

CONSUMER CONFIDENCE THROUGH SAFE PRODUCTS

ORKLA STRIVES TO BE AMONG THE WORLD'S TOP COMPANIES
IN THE REALM OF FOOD SAFETY



Consumer confidence is a prerequisite for brand building, and safe products are the very cornerstone of this work. Sound food safety systems, applied consistently across the board, therefore have the highest priority in Orkla.

Modern food production involves a complex value chain and makes great demands on key personnel with respect to quality, food safety and sourcing. Orkla has taken an uncompromising stand on food safety. Our own Orkla Food Safety Standard ensures a high, uniform standard at all our factories, and we also insist that all our suppliers observe our stringent guidelines for safe production of raw materials.

HOW AUDITS ARE CONDUCTED

Orkla takes active responsibility for food safety by conducting frequent audits. In a typical audit, the Orkla team will consider whether the production plant meets a series of criteria associated with food safety. The audit team makes physical inspections of production facilities, including canteens, locker rooms, storage premises and external areas. The company's documented quality assurance system is also examined. After all audits, binding action plans for corrective measures are drawn up, with assignment of responsibilities and deadlines. Our auditors then grade the production facility according to the Orkla Food Safety Standard.

TRAINING

Orkla has a team of ten highly qualified internal food safety auditors. They receive regular training from external specialists. In order to raise the level of expertise of key personnel in the field of quality and food safety, Orkla has established the

THE ORKLA FOOD SAFETY STANDARD

- The Orkla Food Safety Standard is based on the internationally recognised British Retail Consortium Global Standard for Food Safety.
- A new and more stringent version of the Orkla Food Safety Standard was introduced in 2012.
- The standard applies to all Orkla companies that produce food and beverages.
- Orkla has expanded the standard by adding a number of supplementary requirements to ensure consistency in company operations.
- Food safety improvements are constantly being implemented in all our companies.
- Newly acquired companies are integrated more rapidly, thanks to a uniform food safety standard.

AUDITS

Each year we conduct stringent internal audits of our companies to ensure that the Orkla Food Safety Standard is being adhered to in all Orkla's food producing companies. Orkla sets the same requirements for product quality and product safety in all countries in which we own companies.

RESULTS IN 2012

Since our own food safety standard was introduced in 2004, a food safety team has conducted a total of 532 audits of 113 factories and three head offices. A total of 64 audits were carried out in 2012, seven of them unannounced.

GOALS FOR 2013/2014

The food safety team will pursue its efforts to ensure continuous improvement through internal audits based on the Orkla Food Safety Standard.

CONTINGENCY PLANNING

Orkla has drawn up a contingency plan for appropriate handling of unforeseen, undesirable incidents. A contingency exercise programme has also been developed, and each year several of the companies' management teams undergo training in crisis and contingency management.

RESULTS IN 2012

There were no serious incidents associated with food safety in 2012. However, there were some cases of products erroneously containing allergens that did not appear on the label. This led to some product recalls, but no consumers suffered any harm. In 2012, two contingency exercises were carried out at the Orkla Production Academy in addition to the annual drills held at the factories.

Orkla Food Safety Training Course. Since its inception in 2010, 77 employees have completed the course.

PRODUCT RESPONSIBILITY IN COMPANIES WITH NO FOOD PRODUCTION

So far, Orkla companies that are engaged in the sale and distribution of food products, but do not have in-house production, have not been covered by the Orkla Food

Safety Standard and internal audits in a systematic way. To ensure sound procedures and further reduce the food safety risk associated with the operations of these companies, a separate standard similar to the Orkla Food Safety Standard was developed in 2012. As for the Orkla Food Safety Standard, this standard is based on a recognised BRC standard. The standard will be introduced to the relevant companies in 2013.

ALLERGENS

Consumers must always feel safe with Orkla products. Most of our food and beverages do not target consumers with allergies in particular. Nevertheless, the product information and labelling shall always enable consumers with allergies to avoid particular allergens.

All Orkla's producers of food and beverages observe procedures that ensure:

- assessment of allergens during the development of new products and changing of existing products
- information about allergens and possible contamination of raw materials
- production and handling of products that minimise the risk of allergen contamination

- correct labelling of allergens and any allergen traces
- training of personnel in handling of allergens.

RESULTS IN 2012

- In 2012, a number of Orkla companies, such as Procordia and KiMs (Denmark), addressed issues connected to allergens. Procordia launched ParNut, a brand targeting the catering industry in 2012. The ParNut brand includes meatballs, minced-steak patties and other meat-based products that are guaranteed not to contain gluten, lactose, or milk, soy or egg proteins.
- KiMs (Denmark) has introduced an "allergen box" on their packaging, which makes it simple for consumers to see any allergens the product may contain.

MONITORING OF SUPPLIERS

Monitoring of suppliers through self-assessment forms and physical audits by Orkla's audit team ensures a high level of awareness of the importance of sound food safety standards.

The Orkla company that is the main purchaser from the supplier is responsible for auditing the production facility on behalf of the Group.

RESULTS IN 2012

In 2012, 863 self-assessment forms were distributed to Orkla's suppliers, compared with 735 in 2011. In addition, 127 physical audits were conducted in 2012, compared with 98 in 2011.

The results of the physical audits show that 67% of the audited factories maintain an approved standard with respect to food safety. Other facilities must make improvements in order to be able to continue supplying products to Orkla.

GOALS FOR 2013/2014

The team for food safety in purchasing will continue its work of systematic risk assessment, approval and follow-up of suppliers through the Orkla Food Safety Standard in Purchasing.

Food safety in purchasing

MONITORING OF ORKLA'S SUPPLIERS IS CRUCIAL FOR ENSURING THAT THEIR PRODUCTION OF RAW MATERIALS IS COMPLIANT WITH OUR STRINGENT FOOD SAFETY GUIDELINES.

Orkla has a large number of raw materials suppliers all over the world, and sets stringent food safety requirements.

Orkla has its own system for risk assessment, approval and follow-up of suppliers. This system covers suppliers of raw materials, contract manufacturers of finished goods and suppliers of packaging for food and beverages. The system is used by Group companies that manufacture and sell food products, and is intended to ensure that what we buy is safe and legal.

In our risk assessment of suppliers, we assess the following:

- Is this a new or existing supplier?

- Inherent product risk associated with use in Orkla
- Country of origin
- The supplier's self-assessment
- Our experience if the supplier already has an agreement with Orkla
- Result of previous audit

The outcome of the risk assessment determines whether:

- The supplier is approved
- There is a need to obtain supplementary information
- An audit is necessary

TRAINING IN SUPPLIER AUDIT

Audits are an important part of Orkla's

approval process. A common audit framework has therefore been developed, with guidelines for food safety in purchasing. We have also established a training programme that all future auditors must undergo. The training programme consists of a two-day training seminar in addition to a number of training audits that are conducted on suppliers' premises with the assistance of an approved auditor. Since 2008, 190 persons from 44 companies have completed the training programme, while 52 persons from 23 companies have been approved as food safety auditors with permission to conduct supplier audits alone on behalf of Orkla.

Orkla's approach to modern gene technology

ORKLA'S PRODUCTS SHALL BE BASED ON SAFE RAW MATERIALS AND BE MANUFACTURED USING METHODS THAT CUSTOMERS AND CONSUMERS ACCEPT.

Orkla is responsive to its customers' and consumers' views on the use of modern gene technology in connection with the production of food. There are no research results to indicate that it is harmful to eat food containing genetically modified raw materials. Orkla has nonetheless decided not to use these, since a clear majority of consumers do not accept genetically modified raw materials and ingredients.

Orkla's food producing companies use only raw materials and ingredients that are based on traditional production methods, where the plant or animal is

developed and processed without the use of modern gene technology.

Orkla companies are aware that some traditional crops (primarily soy, maize and rapeseed) and products that are derived from them may contain traces of genetically modified material due to the unintentional introduction of seed, crop or product. The maximum quantity of such traces that does not require GMO labelling is laid down in the European GMO legislation.

Orkla companies require suppliers to establish verified systems for segregation,

documentation and analysis, to make it possible to verify the origin and quality of products, for example the absence of unintentionally introduced GMO material.

Orkla companies comply with EU and national legislation and the authorities' requirements with respect to GMO, and take all necessary steps to ensure that no Orkla products require GMO labelling. If a company is considering marketing and selling products that require GMO labelling, the decision must be approved by Orkla's Board of Directors.