

01 Orkla's sustainability work

Mobilising for sustainable growth

At Orkla we seek to create sustainable economic growth by mobilising our entire organisation and developing products and solutions that are good for people and the environment.



As a leading manufacturer of food and grocery products, we at Orkla have a possibility to contribute to sustainable value chains and inspire the population to adopt a healthy diet. This is both a responsibility and a prerequisite for long-term growth. Orkla has focused on switching to sustainable production for many years, and we have come a long way in making sustainability work an integral part of our business plans and routine operations. In 2018 we have seen the positive results of this work in every area.

Orkla's footprint

Orkla's grocery products are purchased regularly by several million consumers, and affect their diet, health and well-being. Even small improvements in products can have a positive effect. By developing products and services for a healthy lifestyle, Orkla can make important contributions to public health. We estimate that the product improvements that Orkla has carried out in the past five years have resulted in a reduction of around 8% salt and 7% sugar from our products.

Orkla's food production makes us one of the biggest purchasers of agricultural and fish raw materials in the Nordic region. At the same time, we impact on the environment by using energy and water and purchasing packaging and transport services. Orkla is also involved in certain global raw material chains that present complex economic, social and environmental challenges. By switching to renewable energy, using resources efficiently, reducing food waste and making targeted efforts to achieve sustainable raw material production, Orkla can contribute to a sustainable value chain for food and grocery products.

Orkla is a major employer, with around 18 500 employees in 30 countries. By investing in skills development and working systematically to ensure good occupational health and safety, we contribute to our employees' job satisfaction, health and personal development. Moreover, we create positive economic ripple effects for local communities in the form of jobs, tax revenues and sourcing from local suppliers.

Altered risk picture

The global health and sustainability challenges are driving gradual changes in consumer preferences and customer demands. In most of the markets in which Orkla is present, demands for healthy food based on good agricultural raw materials, plant-based products and grocery products with environmentally friendly packaging are clear consumer trends. Orkla is responding to these changes proactively by maintaining a long-term focus on developing products with beneficial health effects, sustainable raw material production and renewable, recycled and recyclable packaging.

In 2018, drought and bad weather have impacted on production of certain agricultural raw materials purchased by Orkla, and have at times affected the price and supply of these commodities. Changing weather patterns have also pushed the price of energy and water up in some of the countries in which we have production facilities. We anticipate continued volatility in the price of raw materials, energy and water in the years ahead, but expect the consequences of extreme weather to be moderate for Orkla in the short and medium term. Most of Orkla's manufacturing and sourcing

is carried out in the Nordics, the Baltics and Eastern Europe, where the likelihood of water shortages and drought is lower than in areas with a hotter climate. The risk of Orkla's own production operations being affected by flooding or other consequences of extreme weather is considered to be low. We are countering the risk of cost increases and shortages of raw materials and resources by optimising our use of resources, using alternative raw materials and partnering with our suppliers to promote the long-term sustainable production of raw materials.

Sustainable growth

Promoting sustainability is pivotal to Orkla's ability to create growth, trust and competitive operations, and in 2017 we adopted new, Group-wide sustainability targets up to 2025. The targets are ambitious, but necessary to ensure that we are well positioned to address changed market expectations and framework conditions.

In 2018, we drew up criteria for defining sustainable products at Orkla. To be classified as sustainable, 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. We will start measuring sales of products that fall into the three categories in order to highlight the commercial effect of our sustainability efforts.

Movement for a sustainable lifestyle

To successfully transition to sustainable production and consumption, we emphasise the importance of making



Pierre Robert

Underwear made of GOTS-certified organic cotton.



Klar

A range of products for a greener everyday living.



Felix

Felix Veggie makes it easy to choose vegetarian.

sustainability work an integral part of our operations and mobilising our entire organisation. In 2018, all the Orkla companies drew up plans for sustainability activities for the coming strategy period. We have chosen to call Orkla's sustainability efforts "a movement for a sustainable lifestyle", thereby underscoring the importance of mobilising our entire organisation and actively engaging consumers, customers, suppliers, public authorities and external specialist communities in a concerted effort. The work to meet our 2025 targets has inspired extensive engagement and focused considerable attention on the sustainability work carried out in the companies. The targets are directly aligned with the UN's global Sustainable Development Goals.

The efforts to meet our sustainability targets largely take place in Orkla's many companies, with the support of the Group's specialised functions. Orkla has an internal sustainability network that facilitates exchanges of experience and collaboration across companies and countries. In addition, the Group functions have established several initiatives at central level in the past few years to share lessons learned and best practices, establish common approaches and systems and optimise use of available resources.

The status of Orkla's sustainability work

Our sustainability strategy covers five main topics: safe products, nutrition and wellness, sustainable raw materials, environmental engagement and care for people and society. These are areas where we, by virtue of our operations, have substantial influence and responsibility, and where our efforts

will be of crucial importance to the Group's future growth and profitability.

Orkla has achieved improvement in all five topical areas. In the past few years, the companies have successfully launched a wide range of healthy, vegetarian and organic food products, healthier snacks, health foods, well-being products, cleaning products with gentle ingredients and products that are good environmental choices. In 2018, sales of products that promote a healthy lifestyle accounted for around 14% of Orkla's turnover.

Our efforts to ensure safe products are carried out in accordance with strict standards, and the risks that arose in 2018 were handled in accordance with Orkla's contingency preparedness procedures, at no risk to consumer health. Orkla factories also maintain good control of the risk of emissions and other undesirable environmental impacts, and are making good progress towards reducing energy consumption, water consumption and food waste from production.

In the 2014-2018 period, Orkla reduced greenhouse gas emissions from its own operations by 54%, and is already well on its way to meeting the target of 60% reduction by 2025. By purchasing guarantees of origin related to Orkla's hydropower plants, we ensure that our European offices and factories use renewable energy. Renewable energy accounted for a total of 39% of our energy use in 2018. Our target of 60% renewable energy in 2025 will be reached by phasing out fossil fuels and increasing our use of energy from renewable sources.

Orkla is making good headway in monitoring suppliers to ensure that raw materials are produced safely and responsibly. In 2018, we took further steps towards our goal of 100% sustainable raw material production. The challenges in this area are complex, and a great deal of work still remains to be done.

We have begun to implement Orkla's revised human rights policy, and in 2018 the companies carried out a risk assessment in this connection. Efforts related to skills upgrading, integrity and occupational health and safety were also further strengthened.

The results of our sustainability work in 2018 and the targets for our further efforts are described in greater detail in separate chapters on each main topic.

Orkla's sustainability reporting

Orkla's sustainability reporting for 2018 has been prepared in accordance with the GRI Standards: Core option and the Oslo Stock Exchange's guidance on reporting on corporate responsibility. In connection with the transition from reporting under GRI G4 Guidelines to GRI Standards, we made a thorough assessment of all the indicators and drew up a plan for which indicators we wish to report on. The assessment was carried out by an internal working group in dialogue with Orkla's Group Executive Board. The choice of topics and indicators is based on a materiality analysis originally prepared in 2015. Only minor changes, entailing the combination of some topics, were made in 2018. Orkla's sustainability reporting covers all

topics defined as important and material, but greatest weight has been attached to the material topics. The reporting covers the same topics as before, with some changes in topic titles as a result of the updated materiality analysis. An overview of the indicators covered is presented on Orkla's website under results and reporting.

Under sections 3-3a and 3-3c of the Norwegian Accounting Act, Orkla is required to report on corporate responsibility and selected responsibility topics. An account of the Group's efforts to address the relevant topics in 2018 may be found in the following chapters:

- "Orkla's sustainability work", page 59
- "Sustainable sourcing", page 83
- "Environmental engagement", page 96
- "Care for people and society", page 107

Unless otherwise stated, the key figures in Orkla's sustainability reporting cover all businesses in which Orkla owned more than a 50% stake as at 31 December 2018. The key figures for emissions and energy and water consumption will be verified by the independent company Cemasys in the course of spring 2019. For information on the sustainability work carried out in Orkla's associate Jotun, we refer to the company's own report.

Corporate responsibility at Orkla

Orkla defines corporate responsibility as operating responsibly with respect for people and the environment. Orkla's directive on corporate responsibility describes the general principles

governing the way the Group companies are to address the issues of human and workers' rights, environment, health and safety (EHS), anti-corruption and other important areas of responsibility. The directive is based on the Universal Declaration of Human Rights, the ILO's Core Conventions and the OECD Guidelines for Multinational Enterprises. It has been adopted by Orkla's Board of Directors and applies to the entire Group, including wholly-owned subsidiaries. Orkla's corporate responsibility management procedures are described in the Report of the Board of Directors on page 37 of this report.

One of Europe's most sustainable companies

In 2018, Orkla was included in the Dow Jones European Sustainability Index for the eighth consecutive year. This internationally recognised index is a key yardstick used by investors and other stakeholders to assess companies' non-financial performance.





The UN Global Compact and the UN Sustainable Development Goals



Orkla has been affiliated with the UN Global Compact since 2005 and actively supports the initiative's ten principles in the areas of human and workers' rights, environment and anti-corruption. Through Orkla's sustainability work, we contribute actively to the achievement of several of the global Sustainable Development Goals launched by the UN in 2015 and which run until 2030. In 2016, Orkla President and CEO Peter A. Ruzicka signed the Businessworthy Pledge, a personal commitment to work towards achieving the global Sustainable Development Goals.



P. Ruzicka

Peter A. Ruzicka
President and CEO

02 Nutrition and wellness

Making it easier to live healthily

If we are to solve the global health challenges, we in the food industry must be part of the solution. At Orkla we contribute to improving public health by making our foods and our products healthier and by making it easier to make good choices in everyday life.



The big picture

The strong focus on the link between diet, lifestyle and health over many years has given rise to significant changes in consumers' eating habits and taste preferences and a strong scepticism about sugar on the part of many people. At the same time, public authorities are continuing their efforts to improve the population's diet, and an active discussion is taking place in Europe on labelling systems, indirect taxes and other potential remedies. The shift towards increased consumption of healthier products is reinforced by the fact that many grocery chains and other professional customers are calling for products with a favourable nutrition profile. For Orkla, this offers opportunities for innovation.

Our influence

Orkla promotes better public health by developing healthier varieties of foods and products that are part of people's daily diet. Relatively small reductions in salt and sugar content over many years are proving effective. Many of the products launched by Orkla in recent years have offered nutrition and health benefits. At the same time, we expect our future growth to increasingly come from this type of product. This includes "better-for-you" options in the snacks, snack meal, biscuit and plant-based food and drink categories and innovative products tailored to individual health needs. Orkla has set aggressive innovation targets in this area, and all the companies have planned activities to increase sales of healthy products and reduce consumption of salt and sugar in the 2019–2021 period.



Orkla's 2025 sustainability targets

- Double the consumption of products and services that promote a healthier lifestyle¹
- Reduce salt and sugar by 15%²
- Inspire people to adopt a healthier lifestyle

Orkla's sustainability pledge

"Make healthy living easier"

Our approach

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

Our nutrition and wellness work supports the achievement of the UN Sustainability Development Goal SDG3.

¹Applies to selected product types. Base year 2017.

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

Partnership to promote better public health

A broad mobilisation is underway to reduce the prevalence of lifestyle diseases. Orkla contributes to this effort by actively promoting partnerships to improve public health.

The global health challenges must be addressed through a concerted effort on the part of the food industry, the retail industry, specialist communities and public authorities. Orkla is committed to being a part of the solution and works closely with the authorities and the food industry in several countries to promote better public health. We have also initiated new collaborative efforts in a number of the markets in which we are present. In addition to having a positive effect on society, this work also helps to ensure that Orkla has predictable framework conditions and a competitive product portfolio.

Developments in 2018

Orkla partners with the food industry and the health authorities in Norway to make grocery products healthier. As part of the agreement of intent to promote healthier food, Orkla has committed to specific targets for reducing salt, sugar and saturated fat. In 2018, we participated in two meetings with the Minister of Health's working group for food businesses to follow up on the industry's efforts to make everyday food healthier and increase the intake of fruit and vegetables,



Sugar-free best seller

Nidar's popular favourites, Doc' throat lozenges, have soothed sore Norwegian throats since 1970. Every single year we consume close to 200 million of them. Now the popular throat lozenges have been launched in a sugar-free version. By switching to Doc' sugar-free throat lozenges in the KIWI, Meny, Spar and Joker grocery chains, Orkla and NorgesGruppen have helped to reduce the population's annual sugar consumption by around 130 tonnes.

whole grain products and fish. As a consequence of the Government's increase in sugar taxes, however, all the member companies of the FoodDrinkNorway sectoral federation decided to put collaboration on reducing sugar on hold. Orkla has nevertheless continued its efforts and launched several products with salt and sugar contents equivalent to or lower than the target levels specified in the agreement of intent.

In Sweden, Orkla works closely with the authorities, the food industry, the RISE Research Institute of Sweden and other companies to find new, innovative ways of reducing salt in various food categories. Orkla Foods Sverige is concentrating particularly on lowering the salt content of tomato sauce, tomato soup and ketchup. The company has also contributed substantially to the establishment of the Sweden Food Arena, where companies and industry organisations from the entire food chain meet to collaborate on research and innovation for an innovative, sustainable and competitive sector. In Lithuania, Orkla strives to reduce salt and sugar in order to achieve targets set in an agreement between the industry and the Lithuanian Ministry of Health. In Denmark, Orkla is a member of the Danish Whole Grain Partnership, a public- private initiative aimed at increasing consumption of whole grain products.

Orkla is committed to being a part of the solution and works closely with the authorities and the food industry in several countries to promote better public health.



Offers omega-3 test

In 2018, Orkla Health in Norway tested a service for pharmacies that enables their employees to have their own omega-3 value measured. After a little finger prick to obtain a blood sample that is sent to an external laboratory, you can have your personal results sent to you by mail. The analysis measures the amount of long-chain omega-3 fatty acids in red blood cells and is a good measurement unit for determining whether a person is getting enough of the important fatty acids in his or her diet. Good sources of supplementary omega-3 are either fish or supplements like Möller's Pharma or Triomar, which are sold in pharmacies. This new product from Orkla Health is part of an effort to offer more customised services that give the consumer reliable answers to questions related to maintaining good health and vitality on an everyday basis.

Healthier popular favourites

Making food products healthier with a lower salt, sugar and saturated fat content is a goal high on Orkla's agenda. Our companies have continued to make good progress towards this objective in 2018.

Increased demand for food products containing less salt and sugar has long been a clear trend in the Nordic region. In the past few years, focus on health has steadily increased, also in the Baltics and Central Europe.

Developments in 2018

Orkla has made significant headway in its efforts to lower the content of salt and sugar in its products. Reducing sugar has been the companies' top priority in all the business areas. Orkla's portfolio of sugar-free and reduced-sugar products has contributed to an overall reduction of approximately 9 000 tonnes in the population's sugar intake in the past five years. Categories in which the sugar content was cut in 2018 include bread toppings, jams, snack meals, bars, ketchup and smoothies. Orkla has also launched sugar-free cordials and throat lozenges, breakfast cereals, snack meals and jams. The companies in Orkla Confectionery & Snacks are now working to reduce the amount of sugar in several biscuit products including Selga (Latvia), Kornmo and Bixit (both in Norway).



We have reached our target of eliminating 80 tonnes of salt from Orkla's Norwegian products in the 2015–2018 period. Orkla Confectionery & Snacks has removed 21 tonnes of salt from its snacks and biscuit products, with special focus on reducing salt in products eaten by children. MTR Foods is making good progress in its salt reduction programme and has lowered the salt content of several ready meals. By developing products with less salt, Orkla contributed to an annual decrease in salt consumption of approximately 190 tonnes in 2018. Categories in which salt was reduced in 2018 include bread, bakery mixes, margarine, liver paté, ready meals, soups, tomato sauces and ketchup. In the past five years, the quantity of salt has been cut by the equivalent of an annual reduction in consumption of approximately 810 tonnes.



Over a period of many years, the companies in Orkla Foods and Orkla Confectionery & Snacks have worked systematically to replace saturated fat from palm oil with healthier alternatives. In 2018, palm oil was removed from Mikropops and snack products from Orkla Suomi, soups and bouillon from Vitana and ready meals from MTR Foods. Furthermore, Orkla Food Ingredients eliminated palm oil in several of its margarine products.



Making it easier to make healthy choices with the Green Keyhole label

Orkla fully supports the Green Keyhole healthy food labelling system in the Nordic countries, and develops wholesome, tasty and varied food products in line with the health authorities' dietary recommendations. With its Paulúns and Bare Bra brands, Orkla offers a broad range of healthier breakfast products with no added sugar. Other brands that can boast the Green Keyhole label are Anamma, Abba, Felix and Stabbur-Makrell. Sales of this type of food product totalled around NOK 500 million in 2018. The goal is to increase sales to NOK 1 billion by 2025.

Healthier popular favourites



Felix Tomatketchup

Felix ketchup with less sugar and salt (Sweden)



Risifrutti

Natural rice porridge with no added sugar to which consumers can add a topping (Sweden)



Bare Bra

Green Keyhole-labelled Granola and other healthy breakfast products (Norway)



Gårdlykke

Gårdlykke crisps with less oil and salt (Denmark)



Beauvais Pizzasnegle

Snacking products, where the dough is filled with up to 50% vegetables (Denmark)



Hamé

A special liver paté with less salt for children in the Czech Republic and Slovakia

**48 tonnes less
sugar in biscuits**

Is it possible to promote health and nutrition in an unhealthy category? Absolutely, according to Orkla Confectionery & Snacks Norge. As a part of the company's health and nutrition work, product developers set their sights on reducing the amount of sugar in biscuits by 10%. A comprehensive, resource-intensive process has delivered good results. In 2018, the amount of sugar in biscuits was cut by 48 tonnes, and Orkla is now category leader. The sugar that was removed was not replaced with a sugar substitute. The change therefore offers an additional benefit because it has a healthy influence on consumers' taste preferences.

Innovations for a healthier lifestyle

Orkla is developing more and more products that make it easier to make healthier, more sustainable choices on a daily basis.

A growing number of consumers are asking for natural, plant-based foods and “better-for-you” products in various categories. In 2018, Orkla launched several new products in response to these trends.

Developments in 2018

Strong sales growth for plant-based food

Orkla’s two largest vegetarian brands, Swedish Anamma and Danish Naturli’, have grown by close to 60% and have been launched in a growing number of markets. Both Anamma and Naturli’ offer plant-based alternatives to meat, such as plant-based minced products, burgers, sausages and other dinner options. The vegan alternative to minced meat, which is used in popular dishes like tacos, pasta sauces and lasagne, has seen the strongest growth. Anamma products are sold in several countries, including Norway, Sweden, Finland, Iceland and Germany. The Swedish brand Felix has expanded its assortment of vegetarian dinners with a range of frozen pies filled with vegetables. Norwegian TORO wants to inspire people to eat more plant-based food and has compiled a selection of “green” recipes based on the products featured on its website. Danish Naturli’



Global success with Danish plant-based Minced

In less than a year, Danish plant-based Minced from the Orkla company Naturli’ Foods has appeared in refrigerated counters in supermarkets in Sweden, Germany, England, Austria, Switzerland, the Netherlands, Ireland, Australia and New Zealand, and the company has entered into agreements with retailers in three other countries. The next goal is the USA. Danish consumers were introduced to the 100% plant-based Minced at the start of 2018, at which point it was the first of its kind world-wide. It very quickly became a success, and sales volumes totalled 800 tonnes of plant-based Minced in 2018. Since the start of 2018, two new varieties of the plant-based minced product have been added to the Naturli’ family, an organic option based on chick peas and a variety made from Danish peas.

The packaging for all three products is made of 80% recycled plastic. Naturli’ partners with Plastic Change to make plastic more sustainable, and donated DKK 0.20 for each plant-based Minced product sold in Denmark to this organisation. Naturli’ Foods products have been inspired by concern for nature and the environment. All the products are developed and manufactured in Denmark. Naturli’ had a total turnover of DKK 197 million in 2018.

Foods has a broad range of innovative foods and plant-based drinks, toppings, ready meals and ice cream, which were launched in a growing number of markets in 2018.

Vegetarian burgers on the menu at McDonalds

McDonald's Food Team and Anamma, an Orkla Foods Sverige brand, have jointly developed an entirely new vegan burger. McVegan was widely launched on McDonald's menu in both Sweden and Finland in 2018, and sales are soaring.

Common focus on "better-for-you" products

Orkla Confectionery & Snacks has adopted a common strategic approach to developing "better-for-you" products across companies and countries. Its companies in Norway, Sweden, Finland and Denmark work together to launch healthier on-the-go snacks under the Småsulten and Anyday brands, and in Latvia similar products have been launched under the Laima Better4U brand.

Natural food that tastes good

The Paulúns health brand has undergone an exciting transformation in food stores in the past decade. What started out as a good, healthy muesli has now become a broad range of products that make it easy to eat wholesome, well-balanced food not just for breakfast, but also for lunch, snack meals and dinner. Super Pasta, Super Bönflinga and new varieties of Granola are just some of the many new products introduced on a number of markets in 2018. All the products

are made from high-quality raw materials and contain no sugar or additives whatsoever. Paulúns is now sold in 6 countries, in Norway under the Bare Bra brand. Orkla's sales of Paulúns products totalled NOK 250 million in 2018, an increase of 12% from the year before.

The way forward

In 2019, Orkla will continue to reduce the content of salt and sugar in its products, and every business area has drawn up plans for this work. Confectionery & Snacks will focus particularly on "better-for-you" products, while Orkla Foods will continue to develop healthy products and respond to the vegetarian trend in a growing number of new product categories and markets. Similarly, the OFI companies will maintain their strong emphasis on whole grain products and vegetarian food, while also stepping up their efforts to reduce the amount of salt in bread, baking mixes and margarine.



Nutrition and wellness

GRI-ref.		Unit	2018	2017	2016
Reduction of salt, saturated fat and sugar					
Self-defined	Decrease in salt due to reduction actions	Kg	192 000	80 000	90 000
		%	2.0	-	-
Self-defined	Consumption of salt (in own products) per turnover*	Kg/mill. NOK	238	-	-
Self-defined	Decrease in saturated fat due to reduction actions	Kg	379 000	960 000	640 000
Self-defined	Decrease in sugar due to reduction actions	Kg	3 382 000	1 040 000	370 000
		%	2.7	-	-
Self-defined	Consumption of sugar (in own products) per turnover*	Kg/mill. NOK	3 023	-	-

Sale of healthy products

Self-defined	Estimated percentage of turnover* from health and wellness products ¹	%	13.9	-	-
Self-defined	Estimated percentage of turnover* from vegetarian ² and vegan products	%	6.5	-	-
Self-defined	Estimated percentage of turnover* from organic products	%	5.3	-	-

¹Includes food with reduced salt, sugar and saturated fat, lacto/ovo-vegetarian and vegan products, products made of more than 50% whole grain cereals, products with official nutrition labelling and products with specific health benefits.

²Products that represent alternatives to meat or in which animal protein has been replaced by plant-based protein.

* Branded Consumer Goods' turnover.

03 Safe products

Safe products build trust

Food safety is a matter we take seriously at Orkla. That's why we set the same high food and product safety standards in every country in which we manufacture or sell our products.



The big picture

More and more consumers want to know who is behind the food and products they buy, what they contain and where they are manufactured. In the past few years, fraud related to the quality of raw materials has emerged as a significant risk. There is growing demand for transparency and traceability in every part of the value chain, while the risk picture is increasingly complex. An important means of combating and mitigating food fraud is to have a strong quality culture and the necessary expertise to identify and deal with new safety risks in the value chain at an early stage.

Our influence

Our local brands are purchased regularly by consumers all over the world. This gives us a great responsibility. We have chosen to put our Orkla logo on the vast majority of the Group's products to make it clear who is behind them. Regardless of the country in which we manufacture or sell our products, we apply the same stringent requirements when it comes to food and product safety. Given the multitude of raw materials, production sites and suppliers involved, the risk picture is complex. Orkla's common standards and systems for ensuring safe food manufacturing, safe raw materials and safe packaging are therefore crucial to ensuring good, cost-effective control of risk throughout the value chain. When we acquire new companies, we make it a priority to ensure the swift implementation of Orkla's standards, thereby laying the foundation for a strong food safety culture.

Our approach

A detailed description of our food safety procedures and

**Orkla's 2025 sustainability targets**

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

Orklas sustainability pledge

"Be prepared to deal with emerging risks"

work processes may be found on Orkla's website under results and reporting.

Our goals

Orkla takes an uncompromising stance on food and product safety and has worked purposefully in this area for many years. Our efforts support the achievement of the UN global Sustainable Development Goals SDG 12 and SDG 17.

Developments in 2018**Improved food safety standard**

Orkla has established a good food safety culture in its own companies and factories based on the Orkla Food Safety Standard (OFSS). The OFSS was revised in 2018 to align it with improvements in the international BRC standard. Food fraud was placed even higher on the agenda with specific requirements for risk assessment of all raw materials and new control procedures. Another new requirement is that all Orkla companies and factories must have plans for further developing and improving their food safety culture. The process of

implementing the revised standard began in autumn 2018.

Audits and follow-up

Orkla maintains close control of food safety in its own operations and audits all its production facilities regularly. A total of 102 audits were carried out in 2018, compared with 79 in 2017. The increase in the number of audits is due to the acquisition of new companies that require more follow-up audits to reach an acceptable level. Orkla's central food safety department was also involved in several acquisition processes in the Group.

To make optimal use of the Group's cross-cutting expertise and ensure a uniform approach, Orkla introduced a new course for internal food safety auditors in 2018. The course provided training in standards and a standardised template for conducting audits of Orkla's food manufacturing plants.

Enhanced food safety culture

Competence is a critical success factor for reducing risk. Orkla has therefore invested substantial resources in providing training in key areas such as control of critical production points, allergen handling, supplier audits, root cause analysis and the OFSS. Orkla collaborates with Campden BRI, which is considered to be a leading provider of research and applied solutions for the food industry.

Transfers of best practice

Food safety is one of the areas in which we work extensively as One Orkla with common cross-company policies, systems and work methods. Orkla Foods has established a common



Did you know that...?

Several of Orkla Food Ingredients' sales and distribution companies do not manufacture any products themselves.

In 2014, therefore, Orkla drew up its own Storage & Distribution standard to reduce the food safety risk related to products manufactured by other companies and ensure better quality systems and traceability. The standard is based on the BRC Storage & Distribution standard, and the main emphasis is on product transport and storage. The standard has been implemented in the companies and has contributed to significant improvements in quality procedures.

quality organisation for the companies in Norway, Sweden and Denmark. In 2018 it was expanded to include the companies in Finland, the Czech Republic and Austria, and as from next year the Baltics and Central Europe will also be included. There is also close collaboration between the companies in the other business areas. Orkla Food Ingredients has a quality network in which the companies collaborate on shared solutions for supplier monitoring, customer collaboration and product databases. Expertise is also shared in networks and at conferences.

Supplier monitoring

Orkla has set rigorous requirements for its suppliers of raw materials and finished goods for many years, and has well-established approval and monitoring procedures. In 2018, Orkla reorganised its operations, giving the business areas greater responsibility, ensuring more efficient use of resources and upgrading the audit team's expertise. The process of approving and monitoring suppliers was amended at the same time, as a result of which fewer resources are now spent on suppliers who have achieved BRC certification by approved certification bodies, and can therefore document that they comply with very high standards.

Effective contingency management

All the food products launched by Orkla have undergone a thorough risk assessment during the development process to enable us to identify and control potential health risks related to packaging, ingredients and use. Orkla has drawn up a contingency plan to ensure proper management of

unforeseen and undesirable incidents, and we continuously track developments in contingencies. In 2018, we changed our reporting procedures: all matters, regardless of magnitude, must now be reported and the costs must be estimated. This will provide a better overview and show developments over time. In 2018, Orkla carried out a contingency exercise for the management teams of two selected companies and the participants of three in-house courses with emphasis on media training and contingency handling. In addition, all Orkla factories held annual drills. The number of contingencies was significantly lower than in 2017. There was one incident in which a consumer had a severe reaction and became ill. There were no matters resulting in a fine.

The way forward

We will continue to implement our revised food safety standard, and Orkla companies and factories will be audited under the new standard as from 1 February 2019. Work on strengthening the food safety culture in our companies and building competence continues, and in 2019 we will hold an international food safety conference for all our quality and food safety personnel. We are also introducing new measures to reduce the risk of food fraud, including risk assessment of all raw materials, new control procedures and more direct sourcing from suppliers to reduce the number of intermediate links. We are setting stricter requirements for the protection of raw materials by applying new standards for monitoring production environments, and emphasising the importance of cyber security in Orkla's quality systems.

Safe, environmentally friendly grocery products

It is vitally important for Orkla that our products are safe to use. Customers and consumers must receive the same high quality every single time they choose our well-known, popular branded products in the cleaning, personal care and textile categories.

Environmental assessments and safety are key factors in all product development at Orkla Care. Just as in our food production, the companies comply with strict product safety guidelines in every part of their value chain. The work is based on the precautionary principle, and the companies systematically replace ingredients that could have a negative health or environmental effect. The companies track relevant external research to stay up to date on potential risks to health. There were no cases involving breaches of product safety rules in 2018. Close to 100% of all products launched in 2018 underwent a health and safety assessment.

Developments in 2018

Orkla Home & Personal Care has its own laboratories which are engaged in extensive innovation that benefits consumers in the form of increasingly better products. In developing cleaning and personal care products, the company uses only well-documented ingredients and always conducts

environmental assessments. Active use has been made of the Nordic Swan ecolabel since 1983. In 2018, the formulations of Solidox Kids and Junior toothpastes were improved, and all four varieties were certified for Nordic Swan ecolabelling, making Solidox the first brand in Norway to achieve such status. Our Klar range of sustainable, effective cleaning products has introduced two new sprays and a powder detergent, all of which are Nordic Swan-labelled. All of the Jif sprays now have milder formulas, without the preservative BIT and with fewer unnecessary ingredients.



Lilleborg develops effective, sustainable hygiene and cleaning systems for the professional market. The company has its own research and development department, and sustainability is a key focus of all innovation projects. Digitalisation is high on the agenda, and in 2018 Lilleborg introduced its high-technology cleaning robot to a growing number of customers. In response to the evolving technology trends in the market, Lilleborg has entered into partnership with both Datec and eSmiley. The latter is a digital internal control and HACCP system that makes it easier for food and drink outlets to maintain control of food safety. Lilleborg has a wide range of environmentally labelled products, including the largest share of Nordic Swan-labelled products in its market. In 2018, the company was the first in Norway to launch Nordic Swan-labelled products for cleaning medical instruments and equipment.

In 2018, Pierre Robert Group switched to using Global Organic Textile Standard (GOTS) cotton for all its basic undergarments and children's underwear. The widely recognised certification programme for organic textiles sets stringent requirements for water and energy efficiency and use of pesticides, colorants and chemicals. In addition to the guidelines for environmentally friendly production, GOTS certification entails compliance with requirements for social and safety conditions for workers in every part of the production chain.



Did you know that...?

Orkla Care has **350** Nordic Swan ecolabelled products;

- Pierre Robert Wool Collection – **182** garments

- Lilleborg – **88** products

- Orkla Home & Personal Care – **80** products

Safe products

GRI-ref.		Unit	2018	2017	2016
Safe food production					
FP5	Percentage of production volume manufactured in compliance with the Orkla Food Safety Standard	%	100	100	100
FP5	Factories audited in compliance with the Orkla Food Safety Standard	Number	102	79	58
FP5	Percentage of food manufacturing sites certified by independent third party	%	53	-	-
416-2	Incidents of non-compliance concerning food safety, risk level 1 (life threatening)	Number	0	0	0
416-2	Incidents of non-compliance concerning food safety, risk level 2 (serious health risk)	Number	8	12	4

Safe deliveries of raw materials

Self-defined	Risk assessment of suppliers: self-assessments	Number	1 810	1 790	1 783
Self-defined	Risk assessment of suppliers: assessments carried out by Orkla	Number	1 352	1 165	1 172
Self-defined	Risk assessment by suppliers: supplier audits	Number	237	320	306

Training in food safety

Self-defined	Participants in courses run by Orkla's Food Safety Team	Number	400	340	576
Self-defined	Extent of courses run by Orkla's Food Safety Team	Hours	3 132	2 384	3 605
Self-defined	Participants in courses run by Orkla factories	Number	4 500	4 900	2 800
Self-defined	Extent of courses run by Orkla factories	Hours	9 700	7 200	12 200

04 Sustainable sourcing

Partnership for sustainable raw materials

At Orkla we work closely with our suppliers to promote a sustainable value chain for food and grocery products.



The big picture

In just a short time, the severity of the climate challenges we face have changed the tone of societal debate, and a new mobilisation for climate action is currently spreading. Orkla's climate risk is primarily related to raw material production and packaging. Increasing water shortages and extreme weather give rise to a risk of smaller crop harvests and less predictability in global commodity markets. This can in turn lead to higher prices and scarcity of several raw materials used in Orkla's products. Orkla therefore participates in various improvement programmes to promote the sustainable production of key raw materials. The environmental challenges created by single-use plastic products have generated broad-based engagement in efforts to find new packaging solutions. Both the retail industry and consumers are increasingly calling for more sustainable everyday products, a demand that represents good opportunities for innovation for Orkla.

Our influence

Orkla is committed to developing sustainable brands and ensuring that the raw materials we use are produced with the best interests of human beings, animals and the environment in mind. Our food production makes us one of the biggest purchasers of agricultural and fish raw materials in the Nordic region. By working closely with local farms that grow potatoes, cucumbers, beets and other vegetables, we promote sustainable farming. In doing so, we are also meeting consumer demand for food products based on local raw materials.



Orkla's 2025 sustainability targets

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

Orkla's sustainability pledge

"We will deliver products made from sustainable raw materials"

Some of the raw materials that Orkla purchases may present social and environmental challenges. Cultivation of palm oil, cocoa and soya can entail a risk of rain forest destruction, child labour and undesirable working conditions. To ensure good practices in our own supply chain and contribute to solving complex challenges, we collaborate closely with our suppliers. We set clearly defined requirements, follow up through visits and dialogue and promote sustainable raw material production by means of certification programmes and other improvement activities. We also handle the risk of raw material shortages by having alternative suppliers for all raw materials at risk.

Our approach

Orkla purchases raw materials from a large number of suppliers every year, and has therefore adopted a risk-based approach whereby we focus on the suppliers and raw material chains where the risk of non-conformance with Orkla's Supplier Code of Conduct is greatest. A detailed description of our procedures and work processes for sustainable sourcing may be found on Orkla's website under results and reporting.

Our sustainable sourcing work supports the achievement of the UN Sustainable Development Goals SDG 2, SDG 8, SDG 14, SDG 15 and SDG 17.

Developments in 2018**Supplier monitoring and workers' rights**

Orkla is making good progress in following up on its most at-risk suppliers and raw material chains to ensure responsible production and stable raw material deliveries. In our monitoring of direct suppliers we primarily identified minor discrepancies, which the suppliers are required to remedy. Orkla has engaged in a major collaborative project run by the Ethical Trading Initiative Norway (IEH) to improve working conditions in the cashew nut supply chain. In 2018, a survey of producers was conducted and work began on a plan for follow-up measures. In India, MTR Foods has worked actively for several years to promote production of clean milk and improve conditions for impoverished dairy farmers. In 2018, the company distributed five-litre stainless steel milk cans to 3 000 Indian dairy farmers as part of the Clean Milk, Healthy Cows campaign.



Orkla has switched to eggs from cage-free hens

In 2018, we decided to use only eggs from free-range hens in our food products in Norway and Sweden. For Orkla Foods Norge this means 35 million eggs, and the transition is to be made by 2020. Orkla Foods Sverige switched to purchasing only eggs from free-range hens on 1. July 2018. The company uses 1 000 tonnes of eggs every year in baking Frödinge cheesecakes, Kladdkakor "mud cakes", Tårtor cakes and Felix pies. The fact that we buy such large volumes of eggs every year makes us an important market player. Felix Austria switched to eggs from cage-free hens as early as 2012.

Sustainable raw materials

The percentage of Orkla's raw materials that are certified increased in 2018. 85% of all fish raw materials are certified under the Marine Stewardship Council (MSC) ecolabel, and we are nearing our goal of being able to document that all our fish raw materials are sustainably fished by 2020. Orkla



Health has achieved MSC certification of Møllers Tran cod liver oil, and the company is engaged in dialogue with MSC and other organisations to find solutions for verifying that fish oil from South America is sustainably produced. Orkla has chosen UTZ as its cocoa certification system, and 77% of the raw materials we purchase are certified. Pierre Robert continues to concentrate on use of organic cotton and sustainable textiles and has launched several new products. Orkla Home & Personal Care's factory at Flisa – the world's largest manufacturer of wooden toothpicks – has been certified by the Forest Stewardship Council (FSC).

Animal welfare

In dialogue with animal welfare and agricultural organisations, Orkla has developed and implemented a Group-wide animal welfare policy. The policy is based on the Five Freedoms of Animal Welfare and applies to sourcing of eggs, dairy raw materials and meat. In this way we aim to increase awareness of animal welfare, provide guidelines for our suppliers and promote more responsible business practices. Orkla companies in Denmark, Sweden, Norway and Austria are in the process of switching to using eggs from free-range hens in their food products, and several of the Orkla Food Ingredients companies have planned to follow suit.

Sustainable agriculture

Orkla is now a member of the SAI Platform, a joint initiative in which food and drink manufacturers work to establish a common standard for sustainable agriculture. We will adopt SAI's tool in Orkla's work and engage in some of the joint

projects run by the organisation. Through contract farming and close cooperation with farms in our local markets, we influence the use of pesticides and ensure that raw materials are produced in accordance with Orkla's standards for safe food, animal welfare and the environment.

Sustainable palm oil

We have continued our efforts to replace palm oil with healthier alternatives, and most of the companies in Orkla Foods and Orkla Confectionery & Snacks have ceased to use palm oil in their products. Orkla primarily uses palm oil in its margarine production. Work on supplier monitoring and certification by the Roundtable for Sustainable Palm Oil (RSPO) has continued, but we did not reach our target of 100% certified palm oil by 2017. The companies that use palm oil have drawn up plans for switching to RSPO-certified raw materials for their own brands in the 2019–2021 period.





Wants to make a difference for cocoa

Cocoa is an important raw material in Orkla's chocolate products. Every year, we buy around 10 000 tonnes of cocoa from small farms in West Africa. To improve the living conditions of cocoa farmers and reduce the risk of child labour, we work closely with UTZ Certified. In 2018, a team of employees from several Orkla companies travelled to West Africa to gain first-hand knowledge of how the cocoa we use in our products is farmed, and to see what the certification programme entails in practice. The farmers receive training in more profitable, sustainable farming methods. This means higher incomes and better living conditions for many families, and enables more farmers to send their children to school. In cooperation with one of our biggest suppliers, we have launched a UTZ sustainability programme to promote improvement and ensure that we are focusing our efforts where the need is greatest.



Concerted effort for more sustainable packaging

We are mobilising across companies and countries to develop new, more sustainable packaging for Orkla products.

Orkla has many thousands of products manufactured by a large number of companies in some 30 countries. We work actively to develop more eco-friendly packaging and products that leave a smaller environmental footprint. In 2018, we launched new targets entailing that all the packaging we use must be recyclable by 2025. At the same time, we are actively exploring possibilities of developing new types of packaging based on renewable raw materials. We work closely with researchers, organisations, other companies and external experts to find solutions to the environmental challenges posed by plastics. If we are to succeed, we must share our know-how and dare to be open about the industry's common challenges.



Orkla's 2025 sustainability targets

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

Development in 2018

Recyclable packaging

We have substantially enhanced our level of knowledge by applying new tools and guidelines, working closely with suppliers and participating in research projects. All our companies have drawn up ambitious plans for developing packaging solutions based on recycled or renewable materials in the 2019–2021 period. As much as 94% of Orkla's packaging was recyclable in 2018.

Packaging from recycled materials

We make active efforts to use more recycled materials in our packaging, and such materials constituted around 44% of Orkla's packaging materials in 2018. Orkla wants to help create a market for recycled materials by promoting demand for such alternatives and developing alternatives to fossil plastics that meet our food safety and product quality standards. We have therefore discussed this issue with packaging suppliers, the waste management sector and external centres of expertise to understand the challenges and possibilities that exist in this area.

Recycled and renewable plastics

Around 20% of Orkla's packaging is made of plastic. We have identified which recycled and renewable plastic materials are available to meet our needs, and are working closely with several packaging suppliers to find potential solutions. As a result, we were able to start using recycled and renewable plastics for several new products in 2018.

The way forward

Sustainable packaging and agricultural raw materials are our top priorities for 2019. We will take active part in joint projects with suppliers, relevant centres of expertise and other companies to develop recyclable packaging and increase use of recycled and renewable materials. To ensure that we use sustainable raw materials, we continue to work closely with suppliers and certification organisations such as MSC, UTZ, RSPO, GOTS and FSC. We will also participate in collaborative projects run by the Ethical Trading Initiative Norway and the SAI Platform.

**Plant-based single-use
cutlery and edible packaging**


The Orkla company Bako offers renewable alternatives to single-use plastic products. Product launches in 2018 include disposable cutlery made of plant starch and disposable plates made of sugar beet residue. One of the most innovative sustainability launches is Bako's Do Eat concept, which consists of dessert bowls and portion moulds made of potato starch. These bowls can be eaten, thereby completely eliminating any waste, or can be thrown away as food waste. Bako sells plant-based packaging to professional customers in the convenience, petrol and service stores (KBS), the hotel and catering industry (HoReCA) and the out-of-home sector.



Did you know that...?

- Orkla Foods Sverige participates in the STEPS research programme, which aims to develop knowledge and solutions that make it possible to establish a sustainable value chain for plastics.
 - Orkla is actively involved in the FuturePack research project, which seeks to develop new expertise and technology to make tomorrow's plastic packaging more eco-friendly, using more bio-based and recovered plastic. The project is a collaboration between several universities, companies and organisations.
 - Several Orkla companies are participating in the Design for Plastic Packaging Recyclability initiative. This joint project was launched by Green Dot Norway to learn more about what kind of changes in material and design choices that could make packaging easy to recycle.
 - Orkla Home & Personal Care has entered into cooperation with the NHH Norwegian School of Economics on research on circular business models. One of Orkla's goals is to find ways of reusing plastic packaging.

Researching green customer behaviour

Orkla Home & Personal Care wants to find new ways of reducing its own and others' environmental footprint. By participating in a research project in collaboration with the NHH Norwegian School of Economics and other players, OH&PC aims to gain insight into how consumers can be influenced to make greener choices, and how this knowledge can be integrated into new, circular and profitable business models. Through laboratory and in-store experiments, the project explores such issues as "How can Orkla reduce its 'plastic footprint' by reusing packaging in various ways? What kind of customer behaviour is necessary to achieve more sustainable consumption in and outside stores?" The insight acquired in this project will be incorporated into Orkla's innovation work.



Packaging project at Ishøj

Orkla Health's factory in Ishøj, Denmark, produces vitamins and minerals for the Nordic region and several European countries under brands such as Livol, Sanasol and Collett. The vast majority of the products are supplied in plastic containers. As part of its sustainability strategy, Orkla Health aims to switch to more recyclable packaging alternatives, while also reducing use of plastic in every part of the factory's value chain. After a complete analysis was performed at Ishøj based on Orkla's own packaging tool, the ambition for 2020 is for approximately 50% of packaging to be more sustainable. As one of several measures, clearer consumer information is to be provided in all markets on how to dispose of the containers, thereby facilitating increased recycling.

Strong engagement for clean oceans

We have a great deal of work to do to ensure that plastic does not end up in the ocean, but becomes a resource that can be used again and again.

Every year, over eight million tonnes of plastic winds up in the ocean. If we are to have a living ocean in the future, it is essential that we find solutions today to prevent more plastic finding its way into our oceans. The most important thing that we can do besides reducing use of plastic is to make sure that plastic becomes a resource that can be used over and over again.

Developments in 2018

Road map for more sustainable plastic packaging

Orkla is heading a new industry project aimed at drawing up a road map for how players in the packaging value chain in Norway can contribute to realising the EU Strategy for Plastics in a Circular Economy. In June 2019 the project team is to present proposals for ways and means of achieving the goal of making it possible to recover all packaging.

Cooperation on clean oceans and a circular plastics economy

Orkla has actively engaged in the Norwegian Floke single-use plastics programme, in which an innovation approach

is used to solve societal challenges. The goal is to prevent plastics from ending up in oceans, clean up beaches and increase the recovery of plastics. Orkla has contributed to the development of the Materials Exchange concept, designed to promote reuse through the purchase and sale of plastics.



Laundry detergent in recycled plastic packaging

Orkla Home & Personal Care's pioneering work on its Klar range has resulted in new solutions that will now be introduced across its whole portfolio. In 2018, all our brands of liquid laundry detergent were packaged in recycled plastic. By reusing this material in packaging, Orkla will spare the planet from 94 tonnes of plastic per year. We are also reducing our CO2 emissions by as much as 80% simply by switching from new HD-PE plastic to recycled plastic in our laundry detergent bottles.



Working together to reduce microplastics

Pierre Robert Group and several other Norwegian workout wear manufacturers are participating in a research project at SINTEF to learn more about microfibres in activewear and other textiles. Microfibres are microscopic plastic fibres used extensively in clothing because the fibres are so thin that it is possible to make clothing that both breathes and is waterproof. In this project, researchers from SINTEF, NTNU – Norwegian University of Science and Technology and Sichuan University in China are studying various types of microplastic to determine which ones are harmful to the environment and which one are less so. One method used is to test materials in fresh water and salt water. It is also crucially important to find out what effect this has on marine organisms. Through the project, which began in 2017, Pierre Robert seeks to learn more about what kinds of fibre and materials are most environmentally friendly. The project will run for three years and is financed by the Research Council of Norway.

Beach clean-ups

Several Orkla companies in Norway, Sweden, Denmark and the Baltics have cleaned up plastic litter on beaches, carried out dives and analysed the kind of plastic that ends up on the ocean floor. Orkla collaborates with the Keep Norway Tidy campaign and the Keep Sweden Tidy Foundation in this work. The Orkla brand Klar has adopted a beach on the island of Håøya in the Oslo fjord, and has pledged to organise at least three communal clean-ups each year. In Denmark, Naturli' Foods has teamed up with Plastic Change to mobilise people to take a walk into nature and pick up plastic.

Teaching schoolchildren to recycle packaging

Orkla Foods Sverige has carried out a joint campaign with the Keep Sweden Tidy Foundation to provide information on packaging recovery to third-to-sixth-year Swedish school pupils. Through teaching materials and a film, the two players explain how to recycle packaging from Abba and Felix products, which are some of the most commonly purchased food products in Sweden. A store campaign was also carried out with emphasis on encouraging Swedes to recover packaging in the right way.

Small changes mean less plastic

Several Orkla companies made changes in 2018 to reduce the use of plastic in their products and packaging. In the case of Idun Ketchup, for example, changing the label on the plastic bottles has contributed to a 70% increase in bottle recovery. We have switched from using plastic to cardboard in our Q-tips, and will now spare nature 16 tonnes of plastic every year.

Sustainable sourcing

GRI-ref.	Indicators	Unit	2018	2017	2016
Responsible sourcing procedures					
308-1	Percentage of new suppliers screened for environmental risk	%	100	100	100
308-2	Suppliers screened for environmental risk by audit or self-assessment	Number	307	373	275
308-2	Suppliers with identified environmental non-compliances	Number	7	8	7
308-2	Percentage of suppliers with environmental non-compliances where improvement has been agreed	%	100	-	-
308-2	Percentage of environmental non-compliances that have been remedied	%	75	55	33
308-2	Percentage of suppliers with environmental non-compliances where the agreement has been terminated	%	0	-	-
414-1	Percentage of new suppliers screened using social criteria	%	100	100	100
414-2	Suppliers screened using social criteria by audit or self-assessment	Number	75	67	39
414-2	Suppliers with identified social non-compliances	Number	33	35	23
414-2	Percentage of suppliers with social non-compliances where improvement has been agreed	%	100	-	-
414-2	Percentage of social non-compliances that have been remedied	%	57	26 ³	38 ³
414-2	Percentage of suppliers with social non-compliances where the agreement has been terminated.	%	0	-	-
204-1	Percentage of sourcing from local suppliers ⁴	%	56	63	61

³Concerns the percentage of non-compliances related to working conditions.

⁴Suppliers located in the same country as Orkla's receiving business.

GRI-ref.	Indicators	Unit	2018	2017	2016
Sustainable raw materials					
301-1	Consumption of raw materials***	Tonnes	959 196	1 037 556	1 052 719
301-1	Percentage of renewable raw materials ⁵	%	94		
FP2	Percentage of certified cocoa (UTZ Certified MB or Fairtrade) of total volume purchased	%	77	-	-
FP2	Percentage of certified marine raw materials (MSC or ASC) of total volume purchased	%	85	92 ⁶	81 ⁶
FP2	Percentage of certified palm oil and palm kernel oil of total volume purchased	%	75	42	42
	- RSPO SG	%	31	26	26
	- RSPO MB	%	17	12	10
	- RSPO Credits	%	28	4	6
FP2	Percentage of Nordic Swan Ecolabelled textile products	%	4*	11	0
FP2	Percentage of certified (GOTS) organic cotton of total volume purchased	%	10*	28	10
FP2	Percentage of verified mulesing-free merino wool of total volume purchased	%	100	100	100

GRI-ref.	Indicators	Unit	2018**	2017	2016
Sustainable packaging					
301-1	Packaging consumption	Tonnes	133 514	136 590	99 000
301-1	Percentage of packaging made of renewable materials	%	31	35	46
301-2	Percentage of total packaging containing recycled materials	%	44	70	53
Custom	Percentage of total packaging that is recyclable	%	94	90	-

⁵Agricultural raw materials, percentage of sourced value.

⁶Orkla Foods.

*Comprises acquired businesses not previously included.

** Improved method for data collection and calculation of key performance indicators.

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



05 Environmental engagement

Strong engagement for the environment

We urgently need to find solutions to climate changes. That's why we at Orkla are taking action throughout our value chain to reduce emissions in line with the targets scientists consider necessary to reduce global warming.



The big picture

Climate change is without a doubt the greatest environmental challenge of our time. The new report issued by the UN Climate Panel shows that we urgently need to find solutions, and business and industry are now putting climate risk higher on their agenda. For Orkla, business risk is primarily linked to the price and availability of key agricultural raw materials. Few of our factories are located in areas where there is a risk of flooding or water shortage, but drought and extreme weather can lead to higher water and energy costs. Changes in regulatory frameworks or political framework conditions can also entail increased costs. At the same time, there is growing awareness of the importance of sustainable consumption, and more and more people want environmentally friendly products. For Orkla this means new opportunities for innovation.

Our influence

Compared with the average emissions level for Norwegian industry, Orkla's greenhouse gas emissions are limited. The biggest impact comes from raw material production and at the consumption stage. We therefore strive to reduce emissions in every part of our value chain. Orkla has ambitious goals for transitioning to low carbon operations by focusing on product innovation, investing in renewable energy and reducing our energy and water use and waste. To create growth in the coming years, it is important that Orkla is able to offer products and services with a competitive environmental profile. As a growing number of Orkla factories convert to using renewable energy, the climate impact of our products will be reduced, and more and more products will be made with 100% renewable energy.

**Orkla's 2025 sustainability targets**

- Make the transition to low-carbon operations
- Reduce greenhouse gas emissions by 60%*
- Reduce energy and water consumption by 30%*
- Aim to be fossil-fuel free
- Reduce food waste by 50%*
- Innovate products and processes

[*Applies to own operations. Base year 2014]

Orkla's sustainability pledge

"Innovate to save the environment"

Our approach

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

Our environmental efforts contribute to the achievement of the UN global Sustainable Development Goals SDG 12, SDG 13 and SDG 17.

Orkla ramps up its climate efforts

We have a goal of reducing the greenhouse gas emissions generated by our own operations by over 60 per cent by 2025, while also increasing our efforts to reduce the indirect climate impacts of raw material production.

By setting targets for reducing greenhouse gas emissions to the extent necessary to avoid the worst impacts of climate change, Orkla is positioning itself for the transition to a low-carbon future.

Developments in 2018

Moving towards renewable energy

Orkla's new climate targets were approved by the international Science Based Targets initiative (SBTi) in July 2018. In addition to our goal of reducing greenhouse gas emissions linked to our own operations by 60%, we are also taking responsibility for the climate impacts of activities in our value chain by implementing measures that target production of the raw materials we use in our products. In adopting our new targets we have committed to reducing greenhouse gas emissions linked to the value chain by 30% by 2025.

Orkla is making good progress on switching from fossil to renewable energy. Our companies make active efforts to



replace fossil fuel with environmentally friendly energy, and a growing number of factories are phasing out fossil fuels. MTR Foods has invested in renewable energy for several years, and around 50% of its electric power needs are now met by solar energy. All the electricity we use in Europe is already renewable. Through our own hydropower plants in Sarpsborg and Saudefaldene, we produce five times as much electric power as we use. To document our renewable electricity, Orkla buys Guarantees of Origin linked to our own hydropower plants.

The effect of this is 90% lower greenhouse gas emissions for Orkla's operations. A total of 39% of the energy we use is renewable. Despite increased activity and the acquisition of new factories, Orkla's greenhouse gas emissions were reduced in 2018.

Energy consumption

Reducing energy consumption is an important means of mitigating climate change. Through Orkla's central energy programme we transfer best practices, and are implementing a growing number of energy efficiency projects across our business areas. Many of the factories have carried out process improvements that have reduced energy use. Moreover, investments have been made in new, more energy-efficient production equipment.

The cheesecake factory in Frödinge will be fossil fuel-free

With pellets from a nearby forest, remote heating from the local sawmill and electricity generated by hydropower, Orkla Foods Sverige succeeded in converting its cheesecake factory in Frödinge into a fossil fuel-free plant in 2018. The factory in Frödinge is Orkla Foods Sverige's first facility to use only renewable energy sources, and is an important step on the road to Orkla's goal of fossil fuel-free production.



Some companies have cut their energy use by moving production to other factories or improving existing factories. All in all, Orkla's energy consumption has been reduced by 10% since 2014*.

Water consumption

Most of Orkla's operations are located in areas with a low to medium risk of water shortage, but many companies see the importance of implementing environmental initiatives to reduce their water consumption. Actions reported in 2018 include investments in water treatment and recycling, process improvements, introduction of a measurement programme and training for company employees. All in all, Orkla's water consumption has been reduced by 7.3% since 2014*.

The way forward

Orkla will intensify its climate-related efforts in 2019 by focusing on new measures to promote the reduction of greenhouse gas emissions. Through the Science Based Targets initiative, we will establish plans for reducing emissions from activities outside our own operations. Besides considering measures related to our own raw material sourcing, we will examine how we can be a partner for our suppliers, encourage them to set their own climate targets and monitor their reduction programmes in a more systematic way.

*Adjusted for recent acquisitions and higher turnover.



Putting climate risk on the agenda

In just a short time, the seriousness of climate change challenges has changed societal debate, and climate risk is now being put on the agenda in the financial community and business and industry. For Orkla, Science Based Targets are a key factor for mitigating climate risk. In 2018, as one of two Norwegian companies, Orkla obtained approval of its climate targets by the international organisation, the Science Based Targets Initiative (SBTi). We are thereby committed to reducing emissions to the extent necessary to avoid the worst impacts of climate change. A total of 492 companies have pledged to set science based targets, and 140 of them have had their targets independently approved by the SBTi. For the past 10 years, Orkla has reported environmental information to the investor-initiated CDP, which is the leading system for global climate and environmental reporting. In the CDP report for 2018, Orkla scored a "B". CDP puts great emphasis on the efforts companies make to reduce and control the consequences and financial impacts of climate change. Orkla has based its strategies and plans on climate risk assessments, and in 2019 we will start work on developing a more coherent method of mapping climate risks and low-carbon opportunities. Assessing the implications of various climate change scenarios for Orkla will be of pivotal importance in this context.

Less food waste through efficient resource use

Whether we make ketchup, potato crisps or other grocery products, we consider it important that the raw materials we buy become finished products and not waste. That is both profitable and environmentally friendly.

Orkla has worked for several years to reduce food and other waste in its own production. To raise awareness of this issue, we established a central programme in 2017 to introduce common work methods, activities and initiatives for sharing lessons learned and transferring best practices. Our goal is to reduce food and other waste in our own production operations by 50% by 2025.

Developments in 2018

Orkla's model for reducing food and other waste has been rolled out in one factory after another in the past two years. The first to adopt it were six factories that manufacture crisps and potato products in Norway, Sweden, Denmark, Finland and Latvia. The project team examined every aspect, from the way the potatoes are peeled and processed at the different factories to the way labelling waste can be reduced during production. A special guide for potato peeling is now in use in three production lines that make crisps and French fries. The potato peeling stage on the French fries lines is now



30% faster, and the quantity of potato peelings that end up as waste has been reduced by around 900 tonnes. The good results led to a new project at Orkla's ketchup and dressing factories. Good progress has been made in both projects, and the factories have succeeded in cutting waste by the equivalent of NOK 7 million since the projects started. At the same time, the project has been expanded to include six factories that manufacture bottled liquids. Four of the factories have conducted analyses and identified an average waste reduction potential of around 40%. Overall, these initiatives have contributed to a 27% reduction in organic waste since 2014*.

*Adjusted for recent acquisitions and increased turnover.



Has contributed 1 million meals

The Matsentralen Food Banks in Norway help to address two major societal problems, food waste and poverty. In the past five years, Orkla has contributed a total of 1 million meals to Matsentralen, resulting in an environmental benefit of as much as 1 500 tonnes of CO2 equivalents. We intend to continue our fruitful cooperation with Matsentralen, and have extended our partnership agreement by another three years, starting in 2019. Orkla has factories in various areas of Norway, and the fact that Matsentralen now has several regional centres gives us an opportunity to contribute in much of the country.

In addition to better utilisation of raw materials, reducing food waste is also a question of ensuring that good products are not thrown away. We therefore partner with Matsentralen Food Banks in Norway and the Matmissionen Social Supermarket in Sweden, so that our companies can give excess food to people in need. Orkla Suomi provides surplus food to WeFood, Finland's first supermarket for excess food, while Hamé collaborates with organisations that distribute food. We also work closely with customers and other industry players to reduce food waste in every part of the value chain. Orkla Food Sverige participates in a joint project with the County Governor of Skåne, Sweden, to reduce food waste. In Norway, Orkla Foods is involved in the Optimat project, which assesses ways of optimising use of raw materials. Through campaigns and recipes, several of the companies have provided pointers and advice on how customers and consumers can use up product leftovers before their shelf date expires.

The way forward

In 2019, we will apply the analysis methodology from our waste reduction efforts to more and more production lines in Orkla factories. Through the Norwegian partnership agreement to reduce food waste, efforts are being made to put in place measurement indicators for the various product categories and step up our efforts to cut food waste, improve sorting and optimise resource use. Several Orkla companies will increase investments in new packaging solutions so as to effectively avoid food waste.

Integrating sustainability into the innovation process

Orkla wants relevant sustainability issues to be considered at every step of the innovation process. This is important if we are to succeed in developing products and solutions that represent good environmental choices.

Making the transition to sustainable production and consumption calls for new thinking when it comes to choosing raw materials and packaging, product design, production processes and waste management. To achieve a significant reduction in the products' climate footprint and promote circular value chains, Orkla is making sustainability an integral part of its innovation work.

Developments in 2018

In 2017-2018, Orkla drew up common guidelines and templates for its companies' product development, and in this connection included sustainability as part of the decision-making criteria at every stage of the innovation process. At the same time, we began implementing Orkla's Climate Impact Tool, which was developed in 2017 in cooperation with the RISE Research Institute of Sweden and is used to calculate products' climate impact. The tool provides an insight into which parts of the



products' value chain have the greatest environmental impact, and makes it easier to identify potential improvements.

In 2018, a number of our companies launched new products with a reduced environmental impact and actively explored opportunities related to circular value chains and business models.

The way forward

We will continue our efforts to investigate new, more eco-friendly products, services and processes in 2019 by collaborating with suppliers of raw materials and packaging and participating in external research products and partnerships. We will also hold a Master class in sustainability for the Marketing function and share lessons learned from our work on sustainable innovation and brand-building through internal networks.

Products with environmental benefits

In 2018, several Orkla companies launched products with eco-smart packaging and other innovations that represent good environmental choices.



Anamma Vegoprins

Plant-based alternatives to meat from Anamma have low environmental impact. Bio-based plastic packaging.



Solidox toothpaste for children

Norway's first Nordic Swan eco-labelled toothpaste for children and adolescents.

Jordan Green Clean

Environmentally friendly toothbrush for children and adults with a handle made of 100% recycled plastic and bristles in renewable material.



Grumme floor mop

Degradable wet mops with green soap, labelled a "Good Environmental Choice".



Pierre Robert

Pierre Robert is introducing organic cotton in a growing number of its products.



BOB

Dilutable fruit drinks in recyclable bottles made of recovered plastic.

Environmental engagement

GRI-ref.	Indicators	Unit	2018	2017	2016	Baseline year 2014
Climate impact⁷ and emissions						
305-1	Greenhouse gas emissions from own operations, Scope 1	tCO ₂ e	118 408	127 821	122 163	134 320
305-1	Greenhouse gas emissions from bio-energy, Scope 1	tCO ₂ e	368	369	312	274
305-2	Indirect greenhouse gas emissions, Scope 2, location-based calculation	tCO ₂ e	71 159	73 113	72 605	94 797
305-2	Indirect greenhouse gas emissions, Scope 2, market-based calculation*	tCO ₂ e	12 583	15 873	141 292	147 965
305-3	Estimated greenhouse gas emissions from raw materials and packaging, Scope 3 ⁸	tCO ₂ e	1 514 245	1 304 938	1 250 585	1 187 665
305-4	Greenhouse gas emissions (Scope 1 and 2 location-based) per FTE	tCO ₂ e/FTE	10.2	11.1	10.7	12.7
305-4	Greenhouse gas emissions (Scope 1 and 2 location-based) per revenue	tCO ₂ e/ NOK mill.	4.6	5.1	5.2	5.6
305-6	Emissions of ozone-depleting substances (ODS) used in cooling media	tCFC-11e	0.012	0.012	0.016	0.014
305-7	Emissions of sulphur dioxide	Tonnes	11	16	16	16
305-7	Emissions of nitrogen oxide	Tonnes	97	103	104	107
Efficient resource use						
302-1	Electricity from internally generated hydropower, sold	GWh	2 320	2 760	2 490	2 570
302-1	Total energy usage, own operations	GWh	1 062	1 096	1 080	1 085
302-1	Total energy usage from renewable fuel sources incl. Guarantees of Origin (market-based calculation)	GWh	413	408	2.2	0
302-1	Energy usage – fossil fuel ¹⁰	GWh	551	586	571	494
302-1	Energy usage – fossil-free fuel	GWh	46	51	42	82
302-1	Energy usage – purchased electricity	GWh	417	408	414	464
302-1	Energy usage – purchased thermal energy, incl. remote heating	GWh	49	47	50	46
302-3	Energy usage per FTE ¹¹	MWh/FTE	57.4	60.3	59.5	65.9
302-3	Energy usage per revenue turnover ¹¹	MWh/NOK mill.	26.0	27.7	28.6	28.9

⁷Calculations are based on the Greenhouse Gas Protocol Initiative (GHG Protocol). Include CO₂, CH₄, N₂O, HFC, PFC, SF₆ and NF₃.

⁸Raw materials and packaging estimated to account for 90-95% of emissions from Scope 3 activities. For 2016 and 2017, previously reported figures have been adjusted for acquired companies with the exception of Hamé raw material consumption. The figures for 2014 have not been adjusted for subsequently acquired companies.

⁹ODS; Ozone depleting substances. There is a plan for phasing out these cooling media in the few factories where in use (India and Russia).

*Market-based emissions take into account the effect of Guarantees of Origin for electricity (GHG protocol appendix)

¹⁰Includes use of natural gas, propane, oil, diesel, petrol. Orkla uses standard translation factors for different types of fuel..

¹¹Total energy usage in own operations, all types.

Continued on next page

GRI-ref.	Indicators	Unit	2018	2017	2016	Base year 2014
Efficient resource use						
303-1	Total water withdrawal, own operations	Million liter	7.6	8.2	8.1	8.2
303-1	Water withdrawal from external water works	Million liter	5.0	5.1	4.9	7.3
303-1	Water withdrawal from groundwater	Million liter	2.6	3.2	3.2	0.8
303-1	Water withdrawal from collected rainwater and surface water	Million liter	0.0	0.0	0.0	0.0
303-3	Water recycled in own operations	%	13%	12%	12%	N/A
303-4	Discharge of effluents to seawater	Million liter	0.1	0.0	0.1	N/A
303-4	Discharge of effluents to external treatment plants	Million liter	3.6	3.9	3.3	7.0
303-4	Discharge of effluents to surface water	Million liter	1.9	2.0	2.2	0.4
303-4	Emissions to water – BOD	Tonnes	5 760	5 428	4 882	4 874
303-4	Emissions to water – COD	Tonnes	5 451	6 046	4 112	5 895
303-4	Discharge of effluents in areas of water scarcity	Million liter	0.1	0.1	0,1	0.1
306-2	Organic waste	Tonnes	65 906	74 845	86 603	90 033
306-2	Non-hazardous waste – sorted	Tonnes	11 925	13 344	13 695	17 476
306-2	Non-hazardous waste – mixed	Tonnes	14 864	11 672	11 231	10 691
Others						
306-2	Hazardous waste	Tonnes	296	216	233	392
306-3	Significant spills	Number	6	19	-	-
307-1	Fines and sanctions for non-compliance with environmental laws and/or regulations	Number	1	1	-	-
307-1	Fines for non-compliance with environmental laws and/or regulations	NOK mill.	0	0	0	0

06 Care for people and society

Strong local engagement for sustainability

We at Orkla want to contribute to sustainable production and consumption. By partnering with others we can make a real difference and help make it more attractive to choose sustainable solutions.



The big picture

If we are to succeed in mitigating climate change and ensuring sustainable resource use, we must be prepared for a genuine transition. Strong global competition, combined with new technology and innovation, is giving rise to innovative thinking about how value is created. At the same time, the UN Sustainable Development Goals offer new business opportunities for trade and industry. Many countries are struggling with growing economic inequality and high unemployment. These challenges underscore the vital role played by the business community in creating new jobs, increasing productivity and fostering respect for fundamental rights. Cooperation and new partnerships between business and industry, the authorities and other key social players will be crucial to creating growth that is economically, environmentally and socially sustainable.

Our influence

Given our presence in many countries, it is important that Orkla finds local answers to the major global challenges. That is why we work to integrate sustainability into our operations and make it an increasingly significant source of innovation and growth. Our efforts support the achievement of the UN's global goals. We are committed to partnering with others to make it attractive to choose sustainable solutions and to make this a profitable endeavour in the long term. Orkla wants to be an attractive employer that offers good working conditions and fair and competitive terms for all its employees. By investing in skills development and working systematically to ensure good occupational health and safety, we make a positive contribution to our employees' job satisfaction, health and personal development.

**Orkla's 2025 sustainability targets**

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

Orkla's sustainability pledge

"Be the change we want to see"

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

We contribute to the achievement of the UN's global Sustainable Development Goals SDG 12 and SDG 15.

Orkla's approach

Orkla has adopted a systematic, coherent approach to promoting care for people and society, which includes focus on stakeholder dialogue and social engagement, being a responsible employer, integrity and occupational health and safety. A detailed description of procedures and work processes may be found on Orkla's website under "Results and reporting".

Partnering to promote sustainable development

Partnerships are crucial to achieving global sustainability goals. Through dialogue and collaboration with others, Orkla can make a real positive difference and contribute to attaining the UN's global Sustainable Development Goals.

A good stakeholder dialogue

At Orkla we engage in an ongoing dialogue with our different stakeholder groups in order to understand their concerns, discuss important topics that affect our operations, and thereby be able to adapt to changes in society. Partnering with other companies, customers, authorities, research communities and advocacy organisations also makes it possible for us to aim for larger solutions and make more progress than we would be able to do on our own. We consider it important to adopt a common approach to stakeholder dialogue in all our key markets, and in 2018 we strengthened this dialogue in several areas, including our aim to establish a circular value chain for plastic packaging. We have continued to pursue our dialogue with government authorities and politicians at national level and in the EU on trade policy framework conditions, other factors relating to our operations and the efforts to promote good public health and achieve the global Sustainable Development Goals. We have also held dialogue meetings with retailers, investors and voluntary



organisations to discuss our sustainability work. Our most important stakeholders and the topics addressed in our dialogue in 2018 are summarised in a separate illustration and described in the respective thematic chapters.

Strong local engagement

The Orkla companies partner with local authorities, schools and organisations to make a positive contribution to their local communities. In 2018, Orkla contributed a total of NOK 30.5 million through several local projects, including:

- **Sponsoring school meals:** Through its partnership with the Akshaya Patra Foundation, MTR Foods helps to ensure that more than 6 000 schoolchildren in 60 schools in the Karnataka region of India receive nutritious school meals. The company has pledged to provide 1 million meals per year.
- **The Salvation Army:** The Toro, KiMs and Pierre Robert brands jointly contributed NOK 1.5 million to enable the Salvation Army to give more people a full belly and warm feet.
- **Fotballstiftelsens Gatelag:** Orkla Foods Norge has actively supported street football teams for many years, providing food and drink and guidance on a healthy diet.
- **Spreading joy:** Orkla Health's Vitaminbjørner vitamin bears have donated over NOK 2 million since 2015 to the Sykehusklovnene hospital clowns in Norway, Denmark and Finland.
- **Good experiences for children:** Hamé collaborates with a number of orphanages and other children's institutions in

the Czech Republic on providing children with good experiences at summer camps and in other social activities.

- **No bullying!** Orkla Foods Sverige partners with the Friends organisation in Sweden to combat bullying. Orkla Eesti supports a programme run by Kiusamisvaba Kool to prevent bullying in Estonian schools.
- **Soup to the People:** TORO works closely with the Salvation Army in the Soup to the People programme, donating around 200 000 portions of soup every year.
- **Helping children:** Orkla Suomi in Finland partners with the Lasten Päivän Säätiö foundation which gives all its profits to support disadvantaged children.



Promoting the UN's Sustainable Development Goals #taketheball

In spring 2018, we launched Orkla's new sustainability targets up to 2025 at a breakfast meeting in Oslo that was attended by Prime Minister Erna Solberg. At meetings with heads of state all over the world, she uses a sustainability football to symbolise a concrete challenge to pick up the ball and mobilise to achieve sustainability goals. In 2015, Orkla President and CEO Peter A. Ruzicka responded to the call for business and industry to contribute to meeting the UN Sustainable Development Goals (SDG), and signed the Businessworthy Pledge.

At the breakfast meeting, we rose to the Prime Minister's challenge to mobilise a strong business team to help realise the global SDG, and invited ten other Norwegian companies that have set sustainability high on their agenda to join us. Our request to these companies was that they support the global SDG, focus special attention on a particular SDG, and participate in a joint communications campaign to promote the UN SDG. On 1 August, during the Norway Cup international youth football tournament, ten top executives from NorgesGruppen, Coop, Rema, Tine, Mills, Storebrand, Jotun, DNB, PWC and DNV-GL trooped onto the football field with Orkla's President and CEO. There they played against a team of Norwegian television and sports celebrities, in a unique event indicating our companies' intention to mobilise to achieve the UN Sustainable Development Goals.



Promoting more sustainable consumption

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

In 2018, we at Orkla and our brands carried out various campaigns and initiatives to inspire consumers to adopt healthier, more sustainable consumption habits. We also launched several new products that make it easier to make good environmental choices in everyday life.

Ready for a greener everyday life

To make products that consumers want to use, the team behind Orkla's lifestyle brand Klar (Ready) considers it essential to work closely with the people who actually use the products and involve them in the testing process. In the closed Facebook group "We are ready for a greener everyday life", the members have the opportunity to submit new products launched to thorough testing. This gives the Klar team vital, concrete and honest feedback, both praise and criticism, on the products. Decisions regarding names, fragrances and the colour of the packaging are based on the comments received, before the products are finally placed





Naturli' Social Food Room

Naturli's new store in Copenhagen is about much more than selling green groceries over the counter. For Naturli' it's a question of meeting consumers in their everyday world, and creating a strong social community in which they provide assistance, including helping people in need find a job. That's why the store is called the Naturli' Social Food Room. Naturli' has a long history of actively involving consumers in product development and testing, and through the Plant Movement the company engages in a close dialogue with people interested in a plant-based lifestyle. Through the store that opened in autumn 2018, they also meet consumers face to face. Every day, they deliver plant-based products to customers in the local community who are unfortunately unable to come to the store themselves.

on store shelves. Three new effective, green product offerings from Klar in 2018 were the Nordic Swan eco-labelled laundry powder detergent with 0% fragrance, a kitchen spray and a spray for glass and mirrors.

Investing in an online store for sustainable products

In 2018, Orkla Venture invested in the start-up company Tise, and signed a partnership agreement that gives Orkla access to a digital platform with focus on sustainability that targets the rapidly growing millennials user group. The reuse app Tise is an online second-hand store that sells fashion and interior design items. Tise also has a dedicated online store for sustainable products that are hard to buy used, where Orkla can offer a variety of relevant products. As part of the agreement, Tise is to enable as many Orkla companies as possible to maintain an active presence on the platform.

Meaningful campaigns

Pierre Robert Group continued its #Imadeyourclothes campaign in 2018 by interviewing and filming some of the people who work at the factories that manufacture their garments. By showing the videos, Pierre Robert aims to build consumer awareness and highlight the value inherent in every single little garment: someone has spent time sewing this sock or shirt, so take care of it, repair it and recycle it. Several of the Norwegian companies collaborate with the Salvation Army and other organisations by contributing an amount for each product sold to support their work.

Orkla Home & Personal Care supported the Pink Ribbon campaign with eight of its biggest brands in a major store campaign conducted jointly with the Coop grocery chain. The Pink Ribbon campaign is an annual event to raise funds for the Norwegian Cancer Society and is earmarked for efforts to prevent breast cancer. For one month, the Milo, Klar, Omo, Comfort, Dr Greve, Blenda, Define and Lano donated NOK 2.50 for each product sold, contributing a total of NOK 3 million to the Norwegian Cancer Society's breast cancer prevention work.

More recycling and reuse of clothing

Through the 2018 Norwegian Textiles campaign, Pierre Robert and others in the fashion industry sought to take responsibility and inspire consumers to recycle and reuse their clothing more often. A total of 18 players participated under a joint manifesto describing both what the industry intends to do and what consumers must do if we are to achieve more sustainable consumption in practice. Pierre Robert participated in breakfast meetings and debates, and organised activities in social media to generate interest and provide inspiration. Among other things, they showed a video made by Tise in which summer dresses are styled with wool garments from Pierre Robert to demonstrate how the same clothes can be worn in several seasons.



Kalles Kaviar #påminnpappa (Remind Daddy)

In November, 600 000 tubes of Kalles Kaviar creamed cod roe spread were given a new look. To support the Swedish Prostate Cancer Federation's campaign and remind daddies how important it is to take a prostate cancer test, Kalle now has a moustache. Prostate cancer is the most common type of cancer in Sweden, and 27 men are diagnosed with the disease every day. To focus attention on this issue, one of Sweden's best known faces was given a moustache. Kalle has essentially looked the same since the product was first launched in 1954. His revamped appearance is all for a good cause. Through the #PåminnPappa campaign, Kalles Kaviar wanted to take advantage of every breakfast and every supper to remind all fathers how important it is to get tested.

Participating in business-relevant research projects

To gain new insight and develop solutions for sustainable production and consumption, Orkla takes part in a number of research projects, including:

- **Plant proteins:** Orkla Foods Norge is participating in the Innovative and Sustainable Exploration of Plant Proteins in Future Foods project. The project aims to promote increased consumption of plant-based food, which has a positive environmental impact, makes it easy for consumers to make good, sustainable food choices and creates higher value in a circular bio-economy.
- **Algae:** Through the Energy-efficient Processing of Macroalgae in Blue-green Value Chain project, Orkla Foods Norge is exploring the field of algaculture. The purpose of the project, which was concluded in 2018, was to see how cultivating algae can have a positive effect on climate change and be a nutritious biological resource in food production.
- **Circular business models:** Orkla Home & Personal Care is taking part in a research project with the NHH Norwegian School of Economics to define the circular business models of the future.
- **The environmental impact of food:** Orkla Foods Sverige is participating in a joint project run by the RISE Research Centre of Sweden to develop new tools for documenting and sharing information on the environmental impact of food products.



Important topics addressed in Orkla's dialogue with stakeholders in 2018



Employees

- Working environment and job satisfaction
- Skills development
- Restructuring of businesses
- Business strategy and 2025 sustainability targets



Authorities

- Circular value chain for plastics
- Sustainable food production
- Partnership for better public health
- Negative effects of taxes on chocolate and sugar
- Deforestation-free supply chains
- Ongoing dialogue with supervisory authorities
- Act on good trading practices
- Agricultural policy and customs issues
- Supply chain due diligence



Customers and consumers

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



Suppliers

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

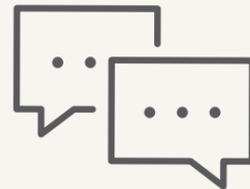
Important topics addressed in Orkla's dialogue with stakeholders in 2018



Local communities*

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

*In 2018, five Orkla companies received complaints from neighbours concerning noise or odours from production operations, and all of them have taken action to minimise the problems.



Advocacy organisations

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



Research communities

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



Investors

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

A responsible employer

In 2018 Orkla continued its efforts to develop good workplaces characterised by respect and consideration, human resource development, equal opportunities and fair working conditions.

Developments in 2018

Respect for human rights

Orkla's Responsible Employer and Human Rights Policy, which was revised in 2016-2017, was implemented in all the business areas in 2018. The companies carried out training activities and assessed the risk of undesirable practices in the fields covered by the policy. The assessment showed that the risk of breaches of workers' rights in Orkla's operations is generally low in every part of the Group. The companies have formal procedures for wage setting and employment contracts that prevent discrimination, safeguard the right to negotiated collective agreements and ensure necessary protection of employee rights. None of Orkla's businesses have employees under the age of 15, and most of them apply a minimum age limit of 18 years for all employees. In connection with implementation of the policy, we have drawn up detailed guidelines for efforts to prevent discrimination and harassment, fulfil the right to employee consultation and ensure that all employees receive a wage that meets their fundamental needs. In the course of the year, the companies elaborated plans to further strengthen efforts to realise our goal of being a responsible employer.

Comprehensive skills development

Orkla wants to help provide good opportunities for development at all levels and in every country. In the past few years, we have significantly strengthened our human resource development work by improving its organisation, reviewing Orkla's central competence-building programme and increasing use of digital training. In 2018, we implemented MyLearning, a new portal solution for skills development that facilitates better, far more efficient training. To enhance expertise and further professionalise our HR work, we also conducted an HR skills development programme across business areas and countries in 2018. As part of Orkla's central skills development programme, a number of courses and digital training



programmes were held with focus on both specialised and leadership skills. Furthermore, the companies provided extensive local training in work-related topics such as environment, health, safety and food safety.

A harmonised process and common IT tools for evaluating and following up on management staff and administrative employees were applied in around 70% of the companies, and our aim is for all the companies to undergo this process. The companies also have their own employee follow-up procedures. The goal is for all employees to have regular development interviews.

Active employee involvement

In 2018, Orkla conducted an employee opinion survey for the entire Group, the results of which have been used to identify improvement initiatives and involve employees in developing the businesses. The level of participation in the survey was good, with a response rate of 84%. The results showed that Orkla has a large percentage of highly engaged employees. Many of them are proud to work for the company, and feel that they are able to influence their own work. Key areas of improvement are related to collaboration across departments and companies and efficiency of internal work processes. We also see a need to do even more to facilitate employees' career development. The results of the survey have been reviewed in all the companies, and the employees have been involved in discussions on improvement initiatives.

Good formal arrangements for dialogue between management

and employee representatives play an important role in ensuring collaboration on business strategy and appropriate handling of matters affecting employee interests. In 2018, the corporate agreement that governs collaboration between Orkla and employee unions was extended until 2020. To supplement the central corporate democracy arrangements, we consider it important to ensure that every company in the Group has formal consultation channels. Around 87% of Orkla employees work in companies that have established such channels. Besides wage negotiations, the main topics of management-employee dialogue in 2018 were the employee opinion survey, occupational health and safety and the restructuring projects described on page 122. When changes are carried out that affect the employees, the employee representatives must be involved at an early stage, in line with a process agreed on with Orkla's main employee representatives. The period of notice at local level varies depending on national legislation and the type of matter involved, but four to eight weeks' notice is typically given in connection with major changes.

Diversity and equal opportunity

Orkla strives to promote diversity and equality of opportunity. In 2018, several of the companies drew up diversity policies based on Orkla's central diversity guidelines, and a number of companies have implemented awareness-raising and training programmes.

Orkla has worked systematically for many years to increase the percentage of women in management positions. This

has resulted in a positive trend in the percentage of women at all management levels, and our goal is to attain an even gender balance in management staff by 2025. In connection with the formal annual employee evaluations that are carried out in every part of the Group, we make a point of looking for women candidates for management positions, and when recruiting new management team members at company or business area level, we adhere to the requirement that there must always be at least one woman candidate.

Orkla has formal, harmonised recruitment and wage-setting procedures that are designed to prevent discrimination. Nevertheless, internal wage analyses show that there are certain differences in pay between female and male employees that cannot be explained by the formal criteria for wage determination. We make targeted efforts to avoid such disparities, and have developed a database solution that makes it easier for companies to analyse wage information with a view to detecting undesirable differences.

In the past few years, Orkla has improved its internal procedures for handling and reporting complaints and whistle-blowing matters. In 2018, there was one case of possible discrimination in connection with wage determination or employment, but no blameworthy circumstances were revealed.

The way forward

Efforts to promote human resource development, employee consultation and diversity will continue in 2019, and the areas of improvement identified through the risk assessment and

the employee opinion survey in 2018 will be followed up. We will review and further improve Orkla's leadership development programme for younger management staff and continue to implement Orkla's system of development interviews and career planning.



Celebration of International Women's Day

MTR Foods in India is one of many companies that carry out activities to increase awareness of the importance of diversity. In connection with International Women's Day on 8 March, the company has conducted training programmes and celebrated its female employees for many years. In 2018, the day was devoted to training in self-defence. During the year, MTR Foods also provided e-learning training in the company's ethical guidelines and prevention of sexual harassment for all employees.

Integrity

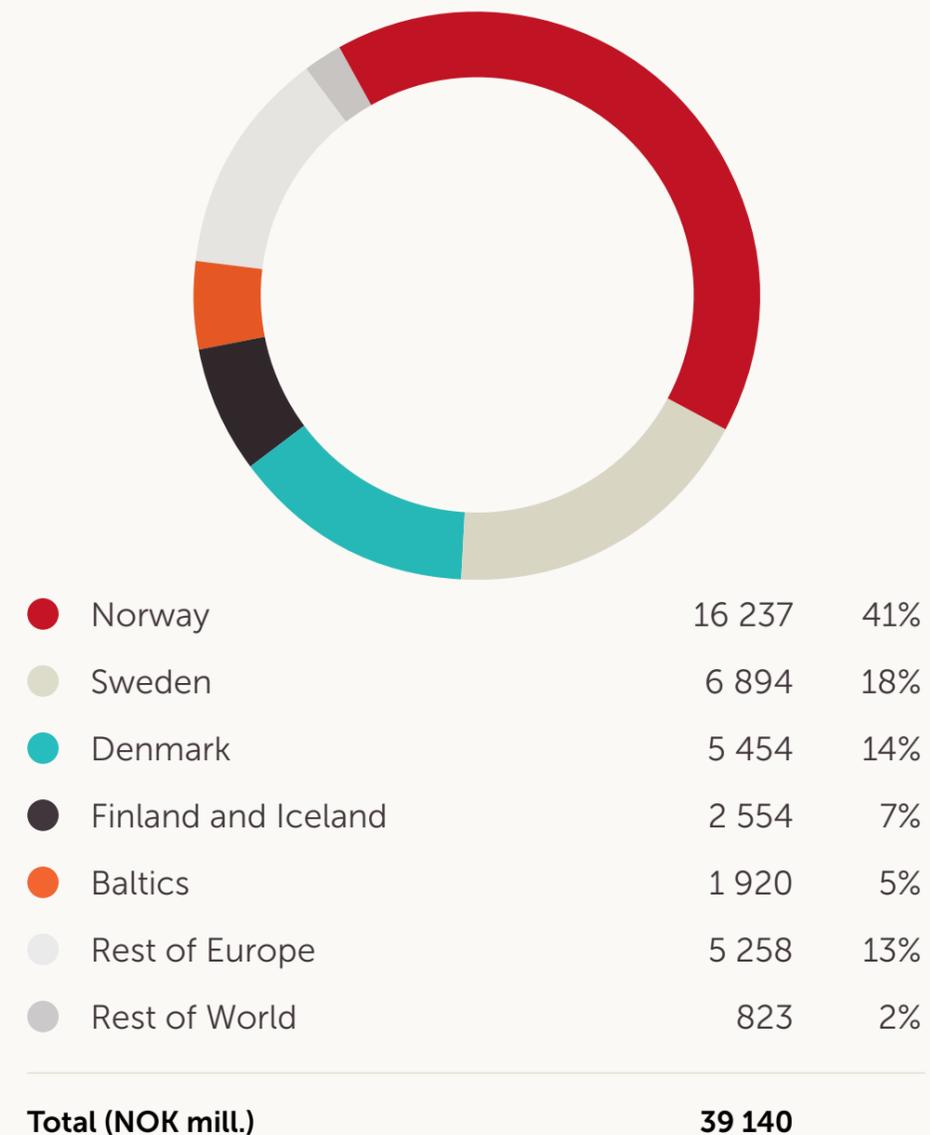
Orkla seeks to build a corporate culture based on integrity and good business practices, and in 2018 intensified its efforts to promote good judgement and prevent ethical risk.

Developments in 2018

Corruption and other unethical business practices limit the possibilities for economic development and hamper competition on equal terms. In 2018, we continued our long-term efforts to ensure broad knowledge of Orkla's Code of Conduct and prevent undesirable conduct. Orkla has zero tolerance for corruption, price-fixing agreements, market sharing, or other measures that impede free competition. Orkla's anti-corruption manual, competition law manual and Code of Conduct describe the Group's standards and guidelines in this area. In 2018, we launched a new, improved whistle-blowing function that makes it easier to communicate concerns anonymously. Orkla discovered that management staff at one of our recently acquired factories were taking advantage of their own positions for financial gain. The managers concerned have been replaced and internal control procedures have been improved.

We have provided e-learning training in anti-corruption for a substantial number of employees. We also carried out other training activities related to anti-corruption and Orkla's Code of Conduct in several of the companies. Under Orkla's Supplier Code of Conduct, suppliers are required to have zero tolerance

Capital employed by geographical area



for corruption, and suppliers are monitored if necessary. In connection with acquisitions and large investments, Orkla assesses the risk of becoming involved in breaches of anti-corruption and competition law, and we take risk-mitigating action whenever we consider the risk to be obvious.



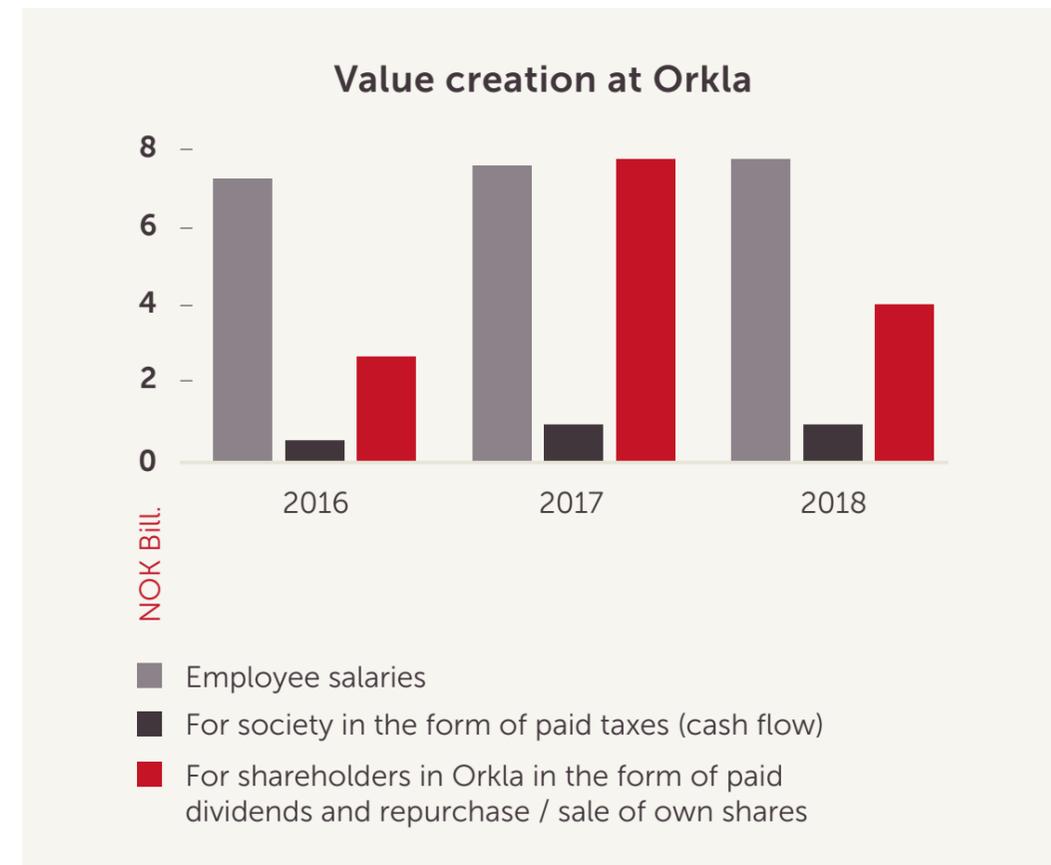
Orkla's influence in local communities

To ensure long-term competitive operations, Orkla made a number of investments in 2018 in production improvements and some major restructuring projects. We launched a five-year programme of investments in pizza production at Stranda, Norway, developed our dilutable fruit drink production operations in Kumla, Sweden, invested in expanding and upgrading our food production operations in Eslöv, Sweden, and prepared for the construction of a new, modern chocolate factory in Latvia. These increased investments create positive ripple effects in the form of jobs and sourcing from local suppliers. The manufacturing facilities in Ålesund, Norway and Ringkøbing, Denmark have been closed down, and Orkla has decided to close down production operations in Kungälv, Sweden and Åbo, Finland. Employee representatives have been involved in the restructuring projects through regular consultation meetings, and the 40 employees who have lost their jobs in connection with the factory closures have been helped to find new employment or acquire further training. Orkla has also emphasised the importance of openness and dialogue with key stakeholders in the local community.

In the 2016-2018 period, Orkla reinforced its internal control procedures for collecting, processing and storing personal data. Among other things, the Group's policies were revised, internal guidelines were drawn up and extensive training was provided. The Group's processes for handling personal data on employees and consumers were also improved.

The way forward

Efforts to provide internal training and raise awareness of ethical issues will continue in 2019, and we will update Orkla's anti-corruption manual. Orkla will also continue to implement new, improved tools for identifying and monitoring risk related to breaches of legislation and internal guidelines. This will include the continued implementation of the Group's programme for compliance with the EU's General Data Protection Regulation.





Good, responsible marketing

Orkla is committed to responsible marketing to children and young people, and has adopted a restrictive practice in this respect. In connection with the implementation of Orkla's 2025 sustainability targets, the companies have laid plans to follow up on the principles governing responsible marketing set out in the EU Pledge. In Norway, Orkla has played a key role in establishing the voluntary trade collaboration body, the Food and Drink Industry Professional Practices Committee, and sits on the Committee's Board. In 2018, the Orkla companies had no significant matters related to the regulatory framework for marketing or the voluntary guidelines with which we have pledged to comply. Two cases concerning product labeling non-conformances were reported. In one of the cases, the supervisory authorities upheld Orkla's claim. Proceedings were still in progress in the other case at the start of 2019. In Norway, the authorities have taken the initiative of establishing guidelines for influencer marketing aimed at reducing body-related pressure. Orkla has participated in drawing up voluntary guidelines, in collaboration with Mediebedriftenes Landsforening, the national association of media companies, and Annonsørforeningen, the Norwegian advertisers' association.

Occupational health and safety

We at Orkla want to promote our employees' good health. We apply the same occupational health and safety requirements in every country in which we operate, and our companies work systematically to prevent injuries and foster a health-promoting environment.

A safe, healthy working environment is a fundamental right for all employees, and essential to ensuring stable, efficient operations. Orkla's ambition is to operate with zero injuries. We will achieve this goal by means of effective risk management and systematic efforts to prevent injury and work-related diseases and by involving all our employees. Orkla wants all its companies to establish principles for health-promoting workplaces, adapting the principles to conditions in the individual countries.

The companies' EHS work is based on the requirements and guidelines set out in Orkla's EHS Standard. Our systematic improvement efforts focus on establishing a high level of knowledge and awareness, taking preventive action and ensuring effective rehabilitation. Risk analysis lays the foundation for establishing effective action plans, and all the companies have prepared such analyses. A significant

proportion of the risks across companies and countries are related to ergonomics, use of machinery, falls, storage and handling of chemicals, the psychosocial working environment and inadequate knowledge of safety risks and procedures.

Developments in 2018

Systematic training and follow-up

Our EHS work is monitored at company and business area level through the submission of status reports to the management teams, the Group Executive Board and Orkla's Board of Directors. In the 2014-2018 period, audits were conducted of all Orkla factories, and newly acquired companies were quickly introduced to Orkla's EHS standard. In addition to ensuring that the entities operate in compliance with laws and regulations, the purpose of the audits is to promote learning through systematic observation and feedback.

One Orkla EHS culture

In 2018, we developed the Orkla Golden Rules to strengthen our EHS culture and underpin our efforts to achieve zero-injury operations. The Golden Rules underscore key areas of the Group's EHS Standard that must be complied with by all our employees, and are based on learning acquired in our EHS work and from incidents at Orkla. Orkla held an initial Group-wide network meeting to involve all of Orkla in developing the Golden Rules. In week 42, a special EHS week was organised with a wide range of activities and training at all Orkla offices and factories. On this occasion, the Golden Rules were introduced, and all our employees wrote what

EHS means to them on special posters. MTR Foods received an award for its implementation. Orkla also held courses, workshops and network gatherings at which specialist personnel were able to exchange experience and share expertise. In 2018, around 28 000 hours of organised EHS training were provided at Group and company level for some 13 500 employees.

Health-promoting work

The recorded sickness absence rate at Orkla was 4.8% in 2018, on a par with the rate in 2017. The sickness absence rate is a complex issue determined by many factors at different levels which influence each other in different ways and to different degrees. The rate varies substantially from one country and company to another, and there is continuous focus on improving follow-up of absences and carrying out preventive activities. In addition to the broad range of activities related to training and improvement of internal procedures, several companies carried out initiatives in 2018 aimed at promoting good health. Preventive activities are important for avoiding future sickness absence, and we therefore also identify health risk so that we can take appropriate action. A number of the Orkla companies have carried out risk assessments that show that ergonomics and the psychosocial/organisational working environment are the factors that have the greatest impact on sickness related to work and occupational health. Visible leadership and follow-up of employees are crucial to achieving results, and working environment surveys are used as a tool in identifying key areas of improvement. Many of the companies have made long-term plans for improving the working environment based on the results of Orkla's global employee opinion survey.

Injuries

The number of injuries resulting in absence declined from 2017. The Lost Work Day Rate (LWDR) in 2018 was 4.1, compared with 5.7 in 2017. In 2018, there were few occupational accidents in which employees were severely injured. Most of the injuries were of a less serious nature, such as cuts, blows or crushing injuries. All the incidents were followed up in the respective companies. Reporting and investigating EHS incidents provide important information for preventing future accidents and incidents, and for ensuring continuous improvement. This helps create greater understanding and awareness of risk within the organisation.

Although the number of occupational accidents in Orkla is not satisfactory, many companies saw improvement in the course of 2018. Many of the companies recorded no injuries leading to absence during the year. The companies have taken a variety of steps to prevent injuries. In addition to extensive training and improvements in internal procedures, various types of safety measures were implemented such as increased use of personal safety equipment, better labelling and replacement of old equipment. With a view to achieving our vision of zero injuries, Orkla Foods Sverige and Orkla at central level worked to promote understanding of the importance of management-employee safety dialogues. Information materials were prepared and training was provided which will be further implemented in all areas of Orkla.

The way forward

We will continue to maintain full focus on preventing

injuries and promoting health in every part of the organisation, so as to reduce both sickness absence and the number of injuries. Experience shows that by working in accordance with key EHS principles, we can achieve improvement. We must therefore continue to concentrate on and emphasise the application of these important principles throughout our organisation, while also introducing new measures to ensure that further progress is made towards our goal of zero injuries.



Care for people and society

GRI-ref.	Indicators	Unit	2018	2017	2016
Stakeholder dialogue and social engagement					
203-1	Support for external organisations and projects				
	- Investment in local infrastructure	NOK million	1.5	-	-
	- Financial support for projects beneficial to the community	NOK million	17.6	17.3	16.5
	- Value of products and work (pro-bono)	NOK million	11.4	12.3	4
415-1	Financial support received from government during the year				
	- Subsidies for operational investments, labour and environmental measures	NOK million	40.8	14.6	17.9
	- Raw material price compensation	NOK million	159.8	161.2	173.6
202-2	Percentage of management team members recruited from the country where the business is located	%	91	95	-
415-1	Total value of political contributions	NOK million	0	0	0
417-2	Formal complaints and matters related to product labelling laws and regulations	Number	2	3	2
417-3	Formal complaints and matters related to marketing laws and regulations	Number	0	2	1

Responsible employer

405-1	Employee diversity				
	- Total number of employees	Number	18 510	18 178	18 154
	- Percentage of administrative employees	%	47.0	40.5	39.4
	- Percentage of blue-collar workers	%	53.0	59.5	60.6
	- Percentage of employees under 30 years old	%	13.0	-	-
	- Percentage of employees 30-50 years old	%	51.7	-	-
	- Percentage of employees over 50 years old	%	35.3	-	-
	- Total percentage of women employees	%	47.8	48.7	48.5
	- Percentage of women administrative employees	%	47.5	47.4	48.6
	- Percentage of women blue-collar workers	%	48.1	49.7	48.4

GRI-ref.	Indicators	Unit	2018	2017	2016
Responsible employer					
405-1	Diversity in management				
	- Total number of managers at all levels	Number	1 847	1 824	1 751
	- Total percentage of women in management	%	41.4	40.0	37.5
	- Total percentage of managers under 30 years old	%	1.7	-	-
	- Total percentage of managers 30-50 years old	%	61.5	-	-
	- Total percentage of managers over 50 years old	%	36.8	-	-
	- Managers on Orkla's Group Executive Board	Number	10	9	9
	- Percentage of women on Orkla's Group Executive Board	%	20	11	11
	- Managers in management teams at Group, business area and company level	Number	338	382	407
- Percentage of women in management teams at Group, business area and company level	%	34.9	34.3	35.1	
401-1	Workforce changes				
	- Number of new employee hires	Number	2 054	1 810	-
	- Employee turnover (new employees/total number of employees)	%	14*	10	-
404-1	Average hours of organised training per employee	Hours	6.8	7.0	8.2
412-1	Human rights risk assessment				
	- Number of business units that have carried out risk assessments during the year	Number	35	-	-
	- Percentage of business units that have carried out risk assessments during the year	%	83	-	-
412-2	Employee training on human rights issues				
	- Total number of hours of training	Hours	29 700	26 700	22 800
	- Percentage of employees who have received training during the year	%	74	45	39
404-3	Percentage of employees covered by procedures for regular career development interviews				
	- Total number of employees	%	61	59	63
	- Management	%	86	97	93
	- Administrative employees	%	85	76	83
	- Sales personnel	%	88	83	81
	- Blue-collar workers	%	48	45	49
406-1	Formal complaints or cases related to breaches of anti-discrimination rules	Number	1	2	0

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

GRI-ref.	Indicators	Unit	2018	2017	2016
Integrity					
205-2	Anti-corruption training				
	- Number of employees trained during the year	Number	3 946	1 807	671
	- Percentage of employees trained during the year	%	21.3	9.9	3.7
205-3	Formal complaints and cases related to breaches of anti-corruption rules	Number	1	0	0
206-1	Formal complaints and cases related to breaches of competition law	Number	0	0	0
418-1	Formal complaints and cases related to breaches of privacy rules	Number	0	-	-
419-1	Non-compliance with laws and regulations in the social and economic area				
	- Value of significant fines	NOK million	0	-	-
	- Number of non-monetary sanctions	Number	0	-	-
	- Number of cases brought through dispute resolution mechanisms	Number	4	-	-
Occupational health and safety					
403-10	Sickness absence ¹²				
	- Sickness absence, total	%	4.8	4.7	4.3
	- Sickness absence, Norway	%	5.9	5.3	5.6
	- Sickness absence, Nordics (excl. Norway)	%	4.4	4.4	4.5
	- Sickness absence, rest of world	%	4.8	4.8	3.1
403-9	Injuries ¹²				
	- Lost Workday Rate ¹³ (LDWR), total		4.1	5.7	5.4
	- Lost Workday Rate, Norway		2.3	3.8	3.5
	- Lost Workday Rate, Nordics (excl. Norway) and Baltics		5.4	7.2	7.7
	- Lost Workday Rate, rest of world		3.5	5.3	3.7
	- Total Recordable Rate (TRR) ¹⁴ , total		8.9	12.7	10.8
	- Total Recordable Rate (TRR), Norway		8.7	9.3	9.1
	- Total Recordable Rate, Nordics (excl. Norway) and Baltics		11.9	16.2	15.4
	- Total Recordable Rate, rest of world		6.2	8.7	5.6
- Work-related fatalities		0	0	0	

¹²Figures for 2018 include several recently acquired businesses not previously included in the reporting.

¹³ Number of injuries leading to absence per million hours worked.

¹⁴ Number of injuries leading to absence, need for medical treatment or restricted work per million hours worked.