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NCE Heidner Biocluster, 20th Sep 2023

Sustainable value creation

Agenda

The big why
Material topics for Orkla
Sustainability strategy
Q&A





Orkla ASA is a leading industrial investment company with operations in more than 20 countries

Creating sustainable value through active ownership of brands and consumer companies

1654

Orkla was established

300

local brands with strong positions

100

countries where products are sold

> 70%

of revenues from food companies²

NOK
BILLION

OPERATING REVENUES¹


58.4

EBIT (ADJ.) MARGIN¹

12.7%

EMPLOYEES²

20,500



*The food value chain holds a
key to solving the global health
and sustainability challenges*

1/3

of global carbon emissions
come from food

1/3

of all food is wasted

39%

of the adult population
is overweight

Our companies are linked to health and sustainability challenges and we want to drive positive change!



Photos: Colourbox, Microsoft stock photo, Orkla

*Sustainability management starts by
understanding our impact on people,
the environment and society*



Healthy?

Sustainable raw materials?

Sustainable packaging?

Climate footprint?

Sustainability management is also about reducing financial risk and making sustainability a source of business strength

Pro-active adaptation to changes in risks & legislation

Consumer and customer preference & loyalty

Stakeholder trust

Brand protection

Resource efficiency

Innovation & business development

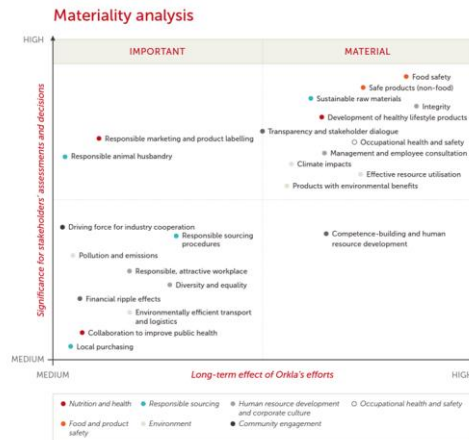


Materiality assessment – basis for prioritising, defining objectives and for reporting

WHAT IS A DOUBLE MATERIALITY ASSESSMENT?

- The key aspect in driving sustainability strategy and performance is knowing **which ESG issues are more important** than others
- The materiality assessment is a **tool** to identify the strategically important topics to focus on
- Materiality assessments are not new, but the assessment has developed in recent years, and the concept of **Double materiality** has **recently been formalized by the EU** through the EU Corporate Sustainability Reporting Directive (CSRD). Orkla's first materiality assessment was prepared in 2015, and we prepared our first double materiality assessment in 2021
- The double materiality assessment has a **dual focus** by investigating both an organization's impact on environment, people and society and how different ESG topics financially impact the organization

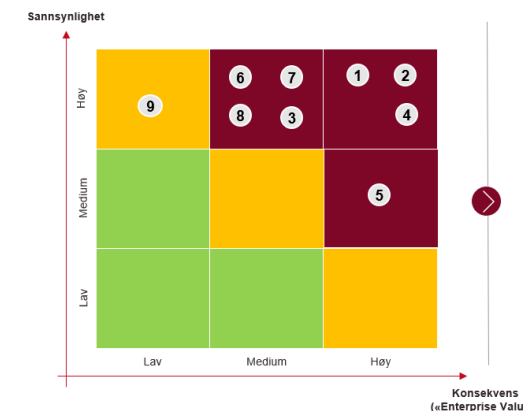
2015 - first materiality assessment



2021 – Assessment of impacts across value chain

	Upstream	Own operations	Downstream
Planet	<ul style="list-style-type: none"> Greenhouse gas emissions Loss and restoration of nature Water consumption Renewable / recycled materials Raw material waste 	<ul style="list-style-type: none"> Products with a small environmental footprint (incl. packaging) Raw material and product waste Greenhouse gas emissions Energy consumption Waste management Water pollution Air pollution (NOx, particles) 	<ul style="list-style-type: none"> Food waste Environmentally conscious consumption Recycling of packaging waste Sorting of waste Greenhouse gas emissions from waste treatment Pollution from waste to land and fresh water Marine pollution
People	<ul style="list-style-type: none"> Local waste management and treatment Health and safety Responsible working conditions and terms Competence development 	<ul style="list-style-type: none"> Products for health and wellness Alcohol- and lifestyle-related products Responsible marketing and product labeling Safe food production Health and safety Responsible working conditions and terms Competence development 	<ul style="list-style-type: none"> Diet and lifestyle Safe cooking
Governance	<ul style="list-style-type: none"> Safe raw materials and finished goods produced by third party Diversity, equality and inclusion Responsible business practices Traceability and transparency 	<ul style="list-style-type: none"> Preparedness for new risk factors Products and services for increased food security through B2B collaboration Nutritional content of food products Diversity, equality and inclusion Responsible business practices Sustainable transition Quality and risk management Transparency and stakeholder involvement Traceability, reporting and verification Information security and privacy 	<ul style="list-style-type: none"> Responsible business practices Information security and privacy Contribution to circular value chains
Prosperity	<ul style="list-style-type: none"> Local value creation and jobs 	<ul style="list-style-type: none"> Research and development Local tax payment, value creation and jobs 	

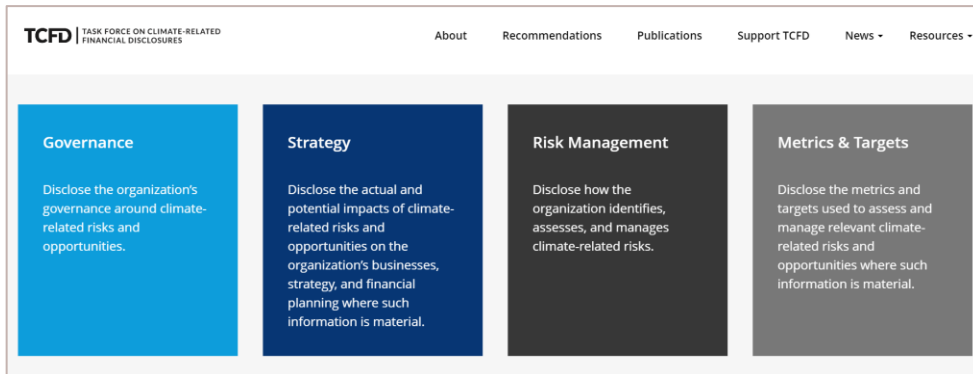
2021/2022 – Assessment of sustainability-related financial risks (inherent)



Assessment of impacts throughout value chain

	Impact	Upstream	Own operations		Downstream	
		Supply chain	Management and product development	Production and logistics	Customers/consumers	Final handling
Planet	H	<ul style="list-style-type: none"> Greenhouse gas emissions Loss and restoration of nature Water consumption Renewable / recycled materials Raw material waste 	<ul style="list-style-type: none"> Products with a small environmental footprint (incl. packaging) 	<ul style="list-style-type: none"> Raw material and product waste 	<ul style="list-style-type: none"> Food waste Environmentally conscious consumption 	<ul style="list-style-type: none"> Recycling of packaging waste
	M	<ul style="list-style-type: none"> Loss of marine resources Local pollution of soil, water and air Animal welfare 	<ul style="list-style-type: none"> Products and services for environmentally efficient production through B2B cooperation 	<ul style="list-style-type: none"> Greenhouse gas emissions Energy consumption Waste management Water consumption Water pollution Air pollution (NOx, particles) 	<ul style="list-style-type: none"> Sorting of waste 	<ul style="list-style-type: none"> Greenhouse gas emissions from waste treatment Pollution from waste to land and fresh water
	L	<ul style="list-style-type: none"> Local waste management and treatment 	<ul style="list-style-type: none"> Pension savings and equity in green funds 	<ul style="list-style-type: none"> Loss and restoration of nature 		<ul style="list-style-type: none"> Marine pollution
People	H	<ul style="list-style-type: none"> Health and safety Responsible working conditions and terms Competence development 	<ul style="list-style-type: none"> Products for health and wellness Allergy- and lifestyle-adapted products Responsible marketing and product labelling 	<ul style="list-style-type: none"> Safe food production Health and safety Responsible working conditions and terms 	<ul style="list-style-type: none"> Diet and lifestyle 	
	M	<ul style="list-style-type: none"> Safe raw materials and finished goods produced by third party Diversity, equality and inclusion 	<ul style="list-style-type: none"> Preparedness for new risk factors Products and services for increased food security through B2B collaboration Nutritional content of food products Diversity, equality and inclusion 	<ul style="list-style-type: none"> Competence development 	<ul style="list-style-type: none"> Safe cooking 	
Governance	H	<ul style="list-style-type: none"> Responsible business practices Traceability and transparency 	<ul style="list-style-type: none"> Responsible business practices Sustainable transition Quality and risk management Transparency and stakeholder involvement 	<ul style="list-style-type: none"> Traceability, reporting and verification 	<ul style="list-style-type: none"> Responsible business practices 	
	M			<ul style="list-style-type: none"> Information security and privacy 	<ul style="list-style-type: none"> Information security and privacy 	
Prosperity	H	<ul style="list-style-type: none"> Local value creation and jobs 	<ul style="list-style-type: none"> Research and development 	<ul style="list-style-type: none"> Local tax payment, value creation and jobs 	<ul style="list-style-type: none"> Social and environmental commitment 	<ul style="list-style-type: none"> Contribution to circular value chains

A detailed climate- and water risk analysis was carried out in 2021 as a separate deep-dive



Orkla TCFD report 2021



Climate-related Scenario Analysis

Orkla has assessed how climate change may impact our operations and the value chain. The goal of the assessment is to increase awareness of how climate change will influence Orkla, as a key part of Orkla's strategic and financial planning.

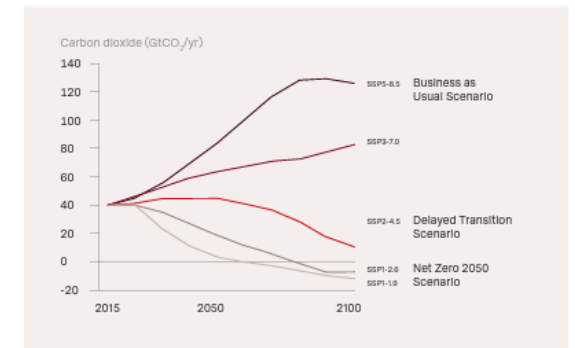
Orkla has assessed transitional and physical risks and opportunities based on IPCC⁵ and NGFS⁶ global warming impact scenarios. The assessment provides descriptions of how climate change will impact Orkla using three scenarios with various socio-economic assumptions relevant for the company's business sectors.

The Scenario analysis included the following global warming impact scenarios as presented by IPCC and NGFS:

- **Net-Zero 2050:** +1,5 °C Scenario, which assumes that the goals set in the Paris Agreement are met through policy changes.
- **Delayed Transition:** +2 °C Scenario, which assumes a delay in the policy changes included in the 1,5 °C scenario.
- **Business as Usual:** above 4 °C Scenario, which assumes a scenario lacking climate policy changes.

5 IPCC - The Intergovernmental Panel on Climate Change's Fifth Assessment Report (AR5) articulates various climate scenarios. These "representative concentration pathways" (RCPs) are referred to as "pathways" to emphasise their primary purpose in providing time-dependent projections of atmospheric GHG concentrations.

6 NGFS - Network for Greening the Financial System is a set of climate scenarios which includes transition pathways, climate impact projections and economic indicators.



The three scenarios will have different impacts on Orkla's operation and value chain. Based on the outcome of the analysis, Orkla will be able to develop and improve the strategy and understand future possible impacts from climate change. The scenarios were evaluated based on short-term (1-3 years), medium-term (3-10 years) and long-term (10-20 years) perspectives.

Material sustainability topics



Sustainability Management

Create business value in a sustainable way

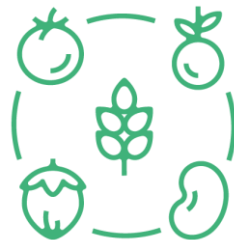
- Materiality assesment
- Sustainability strategy
- Corporate responsibility
 - Human rights
 - Responsible business practices
- Stakeholder dialogue
- Governance and reporting



Environmental Engagement

Innovate to protect the environment

- Climate impact (scope 1, 2 and 3)
- Impact on nature
- Efficient resource utilisation
 - Energy
 - Water
 - Waste
- Environmentally targeted product development
- Circular processes



Sustainable Sourcing

Deliver products with sustainable raw materials

- Human rights due diligence
- Zero deforestation
- Animal welfare
- Sustainable raw materials
 - Sustainable agriculture
 - Sustainable fishing
- Sustainable packaging



Nutrition & Wellness

Make healthy living easier

- Products for a healthy lifestyle
- Collaboration to improve public health



Safe Products

Be prepared to handle emerging risks

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



Care for people & Society

Be the change we want to see

- Responsible and inclusive employer
- Occupational health and safety
- Integrity
- Promote healthy and sustainable consumption
- Local value creation

In 2023, we update the double materiality assessment based on the ESRS methodology and topics

ENVIRONMENTAL SUB-TOPICS

- 1

Climate change mitigation
- 2

Climate change adaptation
- 3

Energy efficiency
- 4

Renewable energy deployment
- 5

Sustainable land/ agriculture practices
- 6

Conservation and sustainable use of the oceans and sea
- 7

Pressure on marine resources
- 8

Pollution of air, soil and water
- 9

Resources inflows, including resource use
- 10

Resource outflows related to products
- 11

Waste

SOCIAL SUB-TOPICS

- 1

Human rights and work-related issues in the supply chain
- 2

Diversity, Equity and Inclusion
- 3

Occupational health and safety
- 4

Training and skills development
- 5

Working conditions
- 6

Safe products
- 7

Health and nutrition
- 8

Responsible marketing
- 9

Access to (quality) information
- 10

Communities' civil and political rights
- 11

Communities' economic, social and cultural rights
- 12

Particular rights of indigenous communities

GOVERNANCE SUB-TOPICS

- 1

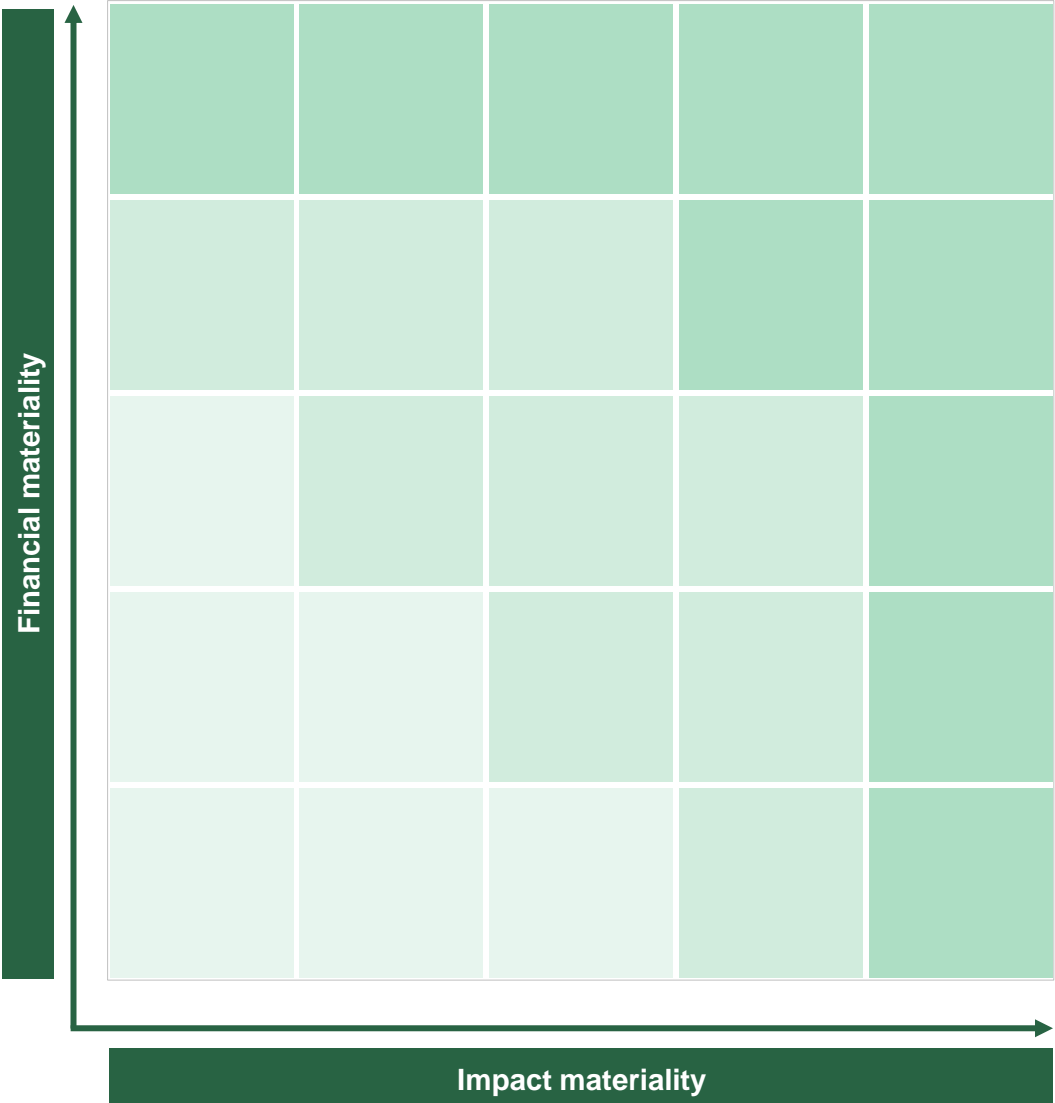
Corporate culture
- 2

Corruption and bribery
- 3

Political engagement and lobbying activities
- 4

Management of relationship with suppliers
- 5

Animal welfare



Orkla sustainability goals towards 2025



ENVIRONMENTAL ENGAGEMENT

> 60% renewable energy

65% reduction in greenhouse gas emissions from own operations (70% reduction by 2030) ^{1,2}

30% reduction in greenhouse gas emissions in the value chain, outside own operations (50% reduction by 2030) ^{1,3}

30% reduction in energy and water consumption⁴

50% reduction in food waste⁴



SUSTAINABLE SOURCING

Ensure respect for workers' rights

Achieve verified sustainable production of prioritised raw materials⁵

Promote sustainable farming and fishing

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



NUTRITION & WELLNESS

>Double consumption of products and services that contribute to a healthier lifestyle

15% less salt and sugar⁶

Inspire people to adopt a healthier lifestyle



SAFE PRODUCTS

100% food manufacturing facilities at green level⁷

100% approved suppliers⁷

Continue to ensure that all products are safe



CARE FOR PEOPLE & SOCIETY

Create strong local engagement for sustainability

100% compliance with Orkla's human rights policy

Create healthy workplaces with zero injuries

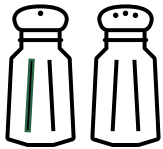
Women in 50% of leadership positions at all levels

A culture of integrity everywhere

1) The targets for greenhouse gas reduction have been approved by the Science-Based Targets initiative for net zero emissions across the value chain by 2045
 2) Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol. Base year 2016
 3) Scope 3 in accordance with the Greenhouse Gas Protocol. Base year 2016

4) Base year 2014
 5) The assessment of importance is based on the risk related to and scope of the Group's sourcing
 6) Reduction in overall consumption of salt and sugar from Orkla's food products. Base year 2015
 7) In accordance with the Orkla Food Safety Standard

Healthier diets through product development and consumer guidance



- 5% salt reduction from reduction activities since 2015
- 10% sugar reduction from reduction activities since 2015



- Inspire people to a healthier diet and lifestyle



Tackling climate change is a collective responsibility



The food system holds a key to solving the climate crisis



Science-based targets for climate gas reductions – aligned with 1,5°C



The biggest challenge: Reduce indirect emissions (Scope 3)



Guide and inspire consumers to make smart climate choices. 18% revenue growth from plant-based food 2021-2022



We aim for 65% reduction in GHG emissions from own operations by 2025 and 30% from indirect sources (scope 3)*

- **40%** reduction in GHG emissions scope 1 and 2 since 2016
- **37%** reduction in energy consumption relative to revenues
- **53%** reduction in organic waste per revenue

*Baseline 2016



We want to contribute to the transition to sustainable agriculture



Orkla goal 2025: Achieve verified sustainable and traceable production of key raw materials



Farm Sustainability Assessment: Framework for benchmarking and improving agricultural standards



Pilot projects on regenerative farming



Orkla’s framework for sustainable raw materials goes beyond risk mitigation and we promote industry recognized sustainable practises.

Orkla’s definition of sustainable agriculture

Orkla is a member of Sustainable Agriculture Initiative Platform (SAI Platform) since 2018 and our sustainability framework for prioritized raw materials is based on the SAI Platform definition of sustainable agriculture:

“The efficient production of safe, high quality agricultural products, in a way that protects and improves the natural environment, the social and economic conditions of farmers, their employees and local communities, and safeguard the health and welfare of all farmed species”

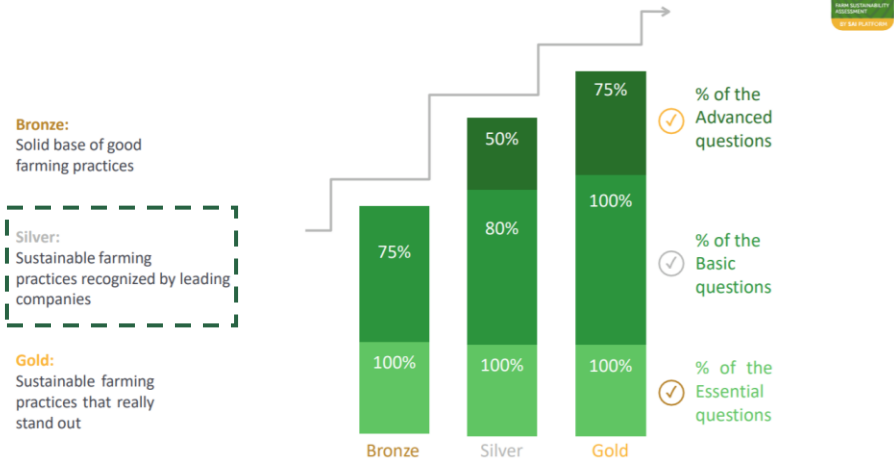


In addition we strive for full traceability back to farm for all prioritised raw materials.

Minimum requirement for *sustainable* raw material

Orkla have set specific requirements for all prioritised raw materials to reach by 2025. We use certification as a base - this is combined with supplier collaboration and other initiatives.

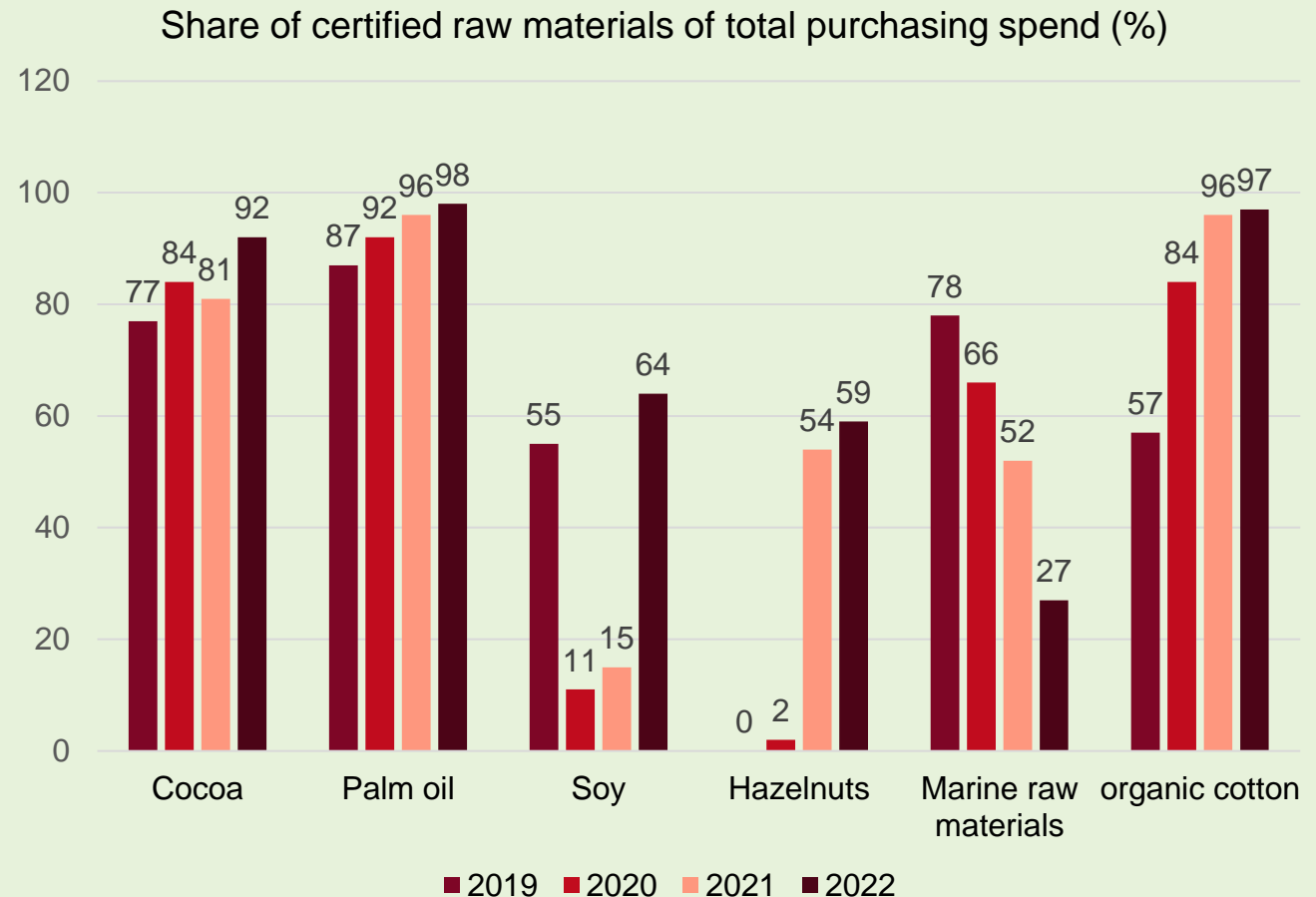
3 FSA Performance Levels



For all cultivated agricultural raw materials, we aim for min. FSA Silver level. For other prioritised raw materials Orkla have defined other industry acknowledged requirements for sustainable production.

Certification is an important part of our approach towards responsible sourcing of risk raw materials

- ✓ **98%** certified palm oil
- ✓ **92%** certified cocoa
- ✓ **64%** certified soy
- ✓ **59%** certified hazelnuts
- ✓ **97%** certified organic cotton



For cocoa we have selected Rainforest Alliance as the most suitable third-party certification to use





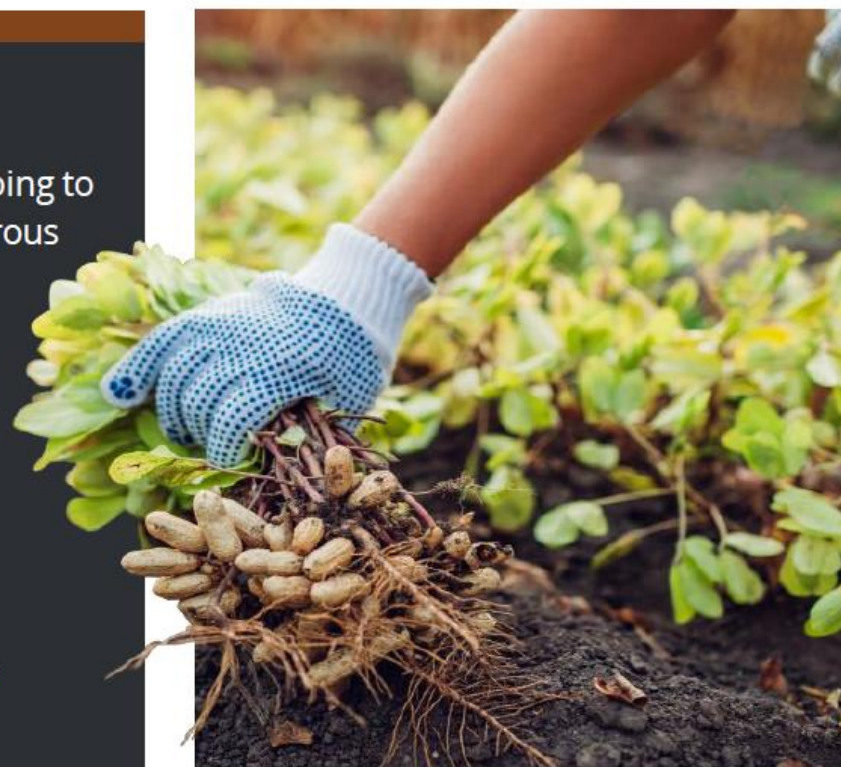
Argentina Peanuts FSA Accelerator



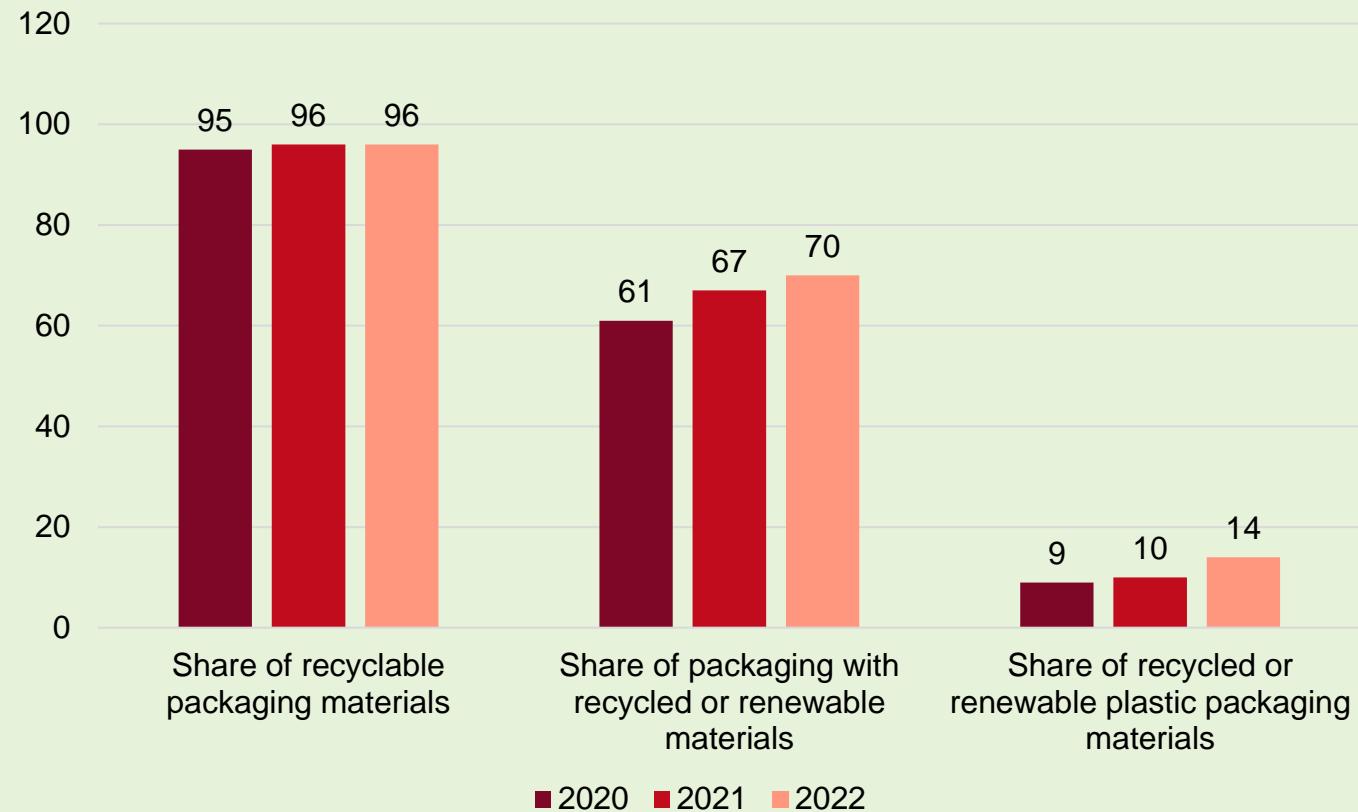
Updated April 2022

What do we hope to achieve?

Argentina is the largest exporter of peanuts globally, with 70% of exports going to the European market. As European legislation continues to have more rigorous demands for sustainability, it is important to align the expectations and sustainability requirements of European buyers and South American suppliers. By working as a collective, SAI Platform members will be able to align their sustainability efforts and demonstrate their commitment to sustainability, while supporting suppliers starting their sustainability journeys, saving both time and effort for all parties. The first and second phase of the Argentina Peanuts project will follow an FSA Accelerator model: provide training to peanut growers, complete FSA verification, and collect baseline information to better understand how sustainability initiatives can be expanded into a 2nd phase.



Transition to circular packaging value chains is important to reduce GHG emissions and prevent littering

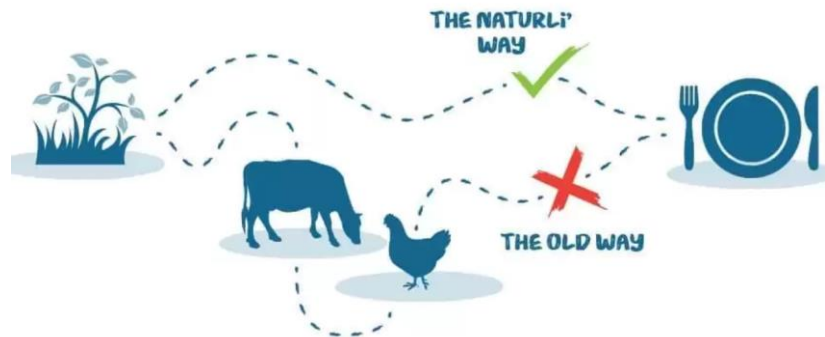
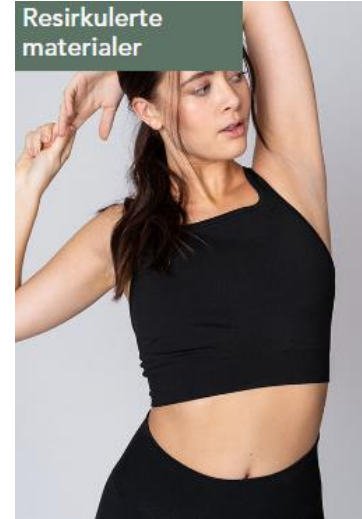


**“Miljøvennlig såpe er
kanskje en dråpe i havet.
Men hva er vel et hav,
annet enn dråper?”**

Litt filosofi fra oss!



Resirkulerte
materialer



Nå har TORO gjort
det lettere å finne
klimavennlig mat.

TORO

Lett å like, lett å lage.

Les mer på toro.no

Annual responsible employer risk assessment with action plans

	Current procedures and activities	What specific risk issues do you see, if any	Rate identified risk (low, medium, high)	Assessment of impact	Specify concrete actions you will take to reduce the risk to a low level	Who is responsible for action?
2.1 Freedom of thought, opinion and expression			Low	Medium		
2.2 The right of life and security of person			Low	High		
2.3 The rights of liberty and privacy			Low	High		
2.4 Competence development			Low	Low		
2.5 Diversity and no discrimination			Low	Low		
2.6 Consultation and employee involvement			Low	Low		
2.7 Fair working terms			Medium	Medium		
2.8 Respect for children's rights			Medium	High		
2.9 Protection of marginalised populations			Medium	Medium		
	Is your Business Unit Compliant?	Not compliant				

Please rate the risk with the following colours according to your performance:	
Low risk/probability = Green	The company complies with the rights as described in the policy, there have never been incidents of violation, nor is there any identified risk that such violations may occur in the future
Medium risk/probability = Yellow	There have been some isolated incidents in the past, and/or there is identified a risk for the future, but the company is aware of the problem and has started addressing the issue
High risk/probability = Red	The company does not comply with the policy requirements, there have been a number of significant incidents of violation in the past and/or significant risk of future violations has been identified.

D, E & I is a strategic focus topic for us

Our ambition

«We will know we are succesful when a **wider pool and profile of employees** are recognized and promoted at all levels of the organisation. Their contribution will lead to a **high performing Orkla.**»

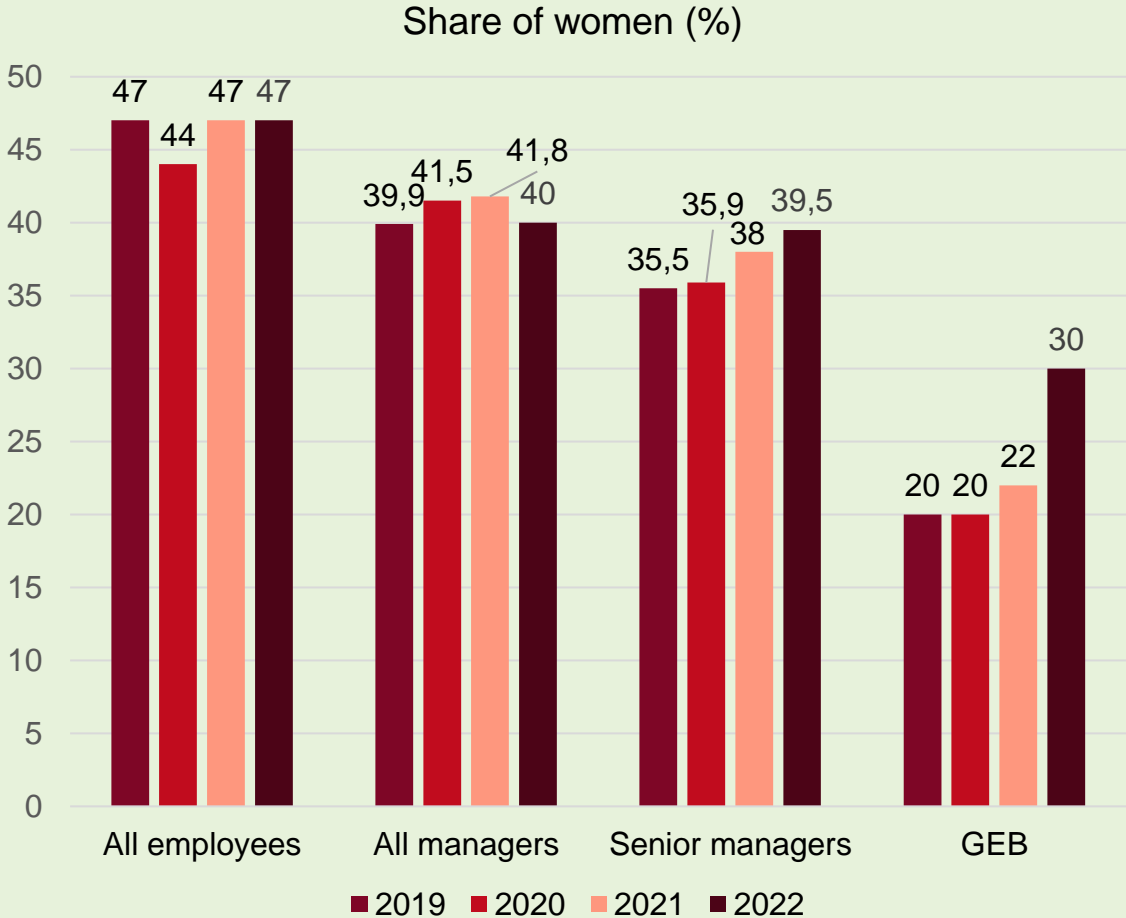


Figure 1

Orkla's contributions to achievement of the global UN Sustainable Development Goals (SDGs)

Orkla has been affiliated with the UN Global Compact since 2005, and we actively support the organisation's ten principles for human and workers' rights, the environment and anti-corruption. We participate in a global mobilisation to attain the 2030 Sustainable Development Goals (SDGs), which were launched by the United Nations in 2015. We use SDG 12 – responsible consumption and production – as a guiding star for our work.

Orkla's companies make the transition to sustainable production and consumption by engaging in environmental and social challenges linked to raw material production, developing recyclable packaging solutions, reducing the climate footprint of our products and developing products for a healthy lifestyle. Through our sustainability work, we also contribute to several of the other global sustainability goals.



- Sustainable production of food raw materials



- Diversity and gender balance



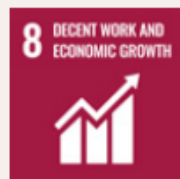
- Reduce climate gas emissions throughout the value chain in line with what is needed to limit global warming to maximum 1.5°C



- Contribute to future, regenerative farming practices
- Deforestation-free supply chains



- Health innovation
- Salt and sugar reduction
- Inspire people to a healthy living



- Respect for human rights in the workplace and supply chain



- Protect fish resources through sustainable sourcing
- Prevent plastic pollution by developing circular product and packaging solutions



- Active stakeholder dialogue and partnerships for sustainable production and consumption

Q&A

