



## Orkla's zero deforestation policy

### Background

Forests are important for the Earth's climate, and provide a livelihood for millions of people. The forests are also home to around 80% of the planet's animal and plant species. Conservation of natural forests, especially tropical rainforests, is therefore crucial to limiting global warming, preserving natural diversity and safeguarding the rights of indigenous peoples. The combination of population growth, the desire for economic development and unsustainable agricultural methods is putting heavy pressure on Earth's forest resources. Every year, vast forest areas disappear, often with significant negative consequences for local communities and indigenous peoples. The conversion of forest to production of agricultural commodities and paper represents a substantial proportion of global deforestation.

Orkla's activities potentially impact on forests through some of the raw materials that we purchase. This applies in particular to palm oil, soy, cocoa, cardboard and paper packaging. We seek to promote sustainable development, and have set a goal for ourselves to ensure that the most important raw materials and packaging that we buy are produced in a sustainable manner by 2020. As part of this work, we will make sure that the production of these raw materials does not contribute to deforestation. By deforestation we mean the conversion of natural forest into farmland or for other purposes. In assessing which forests should be conserved, due consideration must be taken of both biological diversity and carbon binding.

### Pledge

Orkla is committed to preserving rainforests and other natural forests with high conservation value, and will work systematically and purposefully to ensure that our products do not contribute to deforestation. With regard to our purchasing of agricultural raw materials cultivated in tropical regions and other at-risk areas, we aim, at the latest by 2020, to be able to document that the raw materials are produced sustainably without causing deforestation. When purchasing packaging and other wood-based materials, we will make sure that they do not come from tropical rainforests and are based on sustainable production.

### Our approach

#### *Strict sustainable production standards*

When purchasing food raw materials that are cultivated in tropical regions or other areas bordering on high conservation value natural forests, we will emphasise the importance of sustainable cultivation practices that do not entail deforestation. When purchasing wood-based materials, we will attach weight to sustainable, deforestation-free production, and we will refrain from using materials from tropical natural forests.

Respect for universal human rights is a key element of responsible business practices. Orkla's suppliers should establish due diligence procedures to avoid becoming involved in breaches of human rights in accordance with the UN Guiding Principles for Business and Human Rights<sup>1</sup>. When areas bordering natural forests are cultivated, it is essential to be particularly aware of the rights and interests of indigenous peoples and local communities.

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<sup>1</sup><http://business-humanrights.org/en/un-guiding-principles>



When purchasing raw materials and other materials mentioned above, we will require our suppliers to meet the following standards:

- The supplier must comply with the Orkla Supplier Code of Conduct. This code of conduct describes our expectations with regard to responsible operations, and covers important topics such as child labour, forced labour, unionisation, discrimination, living wages, occupational health and safety, regulated working hours, contractual working conditions, environmental systems, emissions, handling of hazardous chemicals, water consumption and corruption.
- All raw materials used in the supplier's production processes must come from legal sources.
- The supplier must not be involved in the clearing of tropical rainforest or other high conservation value forest in connection with its own or its subcontractors' activities. Forest areas that have a high conservation value and that bind large amounts of carbon must be protected. In connection with production in tropical regions, we want our suppliers to apply the definitions of "High Conservation Value<sup>2</sup>" and "High Carbon Stock<sup>3</sup>" as their basis for assessing which parts of the rainforest should be conserved.
- The supplier must not be involved in the new cultivation of peatland through either its own or its subcontractors' activities. Existing plantations on peatlands must be compliant with high operational standards. We encourage our suppliers to explore possibilities for restoring peat in collaboration with experts and local communities.
- The supplier must not use fire as a method of clearing land and establishing new agricultural areas.
- The supplier must respect the rights and interests of indigenous peoples and local communities affected by its activities, including their traditional land rights. If the supplier or its subcontractors wish to establish agricultural operations on land owned by other persons, they must obtain the latter's free and informed consent for such operations in advance.
- The supplier must put in place procedures for resolving any conflicts that may arise with indigenous peoples and local communities affected by its activities to ensure a balanced, transparent process.
- The supplier must actively communicate its requirements to its subcontractors and monitor them to ensure that they comply with the requirements.
- The supplier shall actively and continuously improve its practices with the aim of establishing best practices for deforestation-free, sustainable production.

#### *Supplier monitoring*

We will select suppliers who share our ambitions, and who commit to complying with the Orkla Supplier Code of Conduct in general and the requirement of zero deforestation in particular. We will engage in an ongoing dialogue with our suppliers regarding challenges that may arise and the progress made towards our objectives, and will give priority to monitoring the suppliers to which the greatest risk is attached. If we discover non-conformances between a supplier's practices and our standards, we will give the supplier a reasonable period of time to change its practices. If the supplier cannot document improvement at the end of the agreed period, Orkla will consider changing suppliers.

#### *Customised measures*

We will tailor action plans to the challenges and opportunities of each raw material chain. Examples of measures include reducing the use of the raw material in question, using environmentally certified raw materials, adopting traceability systems, following up our suppliers and actively engaging in industry collaboration.

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<sup>2</sup>The High Conservation Value Network, <https://www.hcvnetwork.org/>

<sup>3</sup>High Carbon Stock (HCS) Toolkit: <http://highcarbonstock.org/the-hcs-approach-toolkit>



### *Stakeholder dialogue*

We will take steps to facilitate an active, open dialogue with authorities, environmental organisations, investors, competitors and other stakeholders with a view to increasing our knowledge, collaborating on measures and promoting effective common solutions.

### *Reporting*

We will communicate openly on the challenges we encounter and the results we achieve, and will report annually on the progress we make through Orkla's sustainability reporting and through the CDP's Forest Program, an investor initiative.

## **Milestones**

2008

- Orkla began to report annually on its climate impact to the CDP Climate Change Program

2013

- Orkla began to report annually to the CDP Forests Program

2014

- 87% of Orkla's purchases of cardboard and paper packaging came from recycled or FSC-certified materials
- 38% of Orkla's purchases of cocoa were UTZ certified
- Orkla established a sustainable palm oil policy that included time-bound goals, and chose as its primary palm oil suppliers those who share our goals in terms of traceable, sustainably produced palm oil

2015

- Establish internal sustainability teams for risk raw materials
- Adopt Known Sources, a global traceability system for palm oil, and establish full traceability for the palm oil that Orkla purchases
- Become a Group member of the Roundtable on Sustainable Palm Oil (RSPO)

2016

- Assess the risk that Orkla's purchases of raw materials and packaging contribute to deforestation and frame goals and action plans for work relating to the raw materials in question

2017

- All palm oil used in Orkla's branded consumer goods is to be sustainably produced and deforestation-free in line with the requirements in Orkla's Sustainable Palm Oil Policy

2020

- All important agricultural raw materials used in Orkla products and cardboard and paper packaging are to be produced sustainably without deforestation in accordance with the requirements defined in this policy

## **References**

This policy must be seen in conjunction with the following documents:

- Orkla Supplier Code of Conduct
- Orkla's Sustainable Palm Oil Policy