, the companies implemented a variety of actions to reduce transport's environmental impact, ranging from training for drivers in eco-friendly driving practices to choosing transport with the lowest possible emissions. Orkla has initiated dialogue with and monitored suppliers at central and local level to map emissions and spur improvements.

### Waste

Orkla has adopted a systematic, long-term approach to reducing food waste and other waste across the Group's businesses in almost 30 countries. Organic waste from Orkla's own operations has been reduced by 23 per cent since 2014. Orkla participates in industry initiatives to cut food waste in Norway, Sweden and Denmark. Furthermore, Orkla companies donate surplus food to worthy causes through various organisations in several countries. A number of Orkla factories have retail outlets where products with minor defects are sold at reduced prices.

To reduce food waste, Orkla has established internal networks, including one for Orkla's six crisps factories. Through this project, the crisps factories have reduced their food waste by around 25 per cent in the past three years. Analyses have also been initiated for pizza production at Vansbro and Stranda, and for Orkla's chocolate and biscuit factories.

### The way forward

Orkla has identified transitioning to use of renewable energy as a key 2025 target. Meeting this target will necessitate use of fossil-free transport solutions in the future, in addition to measures adopted in the Group's own operations. Close cooperation with transport suppliers will be required to persuade them to choose vehicles that run on a renewable fuel such as biogas, hydrogen or the like.

### Reducing food waste in the bakery sector

Several of the companies in Orkla Food Ingredients have developed new methods of reducing food waste.

- **Sonneveld** has developed a unique concept for reducing food waste from bread, which is one of the three foods that most often end up as food waste. Unsold, packaged bread from stores is returned for fermentation, and the Sonextra Sustain starter is used to make a preliminary dough that is in turn used in production of fresh-baked bread. The concept, which is a result of cooperation between bakers and the grocery sector, was launched in September 2020. 2020 was also the year when Sonneveld celebrated the 30th anniversary of Novazym, an enzyme used to prolong the shelf life of bread, thereby reducing food waste.
- **Credin Portugal** has teamed up with the grocery sector to contribute to a circular economy and has launched the Panana powder mix (Credi® Panana). This is mixed with pureed bananas that are too ripe to be sold to produce a tasty cake, while also reducing food waste.
- **CBP** has developed a Premium Pro system whereby customers can record the amount of waste per day for each product sold in bakery outlets. This gives customers an overall picture that enables them to adjust production and avoid waste.
- **Idun Industri** is partnering with several other players on using surplus production of cheese, yoghurt, beer and apple juice as ingredients in cakes and bread, thereby helping to reduce food waste.



There is a need for further action and focus on raising awareness of water consumption at Orkla factories in order to reach the target of a 30 per cent reduction by 2025. The companies must prioritise measures to reduce water use. Priority will also be given to continued collaboration with important agricultural raw material suppliers on finding solutions that lead to lower water consumption in raw material production.

Efforts to reduce food waste in Orkla's own production will continue, based on collaboration across factories and companies on sharing experience and effective solutions. Dialogue with local waste disposal facilities will be essential to ensure good sorting and optimal utilisation of waste. In this area, too, cooperation with suppliers is crucial to avoid wasting valuable raw materials.



## Environmentally targeted product development

Orkla will develop and offer foods and other products that contribute to tackling environmental challenges.

As a leading branded consumer goods company, it is crucial for Orkla's competitiveness to be able to offer products with lowest possible environmental impact to consumers and customers. The Orkla Sustainable Life Barometer, which is a survey conducted among consumers in the Nordics and Baltics, shows that awareness of products that are sustainable and environmentally conscious continues to grow. More and more consumers want to eat more climate-friendly food, and Orkla is maintaining its strong focus on plant-based food, which represents a major growth opportunity for the Group.

### Developments in 2020

Orkla aims to develop seaweed as a new sustainable growth industry and has established the company Orkla Ocean. Seaweed is called the ocean's rainforest since it binds large quantities of CO<sub>2</sub>. It can also make an important contribution to increasing global food production, since it is naturally rich in beneficial nutrients. Orkla has initiated several research and business development activities to examine how seaweed can be used as an ingredient in food, packaging and personal hygiene products. Orkla launched a number of products in 2020 that enable consumers to make more sustainable everyday choices. Some examples of these are shown in the next page.

### The way forward

Orkla companies will continue their efforts to make their product portfolios more sustainable and offer products that make it easier for consumers and customers to reduce their climate impact. Focus on plant-based foods, seaweed and other products that offer environmental benefits, will make an important contribution to strengthening Orkla's competitive edge in the future.

Important launches in 2020



**Jordan Green Clean**  
Orkla Home & Personal Care has added three new products to the Jordan Green Clean range. The handle of the Green Clean Flosser is made of 100 per cent recycled plastic, while Green Clean toothpicks are 100 per cent plastic-free and certified. The packaging of both products is made of 100 per cent recycled cardboard. Green Clean toothpaste is a Nordic Swan ecolabelled, vegan product consisting of 98 per cent natural ingredients. The packaging is made from up to 50 per cent recycled plastic.



**SURE®**  
Lilleborg launched SURE®, a new range of kitchen and personal care products made of renewable, plant-based and 100 per cent biodegradable raw materials. The plant-based ingredients are based on waste and by-products from the agrofood industry. The SURE® product range helps to reduce both CO<sub>2</sub> emissions from petrochemical raw materials and waste from industrial processes. The products are also ecolabelled.



**Pierre Robert Group**  
launched a sports collection and a range of tights in 2020 made of textiles produced from recycled plastic and textile waste. Recycled polyester and polyamide require less water, chemicals and energy to produce than new synthetic materials and reduce the textile industry’s dependency on oil as a raw material. For example, tights are made with 47 per cent lower carbon emissions and 39 per cent less water than virgin polyamide. More information on synthetic fibres may be found on page 94.





## Plant-based food as a focus area

More and more people want to reduce their climate footprint and eat more plant-based food. Orkla considers this an important focus area that will offer substantial growth opportunities going forward.

Orkla's goal is to make plant-based food appealing to everyone, not just to vegans and vegetarians. By launching a broad selection of products, Orkla makes it easier for people to choose alternatives to meat and dairy products as part of their daily diet. Plant-based food creates fewer greenhouse gas emissions than meat and other animal products, and many consumers occasionally want to replace a meat-based meal with plant-based food. In Sweden, 37 per cent of consumers say they want to eat less meat, according to the Orkla Sustainable Life Barometer 2020. In Norway, the proportion of vegans and vegetarians doubled from 4 per cent in 2019 to 8 per cent in 2020.

In 2020, Orkla's food companies launched several new plant-based products in new markets. Under the NATURLI'® brand, the portfolio has been expanded to include a growing number of new products such as Joe'Kurt (vegan alternative to yoghurt), vegan ice cream, plant-based drinks and alternatives to meat. All the products contribute to reducing greenhouse gas emissions, a benefit that is also stated on the packaging of most of the products.

Orkla Foods Sverige has launched Frankful, a new brand driven by sustainability that focuses on plant-based, climate-smart food. First to be launched in the range are twelve taco products manufactured with renewable energy. Several of the products are also based on raw materials



that would otherwise have gone to waste. The result of all this is low greenhouse gas emissions. For example, the climate footprint of the vegan taco mince Frankful Veggie Mince is up to 95 per cent smaller than that of Swedish minced meat.

Orkla aims to achieve strong growth in plant-based foods in the coming years. Plant-based raw materials are important for Orkla’s products, and in 2020 around 32 per cent of the turnover of Orkla Foods and Orkla Confectionery & Snacks was generated by vegan products. The plant-based brands NATURLI’®, Anamma, Felix, Beauvais Veggie and Lecora Green Line had a total turnover of NOK 869 million in 2020 and 21 per cent growth compared with 2019.

**NATURLI’® café opened at Orkla Headquarters**

In August 2020, a NATURLI’® café was opened at Orkla’s headquarters at Skøyen, Oslo. The menu features only plant-based food and drinks. In addition, grocery products from NATURLI’® are sold in the café, which also offers take-away and home delivery services. From the day it opened until the end of the year, the café had around 10 000 visitors, during a period of intermittent lockdowns and social distancing due to the pandemic.



**Felix Vegetariska Delikatessbullar**  
In 2020, Orkla Foods Sverige launched a vegetarian variety of the popular meatball dinner, Felix Små Delikatessköttbullar, which has an 80 per cent smaller climate footprint than the original product.



**NATURLI’® news**  
In May, NATURLI’® launched a new type of plant-based burger that was developed and produced in Norway. The burger is sold both in grocery stores and at several restaurants. NATURLI’® has also developed Green Dog, a plant-based hot dog launched in 7-Eleven stores in Denmark.



**Anamma made from peas**  
In March 2020, Orkla Foods Sverige’s vegan brand Anamma introduced a new product assortment, based on peas as protein source. Pea protein is rich in amino acids and a good supplement to soya in plant-based products. The product range includes vegan mince, vegan nuggets and vegan balls made from peas.

Environmental engagement

GRI reference	Indicators	Unit	2020	2019	2018	Baseline year 2014
Climate impact <sup>1</sup> and emissions						
305-1	Greenhouse gas emissions from own operations, Scope 1	tCO <sub>2</sub> e	113 300	121 380	121 120	135 200
305-1	Greenhouse gas emissions from bio-energy, Scope 1	tCO <sub>2</sub> e	691	446	328	274
305-2	Indirect greenhouse gas emissions, Scope 2, location-based calculation	tCO <sub>2</sub> e	67 000	72 620	78 700	93 200
305-2	Indirect greenhouse gas emissions, Scope 2, market-based calculation <sup>2</sup>	tCO <sub>2</sub> e	7 310	12 300	13 680	132 640
305-3	Greenhouse gas emissions from raw materials, packaging and waste, scope 3 <sup>3</sup>	tCO <sub>2</sub> e	1 652 350	1 688 000	1 577 200	1 698 100
305-4	Greenhouse gas emissions (Scope 1 and 2 market-based) per FTE <sup>4</sup>	tCO <sub>2</sub> e/FTE	6.7	7.2	7.5	15.6
305-4	Greenhouse gas emissions (Scope 1 and 2 market-based) per revenue <sup>4</sup>	tCO <sub>2</sub> e/ NOK million	2.6	2.9	3.2	6.9
305-6	Emissions of ozone-depleting substances (ODS) <sup>5</sup> used in cooling media	tCFC-11e	0	0.016	0.012	0.014
305-7	Emissions of sulphur dioxide	Tonnes	8	11	12	16
305-7	Emissions of nitrogen oxide	Tonnes	85	100	99	126

<sup>1</sup> Calculations are based on the Greenhouse Gas Protocol Initiative (GHG Protocol). Include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, SF<sub>6</sub> and NF<sub>3</sub>. Historical figures have been corrected based on new information.

<sup>2</sup> Market-based emissions take into account the effect of Guarantees of Origin for electricity.

<sup>3</sup> Raw materials, packaging and waste management account for around 95% of emissions from Scope 3 activities

<sup>4</sup> Historical figures have not been adjusted for later acquired businesses

<sup>5</sup> ODS; Ozone depleting substances

Efficient resource use

302-1	Electricity from internally generated hydropower, sold	GWh	2 885	2 160	2 320	2 570
302-1	Total energy usage, own operations	GWh	1 100	1 110	1 120	1 070
302-1	Total energy usage from renewable fuel sources incl. Guarantees of Origin (market-based calculation)	GWh	511	490	495	-
302-1	Energy usage – fossil fuel <sup>6</sup>	GWh	542	569	566	549
302-1	Energy usage – fossil-free fuel	GWh	56	49	46	31
302-1	Energy usage – purchased electricity	GWh	461	448	459	446
302-1	Energy usage – purchased thermal energy, incl. remote heating	GWh	37	30	46	46

GRI reference	Indicators	Unit	2020	2019	2018	Baseline year 2014
Efficient resource use						
302-3	Energy usage per FTE <sup>7</sup>	MWh/FTE	60.6	61.5	62.4	65.9
302-3	Energy usage per revenue <sup>7</sup>	MWh/NOK million	23.3	24.9	26.0	28.9
303-1	Total water withdrawal, own operations	Mill. m3	7.8	7.4	7.4	8.3
303-1	Water withdrawal from external water works	Mill. m3	5.0	4.7	4.8	7.5
303-1	Water withdrawal from groundwater	Mill. m3	2.8	2.7	2.6	0.8
303-1	Water withdrawal from collected rainwater and surface water	Mill. m3	0.0	0.0	0.0	-
303-3	Water recycled in own operations	%	8	11	13	0.1
306-1	Discharge of wastewater to seawater	Mill. m3	0.0	0.0	0.0	0.0
306-1	Discharge of effluents to external treatment plants	Mill. m3	3.9	3.8	3.7	7.1
306-1	Discharge of effluents to surface water	Mill. m3	1.9	1.9	1.9	0.4
306-1	Emissions to water – BOD	Tonnes	5 110	5 160	5 760	4 080
306-1	Emissions to water – COD	Tonnes	11 040	1 950	6 650	6 950
306-1	Emissions to water – particles	Tonnes	920	2 540	2 370	440
306-1	Discharge of effluents in areas of water scarcity	Mill. m3	0.1	0.1	0.1	-
306-2	Organic waste	Tonnes	77 550	86 770	88 320	91 590
306-2	Organic waste per revenue	Tonnes/mill NOK	1.7	1.9	2.1	2.2
306-2	Non-hazardous waste – sorted	Tonnes	13 110	14 300	13 390	17 830
306-2	Non-hazardous waste – mixed	Tonnes	18 150	16 730	15 800	12 960
306-2	Hazardous waste	Tonnes	547	264	314	432

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

<sup>7</sup>Total energy usage in own operations, all types. Historical figures have not been adjusted for acquired businesses

Other

306-3	Spills, deviations from emission limits	Antall	3	3	6	-
307-1	Fines and sanctions for non-compliance with environmental laws and/or regulations	Antall	1	1	1	-
307-1	Fines for non-compliance with environmental laws and/or regulations	NOK million	0.08	0	0	-



The greenhouse gas accounts for 2020 has been verified by the auditing and consulting company Ernst & Young (EY)



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To Orkla ASA

Independent accountant’s assurance report on Orkla AS’s Greenhouse Gas (GHG) Statement 2020

We have undertaken a limited assurance engagement of the GHG statement of Orka ASA for the year ended 31 December 2020, for the period from 1 January 2020 to 31 December 2020, comprising Scope 1, Scope 2, and the waste management share of Scope 3 greenhouse gas emissions presented in Orkla’s annual report for 2020, GRI table Environmental engagement (English original version) on page 82 (the “GHG 2020 Report”).

Criteria applied by Orkla

In preparing the GHG 2020 Report, Orkla applied the definitions for Scope 1 to 3, set by the Greenhouse Gas Corporate Standard (the “Criteria”). The Criteria can be accessed at ghgprotocol.org and are available to the public. Such Criteria were specifically designed for companies and other organizations preparing a corporate-level GHG emissions inventory. As a result, the subject matter information may not be suitable for another purpose. We consider these reporting criteria to be relevant and appropriate to review the GHG 2020 Report.

Orkla’s responsibilities

Orkla’s management is responsible for selecting the Criteria, and for presenting the GHG 2020 Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG statement, such that it is free from material misstatement, whether due to fraud or error.

EY’s responsibilities

Our responsibility is to express a conclusion on the presentation of the GHG 2020 Report based on the evidence we have obtained.

Our engagement was conducted in accordance with the *International Standard for Assurance Engagements on Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (‘ISAE 3000’). This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the GHG 2020 Report is presented in accordance with the Criteria, and to issue a limited assurance report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. EY also applies *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and

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accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. The Green House Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge. The engagement consists of making enquiries, primarily of persons responsible for preparing the GHG reporting and related information and applying analytical and other relevant procedures.

- Our procedures included:
- Interviewing those in charge of greenhouse gas reporting at O to develop an understanding of the process for the preparation of the GHG 2020 Report
  - Obtaining and reviewing evidence on a sample basis to support the material 2020 CO2 emissions data for Scope 1, 2, and 3 fuel and energy related activity, based on the Greenhouse Gas Corporate Standard for 2020.

We believe that our procedures provide us with an adequate basis for our conclusion.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to Scope 1, Scope 2, and the waste management share of Scope 3 greenhouse gas emissions for the operations of Orkla or the period from 1 January 2020 to 31 December 2020, in order for the GHG 2020 Report to be in accordance with the Criteria.

Oslo, 15 March 2021  
ERNST & YOUNG AS

Petter Frode Larsen  
State Authorised Public Accountant

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# Sustainable sourcing

- Sustainable raw materials
- Sustainable packaging
- Animal welfare





The big picture

In 2020, the COVID-19 pandemic showed how vulnerable global value chains can be, and reminded the world of the importance of building resilient economic systems. Meanwhile, forest fires and extreme weather have continued to destroy the earth, while climate changes have led to less predictability in global raw material markets. Issues such as sustainable agriculture and modern slavery are generating broad engagement and influencing both policymaking and business practices. Political processes are in progress to establish stricter standards for responsible business practices and examine ways of reorganising global food systems, while consumers are increasingly asking for more sustainable everyday products and greater value chain traceability.

Orkla’s influence

The Group’s food production makes Orkla one of the biggest purchasers of agricultural and fish raw materials in the Nordic region. This gives Orkla the opportunity to place sustainable farming and aquaculture high on the agenda and contribute to the long-term positive development of the food industry. Some of the raw materials that Orkla sources may be associated with social and environmental challenges, ranging from irresponsible working conditions to farming practices that are harmful to nature. The Group companies strive to deal with challenges in the value chain and help to establish good industry practices for sustainable sourcing. Promoting sustainable raw material production is important to be able to offer products that meet the expectations of customers and other stakeholders. As a major purchaser of packaging, Orkla is committed to addressing the environmental challenges posed by pollution and poor waste management. Through collaboration with packaging suppliers, the waste sector and external centres of expertise, Orkla companies develop new packaging solutions and help to increase packaging recycling.

Orkla’s approach

Orkla has more than 25 000 direct suppliers and a large number of subcontractors. To deal with this complexity effectively, the Group has adopted a risk-based approach to efforts to foster responsible business practices in the supplier chain, including procedures for risk assessment, supplier monitoring and reporting. A detailed description of the Group’s procedures and work processes for sustainable sourcing and packaging may be found on Orkla’s website under the GRI Management Approach. Efforts to promote sustainable sourcing and packaging contribute to the achievement of UN Sustainable Development Goals 2, 8, 13, 14, 15 and 17.



Orkla’s 2025 sustainability targets

- Ensure respect for workers’ rights
- Achieve verified sustainable production of key raw materials<sup>1</sup>
- Promote sustainable farming and fishing
- 100% recyclable packaging
- 75% packaging made of recycled materials
- 50% plastic packaging made of recycled or renewable materials

<sup>1</sup> The assessment of importance is based on the risk related to and scope of the Group’s sourcing



## Sustainable raw materials

The raw materials purchased by Orkla must be produced with the interests of people, the environment and animal welfare in mind. It is a question of promoting respect for human rights, good environmental standards and responsible business practices, but also of advancing the transition to long-term sustainability of agriculture, fishing and other raw material production.

To achieve this objective, Orkla's category managers work to identify risk and draw up action plans for joint implementation by the companies in the Group. Orkla chooses suppliers that have concrete, ambitious plans for improvements in response to environmental and social challenges. In addition, external certification is one of the most effective methods that Orkla has for ensuring that a large proportion of raw materials is sustainably produced and sourced from audited suppliers. Orkla also carries out its own improvement projects, often in collaboration with other important players.

### Developments in 2020

In 2020, Orkla established a new classification system for sustainable food raw materials with detailed criteria for sustainable raw material production. The system offers a comprehensive approach to promoting sustainable agricultural production, based on the Farm Sustainability Assessment (FSA) framework, developed by SAI Platform. Key raw materials are assessed, and suppliers' certification systems are compared with the FSA. Where there are no relevant FSA criteria, Orkla has initiated action to establish the necessary criteria. If an existing certification system does not meet the requirements of the FSA's Silver level, Orkla will



consider other, more suitable certification programmes. In connection with implementation of the new criteria, workshops were held for Orkla companies' sustainability and sourcing staff.

A more detailed description of the work relating to some of Orkla's most important raw materials and the progress made towards the 2025 target for sustainable raw material production is provided on the following pages.

**Deforestation-free supply chains**

Deforestation accounts for 10 – 15 per cent of global greenhouse gas emissions and threatens biodiversity. By actively engaging in its own supply chains, Orkla can make an important difference. In the case of raw materials from tropical regions, Orkla works closely with selected suppliers who implement their own programmes for ensuring deforestation-free raw material production. Orkla has signed the New York Declaration on Forests and reports on the progress made in its work through CDP Forests. In 2020, Orkla improved its score in every area assessed by the CDP (timber, palm oil, cattle and soya) and is now ranked at B-level. However, Orkla has not reached its target of ensuring that all raw materials used by the Group that entail a risk of deforestation must be sustainably produced by 2020. There are several reasons for this, including the challenge of achieving full certification of certain materials. In some cases, the Group has decided to change certification systems, as the existing system did not meet Orkla's standards. It has also taken longer than expected to find good traceability, monitoring and verification methods. Nonetheless, progress is considered to be good in most areas. More details regarding the different tropical raw materials that Orkla uses may be found on pages 89-91.

A detailed description of the Group's procedures and work processes for ensuring deforestation-free supplier chains, as well as Orkla's zero deforestation policy may be found on Orkla's website.



Cocoa

Cocoa is a key raw material in chocolate production and is used in Orkla’s many strong, local chocolate brands in the Nordic and Baltic regions. Orkla companies purchase substantial quantities of cocoa, as both ingredients and finished chocolate products. The cocoa value chain is complex and comprises many stages, from cocoa farmers in Ghana, the Ivory Coast and other countries via processing companies in Africa or Europe, and then to Orkla factories.

Challenges

The cocoa sector in West Africa, and particularly in the Ivory Coast, faces serious challenges in the form of poverty, low productivity, human rights breaches and environmental degradation. While global consumption of chocolate has increased, cocoa production is declining due to small crops, low farming skills, pests and diseases. Serious issues such as child labour, deforestation and soil impoverishment are linked to underlying causes such as poverty, low prices, inadequate infrastructure and weak supervisory authorities.

The global pandemic has impacted negatively on cocoa farmers, in the form of higher costs of health services, agricultural materials and other factors, but there is also an increased short-term risk of child labour due to schools being closed. Moreover, the global market price of cocoa has fallen, driven in part by declining demand. This has had a negative effect on farmers’ income.

Orkla’s approach, developments in 2020 and the way forward

2020 was a historic year for the cocoa industry due to the introduction of the living income differential (LID) by the governments of Ghana and the Ivory Coast, a mechanism that Orkla supports. The LID is a premium added to the cocoa price to ensure a higher price for cocoa and increase cocoa farmers’ income, which will in turn reduce poverty and other problems in the value chain.

Orkla has adopted a comprehensive approach to addressing the challenges in the cocoa sector. The Group collaborates with suppliers who actively follow up on subcontractors and cocoa cooperatives by imposing requirements, providing guidance and carrying out improvement projects. In 2020, Orkla drew up a new strategy for sustainable cocoa, to be implemented in 2021, which includes

intensified efforts to deal with traceability, child labour, minimum wage and deforestation challenges.

Certification is still fundamental to Orkla’s efforts to ensure sustainable cocoa. Orkla companies are nearing the goal of all cocoa being certified under the UTZ Certified programme. In 2020, 84 per cent was certified. Orkla Foods Sverige will switch to 100 per cent certified cocoa in 2021. For cocoa to qualify for UTZ certification, production must meet the criteria for social conditions and environmental, agricultural and business practices. The two certification organisations, UTZ and Rainforest Alliance, joined forces in 2020 under the name Rainforest Alliance. This has resulted in a stronger, more complete certification system. Among other things, the Child Labour Monitoring and Remediation System (CLMRS) will be included in the new standard from mid-2021. CLMRS is a system for identifying and dealing with cases of child labour and preventing recurrences by raising awareness and increasing knowledge of this issue. Monitoring practices and access to data have also been improved in the new standard.

Traceability systems are an important tool for tackling many of the challenges in the value chain, including for ensuring deforestation-free value chains and good conditions for farmers. Orkla will continue to collaborate with key suppliers on establishing better documentation and monitoring systems. The goal is for 100 per cent of the cocoa purchased by Orkla to be traceable by 2025, and the Group expects to see good progress as early as 2021. Among other things, Orkla Confectionery & Snacks Norge and Orkla Suomi have drawn up plans for purchasing cocoa that is 90 per cent traceable.

Main countries of origin

- Ghana
- Ivory Coast







**Palm oil**

Orkla companies have long engaged in active product development to replace palm oil with alternative raw materials. Many of the companies in Orkla Foods and Orkla Confectionery & Snacks now use no palm oil in their products. Orkla’s use of palm oil primarily relates to the companies in Orkla Food Ingredients and production of margarine. Efforts to monitor the companies’ suppliers and certify palm oil have continued in 2020.

**Challenges**

Palm oil entails a risk of deforestation, which leads to greenhouse gas emissions and destruction of nature’s ecosystems with the subsequent loss of biodiversity. In addition, there is a risk of breaches of workers’ rights in the palm oil value chain. Palm oil can also have negative health consequences, due to its high content of saturated fat.

**Orkla’s approach, developments in 2020 and the way forward**

Orkla companies make active efforts to ensure that the palm oil they use is traceable and sustainably produced. Orkla uses the Roundtable on Sustainable Palm Oil (RSPO) certification programme to reduce the risk of deforestation and other undesirable practices. Furthermore, Orkla’s main suppliers have implemented a number of measures to monitor subcontractors, prevent and extinguish fires and promote sustainable cultivation. Supplier monitoring and RSPO certification efforts have continued in 2020, but the target of 100 per cent certified palm oil has not yet been reached. In 2020, 94 per cent was certified (RSPO SG, RSPO MB and RSPO Credits).

Palm oil is an important raw material, also for companies that manufacture cleaning and personal hygiene products. In 2020, Orkla Home & Personal Care joined the Action for Sustainable Derivatives (ASD), an industry initiative targeting suppliers and producers that use derivatives rather than pure palm oil. ASD works to make it possible to trace palm oil all the way back to plantations, to be able to identify environmental and/or social challenges and contribute to improvements at local level.

The companies that use palm oil have made plans to transition to RSPO-certified raw materials for their own branded products during the period 2019 to 2021. In 2020, for example, Credin Danmark switched to 100 per cent RSPO-certified palm oil. In addition, some companies will continue the laborious process of eliminating palm oil from their products.

**Main countries of origin**

- Indonesia
- Malaysia





**Plant-based proteins**

Plant-based proteins play an increasingly important role in Orkla’s focus on plant-based food, and are now used in a large number of products from Anamma, TORO, NATURLI’® and other companies. Plant-based protein sources include soya, peas and rapeseed.

**Challenges**

Some plant-based proteins are associated with various types of sustainability issues. Growing demand for soya can cause increased deforestation, especially in countries like Brazil, which accounts for a large share of global soya production. Deforestation leads to loss of biodiversity, higher greenhouse gas emissions and the risk of violation of the rights of indigenous peoples. Orkla primarily uses soya protein from Europe and the USA, countries where the risk of deforestation is low, but where other types of challenges can arise.

Peas and rapeseed are commonly used as a replacement for soya in plant-based food. In the case of these raw materials, the risk of serious breaches of human rights and environmental standards is low, but challenges may be encountered in connection with use of pesticides, fertiliser and monocultures.

**Orkla’s approach, developments in 2020 and the way forward**

Orkla uses several types of plant-based protein and constantly seeks interesting new alternatives that are better for the environment and health.

Among other things, Orkla participates in a research project run by Lund University to learn more about rapeseed as an alternative to soya as a source of protein. The aim is to obtain a high-quality ingredient from rapeseed with good techno-functional properties.

Orkla is currently drawing up a policy for sustainable sourcing of soya that will cover all soya-based raw materials and soya used as feed in connection with the production of animal raw

materials. The companies work purposefully to ensure that all soya is certified, and in 2020 11 per cent of soya was certified. The decrease since 2019 is due to higher data quality and stricter internal criteria for determining which certification programmes to use. This has prompted a change in certification programme for large parts of the sourced volumes. Unfortunately, this process is taking some time, which affected results in 2020. Orkla has a good plan for 2021, and has already switched to sourcing soya with the right level of certification, thereby ensuring better results in next year’s reporting.

Vegetable protein is increasingly important for Orkla, and securing sustainable raw materials is a priority concern for the Group. At present, there are no programmes that offer the right level of certification for all relevant materials, and the Group will work with these programmes and with SAI Platform and their FSA standard for vegetable protein.

**Main countries of origin**

- USA
- Canada
- Serbia
- France
- Belgium
- The Netherlands
- Sweden
- Estonia
- Latvia
- Lithuania
- Denmark







Nuts

Nuts are an important ingredient for Orkla, and are used in products such as Nugatti, New Energy bars, Cuba bars, Nidar Spesial, Småsulten, Odense marzipan, KiMs nuts, Paulúns granola and Kalev chocolate. Orkla purchases six types of nuts, but in 2020 focused particularly on handling of hazelnuts and cashew nuts.

Hazelnuts

Challenges

The biggest producer of hazelnuts is Turkey, which accounts for 70 per cent of global production. Hazelnut farming can involve challenges such as low productivity, social problems related to the working and housing conditions of seasonal workers during harvesting and cases of child labour. In recent years, Italy has increased its production of hazelnuts, and challenges can arise there in connection with farming practices, such as excessive use of pesticides and fertilisers.

Orkla’s approach, developments in 2020 and the way forward

As a result of reports on breaches of workers’ rights in connection with hazelnut farming in Turkey in 2019, Orkla companies have intensified their efforts in this area. Orkla monitors suppliers through Sedex Members Ethical Trade Audits (SMETA) and continuous dialogue. SMETA audits enable companies to assess suppliers with regard to working conditions and human rights. Companies also continue to focus on increasing the proportion of Rainforest Alliance-certified (formerly UTZ) hazelnuts. This work is still at an early stage, and in 2020 two per cent of the hazelnuts used by Orkla companies were certified. Certification helps to ensure that the hazelnuts are produced using farming practices that safeguard biodiversity and natural resources, and with respect for the rights of workers and their families. In 2020, Orkla Suomi switched to using only Rainforest Alliance-certified hazelnuts in their chocolates, snacks and biscuits, while Orkla Confectionery & Snacks Sverige, Orkla Confectionery & Snacks Norge, Orkla Foods Sverige, Orkla Foods Norge and several Orkla Food Ingredients companies will make the change to certified hazelnuts in 2021. Orkla will also explore the possibility of starting a project on sustainable farming practices in the hazelnut sector in cooperation with other members of SAI Platform.

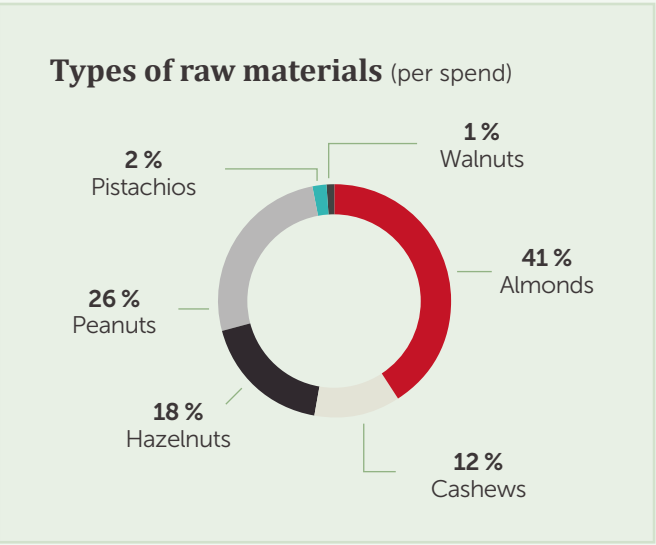
Cashew nuts

Challenges

Most cashew nuts are produced in Africa and subsequently processed in Vietnam. This means low traceability and higher greenhouse gas emissions during transport. In addition, both primary production and the initial processing take place in countries where there is a high risk of child labour and poor working conditions.

Orkla’s approach, developments in 2020 and the way forward

Ensuring that cashew nuts are sustainably produced is very difficult, since there is no certification that is sufficiently reliable or comprehensive. Orkla therefore participates in industry collaboration under the auspices of Ethical Trade Norway aimed at improving working conditions in the cashew nut supply chain. The project focuses on building expertise at both farm level and in nut processing in Vietnam. In 2020, the original version of the project was completed with good results. Among other things, 338 farmers received training in responsible farming practices and around 40 subcontractors were given training on social and work-related matters. The project has applied for government support in order to continue in 2021, either with focus on further training for the farmers who have participated so far, or on expanding training programmes to include more farmers. Orkla will also assess how the Group can achieve increased traceability in the cashew nut value chain, including use of digital tools to trace raw materials back to producers.





Marine raw materials

Fish is a key raw material for both food-related brands such as Stabbur-Makrell and Abba Sill and health brands such as Möller’s.

Challenges

Irrespective of species or geographical origin, the challenge lies in preventing overfishing and securing sustainable fish stocks, so as to maintain the natural balance in the marine ecosystem. Moreover, social challenges can arise in parts of the value chain, such as breaches of workers’ rights and working conditions.

Orkla’s approach, developments in 2020 and the way forward

Certification programmes such as the Marine Stewardship Council (MSC) and KRAV standards help ensure that the fish stocks that Orkla companies purchase are monitored and maintained at a satisfactory level. Orkla also carries out its own analyses of data on changes in the stocks of the raw materials purchased by its companies.

In 2019, Orkla reported a decline in the percentage of MSC-certified fish raw materials. This was due to the fact that the internationally agreed fishing quotas for mackerel exceeded the recommendations of the expert organisation ICES, with the result that it was impossible to obtain certification of mackerel. In 2020, Orkla engaged in a dialogue with the Norwegian and Swedish authorities and other key players. Among other things, Orkla and Sjømat Norge jointly hosted a seminar on sustainable fishing for around 60 participants from the fish and food industries, relevant organisations and the Norwegian and Swedish governments. The aim was to increase knowledge of the problems related to management of herring, mackerel and blue whiting in the North East Atlantic and to discuss possible solutions. The challenges posed by quota allocation have led to a further reduction in the percentage of MSC-certified fish, which was 66 per cent in 2020.

Efforts to achieve MSC certification of the raw materials sourced by the companies will continue in 2021. Despite the quota allocation challenges, researchers believe that the status of both herring stocks and mackerel stocks is good. However, in order to ensure sustainable fishing and continued certification of raw materials, it is essential to reach international political agreement on sharing of herring and mackerel quotas between coastal states.

In 2020, UN Global Compact Norge established a platform for action for sustainable fishing, in which Orkla participates. The aim has been to identify joint projects to promote sustainable fishing, solve the problem of ocean plastic pollution and address other ocean-related sustainability challenges, and this work will continue in 2021.

Main sea areas

- Pacific Ocean
- The Norwegian Sea
- The North Sea
- Northwest Atlantic







Textile raw materials

The Orkla company Pierre Robert Group is taking the lead in reducing negative environmental and social impacts from the textile industry. The company consistently chooses raw materials that are less harmful to the environment and certification programmes that ensure responsible production.

Merino wool  
Challenges

The challenges related to merino wool are primarily a question of animal welfare. In addition, wool can be associated with negative issues such as use of environmentally harmful chemicals and processes during production and breaches of workers’ rights, depending on where it comes from.

Orkla’s approach, developments in 2020 and the way forward

Pierre Robert Group is committed to ensuring that its merino wool comes from farms that maintain high animal welfare standards. For instance, 100 per cent of the merino wool is mulesing-free. Many Pierre Robert Group garments also feature the Nordic Swan Ecolabel, which certifies that both the product and the production process have met a number of environmental and social criteria. In 2020, 95 per cent of all Pierre Robert merino wool garments were Swan-ecolabelled. Pierre Robert Group is also engaged in a development project under the auspices of Norad and Ethical Trade Norway to promote workers’ rights and animal welfare in merino wool production in South Africa.

Cotton  
Challenges

Cotton is a natural, renewable fibre, but production processes are both water-intensive and require a great deal of fertiliser and pesticides, which can lead to the degradation of natural systems and bio-diversity loss. Furthermore, the chemicals used in processing can cause water pollution, and the cotton value chain is exposed to the risk of forced labour and child labour.

Orkla’s approach, developments in 2020 and the way forward

To ensure that the cotton purchased by Orkla is responsibly produced, Pierre Robert Group is in the process of switching to organic cotton, especially Global Organic Textile Standard-certified. GOTS is a widely recognised certification programme for organic textiles, which sets stringent criteria for

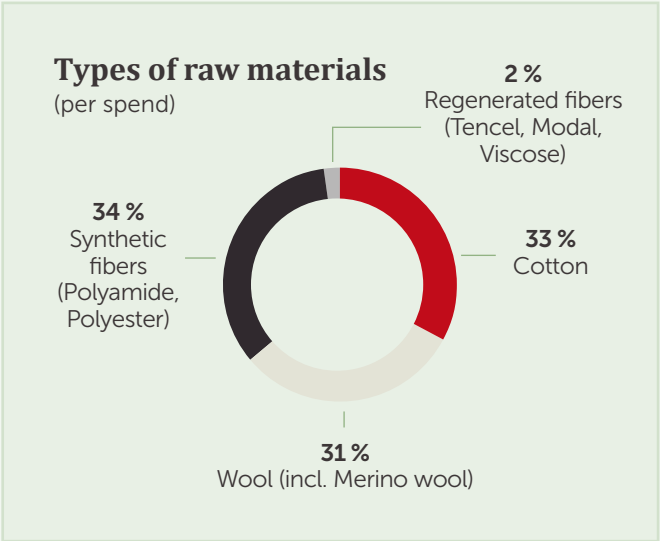
water and energy efficiency and limited use of pesticides, dyes and chemicals. In addition, GOTS certification entails compliance with requirements regarding workers’ social conditions throughout the production chain. The entire Pierre Robert collection of cotton undergarments is made from 100 per cent certified organic cotton, and in 2020 the proportion of garments made from GOTS or OCS-certified organic cotton in Pierre Robert Group was 84 per cent of all cotton products.

Synthetic fibres  
Challenges

Synthetic materials are often necessary to create flexible, functional garments. At the same time, these textiles are primarily made from oil, the extraction of which requires extensive energy and resources and which is not renewable. In addition, synthetic garments can release microplastics during washing.

Orkla’s approach, developments in 2020 and the way forward

Pierre Robert Group works systematically to switch from virgin to recycled synthetic materials, such as recycled polyamide made from textile waste and recycled polyester made from PET bottles (Global Recycled Standard-certified). Several new products made from recycled synthetic fibres were launched in 2020 (read more on page 79), bringing the percentage of recycled synthetic fibres to 25 per cent of total synthetic fibres used by the company. To address the challenges posed by microplastics in the ocean, Pierre Robert Group is engaged in a research project run by SINTEF and NTNU, and also works resolutely to raise consumer awareness of this issue.





## Sustainable packaging

Packaging has an important function in terms of protecting products, prolonging shelf life and facilitating easy use. At the same time, the environmental challenges caused by single-use plastic have created broad engagement in finding new packaging solutions.

The biggest challenge posed by packaging is that it is often not recycled or reused, leading to excessive use of resources. Poor waste management also results in unnecessary pollution. Sustainable packaging is an important dimension of Orkla's criteria for sustainable products. For Orkla, sustainable packaging means reduced use of resources through the use of packaging that is easy to recycle, optimised in terms of size, storage and transport, and made from recycled materials.

Around 20 per cent of the packaging used by Orkla is plastic in various forms. Plastic usually comes from non-renewable resources, and Orkla is committed to reducing use of virgin plastic. The companies work purposefully to utilise recycled or renewable plastic and promote the transition to circular value chains. In cooperation with packaging suppliers and other partners, Orkla focuses on developing new packaging solutions that minimise use of fossil raw materials and contribute to increased recycling.

According to the Orkla Sustainable Life Barometer survey 2020, as many as 72 per cent of respondents say that they are worried about the negative consequences of using plastic packaging. A total of 63 per cent say it is important to them that the products they buy have recyclable packaging. But about just as many find it hard to tell whether the packaging is recyclable.



## Developments in 2020

In the past three years, Orkla has significantly upgraded its competence on design for recycling and development of sustainable packaging solutions. The companies are involved in a variety of development projects in cooperation with suppliers, external centres of expertise and other players in the value chain. Orkla's targets for recycling and use of recycled and renewable materials are difficult to attain, but the Group is making progress in this area.

In 2020, Orkla companies continued their efforts to optimise packaging, design packaging to facilitate recycling and develop new packaging solutions based on recyclable, recycled or renewable materials. Orkla has increased its cooperation with key suppliers, specialist communities, organisations and other companies to find good, innovative solutions.

### Design for recycling

Work on designing for recycling continued in every part of the Group in 2020. The companies focus particularly on finding good alternatives to materials that are technically difficult or expensive to recycle. This includes packaging made of combined materials that cannot be separated in the recycling process. In 2019, Orkla Confectionery & Snacks Norge succeeded in developing a recyclable crisps packet made of mono-plastic, and in 2020 has utilised this packet for other products such as Totenflak crisps. The new packet has also been introduced in Orkla Confectionery & Snacks companies in other countries.

Orkla Foods Sverige has switched to transparent plastic containers for FELIX ready meals, so that the containers can now be recovered, making it possible to recycle 91 tonnes of plastic per year. Orkla Home & Personal Care have replaced types of plastic that are difficult to recover

with alternative materials in several packaging components, and has replaced paper labels with high-density polyethylene (HDPE) labels on Klorin and Salmi bottles, which will increase their recyclability.

The companies in Orkla Food Ingredients have continued to focus on recyclable packaging for professional customers in the bakery, food service and ice cream markets. For example, Dragsbæk Group has launched several products in mono-material boxes and continued its efforts to produce composite boxes using a new type of glue that will make it possible to separate the materials and thus sort them correctly. Condite Group has also begun to use new, more recyclable materials in several packaging components in order to increase recyclability.

Orkla's target is for 100 per cent of packaging to be recoverable by 2025. In 2020, 95 per cent of the packaging used by Orkla was made of materials that can be recycled.

A challenge that Orkla companies encounter when they develop recyclable packaging is that local waste systems and recycling technologies are often not advanced enough to actually recycle the packaging waste. Orkla is engaged in transnational efforts to encourage the development of better recycling systems through joint projects and dialogue with government authorities. Orkla also contributes to a circular economy by increasing demand for recycled plastic, which will hopefully accelerate development of recycling systems.

### **Cooperation on increased recycling**

Orkla wants to contribute actively to promoting the development and utilisation of initiatives and technologies for efficient sorting of waste at source and recycling of packaging from everyday products, and takes part in several projects across companies and sectors to achieve this objective.

#### **HolyGrail**

HolyGrail is a joint international project under the auspices of AIM, the European Brands Association. The goal is to test digital watermarking for packaging which makes it possible to track the packaging through the value chain. By identifying types of plastic and previous applications, waste packaging can be sorted more accurately, and the quality of the recycled plastic can be improved. Orkla has been involved in the project since 2019, and in 2020 the new solutions were tested on several products.

#### **A common pictogram system**

In 2020, Orkla Foods Danmark participated in a programme to harmonise recycling logos on products and rubbish bins, to make it easier for end users to sort waste packaging correctly. The initiative is being implemented under the auspices of the Danish Waste Association, and the NATURLI'® brand has already begun to include the new pictograms on its packaging. A new national waste labelling system was also launched in 2020 in Norway by Avfall Norge and LOOP. The Orkla companies have been involved in the dialogue on the system, and are now starting to use the new symbols.

### **Packaging from recycled and renewable materials**

Orkla companies make active efforts to use more recycled materials in packaging, and in 2020 these materials accounted for around 47 per cent of total packaging. About 9 per cent of plastic packaging came from recycled or renewable materials. The 2025 target is for 75 per cent of total packaging and 50 per cent of plastic packaging to be made of recycled or renewable materials. This is a challenging goal because there is limited availability of such materials, and because recycled plastic often does not meet food safety requirements.

Orkla Foods Sverige has relaunched BOB dilutable drinks in bottles made of 100 per cent recycled plastic. Orkla Foods Norge has done the same with its FUN products and Idun Industri is now using recycled plastic in its sourdough buckets. The proportion of recycled plastic has also increased to around 50 per cent in Define Hair Care bottles, 80 per cent in Define trays, 75 per cent in Grumme soap bottles and 90% in Dragsbæk Group's trays, which are used for fresh pasta and NATURLI'® products.

In 2020, Orkla Eesti introduced cardboard cups for pick-and-mix sweets in their chocolate stores, and replaced plastic lids with a more sustainable alternative. From 2021, the cups will also be produced from FSC-certified cardboard with a protective BioPBS coating. These cups will be completely compostable under natural conditions and recyclable in the paper waste flow. As part of the same project, all plastic bags were replaced with FSC-certified paper bags in Orkla Eesti's chocolate stores.

Orkla wants to help create a market for recycled materials by promoting demand for such alternatives and developing alternatives to fossil plastic that meet the Group's food safety and product quality standards. In 2020, Orkla Confectionery & Snacks Sverige launched four varieties of



OLW crisps in bags made of bioplast produced from pine oil, a residual product from the Nordic forest industry. Use of bioplast in the packaging reduces CO<sub>2</sub> emissions by 50 per cent compared with conventional plastic packaging. Several of Orkla’s other companies are also examining the possibility of using renewable materials, and launches are expected for several brands in 2021.

**Reduced use of materials**

Orkla companies strive to find creative solutions for reducing the amount of material in packaging. This promotes more efficient use of resources and optimises transport, since it results in lower weight or smaller sizes. In 2020, Orkla Food Romania took steps to reduce the amount of cardboard in cardboard boxes and the amount of glass in jars. This will lead to a reduction of around 13 tonnes of cardboard and 32 tonnes of glass per year. Orkla Home & Personal Care has cut the amount of plastic in the caps of OMO, Blenda and Milo products by 52 per cent. This measure alone reduces plastic use by 25 tonnes per year. Orkla Confectionery & Snacks’ Totenflak crisps have been relaunched in a new, smaller bag that requires 12 tonnes less plastic per year. The Pierre Robert brand switched from plastic to cardboard packaging for all its products in 2020, thereby cutting down on the company’s use of plastic by around 33 tonnes per year.

The total amount of packaging used in Orkla’s products, in relation to turnover, was reduced by 6 per cent from the previous year.



**Orkla Health: Go circular, choose square**

Orkla Health has carried out an assessment of the packaging of all the dietary supplement products produced at the company’s factory at Ishøj, and in 2020 launched a plan for switching to more eco-friendly packaging solutions. As from 2020, existing packaging made of polypropylene, polyethylene and glass was replaced with more sustainable materials. The project encompasses 189 products under 21 brands. The factory at Ishøj manufactures dietary supplements for the Nordic region and several other countries.

The new packaging advances the transition to a circular value chain, where packaging can both be recycled and consists of recycled materials. The new containers are made of 48 per cent (coloured containers) and 100 per cent (transparent containers) recycled PET. The containers will also be given new labels and lids made of bio-based plastic, which is plastic extracted from renewable, sustainable resources, in this case household and industrial biowaste. The new containers are rectangular in shape so that they can be stacked more efficiently, thereby reducing emissions during transport.

Did you know that?

Orkla participates in several joint projects aimed at developing necessary expertise and solutions for realising the vision of circular packaging chains. Here are some examples:

- **Orkla** continued to be active in the Forum for Circular Plastic Packaging. The forum has previously launched a roadmap for ways in which players in the packaging value chain in Norway can help to realise the European strategy for plastic in a circular economy. Forum members collaborate on initiatives designed to make this happen.
- **Kotipizza** took part in a research project run by the Finnish research centre VTT, which aims to conceive of, design and implement new circular models by reusing packaging materials provided by customers. The project is funded by the Finnish government, will run for three years and involves major players in the Finnish food industry.
- **Orkla Foods Norge** continued its work on the Green Opportunities 2 project, which aims to achieve the most circular packaging economy possible in Orkla Foods Norge without increasing food waste. The project has been granted funding by the Research Council of Norway until 2023.
- **Orkla Home & Personal Care** is has continued its involvement in the joint industry project Futurepack. The project was completed in 2020, and has contributed important knowledge regarding implementation of circular economy principles in plastic packaging. The project has shown that conversion of biomass and plastic waste into resources for bioplastic can be an attractive future solution, and provided new knowledge regarding use of post-consumer recycled (PCR) materials in packaging applications.

The way forward

Sustainable packaging remained one of Orkla’s primary priorities in 2020. Orkla seeks to engage actively in joint projects with suppliers, relevant centres of expertise and other companies to develop recyclable packaging and increase use of recycled and renewable materials. Orkla will also continue its efforts to create a market for recycled plastic by increasing use of this material.





## Animal welfare

Orkla has many products that contain ingredients or components originating from animals, and as a leading food manufacturer Orkla wants to make a difference by ensuring good animal welfare in the value chain.

In 2018, Orkla developed an animal welfare policy that encompasses animals' welfare before, during and after their productive life. Methods for monitoring and improving animal welfare standards throughout Orkla's global value chain are based on the World Health Organisation's five freedoms: freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury or disease, freedom to behave normally and freedom from fear and (chronic) distress. The objective of Orkla's animal welfare policy is to increase awareness of animal welfare, provide guidance for Orkla's suppliers and promote more responsible business practices.

The animal welfare guidelines apply to all animal raw materials and across Orkla's geographical business areas. The Group has also drawn up detailed animal welfare standards adapted to product category requirements (PCR) for the largest categories, including beef, pork, dairy products and eggs. A more detailed description of these categories may be found on Orkla's website.

### Developments in 2020

In 2020, Orkla continued its efforts to improve its animal welfare standards. Based on dialogue with suppliers, animal welfare organisations and other stakeholders, Orkla has adopted new animal welfare standards for eggs and dairy products. These standards must be met by 2025 at the latest, but many will be met before then.



The new criteria for eggs include requirements that Orkla’s production companies must use eggs from cage-free hens and take steps to enrich hens’ living environment by enabling them to express more natural behaviour, such as dust bathing. Orkla Foods Norge, Dragsbæk, Sonneveld, Orkla Foods Danmark and Orkla Foods Sverige are some of the Orkla companies that have already been using eggs from cage-free hens for some time. The current roll-out of Orkla’s new Group policy to all factories that use eggs as an input raw material means that more hens in even more countries will now benefit from it.

The new requirements for dairy ingredients include giving milk cows more time outdoors and using an anaesthetic during operations such as dehorning. This is relatively common practice in Nordic countries, but may constitute an area of risk when products from other countries are used.

**The way forward**

Implementation of the new animal welfare criteria for Orkla’s main animal ingredients will continue in 2021. The same applies to the new Group policy for sourcing eggs. In 2021, Orkla will also implement a policy for broiler chicken. With these measures, Orkla has taken important steps towards its goal of ensuring that all the ingredients purchased by Orkla come from sustainable sources.





## Future Farming

In the next ten years, all sectors will have to halve their greenhouse gas emissions in order to meet the 1.5 degrees target set in the Paris Agreement. Food production accounts for 25 per cent of global greenhouse gas emissions and plays a key role in efforts to address the climate change challenges facing the world.

The establishment of fair, healthy and environmentally friendly food systems is therefore a main topic of sustainable development discussions in the United Nations, the EU and the food sector. Climate changes increase the risk of extreme weather, drought and flooding, making it increasingly important to build resilient food systems to ensure nutrition for the world’s growing population. Additionally, increased demand for agricultural products has led to excessive use of pesticides and aggressive farming practices, which cause soil degradation, deforestation and biodiversity loss.

It is important for Orkla companies to use raw materials that are sustainably produced, and to have a stable supply of these raw materials. By 2025, all key agricultural products must be sourced in accordance with Orkla’s principles for sustainable agriculture. The Group has been a member of the joint Sustainable Agriculture Initiative Platform (SAI Platform) since 2018, and uses SAI’s common framework for sustainable farming, the Farm Sustainability Assessment (FSA).

Through contract farming and close collaboration with farmers in several of the countries in which Orkla companies are present, the companies influence use of pesticides and ensure that raw materials are produced in compliance with Orkla’s food safety, animal welfare and environmental standards. A good dialogue with producers also lays the foundation for even closer cooperation in the future.

In 2021, Orkla will continue to partner with raw material suppliers, local farmers and the SAI Platform to achieve improvements that can foster more sustainable agriculture. At the same time, the Group will maintain dialogue with other companies, expert communities and organisations on how to make the transition to sustainable food systems.

Local cooperation

Local cooperation is a key to ensuring that responsibly-produced agricultural products are used across companies and countries. Orkla companies are engaged in dialogue with local authorities to assess local standards for responsible farm practices in relation to the framework used by Orkla. In addition, Orkla’s Norwegian companies are involved in establishing a new platform for cooperation on sustainable food under the auspices of the UN Global Compact.

Since 2018, MTR has participated in a joint project with Uluvayogi Horticulture Farmers Producer Company (HFPC) from Hubballi, Karnataka, aimed at procuring Byadgi chili directly from farmers at a fair price by eliminating middlemen. This cooperation seeks to ensure sustainable cultivation of chili and improve farmers’ productivity and total household income by 20 per cent over a five-year project period.

Orkla Eesti works closely with around 20 local farmers within a perimeter of 150 sq.km around Orkla’s factories in Estonia. In addition to ongoing contact, Orkla Eesti has in earlier years invited the farmers on educational visits to German and Finnish producers to enable them to learn from the producers’ experiences and become acquainted with modern agrotechnical methods. The initiative has been well received and has helped the farmers to increase their crop yields substantially. The plan is therefore to continue these visits when conditions relating

to the coronavirus pandemic permit. Orkla Eesti also contributes materials to cover vegetable beds and provides seeds to cucumber and pumpkin suppliers and to cucumber farmers.



Care for bees

Bees play a pivotal role in pollination of plants, but the number of bees in nature has fallen dramatically in the past few years. To safeguard biodiversity, some Orkla companies support external initiatives to protect bee populations.

**Felix Austria**, which has the Knüsperli muesli brand, has partnered with Hektar Nektar since 2018 and provided a private beekeeper with a bee colony every year since then.

In 2020, **Jästbolaget** began to support the Swedish Society for Nature Conservation’s campaign to save endangered wild bees. Jästbolaget has also cultivated bee-friendly plants at the company’s facilities to provide food for both bumblebees and other bees.



Sustainable sourcing

GRI references	Indicators	Unit	2020	2019	2018
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	65	104 <sup>1</sup>	307
308-2	Suppliers with identified environmental non-compliances	Number	1	5	7
308-2	Share of suppliers with environmental non-compliances where improvement has been agreed	%	100	100	100
308-2	Share of environmental non-compliances that have been remediated	%	0	63	75
308-2	Share of suppliers with environmental non-compliances where the agreement has been terminated	%	0	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	65	104	75
414-2	Suppliers with identified social non-compliances	Number	30	46	33
414-2	Share of suppliers with social non-compliances where improvement has been agreed	%	100	100	100
414-2	Share of social non-compliances that have been remedied	%	76	78	57
414-2	Share of suppliers with social non-compliances where the agreement has been terminated	%	0	0	0
204-1	Share of sourcing from local suppliers <sup>2</sup>	%	56	56	56

<sup>1</sup>Including food safety audits  
<sup>2</sup>Suppliers located in the same country as Orkla’s receiving business

GRI references	Indicators	Unit	2020	2019	2018
Sustainable raw materials					
301-1	Consumption of raw materials <sup>3</sup>	Tonnes	875 350	884 000	959 200
301-1	Share of renewable raw materials <sup>4</sup>	%	93	96	94
FP2	Share of certified cocoa (UTZ Certified or Fairtrade) of total volume purchased	%	84	77	77
FP2	Share of certified marine raw materials (MSC or ASC) of total volume purchased	%	66	78	85
FP2	Share of certified palm oil and palm kernel oil of total volume purchased	%	94	87	75
	- RSPO SG	%	31	38	31
	- RSPO MB	%	36	18	17
	- RSPO Credits	%	27	31	28
FP2	Share of certified soya (RTRS - Roundtable on Responsible Soy Certification, ProTerra)	%	11	55	-
FP2	Share of certified hazelnuts (Rainforest Alliance)	%	2	-	-
FP2	Share of Nordic Swan Ecolabelled textile products	%	5	5	4
FP2	Share of cotton purchase value from certified organic cotton (GOTS, OCS)	%	84	57	41
FP2	Share of verified mulesing-free merino wool of total volume purchased	%	100	100	100
Sustainable packaging					
301-1	Share of packaging made from renewable materials <sup>6</sup>	%	35	29	31
301-2	Share of total packaging containing recycled materials <sup>6</sup>	%	47	35	44
Self-defined	Share of total packaging that is recyclable <sup>6</sup>	%	95	94	94
301-1	Packaging consumption, all types <sup>6</sup>	Tonn	156 717	151 742	133 500
301-1	Plastic packaging consumption <sup>5,6</sup>	Tonn	32 332	29 750	27 110
301-2	Share of plastic packaging from renewable or recycled materials	%	9	6	3
301-1	Consumption of packaging per revenue, all types <sup>6</sup>	Tonn/mill. NOK	3,3	3,5	3,3

<sup>3</sup>Raw materials used for own production ex. finished goods purchases  
<sup>4</sup>Includes raw materials from agriculture, share of total raw materials (purchase value)  
<sup>5</sup>Includes both pure plastic packaging and composite materials  
<sup>6</sup>Includes paper-based materials and bio-based plastics. Improved reporting means that the data volume for 2020 is larger than before



# Nutrition and wellness

- Products for a healthy lifestyle
- Joining forces for better public health





The big picture

There is a clear connection between food, health and climate. The UN Climate Panel estimates that global meat consumption must be halved in order to reach the world’s climate targets. At the same time, more and more consumers want to eat healthily and sustainably, and demand for plant-based food is soaring. The shift towards increased consumption of plant-based food and healthier products is reinforced by the fact that many grocery chains and other professional customers are increasingly asking for this type of product. For Orkla, this offers opportunities for innovation.

Lifestyle diseases due to obesity are a major global health challenge, and authorities in many countries continue their efforts to improve the population’s diet. As part of the work on the EU’s Farm to Fork Strategy, there is currently active discussion of labelling systems and other initiatives to accelerate the transition to a healthy, sustainable diet.

Orkla’s influence

Orkla contributes to better public health both by developing new, healthier alternatives and by making existing popular favourites healthier. The companies are reducing the content of salt, sugar and saturated fat in a growing number of foods that are part of the daily diet of many people.

Healthy food is increasingly popular, and Orkla provides more and more healthy options for snacks, biscuits and snack meals and products tailored to various needs. In the bakery industry, Orkla Food Ingredients offers an innovative portfolio of healthy, whole grain bakery products and vegan breads and cakes.

Orkla’s approach

The Orkla companies’ product development and innovation activities are based on local needs and taste preferences. At the same time, the companies work systematically to improve products’ nutritional profile and focus actively on product development to reduce the content of salt, sugar and saturated fat. A more detailed description of the Group’s procedures and processes for nutrition and wellness work may be found on Orkla’s website under the GRI Management Approach.

Orkla’s nutrition and wellness work supports the achievement of UN Sustainable Development Goal 2 on access to safe, nutritious food and Goal 3 on good health and well-being.



Orkla’s 2025 sustainability targets

- Double consumption of products and services that promote a healthier lifestyle
- 15 per cent less salt and sugar<sup>1</sup>
- Inspire people to adopt a healthier lifestyle

<sup>1</sup> Reduction in overall consumption of salt and sugar from Orkla’s food products. Base year 2015.





## Products for a healthy lifestyle

Orkla is committed to promoting a healthy diet. Developing healthier foods is therefore high on the agenda of Orkla companies.

As a leading manufacturer of food and other grocery products, Orkla wants to contribute to a healthy lifestyle for consumers. Seemingly small changes in the salt, sugar and fat content of products that are eaten and drunk every day can make important changes in public health. Orkla's philosophy is that healthy food should taste good. That is why the Group companies never compromise on taste in their efforts to reduce the percentage of salt, sugar and saturated fat in well-known favourites or when developing new products.

Orkla companies have been working purposefully and with a long-term perspective to reduce the total contribution of sugar and salt from their product portfolio by 15 per cent in the period from 2015 to 2025. To successfully develop new products without diminishing the taste experience or food safety, companies team up with external centres of expertise. In the last 15 years, Orkla companies have achieved a substantial reduction in saturated fat, among other things by replacing palm oil with healthier oils. The companies also launch wholesome alternatives containing whole grains and more vegetables, and Orkla's assortment of fish products is constantly being developed.

Good, clear information is essential for consumers to be able to make conscious choices in stores. Orkla considers it important to make it easy for customers and consumers to know what products contain, by providing fact-based, comprehensible product information.

**Plant-based food**

Orkla continuously expands its portfolio of plant-based products, many of which are healthier alternatives to foods based on meat and dairy raw materials. According to the Norwegian Directorate of Health, a plant-based diet can have beneficial health effects and lowers the risk of a variety of diseases.

Orkla has several plant-based products that replace animal protein, and are based on ingredients such as oats, almonds, soya, peas and rice. Plant-based substitutes are often processed. Orkla emphasises the importance of choosing good raw materials and works continuously to improve processes.

**Developments in 2020**

In 2020, Orkla maintained its focus on offering consumers healthier food. An important investment was the purchase of the Havrefras brand, including Rug Fras and Mini Fras, which holds a strong market position in Scandinavia for healthy cereals. The products are high in fibre and feature the Green Keyhole healthy food label. Several healthier products have also been launched across multiple markets, and work on reducing salt and sugar has resulted in a number of product changes.

In 2020, the proportion of turnover from products that contribute to a healthy lifestyle was 19 per cent<sup>1</sup>, the same level as in 2019.

**Reduction of sugar, salt and saturated fat**

In 2020, several Orkla companies achieved substantial reductions in salt, sugar and saturated fat in connection with the relaunch of existing products and launch of new ones.

Sonneveld reduced salt and sugar in bakery products and Orkla Foods Romania reduced salt in Unirea Original margarine. Orkla Foods Norge significantly reduced sugar by introducing new varieties of Fun Light dilutable fruit drinks with no sugar. Orkla Foods Sverige launched a new sugar-free muesli under the Paulúns brand, and Orkla Foods Norge launched instant oatmeal in a cup, with no added sugar and with the Keyhole label, under the Bare Bra brand. Both Idun in Norway and Beauvais in Denmark launched Keyhole-labelled ketchup with no added sugar. In Denmark, Credit launched a variety of cake products with no added sugar, a low fat content and a high fibre content.

Orkla’s total consumption of sugar and salt has been reduced by 9 per cent and 6.5 per cent, respectively, since 2015<sup>2</sup>. In 2020, the companies reduced the sugar content in categories such as jams, dilutable fruit drinks and other beverages, ketchup, biscuits, marzipan, cakes, breakfast cereals, bars and chocolate. The content of salt has been cut in products including bread mixes, ready meals, sausages, sauces and dressings, ketchup, crisps and biscuits. The effect of this work was 2234 tonnes less sugar and 168 tonnes less salt in 2020.

Orkla has reduced saturated fat content in the product portfolio by 14 per cent during the period from 2015 to 2020. er redusert innholdet av mettet fett i produktporteføljen med 14 prosent i perioden 2015 til 2020. The companies have done this by replacing palm oil with healthier oils in several Orkla products, and many Orkla factories are now completely palm oil-free. Work on replacing palm oil with other healthier ingredients continued in 2020.

<sup>1</sup> This applies to Orkla Foods and Orkla Confectionery & Snacks.  
<sup>2</sup> Figures are uncertain due to changes in measurement methods over time.



**Healthier snack options**

Orkla Confectionery & Snacks is stepping up its focus on healthier snacks. In 2020, several companies launched healthier snacks made of lentils and beans, under the Adazu, OLW and Taffel brands in Estonia, Latvia, Finland and Sweden. A number of cross-company development projects are being carried out with a view to further developing this market.

As a result of its long-term efforts to reduce sugar and salt in a broad range of products, Orkla Confectionery & Snacks Norge now has the lowest average content of sugar and salt in biscuits and chocolate in the market.

**Dietary supplements**

Orkla Health works to promote good health by offering healthy, positive and simple choices.

In 2020, Orkla Health launched Gevita SHE, a new range of dietary supplements for women in menopause. The products help to relieve common menopause complaints and have been launched in Norway and Sweden. Orkla Health also launched Sana-Sol Vitabons in Finland, a new range of soft vitamin and mineral gummies for adults which make it easier to remember to take vitamins every day.

The Möller’s portfolio continued to grow in 2020, with the launch of cod liver capsules and liquid omega-3 without vitamins for dogs and cats, and the roll-out of Möller’s omega-3 from seaweed for vegans in several countries.

**The way forward**

Orkla has achieved a significant reduction in salt and sugar over many years and will continue these efforts in the time to come. This has been possible thanks to a broad-based focus on this goal across companies and countries, where nutrition and wellness have become an integral part of product development work. Future work will continue along the same lines to achieve the target of a 15 per cent reduction in salt and sugar by 2025.



## Joining forces for better public health

Orkla works closely with government authorities and the food industry in several countries to promote better public health.

Interest in health and healthy food has long been a strong trend— not just in the Nordic countries, but also in the Baltics and Central Europe. Orkla has worked resolutely for several years to make its products healthier and develop foods containing less salt, sugar and saturated fat. To shift the population's taste preferences in a healthier direction, changes must be made place gradually, and the industry and authorities must work as a team. Orkla cooperates closely with government authorities and the food industry in several countries and is a driving force for new initiatives.

## Developments in 2020

### Driving change in industry practices

Orkla wants to contribute actively to establishing joint initiatives between the food industry and the authorities in markets where Orkla has a presence. In Norway, Orkla has been committed since 2016 to the agreement of intent to promote healthier food, which is a joint initiative between Norwegian authorities and the food industry aimed at making it easier for consumers to make healthier choices. A key element of this collaboration is the Salt Partnership, the goal of which is to reduce the proportion of salt in food products and foods served in restaurants and canteens. This partnership has produced good results. The majority of all new Orkla launches now have a salt content at the same level, or lower than, the salt targets set in the Norwegian Salt Partnership.

In order to achieve the same type of change in consumer preferences in other countries, it is essential that the entire industry teams up to reduce salt and sugar in their products. Using the Norwegian agreement of intent



as a model, the authorities and food and drink industry in Denmark have established the Innovation Partnership, a joint endeavour designed to make it easier for Danish consumers to make healthier food choices. Orkla participates actively in this cooperation. In Sweden, the Swedish National Food Administration has been tasked by the government with reducing sugar and salt in the diet of the Swedish population, a process that began in 2020. Orkla is and will remain strongly involved in this work.

Orkla also wants to play an assertive role in changing industry practices through dialogue and collaboration with customers. Several Orkla companies are now intensifying their efforts to provide courses, guidance and other initiatives to make it easier for public institutions and professional kitchens to serve healthy meals. Broad cooperation and emphasis on research are important to achieving results and for reaching Orkla’s targets by 2025.

**Healthy food for children in kindergartens and schools**

The Orkla Foods companies want to contribute to a healthy diet for children and are engaged in several new initiatives. In 2020, through the Barebramat.no web portal, Orkla Foods Norge continued to offer recipes and deliver food to kindergartens. The company also pursued a dialogue with Fiskesprell, a national dietary programme under the auspices of the Ministry of Health and Care Services, the Ministry of Trade, Industry and Fisheries, the Norwegian Seafood Council, the Norwegian Directorate of Public Health and the Institute of Marine Research, which provides courses on children and seafood for employees in kindergartens, the school day care service, schools and other target groups.

Orkla Foods Lietuva has been involved for 10 years in “Sveikatiada”, a healthy lifestyle programme for schools and kindergartens. The project gives children knowledge and practical skills related to healthy nutrition and physical activity, and is a joint initiative established by the Lithuanian government authorities, business and industry and voluntary organisations.

To inspire and help both children and teachers to have a good, healthy relationship with food, Orkla FoodSolutions developed the “Hälsa på maten” (Say Hi to Food) concept, which targets schools and kindergartens. The concept consists of a cookbook with simple recipes for tasty, wholesome breakfasts, snacks and lunches, as well as inspiring tips and fun teaching strategies provided by researchers, public health developers, dietary experts, teachers and cooks.

**The Cod Liver Oil study**

During the winter of 2020–2021, Norwegian researchers at Oslo University Hospital (OUS) are conducting a study of whether cod liver oil prevents COVID-19. The reason for this is findings in the major Norwegian COVID-19 study which indicate that persons who take cod liver oil were more seldom infected with the coronavirus and those who were infected experienced a milder course of illness. This may be due to the cod liver oil, but it may also be due to cod liver oil users’ healthier lifestyle. Through the Cod Liver Oil study, the researchers at OUS are seeking to ascertain whether there is a direct connection between use of cod liver oil and the low incidence of COVID-19.

At the request of OUS, Orkla has agreed to partially fund the Cod Liver Oil study. For Orkla, this support is both a contribution to the fight against the pandemic and, at the same time, a possibility to gain new insight into the positive effects of taking cod liver oil. Cod liver oil contains both vitamin D and omega-3 fatty acids. The cod liver oil used in the research project is Möller’s Tran. The Cod Liver Oil study is one of the largest clinical studies of its kind with over 30 000 participants.

**The way forward**

Orkla wishes to be a driving force in also establishing joint initiatives between industry and government in other markets where Orkla is present. At the same time, the Group sees the need to increase research efforts in order to reach the target of a 15 per cent reduction in salt and sugar by 2025.



## Important launches in 2020



**Paulúns Supermüsli**  
New müsli with no added sugar or additives and high in fibre.



**DOC Halslinser**  
All DOC throat lozenges have become sugar-free, to contribute to the reduction of sugar in the products in grocery checkout areas.



**Taffel Linssips**  
Crisps made of lentils. They contain 13 per cent protein and 40 per cent less fat than ordinary potato crisps and they are vegan.



**Bare Bra Supergrøt**  
The new wholesome oatmeal in a cup, with no added sugar and Keyhole-labelled.



### Keyhole-labelled products

The year 2020 marked the tenth anniversary of Orkla's adoption of Keyhole-labelling for its products. The first Keyhole-labelled products were launched by Orkla in Norway in 2010, and the number of products has increased every year since then. The Keyhole label is a Nordic labelling system that denotes healthier products, and is used in Sweden, Norway and Denmark. In total, Orkla had 211 Keyhole-labelled products in 2020, an increase of 22 per cent since 2019. Turnover from these products is estimated to be around NOK 830 million. The goal for the whole Orkla Group is to increase sales of Keyhole-labelled products to NOK 1 billion by 2025. Categories that drive growth are vegan products and breakfast cereals. The biggest Keyhole-labelled products in Orkla are Stabbur-Makrell i tomat (mackerel in tomato sauce), Mors Flatbrød (crispbread) and Picnic (tinned ham).

Orkla Suomi offers food products featuring the Finnish "Sydänmerkki" (Heart symbol) label, and several companies offer whole grain products marked with the "Brødskalaen" (Bread Scale) and other similar labels.

Nutrition and health

GRI references	Indicators	Unit	2020	2019	2018
Reduction of salt, saturated fat and sugar <sup>1</sup>					
Self-defined	Decrease in salt due to reduction activities	Kg	168 139	83 600	192 000
		%	1.7	0.8	2.0
Self-defined	Consumption of salt (own production) per revenue	Kg/million NOK	280	325	300
Self-defined	Decrease in saturated fat due to reduction activities	Kg	808 789	607 000	379 000
		%	2.0	-	-
Self-defined	Decrease in sugar due to reduction activities	Kg	2 233 695	1 825 000	3 382 000
		%	2.2	2.1	2.7
Self-defined	Consumption of sugar (own production) per revenue	Kg/million NOK	2 856	2 660	3 800

<sup>1</sup> Concerns Orkla Foods, Orkla Confectionary & Snacks and Orkla Food Ingredients. Historical figures have not been adjusted for subsequent changes in corporate structure. There is some uncertainty attached to the figures due to variations in the calculation method.



# Safe products

- Food safety
- Safe non-food products
- Contingency planning



**The big picture**

Consumers are taking a growing interest in what they are eating, where the food comes from and how it is made. Orkla takes high quality and safe food seriously. Through Orkla’s own Food Safety Standard, strict requirements are set for how raw materials are cultivated, produced and transported. Guidelines ensure that ingredients, packaging and the product itself are safe to use.

The same applies to Orkla’s non-food products. It is an absolute re-quirement that they are safe to use. Customers and consumers must know that they are receiving the same high quality every single time they choose Orkla’s well-known, popular brands of household cleaning, personal hygiene and textile products.

**Orkla’s influence**

As a branded consumer goods company, Orkla is dependent on trust. That’s why the logo on the back of the packaging of all Orkla’s branded products is a guarantee that they meet the Group’s stringent food safety and product safety standards. Adopting common standards and systems ensures good, cost-efficient control of food safety risk throughout the value chain. Given the multitude of raw materials, production sites and suppliers, Orkla’s risk picture is complex. However, the gradual transi-tion to fewer, larger factories and common suppliers across the Group companies is helping to reduce this complexity. When acquiring new companies, the Group emphasises the importance of rapidly imple-menting Orkla’s solutions and skills development programmes to lay the foundation for a strong food safety culture.

**Orkla’s approach**

A detailed description of Orkla’s food safety procedures and work processes may be found on Orkla’s website under GRI Management Approach.

Orkla has worked determinedly to ensure food safety and product safety for many years. These efforts contribute to the achievement of UN Sustainable Development Goals 2, 12 and 17.



**Orkla’s 2025 sustainability targets**

- 100 per cent food-manufacturing facilities at green level<sup>1</sup>
- 100 per cent approved suppliers<sup>1</sup>
- Continue to ensure that all products are safe

<sup>1</sup> In accordance with the Orkla Food Safety Standard.





## Food safety

Ensuring that food is safe is a fundamental imperative at Orkla. It is therefore a main priority to ensure safe food in every part of the value chain, from the cultivation of raw materials to the product's arrival on store shelves. The goal is to match the best companies in the world when it comes to food safety.

The coronavirus pandemic impacted on Orkla's food safety work in 2020. Audits and courses were carried out digitally, but Orkla has still managed to maintain high standards for their suppliers and good traceability throughout the value chain.

## Developments in 2020

### Ensuring good control of food safety

Orkla has good control of food safety in its own operations. All factories and warehouses in the Group that handle food and drink are regularly audited in accordance with the strict requirements of the Orkla Food Safety Standard (OFFS). In the past few years, these audits have increased significantly due to the larger number of acquisitions. Orkla similarly requires its suppliers to meet strict requirements and has a well-established system for approving and monitoring suppliers using dedicated supplier auditors. In 2020, substantially fewer audits were carried out of both Orkla's own operations and suppliers due to COVID-19 and travel restrictions. As a substitute, digital audits were developed and conducted without the auditors actually visiting the factory or warehouse in question. Orkla has considered it important to monitor suppliers and its own operations despite the challenges posed by the pandemic. The digital audits functioned adequately as a best-possible solution. Moreover, Orkla's central food safety team is involved in all acquisition processes in the Group to identify risk at an early stage.

**Competence-building strengthened through digital courses**

Orkla attaches importance to having a strong quality culture and the competence to identify and deal with risk factors in the value chain early on. Providing courses for employees has therefore been an important focus in the past few years. Priority areas for skills development are HACCP (identification and handling of critical control points for food safety in production), root cause analysis, allergen management, internal audits, supplier monitoring and Orkla’s Food Safety Standard.

In 2020, digital courses became the norm instead of courses requiring physical presence. This has proved to be highly effective and successful, with good feedback and widespread course attendance. As a result, extra courses were scheduled in the autumn of 2020. Since more people have the possibility of participating digitally, and this type of course does not affect quality, Orkla will continue to provide such training.

**Sharing best practices**

Orkla has established a common policy for food safety and quality, with common systems and work methods across companies. Companies that are acquired are quickly introduced to Orkla’s standards and ways of working. Competence is also shared through quality networks and conferences.

**Communication campaign on food safety**

Orkla’s Food Safety and Quality Week was held in November. The companies accentuated the importance of Orkla Golden Rules for Food Safety and Quality through clear communication materials, events and other creative activities. This served as a reminder of an important message and spurred active engagement at Orkla’s factories.

**The way forward**

Efforts to ensure effective, cost-efficient control of food safety risk continue. Greater emphasis will also be placed on cyber security in Orkla’s quality systems. At the same time, Orkla is attaching greater importance to quality-related risk and is including this risk in the HACCP manual with a view to reducing the number of complaints. Orkla is in a phase of growth and expansion, and the integration of newly acquired companies will therefore continue to have high priority, with a rapid introduction to Orkla’s systems and work methods. A growing number of common solutions are being developed in various areas.





## Safe non-food products

Environmental assessments and safety are key elements of all product development, and Orkla's non-food companies adhere to strict guidelines for product safety in every part of their value chain.

Based on the precautionary principle and the duty of substitution, the companies work systematically to replace ingredients that have a potential negative impact on health and the environment. The companies keep close track of relevant external research to stay abreast of potential health and environmental risks, and have procedures for assessing product safety in connection with product development projects and changes in production processes.

### Developments in 2020

All products manufactured by Orkla Home & Personal Care, Orkla Wound Care, Lilleborg and Pierre Robert Group undergo routine assessment of factors of relevance to consumer health and safety. In Orkla House Care and HSNG, such assessments are primarily carried out in connection with launches, and the companies evaluate how risk identification procedures can be further improved. There were no cases involving breaches of product safety rules in Orkla's non-food companies in 2020.

Orkla Home & Personal Care conducts extensive research in its own laboratories. The company uses only well-documented ingredients and has made active use of the Nordic Swan Ecolabel since 1983. In 2020, Orkla Home & Personal Care relaunched the Define hair care range, and removed certain raw materials that could pose a potential risk to health and the environment. All silicones have been eliminated, all residues of MIT preservatives have been removed, and all non-degradable



thickeners have been replaced. Furthermore, the new formulations are vegan. The Sterilan anti-perspirant stick was relaunched with no cyclical silicones. These ingredients are no longer used in any of the company's products. Non-degradable thickeners and a dye were eliminated from Sunsilk shampoo, and Jordan has launched four new Nordic Swan Eco-labelled toothpastes.

Lilleborg develops effective, sustainable hygiene and cleaning systems for the professional market. In 2020, the company relaunched Suma Tørremiddel A8 and DekoRen+ Tørr, both with a new Nordic Swan-Ecolabelled formulation. It also launched Swan-labelled Sun Profesjonell Maskinoppvask dishwasher detergent. Lilleborg works actively to carry out product assessments and substitution of both raw materials and methods. In 2020, it removed or changed the perfume in some products. Colorants were removed and a preservative was changed in some cleaning products.

Pierre Robert Group uses Nordic Swan Ecolabelled merino wool and organic cotton certified under the Global Organic Textile Standard (GOTS). Both these certifications have strict criteria for use of dyes and chemicals in garments. Both the Nordic Swan Ecolabel and GOTS certification set environmental and social requirements for every part of the value chain, and certification is verified by a third party. Read more about the certification of textile raw materials on page 94.

## The way forward

The companies continue to work on renewing Nordic Swan Ecolabelling for existing products and obtaining certification for new products containing natural ingredients in 2021. Substitution work will continue to have high priority, with particular focus on perfumes and preservatives.







## Contingency planning

It is crucial that Orkla put in place contingency procedures for responding to new risks. The companies must have sufficient knowledge and be ready to deal with a variety of situations, so that necessary action can be taken to ensure that all products are safe to use and to prevent Orkla from suffering adverse commercial effects.

Contingency planning expertise can be assured by in-house personnel or by securing access to external experts who can provide assistance. Orkla has chosen a combination of the two. Examples of new risks that have arisen in connection with food production are acrylamide in starchy foods and use of modern genetically modified organisms (GMO). In 2020, findings of the banned substance ethylene oxide in sesame seeds from India posed another challenge. This affected almost every country in Europe and led to extensive assessments, withdrawals and recalls of products from the market.

### Developments in 2020

As part of the development process, all food products launched by Orkla undergo a thorough risk assessment in connection with work on identifying and controlling potential health hazards related to packaging, ingredients and use. The companies monitor changes in the risk picture in dialogue with Orkla's central food safety team and external partners. In 2020, Orkla saw a substantial reduction in contingency cases, particularly in the period March to July. This is because a wide range of infection mitigation measures were introduced in response to the COVID-19 pandemic. Infection controls, optimal hygiene, supplementary training and employee vigilance contributed to fewer errors and accidents at factories and supplier facilities. Orkla has had no Class 1

emergencies for many years related to food safety or non-food products entailing a risk of serious illness.

In 2020, Orkla’s contingency planning took on an added dimension in the form of the Group’s response to the COVID-19 pandemic. Read more about this topic on page 150.

**The way forward**

There is still a need to intensify efforts to reduce the number of quality and food safety emergencies, and great emphasis is placed on learning from actual cases and carrying out systematic root cause analyses. This is followed up in audits of the companies concerned.

Orkla works continuously to improve its contingency planning, focusing particularly on areas and causes involving multiple emergencies and companies.



Safe products

GRI references	Indicators	Unit	2020	2019	2018
Safe food production <sup>1</sup>					
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	32 <sup>2</sup>	89	102
FP5	Share of food manufacturing sites certified by independent third party	%	63	56	53
416-2	Incidents of non-compliance concerning food safety, risk level 1 (life threatening health hazard)	Number	0	0	0
416-2	Incidents of non-compliance concerning food safety, risk level 2 (serious health hazard or serious quality deviation)	Number	10	24	8

Safe deliveries of raw materials

Self-defined	Risk assessment of suppliers: Self-assessments	Number	1 311	1 668	1 810
Self-defined	Risk assessment of suppliers: Assessments carried out by Orkla	Number	1 409	1 434	1 350
Self-defined	Risk assessment of suppliers: Supplier audits	Number	119	264	237

Food safety training

Self-defined	Participants in courses run by Orkla’s Food Safety Team	Number	353	256	400
Self-defined	Extent of courses run by Orkla’s Food Safety Team	Hours	3 094	3 900	3 130
Self-defined	Participants in courses run by Orkla factories	Number	8 294	7 430	4 500
Self-defined	Extent of courses run by Orkla factories	Hours	18 716	18 570	9 700

<sup>1</sup> Concerns companies with food production  
<sup>2</sup>The scope of audits was somewhat reduced due to the covid-19 pandemic and the emergency preparedness work related to this

# Care for people and society

- Promote healthy and sustainable consumption
- Stakeholder dialogue
- Social engagement
- Responsible employer and human rights
- Occupational health and safety
- Integrity





**The big picture**

The world has ten years to achieve the global Sustainable Development Goals on which 193 countries reached agreement in 2015. If we are to succeed, all players in society must take responsibility. People are pivotal to a sustainable future. It is people who make choices when they buy products, and it is people who make choices when they produce them. People are Orkla’s driving force, and it is essential that Orkla take good care of the people employed by the Group.

The COVID-19 pandemic has made it clear how much can be achieved by mobilising collective efforts. Collaboration and new partnerships between business and industry, government authorities and other key social players will be crucial to creating growth that is economically, environmentally and socially sustainable. Orkla wants to use its presence in many countries and sectors to make a significant difference and engage actively in making the transition to sustainable production and consumption.

**Orkla’s influence**

Orkla wishes to help achieve good local solutions for addressing the major global challenges. The companies’ most important contribution to sustainable development is to offer products with a smaller climate footprint and tackle the social and environmental challenges related to the products’ raw materials and packaging. Furthermore, Orkla wishes 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 a good, safe working environment, the Group makes a positive contribution to employees’ job satisfaction and personal development. Moreover, Orkla companies 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 comprehensive, systematic approach to the topic “Care for people and society” based on the precautionary principle and the principle of continuous improvement. A detailed description of procedures and processes may be found on Orkla’s website under GRI Management Approach.

Work to promote stakeholder dialogue, social engagement and sustainable consumption supports the achievement of UN Sustainable Development Goals 12 and 17. Efforts to promote good workplaces with emphasis on diversity and inclusion, a safe working environment and respect for workers’ rights support the achievement of UN Sustainable Development Goals 5 and 8.



**Orkla’s 2025 sustainability targets**

- Create strong local engagement for sustainability
- 100% compliance with Orkla’s human rights policy
- Create healthy workplaces with zero injuries
- Women in 50% of leadership positions at all levels
- Create a culture of integrity everywhere



## Promote healthy and sustainable consumption

Orkla is committed to making sustainability an integral part of its operations and an increasingly important source of innovation and growth. All Orkla companies work every day to promote more sustainable consumption and production.

UN Sustainable Development Goal 12 – responsible consumption and production – is core to Orkla’s sustainability work. Orkla companies want to help consumers make more sustainable choices, by making it easier for them to understand the impact of what they buy and offering new, more sustainable alternatives. As the biggest manufacturer of consumer goods in the Nordic region, Orkla has both a possibility of and a responsibility for influencing consumer preferences in the right direction by nudging consumers to make sustainable choices.

The key to success is openness and transparency. Orkla wants to communicate in an open and factually correct way about how its products are manufactured and what their impact is. The companies are increasingly using certification and labelling systems that create trust and are making it easier for consumers to compare products.

### Developments in 2020

In 2020, Orkla companies launched several new products that make it easier to make good, environmental choices in everyday life (read more on page 79). In addition, several Orkla companies signed the Guide Against Greenwashing in 2020, thereby pledging to engage in responsible communication and marketing of sustainability measures. At the same time, Orkla has carried out various campaigns and initiatives



aimed at inspiring consumers to adopt healthier, more sustainable consumption habits. For example:

- Orkla Foods Danmark has entered into partnership with **Too Good To Go**. Through an app, consumers can buy unsold food that would otherwise have been thrown away. Several companies in Orkla Food Ingredients are also involved in the initiative. Orkla Confectionery & Snacks Norge has also teamed up with Too Good To Go and before Christmas gave away 1800 bags of perfectly good Nidar products that would not have been sold in grocery stores.
- The **Next is Now platform** run by Orkla Foods Sverige's Orkla FoodSolutions collects knowledge, insights and solutions for healthy, sustainable food for the future, through workshops and webinars. The concept is intended to support efforts to be a good sustainability partner for B2B customers. In 2020, Next is Now held digital webinars on a variety of topics, including the shift from animal to plant-based proteins, and how health and eating habits are changing because of COVID-19. Each webinar attracts around 300-350 attendees.
- Orkla Eesti started a project in 2020 to increase awareness of the connection between calories and physical activity levels. Consumers of **Mesikäpp** chocolate products can see how much activity is required to burn off the calories in what they are eating. All Mesikäpp products will feature energy labelling in the course of 2021.
- Pierre Robert Group is an engaged member of the **Movement for Sustainable Textiles (MoST) and Tekstilaksjonen**. MoST is a cross-cutting, collaborative venture between players in the Norwegian fashion and textile industry, new clothing concept developers, environmental

organisations and textile recoverers. The Tekstilaksjonen is a meeting place for dialogue between companies and consumers. The overarching goal of MoST and the Tekstilaksjonen is to ensure that textiles are used twice as many times by 2024. In 2020, a wide range of activities and events were carried out to spread information to and inspire engagement among both consumers and public authorities regarding the importance of using clothes and other textiles longer.

- **Pierre Robert brand** focused on ensuring clearer labelling of more sustainable products in its online store in 2020. All garments with a smaller environmental footprint are now marked with a clear description of what makes the garment less harmful to the environment than conventional garments. For instance, the garment might be environmentally certified by GOTS, the Nordic Swan Ecolabel programme or GRS, and/or might be made from materials that have a smaller environmental footprint, such as Tencel™, Kapok, recycled synthetic fibre or organic cotton.
- Orkla Foods Sverige and the Felix brand tested a pop-up store called **The Climate Store** in Sweden in 2020. This was the world's first grocery store to price goods according to their climate footprint. Customers shopping at the supermarket had a weekly budget of 18.9 kilos of carbon dioxide equivalents, which is equal to half of the current average climate footprint of food (in Sweden) and is in line with the Paris Agreement on climate change. Goods that are carbon-intensive – such as products based on animal raw materials – were priced higher than their plant-based alternatives, which have a smaller climate footprint. The initiative was intended to increase consumer awareness of the impact of their food choices and encourage more consumers to choose foods with a smaller climate footprint.

- **Lilleborg** has launched several measures in the past few years to help reduce energy and water use and emissions for customers in the food industry. The EnduroPower concept is a combination of innovative products and methods that generate savings of up to 30 per cent of water and energy used in customers’ factories. LilleborgControl is a digital tool that enables customers to adjust their washer so that it reuses more water, reuses larger amounts of cleaning products, optimises production and reduces product waste. Lilleborg QuickScan consists of a dedicated team of advisors who analyse customers’ processes to identify and highlight possibilities of economising in the form of reductions in CO<sub>2</sub> in water and energy and in costs.
- **Orkla Wound Care** has started a project to update the packaging of all its products, and are including recycling symbols and instructions for proper sorting. The project will be implemented in 2020-2022.

**Encouraging packaging reuse**

Packaging is one of the most important areas of Orkla’s sustainability work (read more from page 95), and more and more Orkla products are launched every year in new, more sustainable packaging solutions. But Orkla’s responsibility doesn’t end there, and the companies work purposefully to enable consumers and professional customers to reuse packaging.

**Klar tests refills in cartons and in stores**

In 2020, Klar began testing refill solutions in cartons for two of its best-selling products, hand soap and laundry detergents. The carton can be folded after use and sorted with other cardboard as paper waste. The carton-based packaging is still at the testing stage, but is an important step towards reducing use of plastic. Klar also tested in-store refills in 2020. Over a five-week period, consumers were given an opportunity to refill their own packaging with Klar soap and pay as usual at the checkout counter. The test pilot was a success, and Klar is maintaining its focus on making in-store refills a real option.

**Grumme offers a deposit-based bottle return system**

As of 2020, Swedish consumers can return all Grumme product bottles for deposit refund. This is possible due to a joint arrangement with PantaPå, an app that gives consumers a discount on other Grumme products when they scan empty packaging and place it in the correct waste container at the recycling station. In 2020, 25 036 Grumme bottles were returned through the app.

**Lilleborg reuses containers**

Lilleborg has collaborated with Noreko for several years on the collection, washing and reuse of Intermediate Bulk Containers (IBCs) that are used for products manufactured at Lilleborg’s factory at Ski and for contract manufacturers in Norway. In 2020, Lilleborg began work on an innovation project to ensure the quality and testing of 200-litre vats for reuse. In addition, these vats are made of up to 80 per cent recycled plastic.



**Climate impact labelling**

In the past few years, several Orkla companies have introduced climate impact labelling of food. In 2019, Orkla Foods Norge launched its “Klodemerket” (The Planet Label) for TORO soups. The label is based on a climate impact scale developed in cooperation with the RISE Research Institute of Sweden. Products are ranked according to whether they have a high, medium, low or very low climate impact. TORO has calculated the carbon footprint per portion, based on the preparation instructions on the packet, and including any additional ingredients recommended. For a product to qualify for the Planet label, the greenhouse gas emissions for the meal must be at “low” or “very low” level, i.e. 0.8 kg CO<sub>2</sub> -equivalents or lower, which is compliant with UN recommendations for limiting global warming to a maximum of 1.5°C.

In 2020, “Klodemerket” was used on several products from Orkla Foods Norge, including a number of TORO products, Pizza Grandiosa mozzarella, pesto and tomatoes and Mandagspizza. Orkla Foods Sverige has launched a similar climate impact labelling system for several products from Felix, Paulúns and Abba, and Orkla Foods Česko a Slovensko has introduced climate impact labelling for Vitana soups in the Czech Republic and Slovakia.

In 2020, TORO also launched a new webpage aimed at inspiring climate-smart food choices. The webpage features content on the “Klodemerket” label, tips for green dinners, leftover-based meals and other information that makes it easier for consumers to choose climate-friendly food. Over half a million users have visited the webpage. TORO has also engaged with schools and taught 5000 pupils in grades 5 to 7 about climate-smart food.



In 2020, through a programme for industry collaboration on climate impact labelling of food, TORO brought together representatives from the Norwegian food industry in a dialogue on climate impact labelling. In a series of workshops they explored the possibility of establishing a common climate impact labelling system. The conclusions of their work were published in the autumn of 2020 in a report containing lessons learned and recommendations.

**Good, responsible marketing**

Orkla is committed to responsible marketing to all consumers through all communications platforms. Particular attention is focused on communications that target children and young people concerning unhealthy products. Orkla supports the principles set out in the EU Pledge, and the companies have procedures to ensure that food and drink are marketed in accordance with these principles. Orkla is a member of the Board of the voluntary joint industry body, the Food and Drink Industry Professional Practices Committee (MFU). In 2020, the MFU continued its work to promote responsible marketing to children and young people, including tightening the guidelines on marketing to young adults, and initiated efforts to increase consumer awareness of the programme. Orkla is active in the Professional Committee for Influencer Marketing (FIM), which promotes good, responsible market practices for players engaged in influencer marketing. The aim is to reduce body image issues and pressures among children and adolescents.

Orkla companies have adopted a conscious, cross-country approach when selecting influencers to market their products. The companies carry out an in-depth, overall assessment of influencers, the content they post and the age of their target group. It is important for Orkla that the influencers marketing Orkla products also promote values that are key to Orkla brands, such as a healthy lifestyle and body positivity. In 2020, some

of Orkla’s influencers underwent relatively extensive training that should equip them well to uphold Orkla’s marketing principles. A conscious effort is also made across brands to ensure that influencers, models and actors involved in marketing Orkla products represent the broadest possible diversity in terms of background, ethnicity and body shape.

In 2020, three cases were reported under the regulatory framework for marketing and product labelling. A complaint was filed against Orkla Confectionery & Snacks Norge, which was found by the MFU to have shown advertising films that might appeal to children before 21:00 hours, in breach of the voluntary guidelines for responsible marketing to children. As a result of this case, the company tightened its procedures for ensuring that TV channels comply with Orkla’s requirements regarding broadcast times. Two complaints were also lodged with FIM against the Orkla company Health and Sports Nutrition Group AB (HSNG) concerning use of influencers. One of these resulted in a statement by FIM that the general image of the influencer in question was of such a nature that the marketing for Orkla was deemed to be contrary to FIM’s guidelines, even though the actual marketing itself was not. The matter has been followed up closely by Orkla.

**The way forward**

In the past few years, through Orkla’s internal sustainability network and in-house “master classes” in sustainability communication, Orkla has significantly increased the knowledge of marketing and communications staff regarding global sustainability challenges and the importance of good sustainability communication. In the coming years, the companies will increase their efforts to guide and inspire consumers and professional customers to make healthy, climate-friendly purchase decisions. This will be done through product marketing, communications campaigns and participation in external collaboration projects.









## Stakeholder dialogue

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

Orkla engages in an ongoing dialogue with various stakeholder groups to understand their concerns, discuss important topics that affect the Group's operations, and jointly find solutions. Partnering with others makes it possible to achieve bigger solutions and make more progress than Orkla companies are able to do on their own.

Orkla's main stakeholders are its employees, customers and consumers, investors, government authorities, local communities, organisations, research communities and suppliers. Dialogues are conducted by means of meetings and other forms of direct communication, consumer and customer surveys, participation in networks and industry organisations and joint projects. Orkla follows up on issues that are raised and on the results of its companies' stakeholder dialogue through local communications and sustainability personnel, consumer service staff and the annual sustainability reporting process. Orkla's most important stakeholders and topics of dialogue in 2020 are summarised in a separate illustration and described in the respective thematic chapters.

### Developments in 2020

In 2020, Orkla engaged actively in dialogue and cooperation with other companies, organisations, research communities and government authorities. The topics covered a broad range of issues, from problems



relating to the pandemic, sustainable food production, farming in the future, circular business models and climate impact labelling to dialogue on increasing the collection, sorting and recycling of plastic packaging and developing future-oriented packaging. Orkla has also continued its dialogue with authorities and politicians at local and national level and in the EU on industrial policy framework conditions and other matters related to the Group’s operations.

In 2020, the Group strengthened cooperation between the companies in each country by reorganising the communications function. This has further improved the stakeholder dialogue due to better coordination and joint initiatives.

**Dialogue with government authorities**

Orkla pursues an active dialogue with government authorities on matters of importance for the Group. This dialogue is conducted both through direct contact and through advocacy organisations of which Orkla is a member. At European level, Orkla is a member of the European Brands Association AIM, the Association of Chocolate, Biscuit and Confectionery Industries of Europe (Caobisco), the Committee of European Sugar Users (CIUS)) and the European Snacks Association (ESA). In addition, Orkla employees represent the European food industry in two different advisory groups appointed by the EU to provide the European Commission with information on specific raw material markets. Orkla is a member of the World Economic Forum (WEF), and engages actively in the organisation’s work. Moreover, Orkla is a member of the Confederation of Norwegian Enterprise (NHO) and similar national advocacy organisations in countries including Sweden, Denmark, Finland and the Baltics. Orkla Home & Personal Care is a member of both the Norwegian Cleaning Suppliers Association (VLF) and the Norwegian Cosmetics Association (KLF).

In 2020, some of the Orkla companies took part in the debate on new rules governing the designation of plant-based products in the EU. NATURLI’® (part of Dragsbæk), Orkla Foods Sverige, Orkla Suomi and Orkla Confectionery & Snacks Sverige have been in contact with local authorities and EU parliamentarians to ensure that plant-based products can still be marketed as “burgers” or “sausages”. NATURLI’® also played a leading role in the battle against the cocoa tax in Denmark, which was 76 times higher for plant-based drinks than for drinks based on dairy raw materials. NATURLI’® and other stakeholders fought for this to be changed, as a result of which the same tax now applies to both types of drinks.

Orkla continued its engagement in 2020 in respect of the Swedish and Norwegian governments in connection with the international negotiations on the allocation of mackerel and herring quotas between the coastal states Norway, the EU, Iceland, Russia, Greenland and the Faeroes. Orkla considers it crucial to reach political agreement on a fair and sustainable allocation of fish resources in accordance with scientific recommendations, both to ensure sustainable fish stocks for the long term and to be able to document sustainable fishing to consumers through the Marine Stewardship Council (MSC) certification programme.

Grocery market concentration was also a topic of dialogue with the government in 2020. In Norway, a white paper was submitted to the Norwegian parliament and was under consideration at the end of the year. In this connection, Orkla has engaged in extensive dialogue with the authorities and politicians to contribute to creating a healthy, sustainable market for the distribution and sale of food in Norway. Orkla is similarly active in processes in Denmark, Sweden and Finland where the EU Directive on unfair trading practices in the agricultural and food supply chain is to be transposed into national legislation.

**Dialogue with organisations**

The Group’s dialogue with advocacy organisations primarily takes place at company level. Orkla conducted a close dialogue with the World Wild Fund for Nature (WWF) in 2020 through several companies and on a variety of topics. Among other things, WWF was the beneficiary of this year’s TV fundraising campaign in Norway, where donations were collected all over the country to support projects for a clean ocean. Orkla’s engagement for a clean ocean was also discussed in dialogue with other organisations such as Keep Sweden Tidy, Keep Norway Tidy and the Swedish Sustainable Food Chain initiative. The Orkla companies that work with fish have also maintained a close dialogue with various players on sustainable fishing.

The Orkla companies that work to promote climate impact labelling, such as Orkla Foods Norge and Orkla Foods Sverige, discussed this topic with various advocacy organisations, and dialogue on plant-based food has also had high priority.

Animal welfare was another important topic in 2020, and several Orkla companies pursued a dialogue on Orkla’s new animal welfare guidelines with organisations such as the Norwegian Animal Protection Alliance, the Danish organisation Anima, the Swedish association Animal Rights and the Animal Freedom organisation (read more on page 100).

Sustainable packaging was a key topic in Orkla’s dialogue with Grønt Punkt Norge, other producer responsibility organisations and various advocacy organisations. Several companies have engaged in dialogue with various organisations on food waste.

**Consumer service**

Consumers are among Orkla’s most important stakeholders, and dialogue with them primarily takes place through companies’ consumer service departments. Consumers are increasingly concerned about the environment and sustainability, and Orkla has seen a rise in the number of inquiries received by its consumer service staff on this subject. In 2020, 224 inquiries about sustainability were received in Norway alone.

Important topics of dialogue with consumers in 2020 were packaging, raw materials and the development of more sustainable solutions. Many consumers want information about where raw materials come from, what Orkla is doing to address challenges in the supplier chain, which packaging solutions are made of recycled plastic, whether product packaging can be recovered, and the correct way to sort at source. Orkla’s consumer service team has also received a great deal of positive feedback and questions about launches of more sustainable products from brands such as Klar and Jordan Green Clean. Consumer interest in vegan products is on the rise, and the consumer service staff receive questions about both plant-based food and animal welfare.

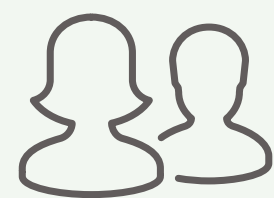
Some brands have engaged actively with consumers through social media. For two years, for instance, Klar has administered a Facebook group called “Klart det har noe å si” (Of course it makes a difference), where consumers provide continuous feedback on products and play an important role in testing innovations.

**The way forward**

The active dialogue with authorities, organisations and other industry players aimed at preventing plastic pollution, reducing greenhouse gas emissions, tackling challenges in the value chain and promoting healthy, sustainable consumption will continue in 2021.



# Important topics of stakeholder dialogue in 2020



## Employees

- A good, inclusive working environment
- Injury prevention
- Diversity and non-discrimination
- Skills development
- Restructuring of businesses
- Orkla Aspirations 2030
- The coronavirus pandemic



## Authorities

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



## Customers and consumers

- Healthier products
- Food allergies
- Plastics and eco-friendly packaging
- Reduction of food waste
- Sustainable raw materials
- Animal welfare
- Recycling of textiles and packaging
- Product safety
- Contingency preparedness
- Product issues
- Most sustainable products
- Sustainable innovation
- Labelling and labels
- Plant-based food



## Suppliers

- Sustainable packaging
- Sustainable farming
- Reduction of greenhouse gas emissions (Science-Based Targets)
- Deforestation-free supply chains
- Sustainable fish and seafood
- Improvement work cocoa, cashew nuts and hazelnuts
- Sustainable textile production
- Animal welfare
- Compliance with Orkla's Supplier Code of Conduct

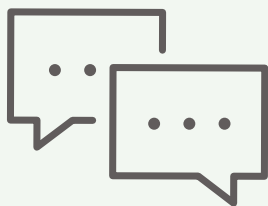
# Important topics of stakeholder dialogue in 2020



## Local communities<sup>1</sup>

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

<sup>1</sup>Two Orkla factories received complaints from neighbours in 2020 about production odours. Several Orkla factories also invited neighbours to information meetings and engaged in dialogue with local supervisory authorities regarding operations-related matters.



## Advocacy organisations

- Clean oceans
- Climate impact labelling
- Plant-based food
- Food waste
- Animal welfare
- Sustainable packaging



## Research communities

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



## Investors

- Orkla’s sustainability strategy
- Orkla’s sustainability targets
- Sustainability management procedures
- Climate risk
- Risk management
- EU Taxonomy
- Plastic









## Social engagement

Orkla's decentralised structure with five business areas, 105 factories and more than 300 local brands makes the Group an important player for local communities.

Many Orkla companies are cornerstone enterprises and important employers in their local communities. By developing profitable businesses, Orkla creates positive ripple effects for communities in the form of skills development, jobs at suppliers and in the public sector, and through payment of direct and indirect taxes. Through cooperation with local authorities, schools and organisations, the companies also contribute to supporting projects of benefit to society.

### Developments in 2020

Orkla companies partner with external centres of expertise, government authorities, schools and organisations to make a positive contribution to society, and were engaged in a wide range of projects in 2020. The level of activity increased in 2020, and Orkla contributed a total of NOK 46.9 million in support for various types of socially beneficial projects. Here are some examples of social engagement:

- **Bølgen (The Wave):** Orkla Foods Norge, Orkla Confectionery & Snacks Norge and Orkla Home & Personal Care Norge "took the wave", organising beach clean-ups and workshops as part of an initiative launched by Mepex and Keep Norway Tidy, funded by the Norwegian Environment Agency.
- **TV Aksjonen (TV Telethon):** Orkla Confectionery & Snacks Norge, Orkla Health and Orkla Foods Norge, as well as Orkla Group, supported



the 2020 Norwegian TV Telethon in which the funds went to WWF and its work for clean oceans.

- **A warmer society:** In partnership with KIWI, Orkla Home & Personal Care ran a campaign to support the work of the Church City Mission. For each Define, Dr. Greve, OMO, Comfort and Blenda product sold by KIWI during the campaign period, NOK 2.50 went to fund the organisation’s efforts to provide food and warmth to the needy.

- **The Danish Food Bank:** Since 2019 Orkla Foods Danmark has donated surplus food to people in a vulnerable situation, thereby also reducing food waste.

- **Hospital Clowns:** For over five years, Orkla Care Finland, Orkla Health and Orkla Confectionery & Snacks Danmark have all supported various organisations in which professional actors and doctors provide entertainment to spread joy to children in hospitals.

- **Christmas Aid:** Orkla Foods Danmark supported Røde Kors Julehjelp og Julehjælpen.dk in 2020, helping to give vulnerable, needy families with children a joyful Christmas. Orkla Confectionery & Snacks Norge provided funding for Fransiskushjelpen (Franciscan Aid) for its 2020 Christmas campaign to distribute packages of food and other gifts to the lonely and needy in the Oslo area.

**Orkla’s engagement during COVID-19**

Orkla entered into partnership with the Norwegian Women’s Public Health Association in 2020 to support its work. The association is one of Norway’s largest humanitarian organisations and reaches a great many people who are isolated or in other ways affected by the COVID-19 pandemic. Orkla provides financial support and donates products.

- **MTR Foods** supported various local players in COVID-19 relief programmes, by donating both funding and food.
- **Kotipizza** donated pizza to 1900 people in Finland who found themselves in difficulty when the COVID-19 pandemic broke out.
- **Lilleborg** has drawn on its knowledge of hygiene and infection prevention in combination with effective products and methods to organise seminars and other information initiatives for a wide range of players in society, in collaboration with the Confederation of Norwegian Enterprise (NHO). Furthermore, Lilleborg has held dedicated webinars on infection control cleaning and provided advisory services for professional customers.
- **Orkla Foods Norge** donated several portions of TORO meals and bottles of NATURLI’® cocoa drink to hospitals in Norway during the COVID-19 pandemic.
- **Orkla Foods Sverige** offered assistance to needy consumers and customers during the pandemic in the form of food donations to nursing homes and free consultations and digital courses for customers.
- **Orkla Confectionery & Snacks Norge** helped to limit the impact of COVID-19 on cocoa farmers in Africa through a donation to the Rainforest Alliance and an aid programme that has benefited 2500 cocoa farmers.

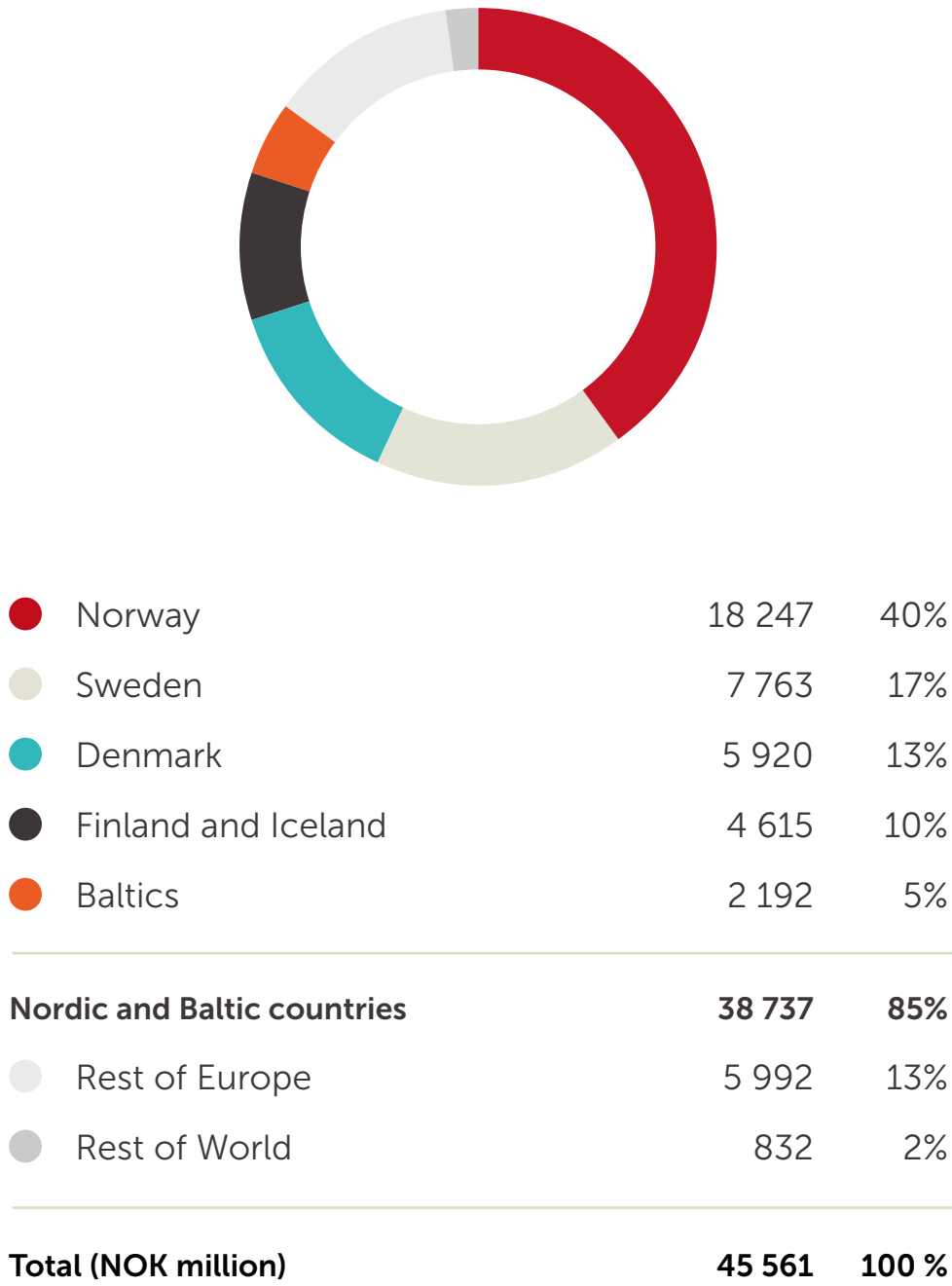
Restructuring and social impacts

To ensure competitive operations for the long term, Orkla invested in new companies, production improvements and some major restructuring projects in 2020. Norgesplaster holds good positions in the wound care and first aid equipment sector and was Orkla’s biggest acquisition in 2020. Orkla Confectionery & Snacks continued to invest in establishing new, modern factories for the production of chocolate and biscuits in Riga, Latvia. Orkla Foods International started a large project to establish a long-term, efficient production structure in Central Europe. In this connection, it was decided that a factory in Maratice, Czech Republic will be closed in 2021, and the business will be strengthened with three production facilities in Babice and Bzenec in the Czech Republic and in Mattersburg, Austria. Pierre Robert carried out restructuring processes that resulted in the winding-up of the business in Sweden. Orkla Food Ingredients invested in new ice cream and cake businesses, and the companies Kobo, Sebmag and Merkur were merged in Poland. The same applies to the two Swedish companies Risberg and Werners Gourmetservice. Orkla’s central Group functions were also reorganised.

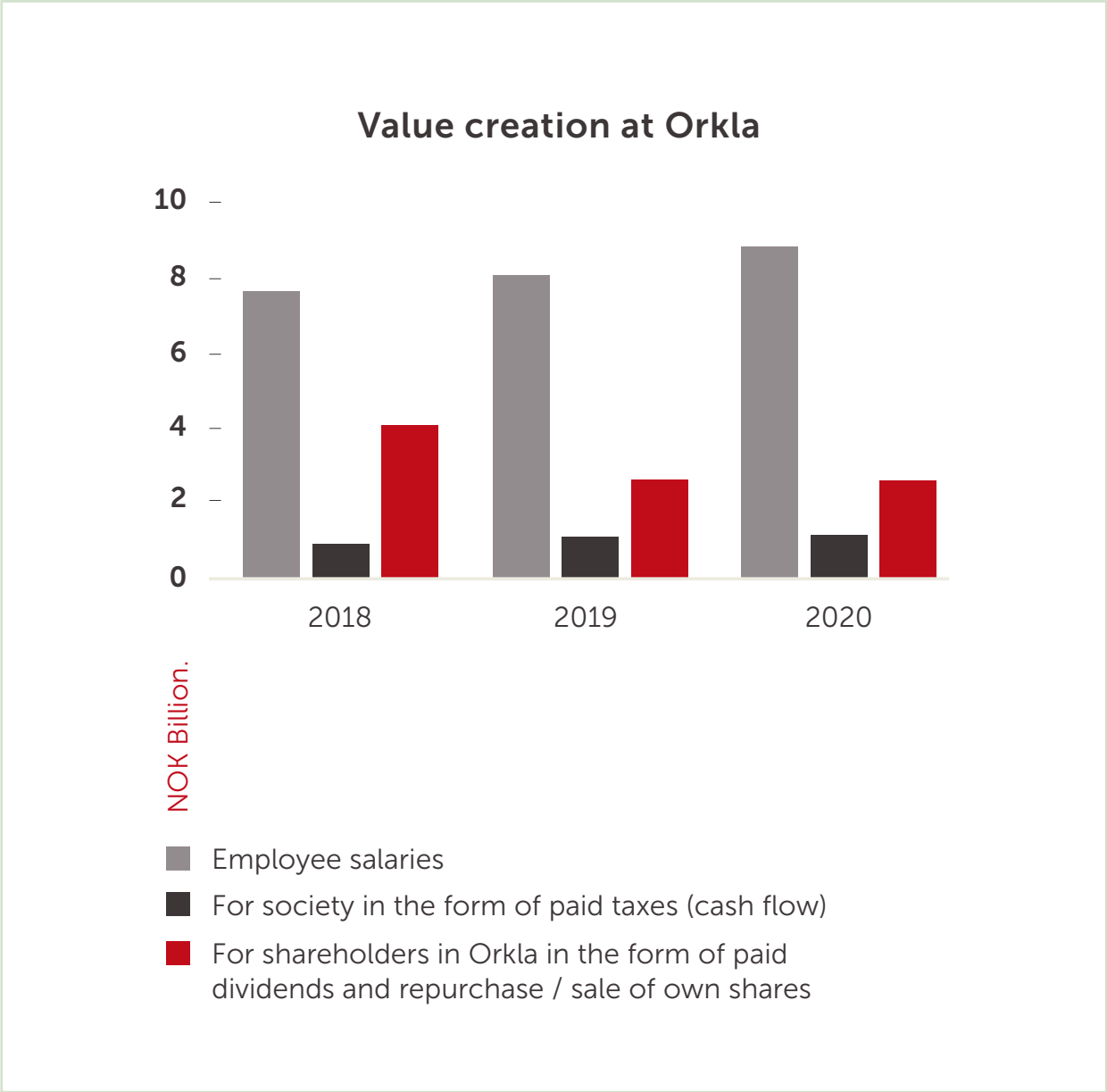
The investments in new companies and production facilities are generating positive ripple effects in the form of jobs and sourcing contracts with local suppliers. At the same time, as a result of the restructuring in 2020, around 380 employees were made redundant. Through long-term planning and active work placement facilitation, a large percentage of these persons have been offered other jobs within Orkla. Some employees were temporarily or partially laid off for some time in 2020 due to the coronavirus situation.

The elected employee representatives at both central and local level have been involved in the restructuring projects through regular consultation meetings.

Capital employed by geographical region







**The way forward**

In 2020, Orkla strengthened its role as a local player through active engagement in local communities. COVID-19 has both given Orkla an opportunity to contribute to society and been a challenge for many Orkla companies. The efforts to ensure that the coronavirus situation at Orkla is dealt with effectively will continue in 2021. Orkla companies will also maintain their close cooperation with local players to contribute to the community of which they are a part.



## Responsible employer and human rights

Orkla has continued to focus on developing good workplaces characterised by respect and consideration for others, human resource development, equal opportunities and fair working conditions.

People are Orkla’s driving force, and the Group works systematically to ensure that its employees have a safe, fair and stimulating workday, across countries, companies and functions. Human rights must be respected in every part of the Group, and Orkla strives to be a diverse workplace that guarantees equal opportunities for all. All employees must be represented in important processes and actively involved in their own development. Furthermore, Orkla focuses on skills building and internal career development and works to be an attractive employer.

### Developments in 2020

#### Respect for human rights

Efforts to ensure that all the companies in the Group comply with the principles set out in Orkla’s responsible employer and human rights policy continued in 2020. Almost every company in all the countries in which Orkla has a presence updated its annual assessment of non-conformance risk in the areas covered by the policy. In addition, several of the companies carried out internal training activities related to the policy.

The risk assessments showed that the risk of breaches of workers’ rights in Orkla companies is low. The companies have hiring procedures, work



contracts, wage-setting processes and working hours that protect workers' rights and meet 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, on average, national minimum wage requirements, and Orkla has internal guidelines to ensure that all employees are paid a wage that meets their basic needs. In a few companies, it was found necessary to increase the minimum wage, and these companies are in the process of doing so. The vast majority of permanent employees in Orkla companies are covered by either government pension plans or the companies' own pension plans. None of the Orkla companies has employees under the age of 15, and most of them apply a minimum age limit of 18 for employment. All the companies consider the risk of a breach of children's rights and workers' right of organisation and collective bargaining in their own operations to be low, and there are no cases of child or forced labour. In connection with the risk assessment in 2020, the companies identified relevant improvement measures to attain the goal of being a responsible employer.

### **"A Home to Grow"**

In 2019, Orkla launched its pledge to employees of providing "A Home to Grow" in, as part of its efforts to be an attractive employer. The "A Home to Grow" pledge signifies that Orkla is committed to developing its employees and offering them personal and professional development through exciting career opportunities, an inspiring workplace with good colleagues and continuous training. This is also one of the main pillars of Orkla's recently launched strategic Aspirations 2030. In 2020, to make Orkla "A Home to Grow" in, the Group established a Junior Advisory Board intended to serve as an advisory forum for Orkla's President and



CEO and the Group Executive Board, when it comes to sustainability, digitalisation, innovation and talent development. The members of this advisory board are young Orkla employees from a broad range of companies and countries, thereby ensuring a diversity of perspectives.

Even in a year as challenging as 2020, Orkla has managed to remain an attractive employer by holding digital career days targeting Nordic university colleges. A total of 5000 students participated in these events. Orkla's programme for summer students, the O-Life summer internship which combines some physical presence with a digital programme, was also carried out despite the COVID-19 situation. Orkla continues to have a high rating in Universum's career survey, and in 2020 was ranked in 8th place by business students in Norway, in addition to being rated one of Norway's most attractive employers for the first time by IT students.

**Comprehensive professional development**

A multitude of learning opportunities and continuous competence development are important aspects of Orkla's employee pledge, "A Home to Grow", and Orkla strives to offer good opportunities for development at every level and in every country. Skills development at Orkla is therefore achieved through interaction between global and local programmes. In the past few years, 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.

Orkla was already moving towards more modern, digitally supported training when the coronavirus pandemic broke out in 2020. The

pandemic provided further impetus to enter the digital world. General knowledge of virtual communications methods was substantially strengthened in 2020, which facilitates virtual training. Although Orkla does not plan to convert all its courses into virtual offerings in the future, virtual training has become a strong alternative to physical gatherings. In 2020, Orkla adapted most of its existing programmes to digital training and launched new courses in digital skills, such as virtual facilitation techniques and leadership expertise for virtual teams. In addition, Orkla invested in technology to enable digital training. Orkla also strengthened the leadership training programme by updating the Group's leadership development programme, introduced a new digital academy for value chain management and development, and renewed Orkla's purchasing academy and sales academy. Furthermore, the companies carried out extensive local training in work-related topics such as environment, health and safety and food safety.

Orkla's goal is to have procedures that ensure that all employees have regular development interviews. Unfortunately, not as much progress as hoped is being made in this area, and more measures have been implemented in the past few years. A harmonised process and common IT tools for evaluating and following up on management staff and administrative employees are well established in Orkla. The system has been introduced in around 80 per cent of the companies, and the aim is to cover all the businesses. In 2020, to improve procedures for performance appraisal interviews for individual blue-collar workers, the Group established a common form and process for this purpose. Considerable efforts were also made in 2020 to improve the content of performance appraisal interviews, with emphasis on employees' personal development and learning, in addition to effective achievement of business goals. This is to be done by revising forms and systems, setting new



requirements for feedback and providing training for managers, and will be followed up closely in 2021.

**Active employee participation**

Orkla is committed to promoting a corporate culture based on respect and consideration for others and to enabling the active involvement of employees in issues of importance for the Group’s operations and the individual’s work. To achieve this goal, both Orkla and the Orkla companies organised a number of internal gatherings, meetings and other communications and culture-building initiatives in 2020. Orkla’s central agreement governing cooperation between Orkla and employee unions expired in 2020 and was then renegotiated. To supplement the central corporate democracy arrangements, Orkla wants all the companies in the Group to have formal consultation channels, through employee representation on the Board of Directors or formal liaison bodies. Orkla wants all companies to have formal bodies for dialogue and collaboration between management and elected union representatives or other employee-elected representatives, through liaison committees, working environment committees or EHS committees. Around 84 per cent of Orkla employees work in companies that have established such bodies. In 2020, Orkla decided to establish a separate liaison committee for the new business area Consumer & Financial Investments.

In 2020, the COVID-19 pandemic was the primary topic of discussion in the dialogue between management and elected employee representatives, so as to ensure that all Orkla employees were able to work safely and stay in good health. Other topics covered in the dialogue were wage negotiations, occupational health and safety and restructuring projects. When implementing changes that affect employees, the employee representatives must be involved at an early stage, in accordance with

a process agreed on with Orkla’s central employee representatives. The notification period at local level varies depending on national legislation and the type of matter concerned, and in most cases is two to eight weeks.

**Diversity and equal opportunity**

Orkla strives to promote diversity and equality of opportunity, and in 2020 several companies carried out awareness-raising programmes on diversity and unconscious discrimination. A total of around 1 100 employees took part in such training in 2020. In connection with the Black Lives Matter movement, a number of companies provided training on this issue, and Orkla held a digital seminar that was open to all employees. In 2020, Orkla also rolled out a new digital recruitment tool in every country, which is designed to prevent unconscious bias in connection with recruitment. Orkla has worked systematically for many years to increase the percentage of women in management positions. Women hold around 41.5 per cent of all management positions. The proportion of women in senior management positions is around 36 per cent. Although Orkla has achieved a positive change over time in the percentage of women in management positions at all levels, there is still a considerable way to go to reach the goal of an even gender balance. Promoting diversity in gender and other aspects is a priority objective for Orkla, and the Group will intensify its efforts in this area.

As part of the formal, annual employee evaluations, particular attention is focused on identifying women management candidates at both Group and company level. When recruiting new management team members at company or business area level, it is a requirement that there must always be at least one woman candidate. Furthermore, Orkla has decided that several new initiatives are to be implemented in Orkla’s current HR

processes to measure and foster a more even gender balance, particularly at senior management level.

**Gender pay gap review**

Orkla has formal, harmonised recruitment and wage-setting procedures designed to prevent discrimination. In 2020, new statutory requirements entered into force in Norway, whereby employers must map gender differences in several areas, including pay and involuntary part-time employment. Accordingly, in 2020 Orkla carried out a detailed review of salaries across the Group based on pay data from 2019.

The review covered 20 large companies in eight countries, broadly distributed across different business areas to provide a representative picture of the Group as a whole. The companies selected account for well over half of the total number of Group employees. The review covered management staff and white-collar workers. Factory workers were not included since wages for this group are chiefly determined by collective agreements, which means that the risk of gender wage disparities is low. Because the review was limited to management staff and white-collar workers, it covers around 20 per cent of the total number of Group employees.

The review showed that the average salary for men in 2019 was 12 per cent higher than the salary for women. Differences were smaller in the Norwegian companies, and slightly larger in the Nordic region. The review revealed greatest differences in Central Europe. A slightly higher percentage of men in management positions is the most important reason why the average pay of men is higher than that of women.

The industry concerned also appears to be a factor that could explain

the differences, with substantially smaller gender differences in businesses like health and clothing and bigger differences in the IT sector. Age and seniority do not appear to have a significant impact on the figures.

Orkla has regularly carried out surveys of gender differences for senior executives in the Group, which to a greater extent have focused on differences between men and women in comparable job categories. A survey carried out in 2019 showed that the salary of male senior executives was 6.3 per cent higher than the median salary and that of female senior executives was 1.6 per cent higher than the median salary. This type of analysis thus reveals substantially smaller gender differences than the gender pay gap review and a general reduction in the gender-related pay differences in the last few years.

The results of the gender pay gap review will be further analysed to ascertain whether there are differences in pay for equivalent positions. To the extent that such differences are identified, the issue will be raised with the management of the relevant companies, who will consider actions to equalise any differences.

In addition to salary, bonus and car allowance payments were analysed. There is a majority of men in positions where bonuses are largely common, such as in sales and in positions with more direct profit responsibility. At senior executive level, the difference is small even where there is a large majority of men, which indicates a relatively good gender balance at this level.

Generally speaking, it appears that there are smaller differences with regard to bonuses and salary increases in the Norwegian companies,



and that differences are bigger in other countries. The results will be presented to the senior executives of the companies concerned and plans of action will be drawn up.

As part of the gender pay gap review, figures for temporary employees, parental leave and voluntary/involuntary part-time employment were compiled and analysed. The review shows that the percentage of employees in temporary positions (2.8 per cent) and part-time positions (2.4 per cent) is low. Among those in temporary positions, there are relatively large gender differences. Close to 80 per cent of employees in temporary positions are women, and 20 per cent are men. The review shows that almost all employees who work part-time do so voluntarily. Only 0.03 per cent of men and 0.12 per cent of women work part-time involuntarily, and this applies only to Norwegian companies.

Orkla wishes to make it easier for all parents to be able to take parental leave, regardless of gender. Figures for Orkla companies in Norway and Sweden show that 6 per cent of women and 3 per cent of men took parental leave in 2020. The gender pay gap review, which covers several companies and countries, shows that women took 85 per cent and men 15 per cent of the total number of weeks of parental leave. To a large extent, these figures probably reflect differences in parental leave regulations in different countries.

**The way forward**

Efforts to promote human resource development, employee participation and diversity will continue in 2021, and areas for improvement identified through the pay review and management-employee dialogue will be followed up. The new framework for performance appraisal interviews for blue-collar workers will be tested. Orkla will increase the scope of digital training in the Group and implement a programme to raise awareness of diversity and non-discrimination issues. The new competence-building programme for senior management staff will be rolled out in 2021, including special activities to identify and develop CEO candidates in Orkla, both female and male. In addition, Orkla will conduct a new, Group-wide employee opinion survey in 2021, which will give all employees an opportunity to express their views on workplace issues. Not least, Orkla companies will be able to identify improvement initiatives on the basis of the survey.



## Occupational health and safety

Orkla applies the same occupational health and safety standards in every place where the Group operates. Orkla's vision is zero injuries.

This is to be achieved by building a strong environment, health and safety (EHS) culture. An important element of this work consists of training and employee participation in every part of the business.

A safe, healthy working environment is a fundamental right for all employees and essential to ensuring stable, efficient operations. Good risk management, systematic focus on preventing injuries and occupational illnesses, and initiatives to promote a good working environment are crucial to achieving the zero vision.

Risk assessment is important to ensure good control of all the activities of Orkla businesses and forms the basis for effective action plans and improvement initiatives. 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 country. The companies' EHS work is based on the requirements and guidelines set out in Orkla's EHS standard. The systematic improvement work is carried out with emphasis on establishing a high level of knowledge and awareness and taking preventive action.



**EHS monitoring**

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

**Developments in 2020**

**COVID-19 preparedness**

In 2020, all of Orkla’s businesses were in high preparedness mode in response to the COVID-19 situation. The paramount priority was to safeguard employees and prevent infection. At the same time, Orkla has a critical societal function as a manufacturer of foods, cleaning products, personal hygiene articles and other products that people need in a pandemic. To ensure that all employees could be safe at work, extraordinary hygiene and cleaning procedures and new guidelines were introduced. Impact assessments and emergency action plans in response to the pandemic were drawn up to prevent infection and deal with any infection that occurred. Factory premises had to be divided into zones, and work shifts were reorganised to be able to maintain physical distancing as far as possible and ensure the possibilities of tracking infection. Many of the office employees in Orkla businesses have worked from home for large parts of 2020. This has been a major change in their working environment, and Orkla has made systematic efforts to support employees in this new normal. Employees have been helped to optimise their work

situation, information has been shared on the use of digital tools, and many companies have taken various actions to encourage both physical activity and social contact and relaxation in a challenging workday.

**EHS audits**

In 2020, EHS audits of Orkla factories and businesses were chiefly carried out digitally due to the pandemic. The use of digital audits has provided new knowledge and possibilities for future EHS audits. Audits scheduled in 2021 will be conducted digitally for the time being, after which a mode of working that combines use of digital tools and local reviews at the businesses will be established.

**EHS Week**

For the third year in a row, an EHS Week was held at Orkla in 2020. The aim is to strengthen internal engagement and the EHS culture to support the work to achieve zero injuries. EHS Week is intended to raise employee awareness throughout Orkla of important areas covered by the EHS standard and the Orkla Golden Rules. In 2020, the topic was EHS Dialogue, which is a simple tool for engaging employees and management in conducting structured conversations to identify hidden areas of risk and possibilities in the working environment. Businesses were also urged to carry out other relevant EHS activities locally. All Orkla businesses participate in EHS Week, and in 2020 a major effort was made to hold the event even if it had to be adapted to comply with level of restrictions. During EHS Week, employees took part in activities ranging from courses on EHS dialogue and fire drills to first aid courses, lectures on mental health, volunteering in the local community and much more. The businesses that participated were urged to share their activities in photos or videos. The four best contributions were awarded a prize. The material and experiences shared will be used in future EHS work.

**Health promotion**

The recorded sickness absence rate at Orkla was 4.6 per cent in 2020, which is slightly higher than in 2019. Sickness absence is affected by a multitude of factors and is a complex field. There are significant variations from country to country and company to company, and continuous work is done on improvement initiatives to follow up on absences and carry out preventive activities. Preventive activities are important for avoiding future sickness absence, and health risk is assessed in order to take the right remedial action. Several Orkla companies have carried out risk assessments that show that ergonomics and the psychosocial/organisational working environment are the factors that have the greatest effect on occupational illness. In 2020, the COVID-19 situation affected sickness absence in that the Group could see an increase in short-term absence during the autumn, but overall, total sickness absence was not significantly higher than at the same time in the past three years.

**Injuries**

The Lost Work Day Rate (LWDR) in 2020 was 3.7, which is a slight increase from 2019. Around two thirds of Orkla’s entities had no injuries resulting in absence in 2020. Most 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 injury reports are therefore shared across the companies. This promotes greater understanding and awareness of risk in the organisation. The companies took a variety of steps to prevent injuries. In addition to extensive training and improvements in internal procedures, various types of safety measures were carried out such as increased use of personal safety equipment, better labelling and replacement of old equipment.

No breaches of official EHS regulations were reported.

**The way forward**

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, it will be important to consider which new measures must be introduced to ensure that good progress is made towards the goal of zero injuries. Management-employee dialogue on EHS is an important tool on which there will also be considerable focus in future. Focus on behaviour is key to further reducing the number of injuries, and employees’ own safety awareness and that of their colleagues must be incorporated into the EHS culture of the entire Group. Developing good, proactive EHS indicators for tracking company performance will also be important. The pandemic necessitates continued high level of preparedness, in which the primary priority will remain safeguarding employees and preventing infection.





## Integrity

Orkla seeks to foster a corporate culture based on integrity and good business practices, and in 2020 continued its efforts to promote good judgement and prevent ethical risk.

Corruption and other unethical business practices limit the possibilities of economic development and hamper competition on equal terms. 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.

### Developments in 2020

In 2020, Orkla continued its long-term efforts to ensure high awareness of Orkla's Code of Conduct and preventing undesirable conduct. The anti-corruption manual, which was updated in 2019, was translated to all relevant languages in 2020. Orkla's internal audit staff is responsible for the Group's whistle-blowing system and for investigating and dealing with any matters reported. Orkla uses a whistle-blowing channel that enables employees to report matters anonymously in their mother tongue, and that ensures that Orkla is in compliance with personal data protection and information security rules. Orkla has reviewed its whistle-blowing procedures to make sure that they meet the new rules in the EU directive on protection of whistle-blowers, which entered into force as of 2020. During the year, 47 matters of varying scope and nature were reported in connection with possible breaches of Orkla's Code of Conduct. Most of the matters proved not to constitute a breach of the code. All matters reported through the whistle-blowing channel are dealt with in accordance with internal and external guidelines for handling whistle-blowing cases.

Orkla’s ongoing e-learning programme on anti-corruption and competition law continued in 2020. In addition, the Group initiated digital risk-based dilemma training for companies in regions that are exposed to corruption or with employees in positions exposed to such risk. Through Orkla’s Supplier Code of Conduct, companies require suppliers to have zero tolerance for corruption, and suppliers are monitored as 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 measures are implemented whenever the Group considers that there is an obvious risk. Work on third-party risk management continued in 2020, and Orkla has focused on strengthening the Orkla Business Partner Program to ensure that the Group avoids any litigation or reputation-related matters that may arise in connection with working with third parties.

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. A case is currently pending concerning possible evasion of value added tax related to Hamé Ungarn dating from before Orkla acquired the company. The case has not been decided. In 2020, Orkla had no formal complaints or matters related to anti-corruption rules and regulations.

Work on ensuring good internal control of personal data processing continued in 2020, with emphasis on improving internal systems that make it easier for the Group to ensure compliance with personal data protection legislation and for consumers to exercise their rights. In 2020, the companies reviewed their personal data processing protocols to identify relevant improvements. Digital training was also rolled out in

2020 on the duty to protect the personal data of all employees in Orkla ASA. Similar training will be provided in Orkla companies in 2021.

**The way forward**

Internal training programmes and focus on raising awareness of ethical issues will continue in 2021. Orkla will continue its work on the new risk-based, anti-corruption dilemma training. An updated version of Orkla’s Code of Conduct will also be rolled out in 2021. At the same time, the Group will continue to monitor companies to ensure that personal data processing procedures function as intended.



Care for people and society

GRI references	Indicators	Unit	2020	2019	2018
Stakeholder dialogue and social engagement					
203-1	Support for external organisations and projects				
	- Investment in local infrastructure	NOK million	0.1	0	1,5
	- Financial support for projects beneficial to the community <sup>1</sup>	NOK million	46.9	14.4	17.6
	- Value of products and work (pro-bono) <sup>1</sup>	NOK million	16.5	11.1	11.4
415-1	Financial support received from government during the year				
	- Subsidies for operations, energy investments, innovation, labour and environmental measures	NOK million	107.7	51.9 <sup>2</sup>	51.6
	- Raw material price compensation	NOK million	160.2	159.3	159.8
202-2	Share of management team members recruited from the country where the business is located <sup>3</sup>	%	86	93	91
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	0	2	2
417-3	Formal complaints and matters related to marketing laws and regulations	Number	3	2	0
Responsible employer					
405-1	Employee diversity				
	- Total number of employees	Number	18 109	18 348	18 510
	- Share of administrative employees	%	43.1	44.3	47.0
	- Share of blue-collar workers	%	56.2	55.7	53.0
	- Share of employees under 30 years old	%	13.3	13.4	13.0
	- Share of employees 30-50 years old	%	52.3	53.0	51.7
	- Share of employees over 50 years old	%	33.5	33.6	35.3
	- Total share of women employees	%	43.9	47.3	47.8
	- Share of women administrative employees	%	50.0	51.5	47.5
	- Share of women blue-collar workers	%	40.7	44.0	48.1
405-1	Diversity in management				
	- Total number of managers at all levels	Number	2 167	2 082	1 850
	- Total share of women in management	%	41.5	39.9	41.4

GRI references	Indicators	Unit	2020	2019	2018
Responsible employer					
405-1	- Total share of managers under 30 years old	%	2.6	2.5	1.7
	- Total share of managers 30-50 years old	%	65.1	67.2	61.5
	- Total share of managers over 50 years old	%	36.1	30.3	36.8
	- Managers on Orkla's Group Executive Board	Number	10	10	10
	- Share of women on Orkla's Group Executive Board	%	20	20	20
	- Managers in management teams at Group, business area and company level	Number	422	391	338
	- Share of women in management teams at Group, business area and company level	%	35.9	35.5	34.9
401-1	Workforce changes				
	- Number of new employee hires	Number	2 332	1 909	2 050
	- Employee turnover (new employees/total number of employees)	%	13	10	14
Self-defined	Temporary staff <sup>4</sup>				
	- Share of total employees	%	2.8	-	-
	- Share among female employees	%	4.0	-	-
	- Share among male employees	%	1.3	-	-
Self-defined	Voluntary part-time employees <sup>4</sup>				
	- Share of total employees	%	2.3	-	-
	- Share among female employees	%	3.4	-	-
	- Share among male employees	%	0.9	-	-
	Actual part-time employees <sup>4</sup>				
	- Share of total employees	%	2.4	-	-
	- Share among female employees	%	3.7	-	-
	- Share among male employees	%	0.9	-	-
401-3	Parental leave				
	- Proportion of women with parental leave during the year <sup>5</sup>	%	6	-	-
	- Proportion of men with parental leave during the year <sup>5</sup>	%	3	-	-
	- Total number of weeks of parental leave <sup>4</sup>	Number	4 369	-	-
	- Total number of weeks of parental leave, women <sup>4</sup>	Number	3 728	-	-
	- Total number of weeks of parental leave, men <sup>4</sup>	Number	641	-	-



GRI references	Indicators	Unit	2020	2019	2018
Responsible employer					
404-1	Average hours of organised training per employee	Hours	8.6	8.5	6.8
412-1	Human rights risk assessment				
	- Number of business units that have carried out risk assessment during the year	Number	41	41	35
	- Share of business units that have carried out risk assessment during the year	%	93	93	83
412-2	Employee training on human rights issues				
	- Total number of hours of training	Number	23 427	42 000	29 700
	- Share of employees who have received training during the year (unique individuals not registered)	%	81	100	74
404-3	Share of employees covered by procedures for regular performance appraisal				
	- Total	%	59	60	61
	- Management	%	93	89	86
	- Administrative employees	%	80	77	85
	- Sales personnel	%	79	87	88
	- Blue-collar workers	%	40	46	48
406-1	- Formal complaints or cases related to breaches of anti-discrimination regulation	Number	0	1	1

<sup>1</sup> The increase from 2019-2020 is due to increased activity and improved reporting procedures

<sup>2</sup> Historical data adjusted due to a reporting error

<sup>3</sup> For companies with operations in only one country, close to 100% of the management team members come from this country.  
For companies with operations in several countries, the management teams have a composition that reflects this

<sup>4</sup> Estimates based on survey conducted in selected companies with a total of 3,329 employees: 1,833 women and 1,496 men. It includes 20 companies distributed in 8 countries

<sup>5</sup> Includes only employees in Norway and Sweden, a total of 2,032 employees

GRI references	Indicators	Unit	2020	2019	2018
Integrity					
205-2	Anti-corruption training				
	- Number of employees trained during the year	Number	1 733	887	3 950
	- Share of employees trained during the year	%	9.6	4.8	21.3
205-3	Formal complaints and cases related to breaches of anti-corruption regulations	Number	0	0	1
206-1	Formal complaints and cases related to breaches of competition law	Number	1	1	0
418-1	Formal complaints and cases related to breaches of privacy regulations	Number	0	0	0
419-1	Non-compliance with laws and regulations in the social and economic area				
	- Value of significant fines	NOK million	0	0	0
	- Number of non-monetary sanctions	Number	0	0	0
	- Number of cases brought through dispute resolution mechanisms	Number	4	6	4
Occupational health and safety					
403-10	Sickness absence <sup>6</sup>				
	- Sickness absence, total	%	4.6	4.4	4.6
	- Sickness absence, Norway	%	4.5	5.2	6.0
	- Sickness absence, Nordics (excl. Norway) and Baltics	%	4.2	3.8	4.5
	- Sickness absence, rest of world	%	4.7	4.8	4.8
403-9	Injuries <sup>6</sup>				
	- Lost Workday Rate <sup>7</sup> (LDWR), total		3.7	3.5	4.1
	- Lost Workday Rate <sup>7</sup> , Norway		3.1	1.6	2.1
	- Lost Workday Rate <sup>7</sup> , Nordics (excl. Norway) and Baltics		5.3	4.7	5.6
	- Lost Workday Rate <sup>7</sup> , rest of world		2.6	3.1	3.5
	- Total Recordable Rate <sup>8</sup> (TRR), total		7.3	7.0	8.9
	- Total Recordable Rate <sup>8</sup> (TRR), Norway		8.9	5.7	8.5
	- Total Recordable Rate <sup>8</sup> , Nordics (excl. Norway and Baltics)		11.2	10.8	12.2
	- Total Recordable Rate <sup>8</sup> , rest of world		3.4	4.5	6.2
	- Work-related fatalities		0	0	0

<sup>6</sup> Historical figures have not been adjusted for changes in group structure  
<sup>7</sup> Number of injuries leading to absence per million hours worked  
<sup>8</sup> Number of injuries leading to absence, need for medical treatment or restricted work per million hours worked



