Annual Report
2015

Contents

Photo: Ole Walter Jacobsen.
Orkla employees, their children and friends are models in the photos taken by Ole Walter Jacobsen.

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A leading branded consumer goods company

Orkla is a leading supplier of branded consumer goods and concept solutions to the grocery sector, specialist retailers, out-of-home sectors and the bakery market. The Nordic and Baltic regions are Orkla's main markets and account for approximately 80% of the turnover of the Branded Consumer Goods business. The Orkla Group also holds good positions in selected product categories in Central Europe and India.

Orkla's Branded Consumer Goods business comprises the Orkla Foods, Orkla Confectionery & Snacks, Orkla Care and Orkla Food Ingredients business areas. Orkla also has operations organised under the Orkla Investments business area, consisting of the investments in Sapa (50% interest) and Jotun (42.5% interest), in addition to Hydro Power, real estate and financial assets.

Orkla ASA is listed on the Oslo Stock Exchange and its head office is in Oslo. As of 31 December 2015, Orkla had 14,670 employees. The Group's turnover in 2015 totalled NOK 33.2 billion.

Key figures

	2015	2014	2013	2012	2011
Operating revenues (NOK million)	**33,198**	29,599	33,045	30,001	61,009
Operating revenues Branded Consumer Goods (NOK million)	**32,002**	28,584	27,731	24,105	24,621
EBIT (adj.)[1] (NOK million)	**3,609**	3,214	3,142	3,279	3,986
EBIT (adj.)[1] Branded Consumer Goods (NOK million)	**3,839**	3,378	2,961	2,803	2,769
EBIT (adj.)[1] margin (%)	**10.9**	10.9	9.5	10.9	6.5
EBIT (adj.)[1] margin Branded Consumer Goods (%)	**12.0**	11.8	10.7	11.6	11.2
Ordinary profit before tax (NOK million)	**4,090**	2,872	2,664	3,873	-923
Earnings per share, diluted (NOK)	**3.24**	1.63	0.68	1.56	-0.76
Total dividends per share (NOK)	**2.50[2]**	2.50	2.50	2.50	2.50
Equity ratio (%)	**62.2**	62.5	59.1	53.9	51.8

Figures as reported (2011-2014).
[1]Operating profit before other income and expenses.
[2]Proposed dividend.

2.8%

ORGANIC GROWTH

Operating revenues for Branded Consumer Goods totalled NOK 32 billion.

13.6%

EBIT (ADJ.) GROWTH

EBIT (adj.) for Branded Consumer Goods amounted to NOK 3.8 billion.

3.24

EARNINGS PER SHARE

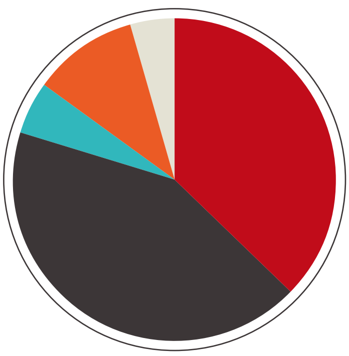
Earnings per share were NOK 3.24.

Orkla's share price over the last five years indexed against OSEBX (without reinvested dividend)

Financial Calendar:

Date	Event
14.04.2016	Annual General Meeting
15.04.2016	Share traded ex. dividend[1]
26.04.2016	Dividend payment[1]
03.05.2016	1st quarter 2016
15.07.2016	2nd quarter 2016
01.11.2016	3rd quarter 2016
09.02.2017	4th quarter 2016

[1]Subject to the approval of the proposed dividend at the General Meeting.



GEOGRAPHICAL SPREAD OF SALES REVENUES[1]

Norway		11,515	35%
Nordics ex. Norway		13,083	40%
Baltics		1,614	5%
Rest of Europe		5,124	16%
Rest of the world		1,274	4%
Total:	NOK million	32,610	100%

[1]Excluding internal sales and other operating revenues.

2015 in brief

- Successful innovations and improved operations generated sales growth and increased profit for Branded Consumer Goods
- To improve the Group's competitiveness, several major processes were initiated to reduce the complexity of its factory structure. Responsibility for supply chain operations was also centralised
- Orkla acquired the branded consumer goods companies Cederroth and NP Foods, and entered into an agreement to purchase Hamé, a leading branded foods company in the Czech Republic and Slovakia
- Exposure outside Branded Consumer Goods was reduced through the sale of Gränges shares and the continued sell-off of the Group's share portfolio
- The synergy programme at Sapa, targeting annual savings of NOK 1 billion, reached its goal one year ahead of plan
- The return on the Orkla share (including reinvested dividend) was 42.4% in 2015. The Board proposes to maintain a dividend of NOK 2.50 per share

Orkla's strategy

Orkla's strategy is to strengthen its position as a leading branded consumer goods company with its main markets in the Nordic and Baltic regions.

By leveraging Orkla's core brand building competency and the Group's local footprint, Orkla aims to strengthen its position as a leading branded consumer goods company. The primary driver of long-term value creation is organic growth in the branded consumer goods sector. Orkla intends to continue to build on its strong positions in the Nordics and Baltics and selected markets where the Group already has a presence.

In line with this strategy, priority is given to activities that drive organic growth and improve profitability. Successful innovations are Orkla's main means of achieving organic growth. Orkla intends to strengthen and utilise the Group's local presence and customer and consumer insight.

Orkla's vision is to be "Your friend in everyday life". This vision is underpinned by the values "brave", "trustworthy" and "inspiring". Orkla's mission is to improve everyday life with healthier and more enjoyable local brands. The strategy is based on five pillars: (1) Consumers, (2) Customers, (3) People, (4) Operations and (5) Society.

Improving everyday life with healthier and more enjoyable local brands

STRATEGIC PILLARS	**Consumers**	**Customers**	**People**	**Operations**	**Society**
	We deliver brands people love, and innovations that delight and engage, every day	We are a preferred partner delivering long term profitable growth and added value based on strong brands and local customer and consumer insight	We develop talent, teamwork and diversity. We want people to grow and flourish so they deliver at their full potential. We are proud to be part of a winning team	We deliver profitable growth through an efficient and sustainable value chain	We contribute to the society we operate in by building strong businesses. Sustainability is our key to future growth and competitive power

CORE VALUES

Brave

Trustworthy

Inspiring

One Orkla - one team for growth

Peter – part of the Orkla family

One Orkla for growth

In 2015, Orkla strengthened its position as a branded consumer goods company through a number of strategically important acquisitions. By relocating production operations and rationalising our manufacturing structure, we have begun the process of laying a solid foundation for our long-term competitiveness. The adoption of the Orkla Compass has given us a shared value platform that will make it easier to work as *one Orkla.*

In the course of the year, we made several acquisitions that are helping to strengthen Orkla as a leading branded consumer goods company in the Nordic and Baltic regions. The purchases of NP Foods and Cederroth reinforced our geographical presence and opened up access to new channels and categories. Through a number of smaller acquisitions, we improved our existing positions in categories such as ice cream, and entered exciting growth categories in the nutrition and health sector. At the end of 2015, we announced our agreement to purchase Hamé, a leading branded consumer goods company with strong positions in the food industry in the Czech Republic and Slovakia.

Orkla made organisational changes in 2015 on the road to becoming *one Orkla*, where we collaborate on innovations and share best practices across business areas, companies and countries. We have combined sales forces and centralised our purchasing and supply chain operations. By moving production and increasing the efficiency of our factory structure, we are strengthening our long-term competitiveness and can free up resources for innovation, growth and competence-building. With the Orkla Compass, which comprises our new vision, mission, values and strategy pillars, we have acquired a shared value platform that makes it easier to work as *one Orkla*.

Our operations are affected by global health and sustainability trends, and we face steadily growing demands from our customers and consumers for safe, traceable food. If we are to succeed, sustainable growth will be decisive. We have therefore set ambitious goals for Orkla's sustainability work up to 2020.

Good health is our shared responsibility, and we have a major task to fulfil in making everyday food healthier. One of the ways in which we do this to is reduce the content of saturated fat, salt and sugar, as we have already done in many of Orkla's products in 2015. Orkla works closely with health authorities and external centres of expertise to find good solutions to the health challenges we face. Our food production operations make us a significant purchaser of raw materials, and we work actively to ensure traceability in the value chain. Orkla's engagement in efforts to promote sustainable palm oil and our use of UTZ-certified cocoa are examples of this commitment. Every single day, 365 days a year, Orkla manufactures and sells around 8 million consumer units to customers and consumers in a number of countries. Our branded consumer goods play different roles in different situations, but one thing they all have in common is that they are chosen again and again, every single day, because consumers like and trust them.

Our results for 2015 show that the changes we have initiated are paying off. Orkla is making good progress. One of the most important objectives we must achieve going forward is the successful integration of the companies we have acquired. At the same time, we must maintain operational focus in the form of innovations, collaboration with customers and cost measures. Through this work, we develop our employees' skills and build competence for future value creation. We have ambitious goals and a great deal remains to be done. At the same time, we have good plans for further growth and value creation in the Branded Consumer Goods business. By working together as *one Orkla*, we will realise our potential.

"Good health is our shared responsibility, and we have a major task to fulfil in making everyday food healthier. One of the ways in which we do this to is reduce the content of saturated fat, salt and sugar, as we have already done in many of Orkla's products in 2015. Orkla works closely with health authorities and external centres of expertise to find good solutions to the health challenges we face."

Peter A. Ruzicka
President and CEO

Orkla's Vision

"Your friend in everyday life"

ORKLA´S BUSINESS AREAS

	ORKLA FOODS	ORKLA CONFECTIONERY & SNACKS	ORKLA CARE	ORKLA FOOD INGREDIENTS
Operating revenues (NOK million):	13,250	5,813	5,534	7,598
Organic growth (%):	3.9%	3.5%	-0.7%	3.4%
EBIT (adj.)[1] (NOK million):	1,701	843	881	414
Full time equivalents:	5,977	3,073	2,400	2,594
Number of employees:	5,979	3,142	2,448	2,604

ORKLA INVESTMENTS

Sapa[2] (50%)
Operating revenues (NOK million): 55,397
Underlying EBIT (NOK billion): 1.4
Number of employees: 23,000

Jotun[2] (42.5%)
Operating revenues (NOK million): 16,282
EBIT (NOK billion): 2.1
Number of employees: 9,842

Hydro Power
EBIT (adj.)[1] (NOK million): 154
Normal annual production: 2.4 TWh

Orkla Eiendom
Book value (NOK billion): 1.8

Shares and financial assets
Book value (NOK billion): 1.4

Corporate centre and support functions

[1]Operating profit before other income and expenses.
[2]The figures from associates and joint ventures are on a 100% basis.

Orkla Foods

Ten branded consumer goods companies make up the Orkla Foods business area, which accounts for 40% of Orkla's total sales revenues. The companies hold strong market positions in a number of categories and offer well-known local brands to consumers in the Nordics, the Baltics, Austria, the Czech Republic and India.

The many widely known brands include Grandiosa, Toro, Stabburet, Felix, Paulúns, Abba, Kalles, Beauvais, Pastella, Spilva, Vitana and MTR.

In 2015 Orkla entered into an agreement to purchase Hamé, a leading food company in the Czech Republic and Slovakia. Hamé has strong positions in a range of categories that are a good fit with Orkla's existing portfolio. With the acquisition of Hamé Orkla has doubled its turnover in Central Europe. The agreement is subject to the approval of the competition authorities.

Orkla signed a distribution agreement with PepsiCo in 2015. The sale of PepsiCo's juice and breakfast cereals is handled by Orkla Foods' four companies in the Nordics, thereby strengthening their presence in the breakfast segment.

- Companies in the business area: Orkla Foods Norge, Orkla Foods Sverige, Orkla Foods Danmark, Orkla Foods Finland, Põltsamaa Felix in Estonia, Orkla Foods Latvija, Suslavicius-Felix in Lithuania, Felix Austria, Vitana Group in the Czech Republic and MTR Foods in India.

- Number of employees in Orkla Foods: 5,979.

Organic growth: 3.9%

EBIT (adj.) growth: 14.3%

Operating revenues:
13,250 *NOK million*

EBIT (adj.):
1,701 *NOK million*

Major investment in pizza

Pizzabakeriet is Orkla Foods Norge's major new pizza investment. The new pizza brand was developed in collaboration with NorgesGruppen, and was launched in the grocery chain's stores in September 2015. Pizzabakeriet is the first pizza in Norway that is made with the unique, distinctive Tipo 0 flour type that creates a light, crispy crust. The Pizzabakeriet range consists of four types of pizza, and the brand is owned by Orkla.

Annual sales of frozen pizza in the Norwegian grocery sector total around NOK 2 billion. Two out of three frozen pizzas are supplied by Orkla Foods Norge, making pizza the company's biggest category. Orkla Foods launched several new pizzas in 2015, including a special home-made variety of Grandiosa with ham exclusive to Rema chain stores.

Read more about Orkla Foods under "Report of the Board of Directors" on page 15.

Orkla Confectionery & Snacks

Six branded consumer goods companies make up the Orkla Confectionery & Snacks business area, which accounts for 17% of Orkla's total sales revenues. The companies are market leaders in confectionery, biscuits and snacks, with well-known local brands and tastes that delight consumers in the Nordic region and the Baltics. Well-established brands include KiMs, Nidar, Göteborgs Kex, Sætre, OLW, Panda, Laima, Selga, Adazu and Kalev.

In 2015, Orkla completed its acquisition of NP Foods in Latvia with strong local brands, thereby significantly strengthening its presence in the Baltics. To increase its competitiveness, Orkla combined its Latvian companies NP Foods and Latfood and established Orkla Confectionery & Snacks Latvija. This company holds a number one position in Latvia in confectionery, biscuits and snacks.

- Companies in the business area: Orkla Confectionery & Snacks Norge, Orkla Confectionery & Snacks Sverige, Confectionery & Snacks Danmark, Orkla Confectionery & Snacks Finland, Orkla Confectionery & Snacks Latvija and Kalev in Estonia.

- Number of employees in Orkla Confectionery & Snacks: 3,142.

Organic growth: 3.5%

EBIT (adj.) growth: 21.6%

Operating revenues:
5,813 *NOK million*

EBIT (adj.):
843 *NOK million*

Nordic investment in nuts

In 2015, for the first time, Orkla Confectionery & Snacks launched a common concept across all the Nordic countries. Local customisation is key to the success of a launch. Precisely for that reason the new range of oven-roasted nuts was given a different design and names in Norway, Sweden, Denmark and Finland. In Norway, the range was introduced under the strong nut brand Polly and called Ovnsristet (Oven-roasted). In the other Nordic countries, the nuts were launched under the newly established brand Anyday Nuts. The product range consists of both nuts with no added salt, and nuts with less salt than other products on the market. The roasting process accentuates the natural nutty flavour without compromising the nuts' natural healthy properties, and none of the new bags of nuts contain any added oil. The range comprises 14 varieties of nuts, all of which are manufactured at Skreia in Norway.

Read more about Orkla Confectionery & Snacks under "Report of the Board of Directors" on page 15.

Orkla Care

Five branded consumer goods companies make up the Orkla Care* business area, which accounts for 17% of Orkla's total sales revenues. The companies hold strong positions in the health, wellness and personal care categories, wound care, household detergents and cleaning products, painting tools and basic textiles for the whole family. Well-known brands include Möller's, Collett, Nutrilett, Maxim, Define, Sunsilk, Blenda, JIF, Sun, Zalo, Jordan and Pierre Robert. Orkla Care operates in nine countries, with the Nordic region as its primary market.

With the acquisition of the branded consumer goods company Cederroth in 2015 Orkla Care strengthened its position on the Swedish market, and is now one of the Nordic region's leading suppliers of health and personal care products and household detergents. Orkla Care is a significant player in the pharmacy-based consumer health segment, supplying omega-3, vitamin and mineral supplement, weight reduction and wound care products.

- Companies in the business area: Orkla Home & Personal Care, Orkla Health, Lilleborg Profesjonell, Pierre Robert Group and Orkla House Care.
- Cederroth and its categories have been integrated into the two companies Orkla Home & Personal Care and Orkla Health. New, combined companies have been established in Sweden, Denmark and Finland, respectively named Orkla Care AB, Orkla Care A/S and Orkla Care Oy.
- Number of employees in Orkla Care: 2,448

Organic growth: -0.7%

Operating revenues:
5,534 *NOK million*

EBIT (adj.) growth: 3.4%

EBIT (adj.):
881 *NOK million*

New omega-3 standard

In 2015 Möller's introduced a new standard for certification of fish oil capsules that was developed and approved by DNV GL. Consumers have a growing need for more information about the product and its quality. With the new standard, Orkla Health can provide consumers with an assurance that the products are of high quality and have been tested for environmental pollutants. The DNV GL certification is shown in the form of a certification label on Möller's Dobbel which will in future be displayed on the company's entire portfolio of omega-3 capsules. The label will serve as a guarantee that the fish oil contains a very low level of environmental pollutants and has low oxidation levels, ensuring that the oil is fresh and of good quality.

Orkla Health is one of Europe's largest suppliers of omega-3.

The company manufactures and markets fish oil capsules under several brands, and in a wide range of countries. Möller's, the biggest and best known brand, has been on the market since 1854. In 2015, Orkla Health sold Möller's products for NOK 365.2 million.

*Orkla Home & Personal changed its name to Orkla Care, and Lilleborg changed its name to Orkla Home & Personal Care on 18 November 2015.

Read more about Orkla Care under "Report of the Board of Directors" on page 15.

Orkla Food Ingredients

Orkla Food Ingredients is the leading supplier of bakery ingredients in the Nordic region, in addition to holding growing market positions in a number of countries in Europe. The business area accounts for 23% of Orkla's total sales revenues. Its biggest product categories are margarine and butter blends, yeast, bread and cake improvers and mixes, marzipan and ice cream ingredients. Orkla Food Ingredients has sales and distribution companies in 22 countries, thereby ensuring proximity to bakeries and other industrial customers.

Orkla Food Ingredients is strongly positioned in the Norwegian and UK market for ice cream ingredients and accessories. With the acquisition of the German company Eisunion and the purchase of 55% of the shares in the two Dutch companies Frusco and Briceland in 2015, Orkla's business area for ice cream products expanded its operations to Germany and the Netherlands.

- Odense, KåKå, Idun, Credin and Dragsbæk are some of the companies in the business area.
- Number of employees in Orkla Food Ingredients: 2,604.

Organic growth: 3.4%

Operating revenues:
7,598 *NOK million*

EBIT (adj.) growth: 20%

EBIT (adj.):
414 *NOK million*

Strong position in the ice cream market

Orkla Food Ingredients has established itself through the Idun group as a leading supplier of ingredients and accessories to the ice cream industry in the Nordics, England, Germany and the Netherlands. Under the NIC brand, the business area supplies ice cream parlours and kiosks throughout the Nordic countries with ice cream cups, ice cream spoons, various types of cornets, toppings, sprinkles and other tempting accessories. The products are generally supplied to ice cream parlours through a wholesaler or the ice cream manufacturer. The German market is covered by Eisunion, which holds a market share of 20%, making it a leading supplier of ice cream ingredients, accessories, packaging and equipment to ice cream outlets and cafes in Germany.

Read more about Orkla Food Ingredients under "Report of the Board of Directors" on page 15.

Orkla Investments

Orkla has a number of investments in addition to its branded consumer goods operations, which are organised under Orkla Investments. The business area comprises the associates and joint ventures Sapa (50% interest) and Jotun (42.5% interest). Orkla Investments also includes Hydro Power, real estate and financial assets.

Associates and joint ventures are accounted for using the equity method and presented on a separate line in Orkla's consolidated financial statements.

Overview Orkla Investments

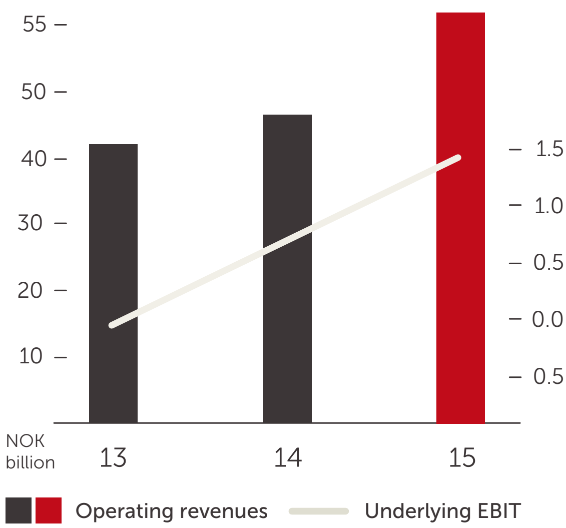
Sapa	Jotun	Hydro Power	Real estate and financial assets
The world's leading supplier of extrusion-based aluminium solutions.	Jotun is one of the world's leading manufacturers of paint and powder coatings.	Power plants in Sarpsfoss and Orkla's 85% equity interest in Saudefaldene.	Orkla's real estate investments and share portfolio.

Read more about Orkla Investments under "Report of the Board of Directors" on page 15.

Sapa:

Sapa is the world's leading manufacturer of extrusion-based aluminium solutions in key segments such as automotive, transportation and building and construction. Its market share at the end of 2015 was 24% in Europe and 27% in North America. Sapa operates within the extrusion, building systems and precision tubing sectors. With more than 90 production sites and 23,000 employees across more than 40 countries, Sapa delivers aluminium solutions to global, regional and local customers.

Ownership	Employees
50%	23,000

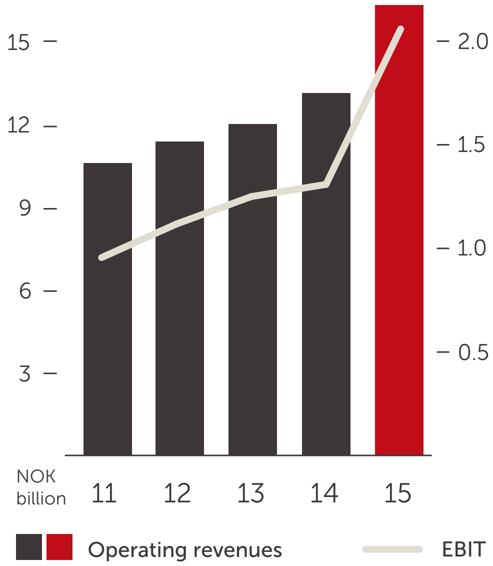


Jotun:

Jotun is one of the world's leading manufacturers of paint and powder coatings. Jotun's global business operations consist of 53 subsidiaries, three joint ventures and six associates. Jotun has 35 production plants. Its activities consist of the development, manufacture, marketing and sale of various paint systems and are organised into four segments: Decorative Paints, Marine Coatings, Protective Coatings and Powder Coatings.

Ownership
42.5%

Employees
9,842

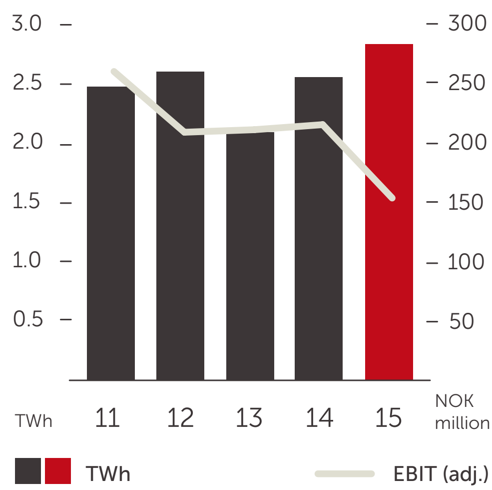


Hydro Power:

Hydro Power consists of power plants in Sarpsfoss and Orkla's 85% interest in Saudefaldene. The energy business produces and supplies power to the Nordic power market, and has a normal annual production of 2.4 TWh. The Sauda hydropower operations are leased from Statkraft until 31 December 2030.

Sarpsfoss
Normal annual production
0.6 *TWh*

Saudefaldene
Normal annual production
1.8 *TWh*

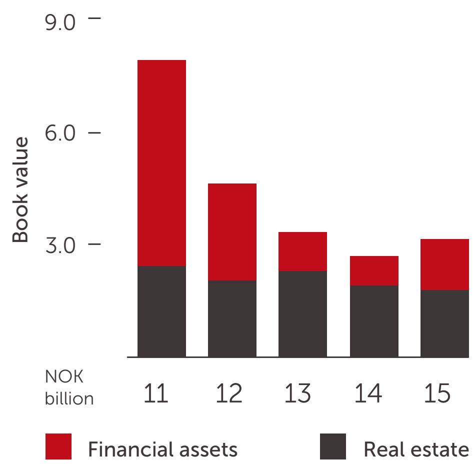


Real estate and financial assets:

Orkla Eiendom meets the Group's needs for specialised expertise and assistance in the real estate sector, and is responsible for the administration, development and sale of properties that are not utilised in Orkla's industrial operations. As at 31 December 2015, Orkla's real estate investments had a book value of NOK 1.8 billion. Financial assets consist of Orkla's remaining share portfolio. As at 31 December 2015 the market value of the share portfolio was NOK 1.4 billion (including a 16% interest in Gränges).

Book value
Real estate
1.8 *NOK billion*

Book value
Financial assets
1.4 *NOK billion*



Isabella and Per Ottar – part of the Orkla family

Report of the Board of Directors

In the course of 2015 the Board of Directors made further structural changes to strengthen Orkla as a leading branded consumer company with its main markets in the Nordic and Baltic regions. The Group also substantially strengthened its positions in Central Europe. Through a number of acquisitions, around NOK 3 billion has been invested in the Branded Consumer Goods business, while assets of a non-strategic nature have been sold for approximately NOK 1.4 billion. Furthermore, several processes were carried out during the year to optimise and rationalise the Group's manufacturing footprint. As part of this work, Orkla centralised production and logistics at business area level in 2015 to strengthen competitiveness through cost improvements. A solid foundation has thereby been laid for future value creation in the Branded Consumer Goods business.

In the past few years, significant structural changes have been made to define Orkla as a branded consumer goods group. In the course of 2015, Orkla further consolidated its position as the leading branded consumer goods company in the Nordic and Baltic regions through agreements to purchase a number of companies presented in the section "Further description of structural changes". The Group's exposure outside Branded Consumer Goods was decreased through the reduction of Orkla's ownership interest in Gränges from 31% to 16% and the continued sell-off of the share portfolio. In 2015, capital totalling around NOK 1.4 billion was freed up from businesses and ownership interests outside the Group's core business.

The Nordic branded consumer goods market was relatively stable in 2015. Orkla's categories in the Nordic grocery market grew, overall, in 2015, with growth varying from one category and country to another. Orkla holds strong brand positions and has high market shares in the Nordic region. Although Orkla's overall market share performance in these channels was unsatisfactory in 2015, the trend has been more positive in the last few periods.

Orkla increased turnover in 2015 by 12% through contributions from acquired businesses, organic[3] growth and positive currency translation effects due to the weaker Norwegian krone. Branded Consumer Goods delivered organic[3] turnover growth of 2.8%, with a healthy weighting between volume/mix and price increases. All the business areas, except for Orkla Care*, achieved organic[3] growth. The organic[3] turnover growth in both Orkla Foods and Orkla Confectionery & Snacks was related to most markets, and was driven by successful innovations and effective campaigns. Orkla Foods also received a positive contribution from the take-over of distribution of Tropicana juice for PepsiCo. The organic[3] turnover growth in Orkla Food Ingredients was chiefly ascribable to strengthened market positions, as well as higher prices in some categories. Orkla Care experienced more demanding markets, particularly in the weight control category.

Strong brand innovations in both new and established categories, combined with major new product launches, generated good category growth for both Orkla and our customers. Among the many powerful innovations, AquaDerma and Pizzabakeriet were examples of brave, inspiring new launches in well-known categories. In just a short time, AquaDerma was established as a strong skin care brand in both the grocery and specialised retail channels. The launch of Pizzabakeriet is an example of fruitful collaboration with customers, this time NorgesGruppen, with a view to further strengthening Orkla's position in the pizza category. Moreover, the launch of Big Cut potato crisps under the OLW og KiMs brands is an example of the way major innovations are rolled out in several countries and under several of Orkla's big brands. Similarly, Pastella Grøntsagsbånd vegetable pasta has made its way from Denmark to both Finland and the TORO brand in Norway. The year 2015 has seen the introduction of numerous innovations under the heading Health and Nutrition, where Orkla has launched products containing less sugar and salt, without palm oil or gluten-free without compromising the products' good taste. One of Orkla's biggest growth brands in 2015 was Paulúns, and the launch of Paulúns Supergröt cereals shows that Orkla and Orkla's brands are far out in front when it comes to offering consumers increasingly healthy and tasty products.

Operating profit and operating margin for Branded Consumer Goods increased in 2015. Profit growth was largely driven by organic[3] sales improvement, but acquisitions and currency translation effects also made positive contributions. The EBIT (adj.)[1] margin was 12.0%, equivalent to a rise of 0.2 percentage points. The main drivers behind the margin improvement were positive contributions from price increases, a positive volume/mix performance, successful launches and major cost reduction projects, particularly in Orkla Foods and Orkla Confectionery & Snacks. Conversely, the EBIT (adj.)[1] margin was negatively impacted by the significant dilutive effect of the inclusion of acquisitions with lower margins, substantially higher purchasing costs due to the weaker Norwegian krone, and somewhat higher raw material and packaging costs.

At the end of 2015, the Group's financial position was robust, ensuring financial flexibility to underpin the Group's strategy. Net interest-bearing liabilities totalled NOK 7.8 billion at year end, while the equity ratio was 62.2%.

Based on both underlying[3] operations and the capital freed up by the sale of businesses, the Board of Directors proposes to pay an ordinary dividend of NOK 2.50 per share for the 2015 financial year.

The annual financial statements have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS), which have been approved by the EU. The Board of Directors confirms that use of the going-concern assumption is appropriate.

Further description of structural changes

Since the autumn of 2011, the Group has worked to transform Orkla into a leading branded consumer goods company. In 2015, Orkla made further structural changes consistent with its business strategy of being a leading branded consumer goods company with its main markets in the Nordic and Baltic regions. In addition to ongoing processes to relocate production in order to optimise and rationalise the Group's manufacturing footprint, Orkla has entered into new acquisition agreements.

Structural changes and cost reduction measures were

*Orkla Home & Personal changed its name to Orkla Care and Lilleborg changed its name to Orkla Home & Personal Care on 18 November 2015. Lilleborg Profesjonell has retained its name.

implemented throughout 2015 with a view to strengthening competitiveness. In 2015, several comprehensive redesign projects were initiated to reduce the complexity of the factory structure, and Orkla centralised responsibility for supply chain operations to sharpen its competitive edge. The effect of these measures will be seen in the course of 2016 and 2017.

In January 2015, Orkla signed an agreement to purchase the Swedish branded consumer goods company Cederroth, thereby becoming one of the Nordic region's leading suppliers of personal care, health, wound care and household cleaning products. The agreement was approved by the relevant competition authorities on condition that the Asan brand was sold in Norway and the Allévo brand was sold in Sweden. In December, agreements were entered into on the sale of both brands. The transactions were approved by the competition authorities in January 2016 and the purchase has therefore been completed. Cederroth was incorporated into Orkla Care with effect for accounting purposes from 1 September 2015.

Orkla's agreement to purchase Nordic Partners Foods Ltd (NP Foods) in Latvia was approved by the relevant competition authorities in March 2015. Through the acquisition of NP Foods Orkla close to doubled its turnover in the Baltics and became one of the biggest suppliers of branded consumer goods in this region. NP Foods' profit and loss figures were included in Orkla Confectionery & Snacks' financial statements as of 1 April 2015.

To strengthen its competitiveness in Latvia, Orkla is combining its Latvian companies NP Foods and Latfood and establishing Orkla Confectionery & Snacks Latvija. Orkla Confectionery & Snacks Latvija will be the leading confectionery, biscuit and snacks company in the Baltic region, with well-known brands such as Laima, Selga, Staburadze, Ādažu and Taffel. The company will export to 26 countries and have around 1,350 employees. Orkla has also established a combined food company in Latvia under the name Orkla Foods Latvija. The company consists of the Spilva food company and the Gutta drink company, the latter of which was previously part of NP Foods. The formal mergers were completed in early 2016.

Since January 2015, Orkla has taken over responsibility for the distribution of Tropicana juice in Sweden and Denmark, and since April in Finland. In April 2015, Orkla announced its extended collaboration with PepsiCo. The new agreement, which entered into force on 1 January 2016, also covers Tropicana juice in Norway, Quaker in the Nordic region and PepsiCo's snacks in Norway, Sweden and Finland.

In December 2015 Orkla concluded an agreement to purchase Hamé, a leading branded consumer foods company in the Czech Republic and Slovakia. Hamé holds strong positions in a range of categories that are a good fit with Orkla's existing portfolio. The acquisition of Hamé will double Orkla's turnover in Central Europe. The agreement is conditional on the approval of relevant competition authorities.

The payment from the sale of Orkla Brands Russia was received in January 2015, and in May 2015 Orkla announced that it was reducing its ownership interest in Gränges from 31% to 16%. The market value of its remaining interest in Gränges was NOK 876 million as at 31 December 2015.

Other shares and financial assets totalling NOK 298 million were sold off in 2015, resulting in a gain of NOK 91 million. The market value of the remaining share portfolio, including funds, was NOK 500 million as at 31 December 2015.

For more information on the acquisition and sale of businesses, see Notes 5 and 6.

Further comments on the Group's results

Orkla's operating revenues in 2015 totalled NOK 33,198 million (NOK 29,599 million)[2]. The increase of 12% was driven by organic[3] sales growth in Branded Consumer Goods, in addition to currency translation effects and contributions from acquisitions. Branded Consumer Goods achieved 2.8% organic[3] growth in sales in 2015.

Group EBIT (adj.)[1] amounted to NOK 3,609 million (NOK 3,214 million)[2], equivalent to a rise of 12%. The increase was primarily driven by broad-based profit improvement for the Branded Consumer Goods business and better results for Financial Investments. Branded Consumer Goods achieved 14% growth in EBIT (adj.)[1].

In Orkla Foods, profit improvement was ascribable to sales growth driven by successful new launches, campaigns, the distribution of Tropicana juice and cost improvements. The improved performance of Orkla Confectionery & Snacks was driven by turnover growth in Norway, Sweden and Denmark, combined with cost improvements and the acquisition of NP Foods. The profit growth in Orkla Care was driven by contributions from Cederroth and improved results for Orkla Health, Orkla Home & Personal Care and Orkla House Care. Orkla Food Ingredients delivered good profit improvement, primarily driven by growth in turnover. Hydro Power had a weaker year in terms of profit performance than in 2014, largely due to lower power prices. Financial Investments reported improved profit from the sale of properties. Furthermore, Group costs were higher in 2015, as a result of increased costs related to incentive programmes and former share option programmes, and slightly higher IT costs.

Overall, international raw material prices have increased somewhat for Orkla in the recent past, and the prices of certain key commodities are particularly high. In addition, the weaker Norwegian and Swedish krone have led to a significant increase in purchasing costs for the Nordic companies. Many of the Orkla companies do a substantial share of their purchasing in local currencies, thereby reducing the real impact of a weaker currency. In the longer term, this could give Orkla a competitive edge over international competitors with a significantly higher share of costs in foreign currencies.

The results of foreign entities are translated into Norwegian krone on the basis of average monthly exchange rates. In 2015, due to currency market fluctuations, the Group benefited from positive currency translation effects of NOK 1,368 million on operating revenues and NOK 152 million on EBIT (adj.)[1].

The comprehensive restructuring process continued in 2015, and the Group's other income and expenses totalled NOK -502 million (NOK -100 million)[2]. These consisted mainly of acquisition and integration costs resulting from numerous structural measures, as well as several restructuring processes in the Group, particularly related to factory closures and changes in Orkla's manufacturing footprint. The change compared with 2014 reflects a one-off contractual termination fee from Unilever (NOK 279 million)[2].

After other income and expenses, the Group's operating profit amounted to NOK 3,107 million in 2015, compared with NOK 3,114 million in 2014.

Profit from associates and joint ventures, which mainly consist of Orkla's 42.5% ownership interest in Jotun and 50% ownership interest in Sapa, totalled NOK 1,111 million (NOK 121 million)[2]. The investments are presented on the line for associates and joint ventures using the equity method. Jotun delivered a record-high contribution in 2015, which totalled NOK 569 million (NOK 384 million)[2]. Profit from Sapa amounted to NOK 123 million (NOK -313 million)[2]. The improvement in Sapa's performance is largely ascribable to the positive effects of restructuring and improvement programmes, stronger results from the North American operations and the fact that fixed assets in China were written down by around NOK 0.5 billion in the fourth quarter of 2014. The sell-off of Orkla's shares in Gränges, reducing its interest from 31% to 16%, resulted in a gain of NOK 425 million.

Net interest expenses totalled NOK 192 million (NOK 363 million)[2]. Other net financial items amounted to NOK 64 million (NOK 0 million)[2], including net profit (including dividends) from shares and financial assets totalling NOK 135 million (NOK 93 million)[2]. Profit before tax amounted to NOK 4,090 million (NOK 2,872 million)[2]. See Note 15 for other comments.

Orkla is subject to ordinary company tax in the countries in which the Group operates. The accounting tax charge amounted to NOK 722 million (NOK 688 million)[2] in 2015. However, realised capital gains and dividends from companies resident in the EEA are largely tax-exempt. The tax charge (adjusted for profit from associates and joint ventures) for the 2015 financial year was 24% (25%)[2].

The line "Discontinued operations" totalled NOK -17 million (NOK -485 million)[2] and was related to the sale of property

OPERATING REVENUES BY BUSINESS AREA

Orkla Foods	13,250	40%
Orkla Confectionery & Snacks	5,813	17%
Orkla Care	5,534	17%
Orkla Food Ingredients	7,598	23%
Orkla Investments	1,166	3%
Total: NOK million	33,198	100%

in Russia and a provision for the final settlement from Orkla Brands Russia from 2014. See Note 38 for further details regarding these items.

Profit for the year amounted to NOK 3,351 million (NOK 1,699 million)[2], and diluted earnings per share were NOK 3.24 (NOK 1.63)[2].

Financial situation and capital structure

Cash flow (see Note 40)

The Group's cash flow from operations related to industrial activities amounted to NOK 3,641 million, compared with NOK 2,782 million in 2014. For the full year, working capital totalling NOK 404 million was freed up, which is partly ascribable to receipt of payment of a receivable for a one-off contractual termination fee from last year's renegotiation of the agreement with Unilever.

Net replacement investments totalled NOK 930 million (NOK 838 million)[2]. Cash flow from operations related to Financial Investments amounted to NOK 94 million (NOK -59 million)[2] as at 31 December 2015.

An ordinary dividend of NOK 2.50 per share was paid for the 2014 financial year. In total, NOK 2,563 million has been paid in dividends.

To fulfil remaining option programmes for senior executives and the employee share purchase programme, Orkla shares for a net total of NOK -31 million (NOK 105 million)[2] had been bought back at the end of the fourth quarter. Expansion investments totalled NOK 388 million (NOK 102 million)[2] as at 31 December 2015. The increase in expansion investments must be seen in conjunction with the restructuring of Branded Consumer Goods' manufacturing footprint.

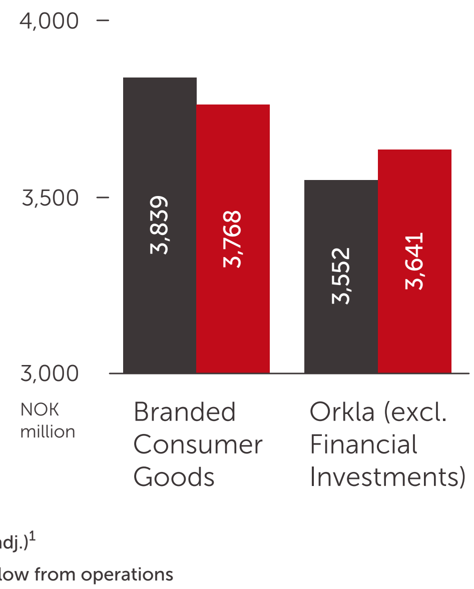
The sale of companies amounted to NOK 1,133 million and consisted primarily of the sell-off of shares in Gränges and the payment from the sale of Orkla Brands Russia. The purchase of companies amounted to NOK -3,173 million and consisted of acquisitions in Branded Consumer Goods. As at 31 December 2015, the net sale of shares and financial assets, in addition to the Gränges shares, totalled NOK 298 million.

Net cash flow for the Group amounted to NOK -1,561 million (NOK 3,062 million)[2] at the end of the fourth quarter. For the full year, the Group's interest-bearing liabilities had an average borrowing rate of 2.8%, and were mainly spread among the following currencies: SEK, EUR and DKK. Exchange rate fluctuations resulted in negative currency translation effects of NOK -583 million on net interest-bearing liabilities, which totalled NOK 7,805 million.

Foreign currency

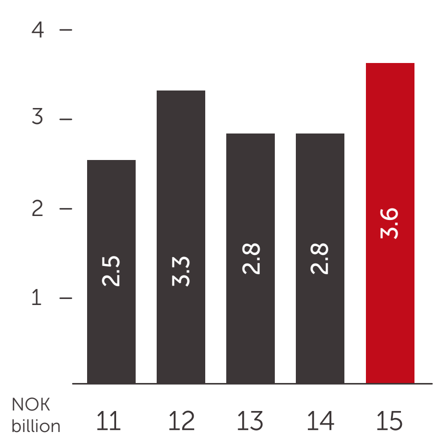
Negative currency effects resulted in higher purchasing costs, particularly for Norwegian and Swedish businesses. In 2015, 65% of Orkla's sales revenues were generated outside

CONVERSION OF PROFIT TO CASH FLOW



[1]Operating profit before other income and expenses.

CASH FLOW FROM OPERATIONS[1,2]



[1]Cash flow from operations (excl. Financial Investments).
[2]Figures as reported from 2011-2014.

Norway. The weaker Norwegian krone had a positive consolidation effect for the Group. The Group's liabilities are denominated in different currencies, largely in line with its net investments in countries other than Norway, and liabilities will therefore fluctuate in step with currency rate changes.

Contracts and financial hedge instruments

Orkla generally has few long-term purchasing and sale contracts. In Hydro Power, AS Saudefaldene has certain long-term power contracts. Further details of power contracts and financial instruments may be found in Note 35.

Capital structure

In 2015, the consolidated statement of financial position increased by NOK 4.1 billion to a total of NOK 54.2 billion at year end. The increase was largely a result of the acquisition of Cederroth and NP Foods. Net interest-bearing liabilities rose by NOK 2.1 billion, also due to the acquisition of companies. The weakening of the Norwegian krone resulted in negative currency translation effects of NOK -583 million on net interest-bearing liabilities at the end of 2015. Net gearing[4] was 0.23 (0.18)[2]. Orkla's financial position is robust, with cash reserves and credit lines that exceed known capital expenditures in the next year. The average remaining life of long-term liabilities and unutilised credit lines is 3.2 years.

After the dividend payment in 2015, Group equity totalled NOK 33.7 billion at year end, with an equity ratio of 62.2% (62.5%)[2]. At the start of 2016, the Group has a robust capital structure and the financial flexibility to pursue its business priorities.

Pensions

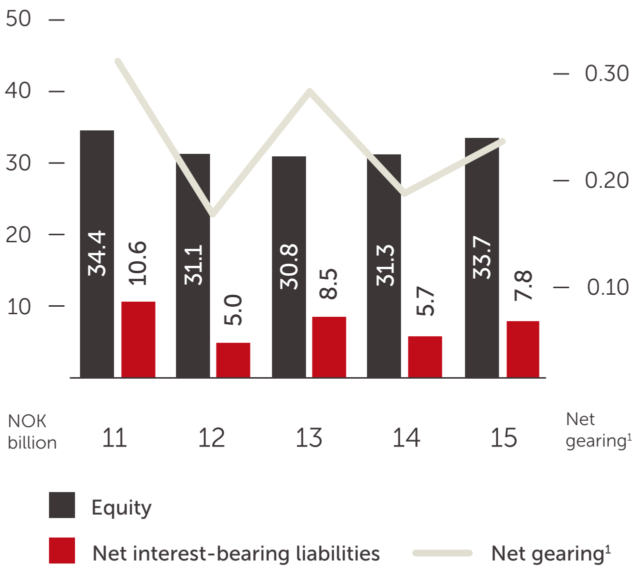
Orkla's businesses in Norway mainly have defined contribution pension plans. This also applies to most of the pension plans outside Norway. An estimated two thirds of the Group's pension costs are related to defined contribution plans, which means that the Group's exposure to future pension liabilities does not represent any great risk. Pension costs in 2015 were slightly higher than in 2014, partly due to the increase in the number of employees as a result of company acquisitions.

The Orkla share

As at 31 December 2015, there were 1,017,990,670 shares outstanding, and Orkla owned 940,300 treasury shares. The number of shareholders decreased from 39,542 to 38,853, and the proportion of shares held by foreign investors rose by 1 percentage point to 55% at the end of 2015.

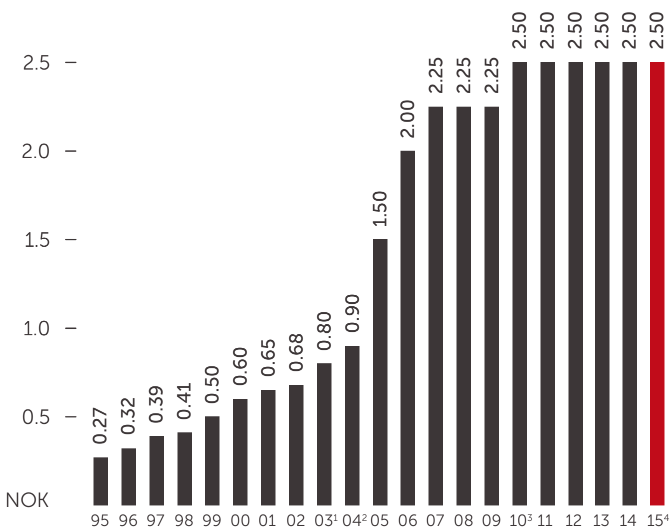
The price of the Orkla share was NOK 51.15 at the start of the year. At year end, the share price was NOK 70.10. Taking into account the dividend, the return on the Orkla share was 42.4% in 2015, while the return on the Oslo Stock Exchange Benchmark Index (OSEBX) was 5.9%. The value of Orkla shares traded on the Oslo Stock Exchange amounted to NOK 28 billion. Further information on shares and shareholders may be found on page 142.

EQUITY, LIABILITIES AND NET GEARING[1,2]



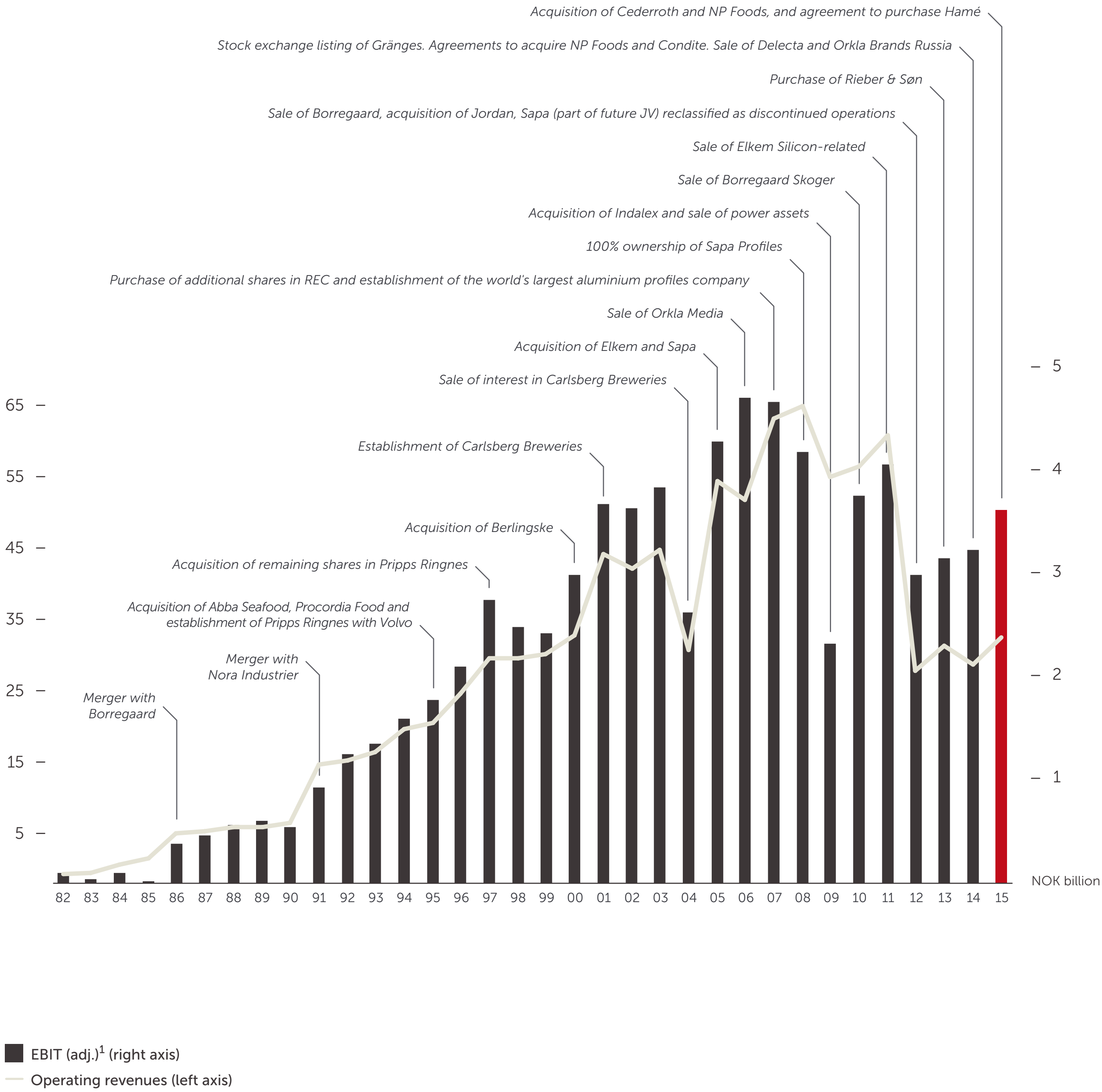
[1](Net interest-bearing liabilities)/Equity.
[2]Figures as reported from 2011-2014.

ORDINARY DIVIDEND PER SHARE



[1]Additional dividend NOK 5.00 per share.
[2]Additional dividend NOK 1.00 per share.
[3]Additional dividend NOK 5.00 per share.
[4]Proposed dividend.

DEVELOPMENT IN OPERATING REVENUES AND EBIT (ADJ.)[1,2]



[1]Operating profit before other income and expenses.
[2]Excl. Financial Investments. Figures as reported from 1982-2014. 2004-2015 are stated under IFRS, while figures from 1982-2003 are stated under NGAAP.

Risk management

The Board of Directors is committed to ensuring that risk is managed purposefully and systematically in all parts of the Group, and considers this a prerequisite for long-term value creation for shareholders, employees and society at large. Growth opportunities must always be assessed against the associated risk picture. Over the course of 2015 Orkla further strengthened its position as a leading branded consumer goods group. Within Branded Consumer Goods, Orkla has a diversified company and product portfolio, thereby reducing risk.

Orkla has adopted a structured approach to identifying risk factors and implementing risk-mitigating measures. According to the Group's Risk Management Instructions, risk assessments must be carried out routinely in all units, including major projects, and thereafter be reported to the next organisational level. The risk pictures of the different units are presented to and discussed by the various internal boards of directors as part of the budget process. When important decisions are to be made on matters such as acquisitions, disposals or major investments, the same formal requirement applies to risk analysis as to routine risk management.

Orkla's consolidated risk picture must be reviewed with the Group Executive Board. If unacceptable matters are identified, risk-reducing measures are implemented. The Group's overall risk picture is also presented to the Board of Directors and reviewed at each meeting of the Board's Audit Committee.

Comments on the individual business areas

Orkla is a leading supplier of branded consumer goods and concept solutions to the grocery, out-of-home and bakery sectors, with its main markets in the Nordic and Baltic regions. The Group also holds good positions in selected product categories in Central Europe and India. The Branded Consumer Goods business comprises four business areas: Orkla Foods, Orkla Confectionery & Snacks, Orkla Care and Orkla Food Ingredients. The Orkla Investments business area consists of the Hydro Power and Financial Investments segments. Associates and joint ventures consist primarily of Jotun (42.5% ownership interest) and Sapa (50% ownership interest).

Besides all head office activities, the financial statements of the holding company Orkla ASA cover the remainder of the Group's share portfolio and some real estate activities. Activities at head office include the Group's executive management and the corporate and shared functions Communications, Legal Affairs, Sales & Business Development, Marketing & Innovation, Mergers & Acquisitions, Human Resources, Accounting/Finance, Risk Management and Internal Audits. In addition to governance-related issues, the departments largely carry out assignments and provide support for the Group's other companies and charge them for these services.

Branded Consumer Goods

Orkla Foods

Orkla Foods comprises Orkla's food businesses which serve home markets in the Nordics, Baltics, Austria, the Czech Republic and India. The companies in the business area are Orkla Foods Norge, Orkla Foods Sverige, Orkla Foods Danmark, Orkla Foods Finland, Põltsamaa Felix in Estonia, Spilva in Latvia, Suslavicius-Felix in Lithuania, Felix Austria in Austria, Vitana Group in the Czech Republic and MTR Foods in India. Orkla Foods' operations are concentrated on strong brands that largely hold number one positions in their home markets.

Operating revenues for Orkla Foods in 2015 totalled NOK 13,250 million, equivalent to organic[3] growth of 3.9%. The improvement was broad-based, with sales growth driven by new product launches and campaigns during the year in the grocery and other channels. Sales growth in Sweden and Finland was also boosted by the take-over of distribution of Tropicana juice. Orkla Foods had EBIT (adj.)[1] of NOK 1,701 million (NOK 1,488 million)[2] and EBIT (adj.)[1] margin growth equivalent to 0.6 percentage points. The improvement in profit and margin was ascribable to contributions from sales growth and the positive effects of cost improvements. On the other hand, higher purchasing costs due to the weaker Norwegian krone had an offsetting effect. Overall, market shares weakened slightly in 2015.

Orkla Confectionery & Snacks

Orkla Confectionery & Snacks comprises the product categories confectionery, snacks and biscuits, and consists of six branded consumer goods businesses which serve their home markets in the Nordics and Baltics. The companies in this business area are Orkla Confectionery & Snacks Norge (confectionery, snacks and biscuits), Orkla Confectionery & Snacks Sverige (snacks and biscuits), Orkla Confectionery & Snacks Finland (confectionery, snacks and biscuits), Orkla Confectionery & Snacks Danmark (snacks), Orkla Confectionery & Snacks Latvija (confectionery, snacks, biscuits, cakes and ready meals) and Kalev in Estonia (confectionery, snacks and biscuits).

Operating revenues for Orkla Confectionery & Snacks totalled NOK 5,813 million in 2015, equivalent to organic[3] growth of 3.5% from the previous year. EBIT (adj.)[1] amounted to NOK 843 million, compared with NOK 693 million in 2014. The acquisition of the Latvian company NP Foods, with effect for accounting purposes from the second quarter, contributed to substantial turnover growth for the business area.

The improvement for the business area in 2015 was primarily ascribable to turnover growth in the Norwegian, Swedish, Danish and Estonian companies. This, combined with cost improvements, contributed to good profit growth. Market shares were approximately at the same levels as in 2014.

Orkla Care

Orkla Care* comprises branded consumer goods businesses which primarily serve their home markets in the Nordic region. Up until August 2015, Orkla Care consisted of the five companies Orkla Home & Personal Care* (laundry detergents and personal hygiene products), Lilleborg Profesjonell (full-range supplier of hygiene and cleaning solutions to the professional market), Orkla Health Group (dietary supplements and health products), Pierre Robert Group (basic textiles sold through the grocery channel) and Orkla House Care (painting tools and cleaning products). In September 2015, Cederroth was integrated into Orkla Care. Cederroth's and Orkla Care's product categories are largely complementary, except for wound care which is an attractive, new category for Orkla Care. In the course of 2016, Cederroth's operations will be wholly or partly integrated with the other businesses in Orkla Care.

Operating revenues for Orkla Care in 2015 totalled NOK 5,534 million (NOK 4,960 million)[2], an organic[3] decline of -0.7%. Sales growth for Orkla Home & Personal Care, Lilleborg Profesjonell and Pierre Robert Group was more than offset by a decline for Orkla Health and Orkla House Care. Orkla Health saw a weak start to the year due to challenging markets, particularly in the weight control category. The fall in turnover for Orkla House Care is ascribable to the loss of a major customer in England. Orkla Home & Personal Care delivered improvement, primarily driven by its international operations.

EBIT (adj.)[1] amounted to NOK 881 million (NOK 852 million)[2]. Cederroth is consolidated into the financial statements effective 1 September. Profit growth was driven by contributions from Cederroth and improved performances by Orkla Health, Orkla Home & Personal Care and Orkla House Care. The EBIT (adj.)[1] margin was 15.9% (17.2%)[2]. The decline is largely explained by the dilutive effect of the inclusion of Cederroth, and adjusted for Cederroth the margin was 17.0%. In addition, the weak exchange rate of the Norwegian krone had a significant negative impact on the businesses' product profitability.

Orkla Home & Personal Care in Norway saw a slight overall decline in market shares as a result of strong pressure on prices in certain categories, while Pierre Robert Group delivered improved results in both Norway and Sweden. Overall market shares fell for Orkla Health in the Nordic region, primarily due to the weak performance of the weight control category.

Orkla Food Ingredients

Orkla Food Ingredients is the leading player in the Nordic bakery and ice cream ingredients sectors, in addition to holding significant market positions in selected countries in Europe. The business area ensures proximity to its customers through sales and distribution companies in 20 countries. Its biggest product categories are margarine and butter blends, bread and cake improvers and mixes, marzipan, yeast and ice cream ingredients.

Operating revenues for Orkla Food Ingredients in 2015 totalled NOK 7,598 million (NOK 6,534 million)[2], equivalent to organic[3] growth of 3.4%. EBIT (adj.)[1] amounted to NOK 414 million (NOK 345 million)[2]. The profit growth was ascribable to broad-based improvement, driven by a better product mix, organic[3] growth and internal improvement projects. Growth was also boosted by positive currency translation effects due to the weaker Norwegian krone.

Orkla Investments

Hydro Power

Hydro Power consists of the power plant at Sarpsfoss and Orkla's 85% ownership interest in AS Saudefaldene. The energy business produces and supplies power to the Nordic power market, and has a total normal production volume of 2.4 TWh. The Sauda hydropower operations are leased from Statkraft until 31 December 2030, after which the power plants will be returned in return for an agreed financial compensation. Approximately 1 TWh of AS Saudefaldene's production is subject to special contract conditions.

Operating revenues amounted to NOK 690 million and EBIT (adj.)[1] to NOK 154 million, compared with NOK 741 million and NOK 216 million, respectively, in 2014. Low power prices during the year were partly offset by high production volume. At the end of 2015, reservoir levels were higher than normal.

Financial Investments

Financial Investments consist of shares and financial assets together with Orkla Eiendom Group. EBIT (adj.)[1] for Financial Investments amounted to NOK 57 million in 2015 (NOK -36 million) [2] and was largely related to the sale of lots from a former industrial property (Attisholz) in Switzerland.

Shares and financial assets consist of Orkla's remaining share portfolio, including the 16% ownership interest in Gränges and the Russian nut company Chaka. The market value of Orkla's remaining interest in Gränges was NOK 876 million at the end of 2015. The share portfolio had a market value of NOK 500 million. Capitalised unrealised gains totalled NOK 287 million at year end. Assets consisted mainly of the investment in the Solsten Nordic Equities Fund (NOK 405 million). Net sales totalled NOK 298 million in 2015. Net gains and dividends from shares and financial assets amounted to NOK 135 million in 2015 (NOK 93 million)[2].

Orkla Eiendom Group meets the Group's need for specialised real estate expertise and assistance, and is responsible for the administration, development and sale of properties that are not utilised in Orkla's industrial operations. Orkla also has a historical portfolio of real estate-related investments, which are being realised in accordance with the Group's current strategy. The most important development projects in the portfolio are the construction of a new headquarters for Orkla at Skøyen, and two housing projects at Torshov in Oslo. As of 31 December 2015, Orkla's real estate investments had a book value of NOK 1.8 billion, of which around NOK 0.8 billion was related to the three largest development projects. The focus going forward will be on realising the potential value of development projects, as well as on securing assets and freeing up capital through the sale of properties and projects that are not to be further developed. Current development projects require investments during the construction period, while gains are primarily expected to be realised in the period 2017-2019.

Sapa (50% ownership interest)
Sapa is the world's leading supplier of extrusion-based aluminium solutions. Market shares at the end of 2015 were 24% in Europe and 27% in North America. Sapa is also present in emerging markets, with production in South America and in Asia. The production capacity in China was significantly reduced during 2015 following divestments. Sapa supplies aluminium profiles to a diverse customer base within the automotive, transportation, building & construction, electrical and engineering markets. As supplier of extrusion based aluminium solutions, Sapa operates within the areas extruded profiles, building systems and precision tubing. The majority of the Building Systems' operations are located in Europe, while Precision Tubing is a global business.

Underlying EBIT totalled NOK 1,407 million in 2015, compared with NOK 652 million in 2014, driven mainly by internal improvements and strong performance in the North American operation. Positive currency translation effects from a weakening Norwegian krone were offset by sharply falling metal premiums. Underlying EBIT in 2015 was negatively impacted by Sapa's measures to address, and consequences of, unsanctioned quality testing practices in North America.

Volumes in 2015 totalled 1,363,000 tonnes (1,399,000 tonnes)[2]. The decrease in volumes was related to a portfolio shift in Europe and continued weak building and construction markets. The European extrusion markets remained stable in 2015. Extrusion Europe benefitted from the major restructuring undertaken to optimise capacity and reduce its cost base in addition to increased added value sales. Sales volumes for Extrusion Americas increased compared to 2014, supported by strong demand. In addition, internal operational and commercial improvements have contributed to increased profitability in the past three years.

Market conditions for Sapa Building Systems continued to weaken in 2015, especially in the key markets of France and Italy. Improvement programmes, pricing actions and restructuring measures offset the negative market trend. Results and volumes for Precision Tubing strengthened in 2015, compared with 2014. The improvement was driven by higher volumes, restructuring, and internal cost and productivity programmes.

The restructuring program initiated in 2013, targeting annual synergies of around NOK one billion by the end of 2016, reached its target in 2015, one year ahead of time. Restructuring costs have impacted reported earnings in both 2014 and 2015. Sapa's underlying earnings exclude such non-recurring effects.

Net interest-bearing debt at the end of 2015 amounted to roughly NOK 1.8 billion which is at the same level as when the Sapa joint venture was established on 1 September 2013.

Jotun 42.5% (ownership interest)
Jotun is one of the leading global manufacturers of paint and powder coatings, with 53 subsidiaries, three joint ventures and six associates. Jotun has 35 production plants, located across all the continents. Its activities consist of the development, manufacture, marketing and sale of paint systems for the home, shipping and industrial sectors. Jotun is organised in four segments: Decorative Paints, Marine Coatings, Protective Coatings and Powder Coatings.

Jotun's operating revenues totalled NOK 16,282 million in 2015 (NOK 13,171 million)[2]. EBIT amounted to NOK 2,064 million (NOK 1,314 million)[2]. Turnover and operating profit were record-high. The reported growth in sales was positively impacted by positive currency translation effects. Underlying sales growth, adjusted for currency translation effects, remained high, with growth in every region and segment. Revenue growth is primarily ascribable to strong growth in deliveries of marine coatings, especially to newbuildings in Northeast Asia, and continued good growth in the sale of decorative paints in the Middle East and Asia. Higher volumes, the weaker Norwegian krone and better margins, combined with active cost control, all contributed to the historically strong result in 2015.

Research and development (innovation)
Innovation is Orkla's primary tool for creating growth, and is therefore pivotal to Orkla's day-to-day operations. Orkla's innovation activities are based on an inter-professional focus that spans from idea to launch. Consumer, customer and market insight is combined with technological expertise and investments to develop products and solutions that delight consumers and meet their needs in an even better way.

Orkla has two main sources of growth through innovation: innovation in the form of new products in new or associated categories, or innovation in categories in which Orkla already holds strong positions. Creating new growth platforms to supplement Orkla's current activities is also a key priority area. Orkla works on a broad front to identify innovation opportunities, across both specialised departments and countries, while also collaborating with suppliers and external innovation and research centres.

Orkla's strength lies in its local connections, which give it in-depth insight into local consumer needs and how this knowledge can be translated into powerful innovations. At the same time, Orkla seeks to leverage its consumer insight, brand understanding and product development capability across the Group. In the time to come, therefore, there will be increased focus on innovation across companies and countries, under the heading "One Orkla". An example of this approach is Grønnsakspasta vegetable pasta which was initially launched in Denmark and then in Finland and Norway. Another example of this thinking is the Orkla Growth Fair, an internal trade fair and arena for showcasing and discussing growth opportunities, including the most important coming innovations. This provides an good forum for sharing insights and learning, and for identifying opportunities that can be exploited across companies and categories. More than 100 different products and innovations were presented at the Growth Fair. The innovations ranged from the growth opportunities offered by vegetable pasta and ice cream accessories, to ergonomic innovations in painting tools, new cleaning methods, and focus on sustainability and applied research as drivers of innovation.

At the core of all innovation work lies the actual user experience, ranging from taste and function to how intuitive and easy a product is to use. Health and environmental aspects are also important drivers of innovation. Priority areas for innovation at Orkla are "Taste and Sensory Experience", "Health and Nutrition", "Sustainability and Environment" and "Packaging Innovation". Good examples of innovation in 2015 are Pastella Grøntsagsbånd vegetable pasta, the Aqua-Derma skin care range, Pizzabakeriet pizzas, OLW and KiMs potato crisps, Paulúns Supergröt cereals, Ballerina Bites biscuits, Kalev KirjuKor Candy confectionery and the relaunch of TORO Bake baking mixes.

High-level expertise and the exploitation of synergies across categories and companies are among Orkla's primary competitive advantages. The Orkla Brand Academy is an example of this and has for many years been a driving force in Orkla's brand and innovation work. Orkla's Academy for Product Development & Innovation also plays a key role as an arena for sharing and developing innovation tools, know-how and methodologies across Orkla. Examples of the Academy's focus areas are technological and culinary expertise, health, environment and packaging.

In the coming years, efforts will be focused continuously on ensuring that Orkla's local brands are consumers' first choice by making them a better, simpler and healthier part of everyday life.

Corporate responsibility

Guidelines

Orkla is committed to promoting sustainable development through healthy, more environmentally friendly products, high food safety standards, effective resource use, supply chain improvements and responsible operations in general. Orkla's directive on corporate responsibility describes the overarching principles defining how Group companies are to address the issues of human and workers' rights, environment, health and safety (EHS), anti-corruption and other important areas of corporate responsibility. The directive is based on the Universal Declaration of Human Rights, the ILO 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' Human Rights Policy provides detailed guidelines for the way the Orkla companies should deal with issues relating to the human and workers' rights considered to be most relevant for the companies' day-to-day operations. These include the principles of the right to human dignity, freedom of opinion and expression, the right to life, liberty and security, competence development, privacy, diversity and non-discrimination, consultation and employee involvement, occupational health and safety, prevention of child labour and protection of marginalised population groups.

The Orkla Code of Conduct describes the Group's standards and expectations in respect of individual managers, employees and Board members with regard to important human and labour rights, such as respect and tolerance, gender equality and non-discrimination, and requirements related to the environment and anti-corruption efforts.

Governance procedures

The CEO of each Orkla company is responsible for implementing the Group's directive on corporate responsibility. This work must be based on the precautionary principle and the principle of continuous improvement, and the companies must target the areas in which the need for improvement and possibility of exercising influence are greatest. The companies' prioritisation of resource use must be based on an assessment of the needs of both the business and its stakeholders.

The governing documents mentioned above are accessible to all the companies through the Group's web-based governance portal. To ensure that employees are familiar with Orkla's directive and Code of Conduct, internal training is provided by both the Group and the companies. In 2015, courses were held on Orkla's vision and values, food safety, EHS, responsible sourcing, anti-corruption efforts and competition law. A total of some 50,500 hours of organised training were provided in topics related to corporate responsibility and sustainability, equivalent to an average of 3.4 hours per employee. The training carried out in the past few years has created greater awareness and knowledge in the Group of corporate responsibility and sustainability issues and ensured a more uniform approach to efforts in these spheres. Training programmes and guidance services will continue in 2016.

Orkla monitors the companies' corporate responsibility and sustainability work by means of annual internal status reporting. These status reports are submitted in connection with business area reviews and Orkla's external sustainability reporting. Orkla's Board of Directors monitors the Group's efforts by means of an annual assessment of the progress made in corporate responsibility and EHS work, a quarterly review of changes in key EHS indicators and ongoing discussion of individual matters considered to be of material importance for Orkla's operations. Orkla's Executive Vice President, Chief of Group Functions and Legal Affairs, has administrative responsibility for Orkla's corporate responsibility work, and determines which matters are to be submitted to the Board of Directors.

Orkla has established a whistle-blowing function to enable employees and other stakeholders to alert the Group's governing bodies to possible breaches of the Orkla Code of Conduct. The whistle-blowing function is administered by Orkla's internal audit staff on behalf of Orkla's Audit Committee, and is independent of Orkla's line management.

Endorsement of external principles

Orkla has been a signatory to the UN Global Compact since 2005, and is a member of Transparency International Norge and the Ethical Trading Initiative Norway (IEH). Since 2008, the Group has reported environmental information to the investor-initiated Carbon Disclosure Project (CDP), which has become the leading global climate and environmental reporting system. In connection with the UN Climate Change Conference in 2015, Orkla decided to endorse two CDP initiatives, "Report climate change information in mainstream reports as a fiduciary duty" and "Remove commodity-driven deforestation from all supply chains". Orkla has also signed the UN's New York Declaration on Forests.

Reporting

Under sections 3-3a and 3-3c of the Norwegian Accounting Act, Orkla is required to report on its corporate responsibility and selected related issues. An account of the Group's efforts to address these issues in 2015 is provided in Orkla's sustainability report, which is included in this Annual Report, under the sections:

- "Orkla's sustainability work", page 38 (corporate responsibility)
- "Responsible sourcing", page 51 (human rights, workers' rights, social conditions and environment in the supply chain)
- "Environment", page 56 (environment)
- "Occupational health and safety", page 60 (working environment, injuries, accidents, sickness absence, employee rights in own company)
- "Human resource development and corporate culture", page 63 (human rights, equality and non-discrimination, anti-corruption efforts)
- "Orkla and society", page 67 (social conditions)

Personnel and administration

As at 31 December 2015, the Group had 14,670 employees (12,921)[2]. Of these, 3,345 (3,508)[2] worked in Norway, 5,033 (4,623)[2] in another Nordic country and 6,292 (4,790)[2] in countries outside the Nordic region.

Collaboration between management and the employees' organisations through the established cooperative and representational systems functions well, and makes a valuable contribution to finding constructive solutions to the challenges faced by the Group and the individual companies.

At Orkla's Annual General Meeting in April 2015, Stein Erik Hagen, Grace Reksten Skaugen, Ingrid Jonasson Blank, Lisbeth Valther, Lars Dahlgren and Nils K. Selte were re-elected as shareholder-elected members of Orkla's Board of Directors. Board member Jo Lunder chose not to stand for re-election. Stein Erik Hagen was re-elected as Chairman of the Board and Grace Reksten Skaugen as Deputy Chair of the Board. All of the shareholder-elected members of the Board were elected for a term of one year, i.e. until the 2016 Annual General Meeting. All members were elected in accordance with the recommendation of the Nomination Committee.

Of a total of six shareholder-elected members of Orkla's Board of Directors, there are three members of each gender. Among the employee-elected members of the Board and their deputies, both genders are represented. Orkla ASA therefore fulfils the requirement in section 6-11a of the Public Limited Liability Companies Act regarding representation of both genders on the Board of Directors.

To ensure greater focus on and sufficient capacity for effective action in the comprehensive efforts to improve production, logistics and sourcing, Group Director Operations Johan Clarin joined the Group Executive Board as from 1 July 2015. Johan Clarin has held the position of Group Director Operations since September 2013, and has many years of prior experience in production and logistics in major international companies.

On 1 July 2015, Ann-Beth Freuchen took up the position as new CEO of Orkla Confectionery & Snacks. She succeeded Christer B. Åberg, who left to become CEO and President of Hilding Anders. Ms Freuchen has been CEO of Orkla Confectionery & Snacks Norge since the company was established in April 2013. Before that, she was CEO of KiMs Norge, and has held a variety of other positions in Branded Consumer Goods at Orkla.

The Board of Directors wishes to thank all employees for their efforts and for the results achieved in 2015.

Competence

Continuously developing the Group's capabilities is essential to strengthening its competitive edge. This means building leadership and specialist skills, and creating a workday environment in which all employees can apply their expertise to optimal benefit. An important factor for employees' performance and competence and career development is the performance appraisal interview between manager and employee. The skills of individual employees are primarily developed in day-to-day, on-the-job training. Group-wide training programmes are designed to ensure and underpin learning and training within Orkla's defined core competency. The aim is to develop this core competency in a normative direction, by systematising and coordinating the various training activities.

Activities are organised in the spheres of corporate culture, leadership and specialised value chain expertise.

Orkla also carries out a systematic, annual evaluation of leadership and organisation. The objective is to ensure the effective development of leadership and organisation in line with Orkla's business strategy, and to optimise development of the leadership behaviour, skills and performance that are crucial to achieving growth targets. The evaluation is also intended to serve as a tool in establishing a strong, sustainable succession plan to fill critical senior executive and other key positions. Priorities for 2015 were to carry out an analysis of the business goals' impact on leadership, expertise and organisation, conduct individual assessments of management performance and potential, and plan succession to business-critical roles. Furthermore, organisational reviews were conducted of selected top-line functions with special business challenges.

At the start of 2015, Orkla adopted a more coherent leadership strategy for the Group. The overarching objective of Orkla's strategy and leadership development initiatives is to cultivate and strengthen leadership skills and the organisation's overall leadership capacity, to ensure that the organisation is capable of pursuing the Group's strategic goals.

In the course of the year, a number of measures were introduced to enhance the Group's overall competence and competitiveness. November 2015 saw the start of a 12-month leadership development programme, the Orkla Strategic Leadership Programme, for Orkla's management teams and selected key personnel. A total of 220 senior executives participate in the programme, which is designed to create a common leadership platform at the commencement of the new strategy period and encompasses personal leadership, team leadership and the ability to lead change processes and achieve results. Another initiative carried out consists of training in supply chain change management to support the implementation of the organisational changes made during the year.

A variety of training programmes are run by the Orkla Academies with a view to ensuring crucial expertise in important specialist fields. In addition to enhancing the participants' technical and professional skills, these programmes provide an arena for fostering shared attitudes, working methods and corporate culture across companies. Through its Academies, Orkla has developed employee skills for many years. In autumn 2015, a Human Resource Development Board was established at Orkla. This board, which comprises representatives from each business area, HR and Marketing & Innovation, will have overall responsibility for the competency development programmes offered by the Academies, and will report to the Group Executive Board twice a year. In 2015, a comprehensive evaluation of the training programmes was carried out to ensure that they are effective and relevant, and clearly underpin the Group's strategy and objectives.

Corporate governance (Statement of policy on corporate governance)

Orkla's governance systems are based on principles set out in the Norwegian Code of Conduct for Corporate Governance, and largely conform to applicable international guidelines on good corporate governance. An overall statement of policy on corporate governance at Orkla may be found on page 29 of this Annual Report. The statement of policy will be an item of business for discussion at the 2016 Annual General Meeting.

Pay and other remuneration of senior executives

The Board of Directors has established a separate Compensation Committee, which deals with all material matters related to pay and other remuneration of senior executives before such matters are formally discussed and decided by the Board of Directors. In accordance with Norwegian company legislation, the Board of Directors has also prepared a separate statement of guidelines on the pay and other remuneration of senior executives, included in Note 5 to the financial statements for Orkla ASA, which will be presented and discussed at the 2016 Annual General Meeting. The note also provides details of remuneration and contractual arrangements.

Accounting principles

The consolidated financial statements for 2015 have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS), which have been approved by the EU. The financial statements for the parent company have been prepared in accordance with section 3-9 of the Norwegian Accounting Act (simplified IFRS). The explanation of accounting principles in Notes 1-4 describes important matters relating to accounting treatment under IFRS.

Orkla ASA

Orkla ASA is the parent company in the Orkla Group and supplies and performs services for the Group's other companies. Orkla ASA delivered profit after tax of NOK 3,699 million (NOK 7,976 million)[2] in 2015. As at 31 December 2015, Orkla ASA had total assets of NOK 49,381 million (NOK 53,040 million)[2] and an equity ratio of 61.3% (55.1%)[2].

Allocation of comprehensive income

In 2015, Orkla ASA posted comprehensive income of NOK 3,652 million. The Board of Directors proposes the following allocation:

Transferred to equity	NOK 1,107 million
Proposed dividend	NOK 2,545 million

As of 31 December 2015, Orkla ASA had total equity of NOK 30.3 billion. The Board of Directors has determined that Orkla ASA had adequate equity and liquidity at the end of 2015. The Board of Directors proposes to pay an ordinary dividend of NOK 2.50 per share for the 2015 financial year.

Outlook

Moderate growth is expected in the Nordic and Baltic grocery markets in the coming years, but the trend will vary somewhat from one market to another.

The different business areas are exposed to currency risk to varying degrees, and the weakening of the Norwegian and Swedish krone during the year has resulted in a significant increase in purchasing costs for the Norwegian and Swedish companies. On the other hand, many of the Orkla companies do a substantial share of their purchasing in local currencies, thereby reducing the real impact of a weaker currency. In the longer term, this could increase Orkla`s relative competitive strength.

Overall, the international commodity prices faced by Orkla have increased somewhat in the recent past, and the prices of some of Orkla's most important raw materials are still at a historically high level. Prices vary substantially from one commodity group to another, and the uncertainty attached to future raw material price trends is generally high. Some of the Orkla companies have seen a significant rise in raw material and packaging costs.

The Group held an Orkla Investor Day in London on 11 September 2015. The strategy of being a leading branded consumer goods company, with the Nordic and Baltic regions as main markets, remains unchanged. Orkla aims to deliver organic[3] sales growth that at least matches market growth and annual adjusted EBIT (adj.)[1] growth of 6–9% in the Branded Consumer Goods business for the period 2016–2018.

Orkla holds good positions with strong brands in its home markets, and its financial position is robust, with cash reserves and credit lines that will cover known capital expenditures in 2016.

[1]Operating profit before other income and expenses.
[2]Figures in brackets relate to the corresponding period of the previous year.
[3]Adjusted for acquired and sold companies and currency translation effects.
[4]Net interest-bearing liabilities/Equity.

Oslo, 10 February 2016
The Board of Directors of Orkla ASA

Stein Erik Hagen Chairman of the Board	Grace Reksten Skaugen Deputy Chair of the Board	Ingrid Jonasson Blank	Lars Dahlgren
Lisbeth Valther	Nils K. Selte	Terje Utstrand	Sverre Josvanger
Janne Halvorsen	Åke Ligardh	Peter A. Ruzicka President and CEO	

(This translation of the Report of the Board of Directors has been made for information purposes only.)

Vilde, Ewa, Ella Mathea and Reena – part of the Orkla family

Corporate governance

(Statement of policy on corporate governance)

Orkla's principles for good corporate governance aim to lay the foundation for long-term value creation, to the benefit of shareholders, employees and society at large. These principles cannot replace efforts to foster a sound corporate business culture, but must be viewed in conjunction with them. Openness, transparency, accountability and equal treatment underpin confidence in the Orkla Group, both internally and externally.

1. Statement of policy on corporate governance

Orkla is subject to corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance; see section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 30 October 2014, may be found at www.nues.no.

This statement of policy will be an item of business at Orkla's Annual General Meeting on 14 April 2016. The company's auditor has assessed whether the information provided in this statement with regard to section 3-3b of the Accounting Act is consistent with the information provided in the annual financial statements. The auditor's statement may be found on page 140.

The Board of Directors at Orkla actively adheres to good corporate governance standards and will at all times ensure that Orkla complies with the requirements of section 3-3b of the Accounting Act and the Norwegian Code of Practice for Corporate Governance. This is done by ensuring that the topic of good governance is an integral part of the decision-making process in matters dealt with by the Board. Moreover, Orkla's corporate governance principles are subject to annual assessment and discussion by the Board, which has also considered this statement at a Board meeting.

The following statement of policy is structured in the same way as the Code of Practice, covers each point of the Code and describes Orkla's compliance efforts. Orkla is committed to promoting sustainable social development by operating in compliance with responsible business principles, systematically improving its operations in relation to the external environment, climate and energy resources and investing in profitable business projects that can generate positive ripple effects for society. The Group's attitudes towards corporate responsibility have been defined in the Orkla Code of Conduct and the Group directive on corporate responsibility. The documents may be found on Orkla's website under "Sustainability", and are described in further detail in a separate statement on Orkla's corporate responsibility (see section 3-3c of the Accounting Act). The statement also gives an account of the Group's efforts to address important corporate responsibility issues in 2015.

2. Activities

Orkla's objectives, as defined in its Articles of Association, are as follows: "The objectives of the company are to engage in activities comprising industry, commerce, forestry, transport, finance, the acquisition and sale of securities and other investments, the purchase, sale, development and management of real estate, the publication of newspapers, magazines and other media, services and any other activity connected with the aforementioned objectives.

The activities are conducted by the company itself or by its subsidiaries in Norway and abroad."

In accordance with its mission statement, Orkla operates in several areas. The Group's core business is branded consumer goods, but the Group still operates in the aluminium, energy, real estate and financial investments sectors. In 2011, Orkla announced that the Group will in future focus on and allocate its resources to its branded consumer goods operations. This means that businesses that lie outside the Group's core business area will gradually be phased out when market conditions are favourable.

In 2015 the Orkla Compass was launched in the Group. The Orkla Compass comprises Orkla's vision, goals, strategic pillars, core values and business strategy, and defines a clear, common direction for the Group. Orkla's vision is to be "Your friend in everyday life", and Orkla's mission is to "Improving everyday life with healthier and more enjoyable local brands." Orkla aims to outperform and create greater value than our competitors and other comparable companies. The Group will achieve this objective by working purposefully within the framework of four strategic pillars: (1) Consumers, (2) Customers, (3) People, (4) Operations and (5) Society. Orkla's core values are "brave", "trustworthy" and "inspiring".

3. Equity and dividends

As of 31 December 2015, Group equity totalled NOK 33.7 billion. An ordinary dividend of NOK 2.50 per share was paid out for the 2014 financial year. Over time, Orkla shareholders shall receive a competitive return on their investment through a combination of dividends and an increase in the share price. Orkla has pursued a consistent shareholder and dividend policy for many years. On Orkla's Capital Markets Day in September 2015, it was announced that Orkla aims to maintain an ordinary dividend at at least the current level.

The Board of Directors has proposed that a dividend of NOK 2.50 per share be paid for the 2015 financial year. The dividend will be paid out on 26 April 2016 to shareholders of record on the date of the Annual General Meeting.

The authorisations empowering the Board of Directors to undertake share buybacks are limited to specific purposes and are granted for a period no longer than until the next general meeting. The General Meeting is given the opportunity to vote on every purpose covered by the authorisation.

At the Annual General Meeting in 2015, the Board of Directors was granted authorisation to buy back up to 100,000,000 Orkla shares so that the company can acquire and hold up to 10% of its share capital. The authorisation is limited to specific purposes, and applies until the Annual General Meeting in 2016. Shares acquired under this authorisation are to be cancelled or used in connection with employee incentive programmes, including the Group's employee share purchase programme. Each purpose was discussed as a separate item of business at the Annual General Meeting.

A similar authorisation has been granted each year since 1998. As at 31 December 2015, Orkla has acquired 4,000,000 of its own shares under the current authorisation, for the purpose of fulfilling obligations under earlier option programmes and implementing the Group's employee share purchase programme. As at 31 December 2015, Orkla held 940,300 treasury shares.

Questions concerning increases in share capital must be submitted to the General Meeting for decision. The company's transactions in its own shares are effected on the market at market price, in accordance with good stock exchange practice in Norway. There are otherwise no provisions in Orkla's Articles of Association that regulate the buyback or issue of shares.

4. Equal treatment of shareholders and transactions with related parties

Orkla has one class of share and each share entitles the holder to one vote. Each share has a nominal value of NOK 1.25. Further information on voting rights at general meetings is provided under point 6, General Meetings.

The company's policy is not to dilute the shareholdings of existing shareholders. In accordance with this policy, there have been no real share capital increases in the company in recent years. Should the Board of Directors wish to propose to the General Meeting that a departure be made from the pre-emptive right of existing shareholders in the event of a capital increase, such a proposal will be justified by the common interests of the company and the shareholders, and the grounds for the proposal will be presented in the notice of the general meeting.

To avoid any detriment to the Group's reputation, the Board considers it important to pursue a policy of transparency and caution in connection with investments that could be perceived as an unfortunately close involvement, or close relationship, between the company and a member of the Board, executive management or parties related thereto. Procedural rules for such transactions have therefore been drawn up in the Rules of Procedure for the Board of Directors, which may be found under "Investor Relations". According to the Rules of Procedure, the Board Chair must be informed of such transactions and must decide how the matter should be dealt with. If the matter concerns the Board Chair, this duty is incumbent upon the Deputy Chair of the Board. Further information on transactions between related parties is provided in Note 37 to the consolidated financial statements. In the event of non-immaterial transactions between the company and shareholders, a shareholder's parent company, Board members, executive management or parties related thereto, the Board of Directors will ensure that a valuation is carried out by an independent third party. The Board will similarly arrange for a valuation by an independent third party in the event of non-immaterial transactions between companies within the Group where there are minority shareholders.

The Rules of Procedure further establish that a Board member must not take part in the consideration of or a decision on an issue that is of such importance to himself or herself or to any related party that the member must be considered to have an obvious personal or financial interest in the matter. It is incumbent upon each Board member to consider on an ongoing basis whether there are matters which, from an objective point of view, are liable to undermine the general confidence in that Board member's independence and impartiality, or which could give rise to conflicts of interest in connection with the Board of Directors' consideration of the matter. Such matters must be taken up with the Board Chair. According to the Orkla Code of Conduct, employees must on their own initiative inform their superior if they should recuse themselves from dealing with or if they have a conflict of interest in connection with a matter, and consequently should not take part in considering such matters.

5. Freely negotiable shares

All Orkla shares carry equal rights and are freely negotiable. No special limitations on transactions have been laid down in Orkla's Articles of Association. Article 3, second paragraph, of the Articles of Association states that "The Board of Directors may entirely or partly refuse to approve the transfer of shares if the company pursuant to statute or to regulations laid down pursuant to statute is given the discretionary right to refuse such approval or to apply other restrictions on sales". In this connection, it should be noted that the provisions of the Industrial Licensing Act requiring Board consent for acquisitions of shares representing more than 20% of all shares in the company are applicable, due to Orkla's ownership interests in waterfalls. Transactions in the Orkla share are described in further detail on Orkla's website under "Investor Relations".

6. General meetings

Orkla seeks to ensure that as many shareholders as possible are able to exercise their rights by participating in general meetings, and that the general meeting is an effective meeting place for shareholders and the Board of Directors. The Annual General Meeting is held every year before the end of May. Notices of general meetings and related documents are made available on Orkla's website no later than 21 days prior to the date of the meeting. The final date for giving notice of attendance is three working days prior to the general meeting. Shareholders are given the opportunity to vote on the election of every single candidate to an office in the Nomination Committee and on the Board of Directors. The auditor, Board of Directors and Nomination Committee are present at general meetings.

The voting right for a transferred share may be exercised when the transfer has been recorded by the Norwegian Central Securities Depository (VPS) within the time limit for giving notice of attendance at the general meeting, or if the share acquisition has been notified to the VPS and proof of the acquisition is presented at the general meeting. Under Norwegian law, only shares that are registered in the name of the shareholder may be voted. Shares that are registered in a nominee account must be reregistered in the VPS in order for the shareholder to be able to vote the shares. Further information may be found in the notice of the general meeting and on Orkla's website.

Shareholders who are unable to attend the general meeting may vote by proxy. Orkla will appoint the Board Chair or meeting chair to vote for the shareholders. The proxy form is designed in such a way that voting instructions may be given for each item of business that is to be considered. Shareholders who were unable to attend the Annual General Meeting in 2015 could, in addition to voting by proxy, cast a direct advance vote on the company's website or through VPS Investor Services. The Board of Directors has decided that shareholders may cast such direct advance votes again in 2016. Further information regarding use of proxies, advance voting and shareholders' right to submit items of business for consideration at general meetings is provided in the notice of the general meeting and on Orkla's website.

Under Article 12, second paragraph, of the Articles of Association, the Board of Directors may decide that documents concerning items of business to be considered at the general meeting are not to be sent to shareholders when the documents are made available on the company's website. This also applies to documents which by law must be included in or attached to the notice of the general meeting. A shareholder may nonetheless request that documents pertaining to items of business to be considered at the general meeting be sent to him or her. The provision in the Articles of Association departs from the general rule in Chapter 5 of the Public Limited Liability Companies Act which prescribes that the annual financial statements, the report of the Board of Directors, the auditor's report and the Board of Directors' statement of guidelines for the remuneration of the executive management pursuant to section 6-16a must be sent to all shareholders no later than one week before the general meeting.

Members of the Board of Directors are present at general meetings, but normally not the entire Board has attended. No items of business at general meetings have made this necessary to date. The Board Chair, the general manager and the heads of the various business areas are always present in order to reply to any questions that may be raised.

7. The Nomination Committee

Under the Articles of Association, Orkla has a Nomination Committee that is elected by the General Meeting. The Rules of Procedure for the Nomination Committee may be found on Orkla's website under "Investor Relations". The Nomination Committee consists of two to five members, who are elected for a term of up to two years. The General Meeting elects the Chair and members of the Nomination Committee and determines its remuneration. The Committee is tasked with submitting the following reasoned recommendations:

Recommendation to the General Meeting:

- Election of shareholder-elected members and deputy members to the company's Board of Directors
- Election of members and the Chair of the Nomination Committee
- Remuneration of the Board of Directors and the Nomination Committee

Recommendation to the body that elects the Chair of the Board of Directors:

- Election of the Chair and Deputy Chair of the Board of Directors. (For this purpose, the Nomination Committee is supplemented by a representative appointed by the employee-elected members of the Board of Directors.)

The Rules of Procedure for the Nomination Committee contain further guidelines for the preparation and implementation of elections to the Nomination Committee and the Board of Directors, as well as criteria for eligibility, general requirements regarding recommendations, the number of members in the Committee and their term of service, and detailed procedural rules for the work of the Nomination Committee. Information regarding the composition of the Nomination Committee, which members are up for election and how input and proposals may be submitted to the Committee is posted on Orkla's website under "Investor Relations".

The composition of the Nomination Committee is intended to ensure that the interests of all the shareholders are served, and meets the requirement of the Norwegian Code of Practice for Corporate Governance as regards independence of the company's management and Board of Directors. None of the members of the Nomination Committee are a member of the Board of Directors of Orkla ASA. Neither the general manager nor other senior executives are members of the Nomination Committee. Information regarding the composition of the Nomination Committee and the number of Orkla ASA shares owned by each Committee member as at 31 December 2015 may be found on page 155.

8. The Corporate Assembly and the Board of Directors, composition and independence

Orkla's Corporate Assembly was discontinued in 2013 in accordance with the agreement entered into with the employee unions. Consequently, the General Meeting elects shareholder-elected members to the Board directly. The Board Chair is elected by the General Meeting.

The composition of the Board of Directors is intended to serve the interests of all the shareholders and meet the company's need for competence, capacity and diversity. The Board's composition meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards Board members' independence of the company's executive management, main shareholders and material business relationships. Two of the Board members are defined as non-independent of the company's main shareholders. All the Board members are defined as independent of the company's executive management or material business relationships. There are few instances in which Board members are disqualified from considering Board matters. Representatives of the executive management are not members of the company's Board of Directors.

Under Article 4 of Orkla's Articles of Association, the Chair, the Deputy Chair and the other shareholder-elected members of the Board may be elected for a term of up to two years. Since 2007, however, a term of one year for shareholder-elected members and deputy members has been adopted, on the grounds that an annual assessment of the overall composition of the Board will ensure greater flexibility. There are no other provisions in the Articles of Association governing the appointment and replacement of Board members.

Further pursuant to Article 4 of Orkla's Articles of Association, the shareholder-elected members of the Board of Directors are required to own shares in the company with a view to strengthening the shared financial interests of shareholders and Board members. A more detailed description of the number of Orkla shares owned by each member of the Board, the members' background, qualifications, term of service and independence, how long they have been an Orkla Board member and any material functions in other companies and organisations is provided on page 147, along with information regarding each Board member's attendance at Board meetings.

Under Norwegian law and in accordance with Orkla's current system of corporate democracy, Group employees have the right to elect four members of the Board of Directors of Orkla ASA, and one observer. Due to a reduction in the number of shareholder-elected Board members, an agreement has been entered into with the employee representatives to eliminate the post of observer. The agreement has been approved by the Corporate Democracy Committee. The Board of Directors will propose necessary amendments to the Articles of Association, and the amendment is expected to be made as of the elections in 2016. The composition of the company's governing bodies is described on page 155.

9. The work of the Board of Directors

Tasks of the Board of Directors

The tasks of the Board of Directors are laid down in the Rules of Procedure for the Board of Directors, which govern the Board's responsibilities and duties and the administrative procedures of the Board, including which matters are subject to Board consideration and rules for convening and holding meetings. The Board's Rules of Procedures also contain rules regarding the general manager's duty to inform the Board about important matters, and to ensure that Board decisions are implemented. There are also provisions intended to ensure that company employees and other parties involved are adequately informed of Board decisions, and see to it that the guidelines for preparing matters for Board consideration are followed. Other instructions to the Board and clarification of its duties, authorisations and responsibilities to the general management are provided through routine communication.

The Board of Directors adopts an annual meeting and activity plan that covers strategic planning, business issues and oversight activities. In 2015, eight meetings were held in accordance with the Board's activity plan, including a two-day meeting to address strategic issues. In addition, two items were dealt with in writing. The Board dealt with a total of 96 items. The content of the Board's work is discussed in further detail in the Directors' Report.

Board matters are prepared by the general manager and the Corporate Secretariat in consultation with the Board Chair. The Rules of Procedure for the Board of Directors contain provisions regarding procedural rules in connection with disqualification, joint investments and parallel investments. This is described in further detail under point 4 "Equal treatment of shareholders and transactions with related parties". The Board of Directors has established two permanent Board Committees, which are described in further detail below. These committees do not make decisions, but supervise the work of the company management on behalf of the Board and prepare matters for Board consideration within their specialised areas. In this preparatory process, the committees have the opportunity to draw on company resources, and to seek advice and recommendations from sources outside the company.

The Compensation Committee
The Compensation Committee is chaired by the Deputy Chair of the Board of Directors, Grace Reksten Skaugen, and its other members are Stein Erik Hagen and Terje Utstrand. The Group Director HR is the committee secretary. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of executive management. The mandate of the committee is set out in the Rules of Procedure for the Board of Directors and in brief is as follows:

- prepare for consideration matters relating to the salary and terms of employment of the President and CEO to enable the entire Board, once a year, to participate in an evaluation of the President and CEO and in decisions concerning the latter's terms of employment
- prepare for consideration matters of principle relating to levels of pay, bonus systems, pension terms, employment contracts and the like for senior Orkla executives

The committee will otherwise deal with special questions relating to compensation for Group employees insofar as the committee finds that these questions concern matters of particular importance for the Group's competitive position, corporate identity, recruitment ability, etc.

The Audit Committee
The Audit Committee is chaired by Nils K. Selte, and the other members are Ingrid Jonasson Blank and Sverre Josvanger. The Chief Internal Auditor is the secretary of the Audit Committee. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence and competence. The Nomination Committee's recommendation of candidates for election to the Board also contains information as to which Board members satisfy the requirements as regards independence and competence to sit on the Audit Committee. The committee's mandate is set out in the Board's Rules of Procedure and in brief is as follows:

- ascertain that internal and external accounting reporting processes are organised appropriately and carried out efficiently, and are of high professional quality
- keep under review the effectiveness and relevance of the work of the internal audit staff and of the company's risk management systems
- monitor and assess the quality of the statutory audit of Group companies and the Group's financial statements
- help to ensure the independence of the external auditor, and ensure compliance with applicable rules and guidelines regarding the provision of additional services by the auditor to the Group or Group companies
- initiate investigations, if necessary, and propose measures relating to the above-mentioned points
- annually review and, if necessary, update its mandate, and submit its recommendations concerning its mandate to the Board of Directors

The Board of Directors' self-evaluation
Each year, the Board of Directors carries out an evaluation of its own activities and competence, and discusses improvements in the organisation and implementation of its work, both at individual level and as a group, in relation to the goals that were set for its work. The results are made available to the Nomination Committee. An external person is engaged at regular intervals to facilitate the Board's self-evaluation.

10. Risk management and internal control
A prerequisite for Orkla's system of decentralised responsibility is that the activities in every part of the Group meet general financial and non-financial requirements, and are carried out in accordance with the Group's common norms and values. The executive management of each company is responsible for risk management and internal control in the company with a view to ensuring:

• exploitation of business opportunities
• goal-oriented, safe, high-quality and cost-effective operations
• reliable financial reporting
• compliance with applicable legislation and regulations
• operations in accordance with Orkla's governing documents, including ethical and corporate responsibility standards

Orkla's risk management system is fundamental to the achievement of these goals. To ensure ongoing risk monitoring in individual companies, all boards of operational subsidiaries are required to carry out a thorough analysis of the company's risk picture and internal control function at least once a year, in addition to the risk analysis that is an integral part of the company's decision-making processes.

Great importance is attached in Orkla's governing documents to defining the standards that apply to Orkla's businesses, and who is responsible for monitoring compliance with the various standards. Emphasis is also placed on ensuring that the documents are user-friendly and easily accessible. All the governing documents may be found on the web portal The Orkla Way. All employees can access The Orkla Way through the Group intranet, as well as by logging in on the Internet.

Risk management at Orkla

The Group's risk management is carried out by the financial staffs and is designed to ensure that all risk that is significant for Orkla's goals is identified, analysed, effectively dealt with and exploited across business areas and professional disciplines. This entails, among other things:

• continuously monitoring important risk indicators in order to reassess the Group's level of risk, if necessary
• identifying, communicating and monitoring risk factors critical to the Group in order to ensure that adequate risk mitigation measures are in place
• maintaining instructions and guidelines for risk management, emergency response and continuous operations
• assisting in the implementation of coherent risk management in routine operations and in connection with projects and major decisions
• presenting Orkla's consolidated risk profile to the Group Executive Board, the Board of Directors and the Board's Audit Committee
• facilitating the transfer of best risk management practices throughout the Group
• ensuring that formal risk assessments are uniformly carried out, presented, discussed and agreed on by the Boards of the respective Group companies
• carrying out detailed risk analyses in particularly exposed areas
• ensuring that Orkla's risk management is in accordance with relevant regulatory requirements and the wishes of Orkla's stakeholders
• being responsible for selected measures to mitigate risk at Group level.

The Group's risk management programme is reviewed on a regular basis.

EHS

Risk identification is also an important tool in preventive environment, health and safety (EHS) efforts, and the Senior Vice President EHS ensures the systematic, continuous follow-up of this work. All companies and businesses report their ten main EHS risk factors and associated risk-mitigating measures as part of the annual reporting process.

The internal audit function

As part of the Group's internal control system, Orkla has an Internal Audit Department. The responsibilities of the Group's Internal Audit Department are as follows:

• Verify that internal control procedures for reducing risk have actually been established and are functioning as intended
• Assist the Board of Directors, the Group Executive Board and the business areas by providing auditing competence and capacity, which includes monitoring and control of selected companies in the Group
• Be the recipient of and follow up on reports submitted under the Group's whistle-blowing system on possible breaches of the Group's Code of Conduct. Information on this system may be found on posters and notices at all Orkla businesses, on the Orkla intranet and on Orkla's website under "Sustainability/Responsibility and ethics/whistle blowing"
• Coordinate the choice of and monitor external auditors in the Group companies in accordance with the instructions of the Audit Committee

- Act as secretary to the Audit Committee. The Chief Auditor reports to the Board's Audit Committee and is thus independent of line management

Business ethics and corporate responsibility

There is systematic focus on business ethics and corporate responsibility at Orkla. Reference is made to a separate statement on Corporate Responsibility at Orkla.

The financial reporting process

The Orkla Group prepares and presents its financial statements in accordance with current IAS/IFRS rules.

The Group's governing documents are collected in The Orkla Way, and contain requirements and procedures for the preparation and presentation of interim reports and year-end reports. A set of Orkla Accounting Standards has also been drawn up, in which Orkla's ten main principles for financial reporting are set out. Financial information is reported through the Group's common reporting system, Hyperion Financial Management (HFM). Every month, each company reports figures in HFM, based on output from its own Enterprise Resource Planning (ERP) systems. HFM has a general chart of accounts and built-in control systems in the form of data check accounts and check reports designed to ensure that the information is consistent. The reporting is expanded in the year-end reporting process to meet various requirements for supplementary information. The process of consolidating and checking financial data takes place at several levels in the business areas. Training and further development of accounting expertise within the Group is provided at the central level through the Orkla Finance Seminar, the Orkla Finance Academy, Year-End Reporting Day, HFM courses and the Orkla Accounting Committee. This training is offered in addition to the training provided by the various business areas.

11. Remuneration of the Board of Directors

All remuneration of the Board of Directors is disclosed in Note 5 to Orkla ASA's financial statements. The note shows that remuneration of the Board of Directors is not linked to the Group's performance and that no options have been issued to Board members.

12. Remuneration of the executive management

The Board's Compensation Committee presents a recommendation concerning the terms and conditions for the President and CEO to the Board of Directors and monitors the general terms and conditions for other senior executives in the Group. The Board assesses the President and CEO and his terms and conditions once a year. A description of the remuneration of the executive management and the Group's compensation and benefits policy, including the scope and design of bonus and share-price-related programmes, is given in the Board of Directors' statement of guidelines for the remuneration of executive management; see Note 5 to Orkla ASA's financial statements. A ceiling has been set for performance-related remuneration. The Board of Directors' statement of guidelines is made available to shareholders in a separate document pertaining to this item of business, together with the notice of the Annual General Meeting.

13. Information and communications

Orkla seeks to ensure that its accounting and financial reporting inspires investor confidence. Orkla's accounting procedures are highly transparent, and since 2005 Orkla has prepared and presented its financial statements in accordance with the International Financial Reporting Standards (IFRS). The Board of Directors' Audit Committee monitors company reporting on behalf of the Board.

Orkla strives to communicate actively and openly with the market. The company's annual and quarterly reports contain extensive information on the various aspects of the company's activities. The company's quarterly presentations are webcast directly and may be found on Orkla's website, along with the quarterly and annual reports, under "Investor Relations". In 2015, the company's Annual General Meeting was webcast and simultaneously interpreted to English. Orkla normally holds a Capital Markets Day every other year, on which occasion the market is given an in-depth review of the Group's strategic direction and operational development. The Capital Markets Day presentations are webcast directly on the company's website.

All shareholders and other financial market players are treated equally as regards access to financial information. The Group's Investor Relations Department maintains regular contact with company shareholders, potential investors, analysts and other financial market stakeholders. The Board is regularly informed of the company's investor relations activities. The financial calendar for 2016 may be found on Orkla's website under "Investor Relations".

14. Takeovers

The Board of Directors will not seek to hinder or obstruct any takeover bid for the company's operations or shares. In the event of such a bid as discussed in section 14 of the Norwegian Code of Practice for Corporate Governance, the Board of Directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code of Practice. This includes obtaining a valuation from an independent expert. On this basis, the Board will make a recommendation as to whether or not the shareholders should accept the bid. There are no other written guidelines for procedures to be followed in the event of a takeover bid.

The Group has not found it appropriate to draw up any explicit basic principles for Orkla's conduct in the event of a takeover bid, other than the actions described above. The Board of Directors otherwise concurs with what is stated in the Code of Practice regarding this issue.

15. Auditor

The Board of Directors has determined the procedure for the external auditor's regular reporting to the Board. Each autumn, the external auditor presents to the Board his assessment of risk, internal control and the quality of financial reporting at Orkla, at the same time presenting his audit plan for the following year. The external auditor also takes part in the Board's discussions on the annual financial statements. On both occasions, the Board of Directors ensures that it is able to discuss relevant matters with the external auditor without the presence of the management.

The external auditor and the President and CEO attend all meetings of the Board's Audit Committee. For information regarding the work of the internal auditor, reference is made to the section above on risk management and internal control. Orkla has established guidelines for the right of the general management to use the external auditor for services other than auditing. Responsibility for monitoring such use in detail has been delegated to the secretary of the Audit Committee, who is the Chief Internal Auditor. The secretary of the Audit Committee approves all material assignments in advance and receives an annual summary from the external auditor of services other than auditing that have been provided to Orkla. His annual report to the Audit Committee and the Board of Directors includes special comments on these services. Details of the company's use and remuneration of the external auditor are disclosed in Note 5 to the financial statements of Orkla ASA.

The General Meeting is informed about the Group's overall remuneration of the auditor, broken down in accordance with statutory requirements into remuneration for statutory auditing and remuneration for other services. In connection with the auditor's participation in the Audit Committee and the Board of Directors' consideration of the annual financial statements, the auditor also confirms his independence.

Ingvild – part of the Orkla family

01

ORKLA'S SUSTAINABILITY WORK

Orkla's sustainability work

With a global population of over seven billion, the Earth's resources are under severe pressure. The world faces major sustainability challenges that will have an impact on Orkla and the society of which we are a part.

Around one third of the world's population is now overweight. Lifestyle-related diseases are spreading, increasing the need for healthier food and more physical activity. Population growth and climate change put pressure on natural resources, which in turn affects the quality, availability and price of key raw materials. Consumers are attaching increasing importance to product content and the origin of raw materials. This necessitates higher standards of transparency and traceability at every stage of the value chain for food and grocery products. Production and consumption of food generate one fourth of all global greenhouse gas emissions and are one of the primary sources of water consumption. This calls for effective use of resources and the development of products with a smaller environmental footprint.

Orkla's footprint

As a leading manufacturer of branded consumer goods, Orkla has a responsibility for conducting its operations with respect for people and the environment, in a way that creates positive ripple effects for the communities around us. At the same time, the Group's operations are affected by global health and sustainability trends. Orkla's ability to reduce commercial risk and take advantage of the opportunities offered by these trends will be crucial to achieving long-term profitable growth.

Orkla's grocery products are purchased regularly by several million consumers, and affect their diet, health and well-being. Even small changes in product content can help to bring about important improvements in public health. For Orkla, the development of products that promote a healthy lifestyle represents a significant potential for revenue growth.

Orkla's food production makes the Group one of the largest purchasers of agricultural and marine raw materials in the Nordic region. At the same time, our use of energy and water and our sourcing of packaging and transport services impact on the environment. Orkla is also involved in certain global raw material chains with complex economic, social and environmental challenges. Effective use of resources and targeted efforts to ensure that raw materials are produced sustainably are important for reducing purchasing costs and securing stable, long-term supplies of raw materials.

Orkla is a major employer with its own extensive manufacturing activities and operations in many countries. Consequently, we have a considerable influence on our employees' well-being, health and personal development. Systematic efforts to improve the working environment, health and safety also have a significant commercial impact in the form of stable operations and lower sickness absence costs.

Orkla companies create economic ripple effects in local communities in the form of jobs, tax revenues and sourcing from local suppliers. For Orkla, transparency and a good stakeholder dialogue is key to long-term development and trust.

Reporting on corporate responsibility

Under sections 3-3a and 3-3c of the Norwegian Accounting Act, Orkla is required to report on its corporate responsibility and selected related issues. An account of the Group's efforts to address these issues in 2015 is provided in the following chapters on Orkla's sustainability work:

- "Orkla's sustainability work", page 38 (corporate responsibility)
- "Responsible sourcing", page 51 (human rights, workers' rights, social conditions and environment in the supply chain)
- "Environment", page 56 (environment)
- "Occupational health and safety", page 60 (working environment, injuries, accidents, sickness absence, employee rights in own company)
- "Human resource development and corporate culture", page 63 (human rights, equality and non-discrimination, anti-corruption efforts)
- "Orkla and society", page 67 (social conditions)

Corporate responsibility at Orkla

Orkla strives to contribute to sustainable development by supplying healthy, more environmentally-friendly products, maintaining high food safety standards, ensuring effective use of resources, fostering improvements in the supply chain and generally conducting our operations in a responsible manner. The Orkla Group directives on corporate responsibility and business ethics set out the general principles governing the way the Group companies must address human and workers' rights, environment, health and safety (EHS), anti-corruption efforts and other important responsibility issues. The directives are based on the Universal Declaration of Human Rights, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises. They have been adopted by Orkla's Board of Directors and apply to the entire Group, including wholly-owned subsidiaries. Orkla's corporate responsibility governance procedures are described in the Report of the Board of Directors on page 15 of this report.

Sustainability towards the year 2020

Orkla's sustainability strategy was drawn up in 2014 and sets the course for the Group's work up to 2020. It covers the four topics considered to be particularly important for Orkla from a combined sustainability and business perspective: food safety, nutrition and health, responsible sourcing and environment. The strategy will primarily be implemented through the efforts of the individual companies. In 2015, the Corporate Centre supported the efforts of the business areas and companies to translate Orkla's sustainability strategy into specific targets and measures for each business area. This work will continue in 2016. Orkla also launched a new vision and new values in 2015. A strategic pillar, "Society", has been introduced as part of its value base. This new pillar will help to ensure a systematic, fruitful stakeholder dialogue, and to ensure that efforts to promote sustainability are an integral part of the companies' strategies and plans.

Status of Orkla's sustainability work

Orkla has achieved improvement with respect to every main topic in the past few years. The companies work purposefully to adapt their product portfolios to health-related consumer trends and changes in official requirements. In 2015, all the business areas carried out successful launches of healthier foods or other products that offer health benefits. Orkla maintains close control of food safety in its own operations, maintaining high food safety standards in the Group factories that manufacture food and drink products. Orkla factories monitor environmental factors closely and are making good progress in reducing energy and water consumption and waste generation in their production operations. Orkla is also making good headway in monitoring suppliers to ensure the safe, responsible production of raw materials. The Group focuses on continuous improvement in key areas such as upgrading of skills, occupational health and safety and anti-corruption. The results for 2015 and goals for further efforts are described in more detail in separate chapters on each main topic.

Materiality

The choice of topics and indicators for reporting Orkla's sustainability work is based on a materiality analysis prepared in 2015. The analysis has been discussed with key senior executives and Orkla's employee representatives, and approved by Orkla's Board of Directors.

The materiality analysis is based on Orkla's sustainability strategy and main topics for Orkla's corporate responsibility work. For each main topic, an assessment has been made of which sub-issues are relevant for Orkla's operations, including an assessment of the aspects covered by the GRI G4 reporting standard. In this assessment, importance has been attached to the long-term commercial and societal impact of Orkla's efforts and of the topics' significance for stakeholders' assessments and decisions. The stakeholder groups considered to be most important for Orkla's chance of succeeding, and to which most weight has been attached, are investors, authorities, consumers, customers and employees. As information sources for understanding stakeholder priorities, Orkla has used analyses

UN GLOBAL COMPACT

Orkla has been a signatory to the UN Global Compact since 2005, and actively supports the initiative's Ten Principles for human and labour rights, the environment and anti-corruption.

"Along with Global Compact companies all over the world, we put the UN's new global goals for sustainable development on our agenda in 2015. Through Orkla's sustainability strategy, we address a number of these development goals, and we will use them as a beacon to guide our efforts."

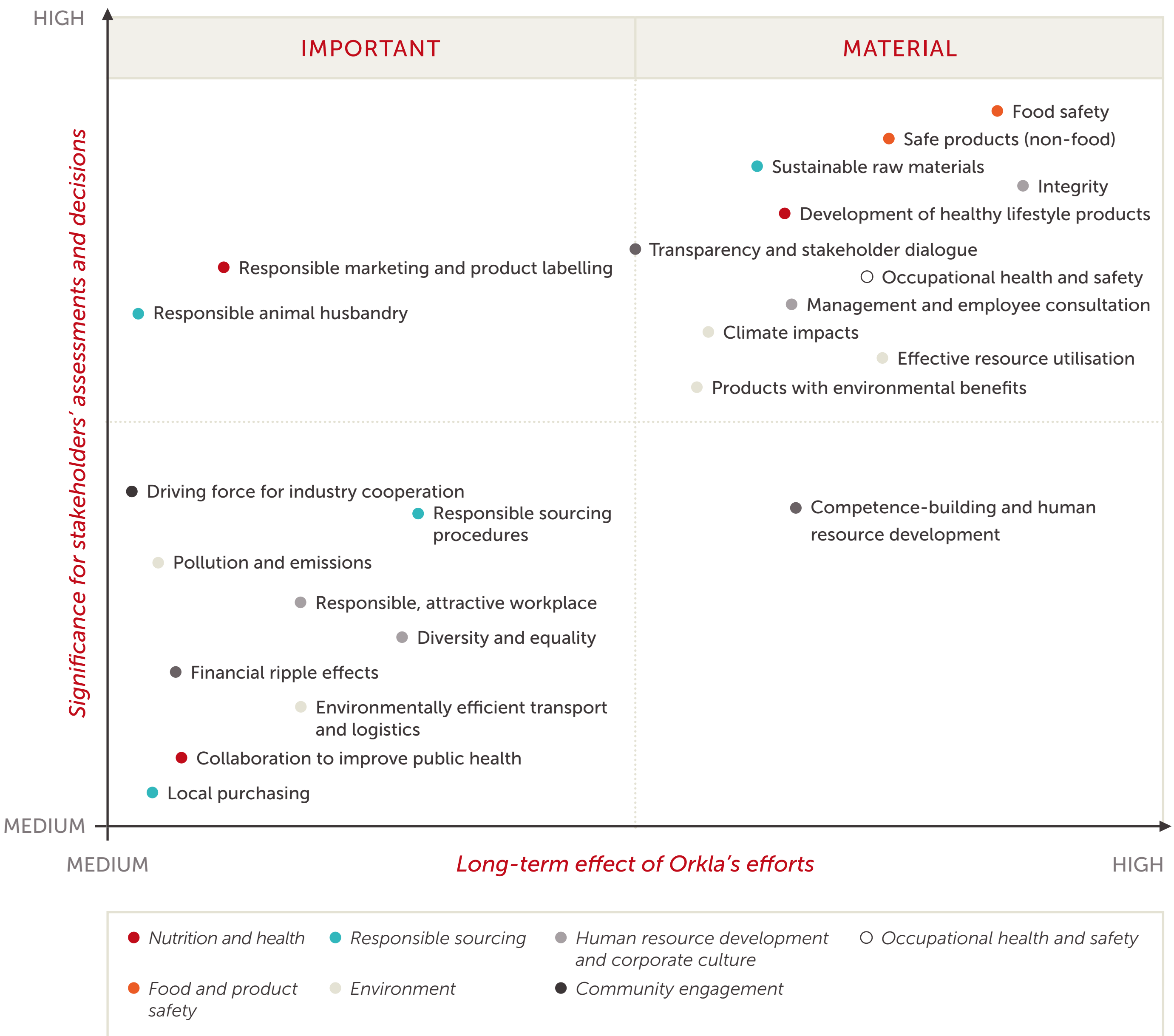
Peter A. Ruzicka
President and CEO

carried out by external sustainability analysts, relevant official rules and regulations, international corporate responsibility norms, and in-depth interviews on sustainability trends conducted with selected stakeholders in the autumn of 2014. In addition, Orkla specialists have made a discretionary assessment based on past experience and earlier stakeholder dialogues.

Orkla's sustainability reporting covers all the topics defined as important and material, but most importance has been attached to the material topics. The main reporting topics are the same as in 2014, but the report has been restructured as a result of the materiality analysis, and because all of Orkla's sustainability reporting for 2015 is included in Orkla's Annual Report. Orkla aims to report in accordance with the Global Reporting Initiative (GRI) G4 core reporting guidelines. Orkla's sustainability reporting for 2015 includes data relating to a range of Standard Disclosures from the GRI Guidelines. An overview of the indicators that are covered may be found at www.orkla.com/Sustainability/Results and in the sustainability reporting.

Unless otherwise stated, the key figures in Orkla's sustainability reporting cover all businesses in which Orkla owned an interest of more than 50% as at 31 December 2015. Key figures for emissions and energy and water consumption have been verified by the independent company CO_2 Focus. For information on the sustainability work of Orkla's subsidiaries Sapa and Jotun, reference is made to the companies' own reports.

Materiality analysis



Reena and Vilde – part of the Orkla family

02

NUTRITION AND HEALTH

Orkla makes everyday life healthier

Orkla's ambition is to help promote a healthier diet among the population at large. In 2015, the Group devoted substantial efforts to making Orkla's popular favourites healthier and developing new products that make it easier to choose a balanced diet.

Close to one third of the global population is now overweight, and lifestyle-related diseases are spreading. Tackling the world's health challenges necessitates dialogue and concerted efforts by the food industry, the retail sector, specialised experts and public authorities. Good health is our shared responsibility.

SUSTAINABILITY PLEDGE:

Orkla seeks to promote better public health by developing healthier products, using clear labelling, adhering to responsible marketing practices and implementing measures to increase physical activity among the population.

Orkla wants to be part of the solution. As a leading food and drink manufacturer, the Group can contribute to improving public health by developing products that make it easier to have a balanced diet, and by encouraging consumers to make healthy choices. Orkla has established the following main goals for its nutrition and health efforts up to 2020:

- Develop products containing less salt, sugar and saturated fat
- Launch concepts and innovations that promote a healthier life
- Help to increase consumption of fish
- Make it easier for consumers to choose healthy products
- Avoid marketing to children

Product development and innovation work at Orkla is informed by local needs and taste preferences, and several of the companies have their own development departments. The companies work systematically to reduce the content of salt, saturated fat and sugar in their products, and have defined category-specific targets. Orkla monitors the companies' efforts by means of internal reports and business area reviews. The results of the work are reported regularly to Orkla's Board of Directors.

Increased focus on vegetarian foods

More and more consumers are choosing vegan or vegetarian products. In 2015, Orkla Foods Sverige bought the Swedish food company Anamma Foods AB, which manufactures frozen vegan dishes. Anamma has developed into a well-known brand for consumers who want to reduce their intake of meat or to replace meat entirely in their diet. Anamma products are soy-based and contain no meat, eggs or dairy products. Under the Felix Smart Mat brand, Orkla Foods Sverige offers vegetarian millet products and healthy mince meat products containing less meat. In Denmark, the Orkla company Dragsbæk has a broad range of organic vegetarian dishes under the Naturli' brand.

Working together for better public health

To find effective solutions to the health challenges we face, Orkla works closely with the health authorities and external centres of expertise.

Orkla seeks to be an active partner of the public authorities, and is engaged in fruitful dialogue with them at both EU level and in several of the countries in which the Group operates. In 2015, Orkla continued to participate in the Norwegian Minister of Health's working group for food businesses, focusing on important topics such as reducing salt and saturated fat. Orkla signed the Directorate of Health's Salt Partnership, which aims to reduce the population's salt intake by 15% by 2018 and 30% by 2025. Through this collaboration, the food industry is developing common objectives for the salt content of important food categories and a common system for measuring results and highlighting the work that is being done. Orkla has committed to reducing the amount of salt used in its Norwegian products by 80 tonnes in the period from 2014 to 2018. The Orkla company Sonneveld in the Netherlands is involved in similar collaboration with the Dutch authorities and centres of expertise with a view to lowering salt intake, and has achieved good results.

Developing healthier food

Innovation requires a good knowledge of the way food affects the body. Through close collaboration with external centres of expertise, Orkla applies new knowledge of health and diet in the development of tasty, innovative products with a sound nutritional profile. Orkla companies are involved in 20 different research projects, and several studies related to Orkla's branded consumer goods and product categories are currently in progress.

Research projects

- The research project «Packing a Healthier Lunch» aims at developing products with a lower content of salt and saturated fat. Orkla Foods Norge is participating in the project, which will run until the end of 2017. The aim is to develop bread and processed cheese that contain less salt, and sausage containing less saturated fat and salt.

- Orkla's collaboration with the Igelösa Life Science Community gives the Orkla companies access to a centre of expertise with many years of experience of researching and developing products and meal solutions with positive health benefits.

- Several Orkla companies have teamed up with the Anti-diabetic Food Centre in Lund, Sweden to develop foods that can help to reduce the risk of cardiovascular disease, obesity and age-related diabetes.

Little changes can make a big difference

The company Orkla Confectionery & Snacks Norge is making changes to reduce the amount of saturated fat, salt and sugar in its products without compromising on taste. The company is working systematically to reduce the salt content in its products by 15% by 2020 and to eliminate palm oil in all of the products that it manufactures itself in the course of 2016. Nutrition and health are among the criteria against which innovations will be assessed in the coming years. Orkla Confectionery & Snacks Sverige has progressively removed palm oil from its snacks and biscuit products, and aims to make all the company's products palm oil-free by the end of 2016.

Healthy, tasty products from Paulúns

In 2015 Orkla Foods Sverige launched several new products under the Paulúns health brand. Innovations include Paulúns Ugnsristad Supermüsli (oven-roasted muesli) and Paulúns Superflingor Special (cereals), in addition to a chilled variety of Paulúns Supergrøt porridge. The porridge has a high content of whole grains, in addition to ingredients such as chia seeds, which are a natural source of fibre and minerals. Orkla Foods Sverige develops the products in close collaboration with nutritional physiologist Fredrik Paulún. Characteristic of the products is that they contain natural raw materials with a wholesome nutritional profile, are free from additives and have no added sugar.

Healthier popular favourites

Many Orkla products are part of consumers' daily diet, and even small changes in salt, fat and sugar content can lead to important improvements in public health.

Orkla strives actively to make its food and drink products healthier, and in the past few years has intensified its focus on fish, high-fibre grain products, natural foods with no artificial additives and products for people with allergies.

Orkla's food companies work systematically to reduce the quantity of salt, sugar and saturated fat in their products, while preserving the good taste of consumer favourites. By making everyday food healthier, Orkla is helping to improve people's diet.

Less salt

Nordic consumers now consume almost twice the recommended amount of salt. A high salt intake increases the risk of cardiovascular and other diseases. The health authorities therefore recommend that we limit our consumption of salt to a maximum of 5 grams per day.

Results in 2015:

Products that were given a lower salt content in 2015 are pizzas, snacks, soups, bread mixes, sauces, dressings and ketchup. The effect of this work is equivalent to an annual reduction in salt consumption of approximately 80 tonnes.

Less saturated fat

Saturated fat increases LDL cholesterol, which is linked to the risk of cardiovascular disease. Health authorities recommend limiting the proportion of saturated fat in our diet to no more than 10% of our energy intake. Since 2008, Orkla has reduced the content of saturated fat by approximately 7,800 tonnes. Most of this reduction has been made in products in which palm oil was an ingredient.

Results in 2015:

In 2015, Orkla replaced palm oil with healthier alternatives like sunflower oil and shea nut oil in a variety of products, including Smash sweets, Polly nuts and some margarine products. The effect of this work is equivalent to an annual reduction in consumption of saturated fat of approximately 290 tonnes.

Reduced consumption of sugar

A high intake of sugar can impact negatively on health. WHO recommends that the total sugar content of our diet should not exceed 10% of our daily energy intake. Orkla offers sugar-free or low-sugar alternatives in categories such as drink products, bread toppings, jams and ketchup. The Orkla companies are also working actively to reduce the amount of sugar in more products.

Results in 2015:

Orkla helped to reduce the population's sugar intake by 120 tonnes in 2015 by developing new sugar-free and low-sugar alternatives. Product innovations in 2015 include FUN Light Green and FUN Light Squeezy cordials, IFA Super Fruit sweets and the New Energy Nøttebar nut bar. Indian MTR Foods has reduced the sugar content in its popular Badam Drink Mix, and Estonian Põltsamaa Felix has lowered the level of sugar in its dressings and juice.

[1]Total reduction in amount of sugar from products in which the sugar content has been reduced.

Bixit with more oats and less saturated fat

The Bixit oatmeal biscuit was relaunched in 2015 with no palm oil and a higher content of oats. That means less saturated fat and more of the goodness of oats. When the palm oil in Bixit Original was replaced with sunflower, shea nut and coconut oil, the proportion of saturated fat was reduced by 63%. With an oatmeal content of 36%, Bixit Original is the biscuit on Norwegian store shelves that contains the highest percentage of oats.

Making it easier to make healthy choices

Good information on the nutritional content of food products is essential to enable consumers to make informed choices in stores.

Orkla considers it important to make it easy for customers and consumers to find information on what our products contain. This is a prerequisite for being able to make healthy, informed choices in stores. In 2015, our companies continued to implement Orkla's internal guidelines for good, uniform nutrition labelling, which apply to all product categories. The Group's nutrition labelling strategy was drawn up in 2013, and will be fully implemented in 2016. Consumers can also find information on nutrition and health and the nutritional content of specific products on the companies' websites. The Orkla companies have dedicated consumer service departments that can be contacted through a variety of channels.

Avoiding marketing to children

As a major advertiser, Orkla is committed to acting responsibly and protecting children and adolescents from marketing that may be misleading or put undue pressure on them to buy products.

Orkla considers it crucial that the food industry is part of the solution, and believes industry-governed self-regulation to be the best solution. In 2013, therefore, Orkla helped to initiate the establishment of the Food and Drink Industry Professional Practices Committee (MFU), which is tasked with ensuring that the industry does not market food and drink products to children and adolescents. In 2015, Orkla took part in a meeting with the EU Commission in Brussels, along with eight multinational companies and the World Federation of Advertising. The Commission wished to learn more about the voluntary system that has been established in Norway, and invited Orkla to give a detailed presentation of the MFU and Orkla's involvement in efforts to ensure responsible advertising to children and adolescents.

RESULTS IN 2015:

In 2015, Orkla companies reported three compliance matters related to the use of claims in marketing, a matter related to the voluntary guidelines for marketing food and drink to children and adolescents, and a matter related to product labelling rules. None of the matters resulted in a fine.

Jeanette and Zaida – part of the Orkla family

03

FOOD AND PRODUCT SAFETY

A question of trust

Orkla aims to be on a par with the best companies in the world when it comes to food safety. That is why we apply the same high product quality standards in every country in which our products are manufactured or sold.

More and more consumers want to know where their food comes from and how it is produced. As a leading food and drink manufacturer, Orkla is committed to taking responsibility for people's health and putting in place good food safety procedures in every part of our value chain.

SUSTAINABILITY PLEDGE:

Orkla applies the same product quality standards regardless of the country in which we manufacture or sell our products.

Orkla has established the following main objectives for its food safety work up to 2020:

- Ensure a strong food safety culture in all our companies and factories
- Ensure that all factories meet the requirements in Orkla's Food Safety Standards (OFSS) by the end of 2016
- Ensure that all suppliers comply with Orkla's stringent food safety requirements
- Intensify our efforts to ensure safe, healthy raw materials in every part of our value chain by working closely with farmers and adopting effective traceability systems
- Strengthen our ability to deal with new risk factors in our value chain through collaboration with external centres of expertise

Safe food production

All the Orkla companies that manufacture food, drink and dietary supplements must meet the requirements in Orkla's own food safety standards (OFSS), and are monitored by means of regular audits. Among other things, a thorough risk assessment of all new food products must be performed to identify and control potential health hazards associated with ingredients, packaging and use. Every year, the Group's internal food safety auditors visit an average of 70 factories, from KiMs' crisps factory at Skreia, Norway, to MTR Foods' production plants for ready meals and spices in Bangalore, India. As a result of Orkla's long-term systematic efforts to ensure food safety, Orkla factory standards are very high.

The Orkla Food Safety Standard (OFSS) is based on the internationally recognised food safety standard established by the British Retail Consortium (BRC), and has been further developed by Orkla's central Food Safety Department to cover every risk factor of special relevance for Orkla's food production. A new version of the OFSS was implemented in the second half of 2105, with a number of new, more stringent requirements relating to supplier monitoring, including risk assessment and vulnerability analyses. It also contains stricter labelling requirements to ensure that the product conforms with claims made on its packaging. Orkla also revised its Hazard Analysis and Critical Control Point (HACCP) manual in 2015, and held courses at which the manual was presented to key personnel in every part of the Group.

Safe deliveries of raw materials

Orkla has a large number of raw material suppliers all over the world. The Group's collaboration with these suppliers is conditional on their compliance with the Orkla Supplier Code of Conduct and the Group's rigorous food safety requirements. Through a Group-wide supplier approval and monitoring system Orkla ensures that its companies have the necessary tools and guidelines for carrying out risk assessments and approving and following up on suppliers of raw materials, packaging and finished goods manufactured under contract. Suppliers are monitored by means of self-assessment forms and physical audits conducted by Orkla's audit team.

The Food Safety Department at Orkla trains internal food safety auditors and provides courses on Orkla's food safety system.

Effective contingency management

Orkla has drawn up a contingency plan to deal effectively with unforeseen and undesirable incidents. In 2015, contingency exercises were held for the management teams of four selected companies, with focus on the importance of a good understanding of contingency preparedness, procedures for dealing with a contingency situation and media training. In addition, annual drills are held at individual factories. A number of incidents involving incorrect product labelling occurred in 2015, as well as an incident where a consumer was hospitalised due to a wrongly labelled product.

RESULTS IN 2015

Audits of Orkla factories:

- 72 factories and 4 head offices were audited, compared with a total of 83 in 2014.
- 736 audits have been conducted since the introduction of the OFSS in 2004.

Food safety training:

- 17 persons participated in the Orkla Food Safety Training Course, compared with 21 in 2014.
- 144 employees have completed the course since it first started in 2010.

Supplier monitoring:

- 1,555 self-assessment forms were distributed to Orkla's suppliers, compared with 1,456 in 2014.
- 1,089 risk assessments were conducted by Orkla companies.
- 307 physical audits were carried out, compared with 216 in 2014.

Training in supplier auditing:

- 20 employees received training in supplier auditing, compared with 17 in 2014.

Orkla´s food safety value chain

Raw materials

Raw material specification, risk assessment, supplier approval and monitoring.

Transport

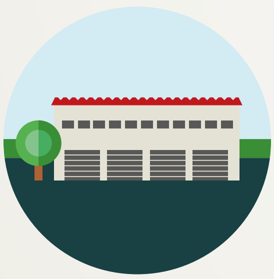
Checking of cleanliness, odour, maintenance and, if relevant, temperature.

Receiving inspection

Inspection, labelling, packaging and certification of raw materials.

Production

In compliance with the Orkla Food Safety Standard and HACCP.



Warehousing

In compliance with requirements for hygiene, safe storage and, if relevant, temperature.

Transport to customers

In compliance with requirements relating to cleanliness, odour, maintenance and, if relevant, temperature.

Safe, quality products

Ensuring that consumers are safe is a main priority for Orkla. That is why Orkla Care sets stringent quality and product safety standards when developing household cleaning products, textiles and personal care products.

In the same way as in Orkla's food production, the Orkla Care companies adhere to strict product safety guidelines in every part of their value chain, from innovation and product development to the manufacturing processes of Orkla's suppliers or Orkla's own factories, right up until the product reaches the consumer. The companies carry out an assessment of health and safety aspects related to each product as part of the product development process.

Consumer safety work is based on the precautionary principle, and companies seek to replace ingredients that could potentially have a negative effect on health or the environment. All Pierre Robert textile products have undergone a health and safety assessment. The same applies to detergents and household cleaning and personal care products manufactured by Orkla Home & Personal Care. The companies keep close track of research on health hazards linked to raw materials that may be relevant, and comply with restrictive guidelines for the use of chemicals

Well-documented ingredients

In its development of detergents and personal care products, Orkla Home & Personal Care uses only well-documented ingredients that have been approved in compliance with a strict European regulatory framework. The company continuously strives to further develop and improve its products from a health and environmental standpoint. In 2015, there was focus on replacing perfumes that could cause allergies and reducing use of controversial preservatives. Orkla Home & Personal Care launched the Define Pure Therapy hair care range in 2015, which is completely free of parabens, silicone and colorants. The range was specially developed for Norwegian pharmacies, and satisfies the requirements of the hairdressing trade's "Green Hairdresser" environmental concept. The AquaDerma skin care range is another example of recently launched products that contain no parabens, mineral oil, alcohol or silicone.

Improved child proofing

In line with the initiative launched by the European detergent industry, Orkla Home & Personal Care carried out a product safety programme for OMO laundry detergent capsules in 2015, aimed at further reducing the risk of children coming into contact with the capsules. Both the information on the packaging regarding correct use and storage and the child-proofed lid have been improved. Furthermore, the products have been given a bitter taste to help ensure that they will be spit out if children try to put them in their mouth.

Safe textiles

Pierre Robert Group's garments are worn against the skin and must be safe to use, particularly on children's sensitive skin. Pierre Robert Group therefore applies strict requirements for use of chemicals. To ensure that the garments contain no hazardous or environmentally harmful substances, all its suppliers are required to comply with Pierre Robert Group's chemicals regulations. These regulations are in line with, or stricter than, the EU Regulation on the use of chemicals, and are continuously updated in accordance with current regulations. Pierre Robert Group regularly carries out random tests of products during production and delivery. The tests are conducted by independent, certified laboratories.

Photo: Pierre Robert Group

04

RESPONSIBLE SOURCING

Working together to ensure a sustainable value chain

Orkla is committed to sourcing safe, environmentally-friendly raw materials. By setting clearly defined requirements for its suppliers and working together to solve complex challenges in the value chain, Orkla seeks to contribute to sustainable development.

Sustainable development means meeting the needs of today's population without compromising the ability of future generations to meet their own needs.

Population growth and climate change are putting growing pressure on natural resources. This affects the quality, availability and price of key agricultural raw materials, fish and seafood. The production of certain raw materials can also pose risks to the environment, people and animals.

SUSTAINABILITY PLEDGE:

Orkla will strive to develop sustainable value chains. In 2020, all sourcing will be carried out in compliance with Orkla's sustainable production principles.

Orkla attaches great importance to using safe, environmentally-friendly raw materials in its products. By setting clear requirements and working closely with suppliers, Orkla actively seeks to resolve environmental and social challenges in the value chain. Orkla has established the following main objectives for its responsible sourcing efforts in the period up to 2020:

- Ensure that all suppliers comply with Orkla's Supplier Code of Conduct.
- Ensure that important agricultural products, marine raw materials and packaging are produced sustainably. This applies to products such as cocoa, palm oil, soybean, vegetables, berries, fruit, nuts and seeds.
- Contribute to long-term improvement in conditions for 10,000 farmers.

Competence-building

In 2015, Orkla established cross-disciplinary teams to support its companies' efforts to achieve the goal of sustainably produced raw materials by 2020 at the latest. Through an internal network, purchasing staff exchange knowledge and experience across the Orkla companies. The network is headed by Orkla's Group Procurement Department. Responsible sourcing is also a topic covered in Orkla's leadership development programmes and in purchasing and sales training programmes.

Orkla's approach to responsible sourcing

All Orkla's suppliers are required to comply with the Group's Supplier Code of Conduct, which sets out the standards Orkla expects its suppliers to meet with regard to human rights, workers' rights and social conditions, environmental waste management and anti-corruption efforts.

Orkla's responsible sourcing work is based on a three-step model:

1. General risk assessment of its supplier base
2. Requirement that high-risk suppliers are members of the Supplier Ethical Data Exchange (Sedex) and perform self-assessments
3. Audit of business ethics when necessary

Procedures for identifying risk and monitoring suppliers have been implemented in 23 companies, which account for a total of 85% of sourcing in Orkla's core areas.

Risk identification

Every year Orkla carries out a general risk assessment of its present portfolio of suppliers and of any new suppliers. The assessment tool was improved in 2015, and now contains assessment criteria relating to human rights, working conditions, the environment and corruption. A total of 85% of Orkla's purchases are made from suppliers assessed as being at low risk of serious breaches of Orkla's Supplier Code of Conduct. Potential high-risk suppliers must undergo a more detailed risk assessment based on a standardised method developed by Sedex. At the end of 2015, 274 of Orkla's high-risk suppliers were registered in Sedex.

Monitoring of suppliers

The Orkla companies monitor potentially risky suppliers by engaging in dialogue, conducting audits and providing guidance. Ethical audits are carried out where there is a need for a more detailed, independent assessment.

All audits are summed up in a non-conformity report with an associated corrective action plan, and the supplier is required to commit to remedying identified non-conformities within an agreed period of time.

Sourcing at Orkla

The value of Orkla's purchases in 2015 totalled NOK 19 billion. Approximately 61% of procurements are made from suppliers in the Nordics and Baltics, which are Orkla's most important markets. Orkla's branded consumer goods companies purchase raw materials, other materials and services from some 24,000 suppliers, 3,000 of which are major suppliers.

SOURCING BY GEOGRAPHICAL AREA

Nordic region	58%
Baltic region	3%
Rest of Europe	30%
Rest of the world	9%

RESULTS IN 2015

Audits

- 115 ethical audits were conducted in the period 2014–2015. A total of 312 non-conformities were detected, primarily related to health and safety, working hours and wages. 84 non-conformities were remedied, and the rest will be dealt with in 2016.

Goals for 2016

- All high-risk suppliers must be a member of Sedex and, if necessary, undergo an ethical audit.

Internal competence-building

- A total of 540 hours of training were provided for 198 staff members in 2015.

- The corresponding figures for 2014 were 894 hours of training for 98 staff members.

ORKLA'S PARTNERS

The Ethical Trading Initiative (IEH)

The Ethical Trading Initiative (IEH) is a member-based centre of resources and expertise on ethical trade made up of companies, public sector enterprises and organisations. The objective is to achieve cooperation on trade that promotes human rights, labour rights, development and the environment. IEH membership binds members to engage in concrete, targeted work for improvement over time. Orkla is a member of IEH, and is represented on the board of the organisation.

AIM-PROGRESS

Orkla is a member of AIM-PROGRESS, an international industry network that cooperates on courses and other measures to bring about improvements in the supplier chain.

Sedex

Sedex is an organisation that offers systems for standardised risk identification and simple information-sharing. Orkla uses Sedex to identify risky suppliers.

Complex raw material supply chains

There are social and environmental challenges associated with certain raw material supply chains. To ensure that raw materials are produced with respect for people and the environment, several Orkla companies have become actively involved in efforts to improve conditions in the production of raw materials such as cocoa, palm oil, fish and shellfish.

Orkla contributes to ensuring responsible production of raw materials by adopting certification schemes, participating in industry initiatives and collaborating on projects with authorities and advocacy organisations. The Group's aim is for agricultural products and marine raw materials that are part of complex global value chains to be sustainably produced by 2020.

Sustainable cocoa farming

Small cocoa farms in West Africa produce close to 70% of the world's cocoa. There are several challenges associated with this production, including the risk of child labour and potential health and safety hazards for workers. Orkla wishes to reduce the risk of child labour and other unacceptable practices, and to help improve the earning potential and living conditions of cocoa farmers. The Group companies seek to promote sustainable cocoa cultivation, such as by purchasing certified cocoa through the UTZ Certified programme. Through this certification scheme, cocoa farmers are monitored to ensure the use of responsible farming practices without child labour, and are taught sustainable and more profitable cultivation methods. The programme also helps to give children the opportunity to attend school.

Orkla's aim is for all the cocoa purchased by its companies to be sustainably produced by 2020. In 2015, 42% of Orkla's sourced cocoa was UTZ-certified. Orkla brands that use only UTZ-certified cocoa include all Nidar chocolate brands (Stratos, Troika, Smash! and several others) and Nugatti chocolate spread.

Certified fish and shellfish

Sustainable management of marine resources is crucial to ensuring viable species diversity in the ocean. Fishing can also, in some cases, involve a risk of unsatisfactory working conditions and human rights breaches. Orkla sets strict requirements for its fish and shellfish suppliers regarding control of subcontractors, and carries out regular audits. An internal team for marine raw materials has been established to ensure that the raw materials come from sustainable stocks, among other things by means of an annual assessment of the sustainability situation for fish and shellfish.

Orkla has also long been engaged in several initiatives to protect the marine environment. Around 75% of the Orkla Foods companies' marine portfolio was MSC-certified in 2015, compared with 50% in 2014. The Marine Stewardship Council (MSC) is a global organisation that administers eco-labelling certification programmes for fish from the world's oceans which guarantee that the fish have been caught using approved methods and from a sustainable stock.

Orkla Foods Sverige mainly sources fish from the north-east Atlantic for the manufacture of food products under the Abba and Kalles brands. It is the company's aim that all products containing fish or shellfish are MSC-/ASC-certified by the end of 2020. All Abba's herring products are MSC-certified, and 100% of all fish raw materials used in Abba's fish balls and Kalles fish roe spread comes from MSC-certified fish stocks.

Orkla Foods Sverige and the organisation Sustainable Fisheries Partnerships jointly run a public-private collaborative project supported by the Swedish International Development Cooperation Agency (SIDA), aimed at ensuring sustainable management of longtail tuna (Thunnnus Tonggol), which is fished in the waters off the coast of Thailand. The project has made good progress in 2015. (Read more about Orkla Foods Sverige's efforts to protect the marine environment at www.orklafoods.se.)

Responsible textile manufacturing

Production of textiles in Asia can entail poor working conditions and environmental hazards. Pierre Robert Group works actively to ensure that its garments are manufactured with the interests of people, animals and the environment in mind. To make it easy for consumers to see where the garments come from, the company introduced a system of country-of-origin labelling on all its clothing in 2014. In addition to the country of production, the packaging for the company's wool products provides information about the origin of the wool. Pierre Robert Group purchases only mulesing-free wool, and all wool garments are labelled "mulesing-free". In 2015 Pierre Robert Group drew up a general sustainability strategy with ambitious goals for the period up to 2020.

Pierre Robert Group's garments must be manufactured under decent conditions. To ensure this, the company imposes specific requirements on its suppliers, who are monitored by means of visits and audits. In 2015, 10 audits and 33 visits to factories were carried out. Of these, 16 visits were made to new factories which were being evaluated. Pierre Robert Group also attaches great importance to maintaining long-term relationships with its suppliers. Around 36% of the suppliers have worked with the company for 11 years or more, and Pierre Robert Group has collaborated with as many as 75% of its suppliers for 3 years or more. In 2015, 79% of Pierre Robert Group's purchasing was carried out in Asia (mainly China) and 21% in Europe. The company submits annual reports on its work to the Ethical Trading Initiative Norway (IEH), which are available to the public on the IEH website.

Protecting the world's forests

Orkla is committed to preserving rainforests and other natural forests with high conservation value, and in 2015 intensified its efforts to ensure that its products do not contribute to deforestation.

Conservation of tropical rainforests and other forests with high conservation value is crucial to limiting global warming and preserving natural diversity. Preventing deforestation in the supply chain is a key focus of Orkla's efforts to ensure sustainable raw material production. To achieve this objective, it will be necessary to solve complex environmental and social challenges, a task that will require the concerted efforts of manufacturers, retailers, buyers and authorities.

Orkla's ambitions

Orkla seeks to do its utmost to protect rainforests, prevent human rights breaches and ensure compliance with other ethical requirements in the Group's supply chains. In 2015, Orkla introduced a policy to promote deforestation-free supply chains, which establishes guidelines for this work. The goal is to ensure that all key agricultural commodities are sustainably produced without deforestation by 2020, and in the case of palm oil as early as 2017. The new policy is a natural follow-up of the commitment that Orkla made by signing the 2014 UN-initiated New York Declaration on Forests and the Carbon Disclosure Project (CDP) initiative, "Remove commodity-driven deforestation from all supply chains", launched prior to the climate summit held in the autumn of 2015.

Good stakeholder dialogue

In 2015, Orkla pursued a good, constructive dialogue with the Rainforest Foundation Norway and Greenpeace, which has provided important input for Orkla's zero deforestation policy. Under the auspices of the Norwegian network for sustainable palm oil, Orkla held two seminars on sustainable palm oil. The Group also took part in a panel discussion at a conference on forest conservation organised by the Rainforest Foundation Norway, the Confederation of Norwegian Enterprise (NHO) and the Ministry of Climate and Environment.

Palm-oil free branded consumer goods

Orkla has adopted a two-pronged strategy on palm oil, entailing that its companies make active efforts to reduce their use of palm oil, and ensure that the palm oil that is used is traceable and sustainably produced by the end of 2017 at the latest. Orkla continued to make considerable headway towards these objectives in 2015. Through extensive product development, the companies have succeeded in replacing palm oil with healthier oils in a number of Orkla products, while preserving the products' good taste. Orkla's purchases of palm oil have been reduced by as much as 19,700 tonnes since 2008, including 815 tonnes in 2015. Between 2008 and 2015, the Nordic companies in

Orkla Foods and Orkla Confectionery & Snacks slashed use of palm oil in their food products by around 90%. Orkla's branded consumer goods operations as a whole[1] reduced palm oil use by approximately 70%.

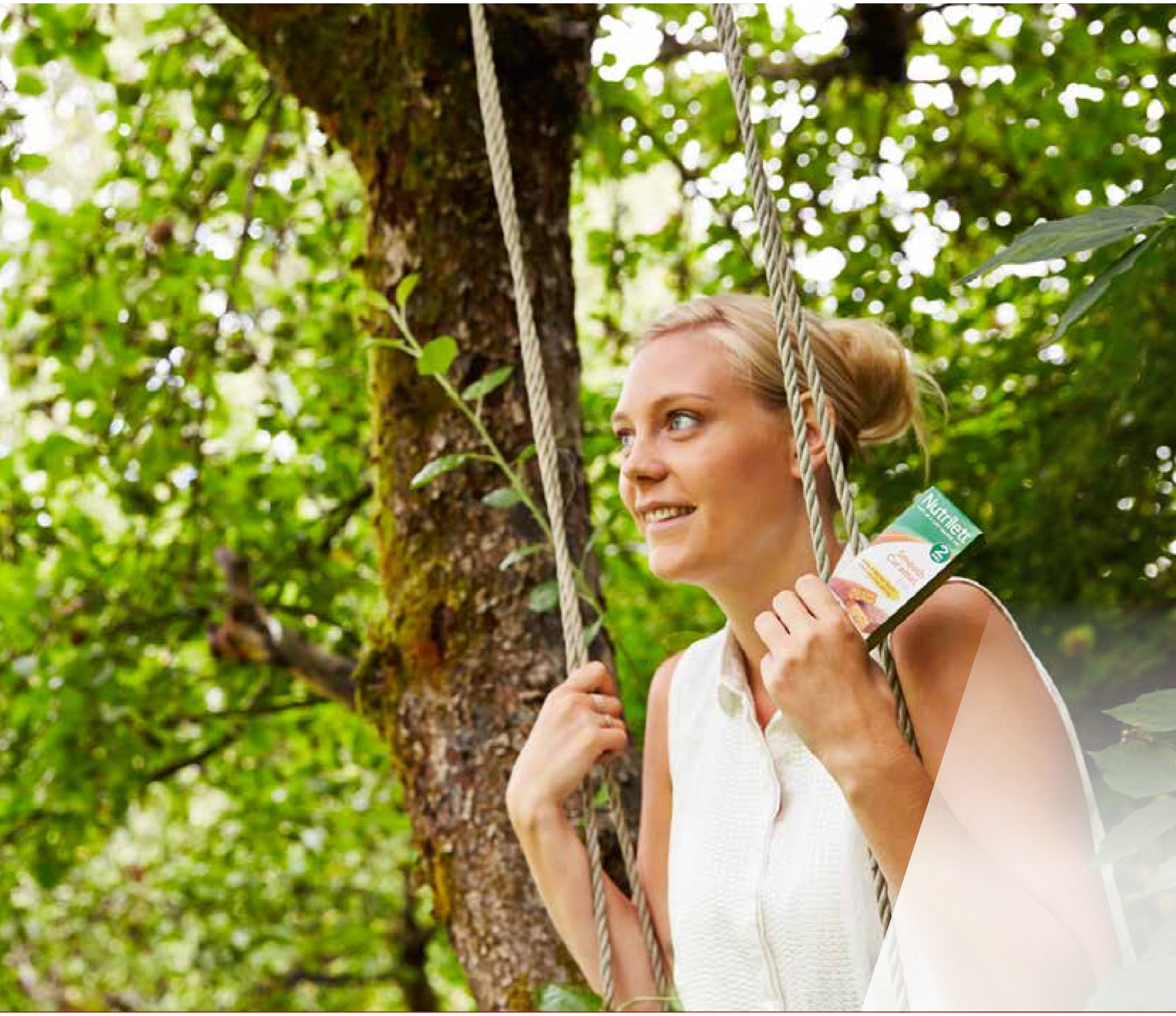
The vast majority of food products, biscuits, snacks and confectionery manufactured by Orkla for the Nordic grocery market are now palm-oil free. Today, the palm oil sourced by Orkla is primarily used in Orkla Food Ingredients' operations in the European market for bakery ingredients. Some of this activity consists of manufacture under contract for private labels.

Sustainable palm oil production

In 2015, Orkla made good progress in its efforts to promote sustainably produced palm oil. The Group has engaged in an active dialogue with its suppliers, who have carried out a wide range of measures to spur sustainable production in their supply chains. Orkla supports the certification organisation Roundtable of Sustainable Palm Oil (RSPO) and the important work that it does. The Orkla Group became a RSPO member in 2015, and maintained an ongoing dialogue with suppliers and customers during the year, aimed at increasing the percentage of RSPO-certified palm oil that they use.

Orkla was the second branded consumer goods company in the world to adopt the KnownSources traceability system. The system provides an overview of where palm oil is produced, making it possible to carry out targeted improvement work in the value chain. Orkla wishes to contribute to making KnownSources a new global industry standard for traceable palm oil production.

[1]Includes Orkla Foods, Orkla Confectionery & Snacks and Orkla Care.



Lisen – part of the Orkla family

05

ENVIRONMENT

Shared responsibility for the environment

Orkla's operations must have the least possible impact on the environment. Important measures include reducing Orkla's energy consumption, limiting its greenhouse gas emissions and minimising waste.

The biggest environmental challenge now facing the world is climate change, which will affect people's livelihoods, food production, access to water, health and environment. One fourth of global CO_2 emissions derive from the production and consumption of food.

Orkla is committed to taking responsibility for and helping to tackle environmental challenges in every part of its value chain. It has defined the following main goals for the period up to 2020:

- Develop more environmentally friendly packaging and products with a smaller environmental footprint
- Reduce greenhouse gas emissions by 20%
- Reduce energy consumption by 20%
- 30% less waste
- Reduce water consumption by 20%
- More effective transport solutions

SUSTAINABILITY PLEDGE:

Orkla will minimise its environmental footprint by ensuring that the Group's activities and products are not harmful to the environment.

By taking action to reduce the environmental impacts of supplier activities and consumption processes, Orkla can make a major, significant difference. Examples of important activities are monitoring suppliers to prevent deforestation in the supply chain, developing packaging with a lower environmental impact and using product design that reduces food waste or makes it easier to recycle packaging.

Employee awareness and engagement are a crucial prerequisite for the success of environmental measures. Orkla's environmental activities are organised by the individual companies, which are reponsible for ensuring that focus on the environment is an integral part of day-to-day operations. In 2015, Orkla adopted an environmental, health and safety (EHS) standard establishing common guidelines for all the Group's business areas and companies.

Energy and resource use

Orkla considers it essential to reduce its energy consumption and maximise its use of renewable energy. In 2015, it launched a central programme to introduce energy management and follow up on improvements and measures implemented at five pilot factories at the following sites: Arna (Norway), Kungshamn (Sweden), Trondheim (Norway), Bysice (Czech Republic) and Løren (Norway). Through this pilot project, Orkla has acquired the requisite knowledge to be able to implement the programme effectively at all Orkla production facilities. The project also documented that the target of a 20% reduction in energy consumption is realistic. The programme will continue in 2016, and will gradually be expanded to include another 10-12 factories that will draw up plans to reduce their energy consumption and switch to renewable energy. The goal is for energy management to be implemented at all factories by the end of 2018 to ensure permanent improvement and systematic monitoring of energy consumption. Energy use rose slightly in 2015, but this is due to increased production compared with 2014.

Fresh water is an increasingly scarce resource in many parts of the world. Orkla will reduce water consumption in every part of its value chain, and will measure factories' use of water, efficiency improvements and measures to reduce consumption. Total water consumption has risen due to increased production, but more water is being recycled and there is stronger focus on water use efficiency.

Production of raw materials has substantial impacts on the environment. Orkla strives to maximise raw material yield while minimising wastage. In 2015, a waste reduction

Reduced energy use in factories

Orkla Foods Sverige's factory in Kungshamn produces seafood products such as Abba herring, fish balls and fish sauces, Kalles kaviar fish roe, Grebbestad anchovies and Abba Mästermakrill mackerel. The factory has worked purposefully to improve its energy efficiency performance since 1998, and in 2010 was awarded the E-prize for best energy improvement in Swedish industry. The factory reduced its energy consumption by 26.4% from 1998 to 2015. As one of five pilot units in Orkla's central energy management programme, the factory in Kungshamn aims to reduce its energy use by a further 22% in the next two-year period.

programme was initiated at central level, which is described under the section on "Waste".

Emissions

The emissions generated by Orkla's own food manufacturing operations are limited. The main sources of environmental impacts are greenhouse gas emissions and water consumption in connection with the cultivation of raw materials. Other emission sources are packaging production and transport. Emissions from Orkla factories are primarily released to the air. These consist of greenhouse gases, sulphur dioxide and nitrogen oxide from use of fossil energy sources to produce steam and heat. There are also challenges associated with noise and odour. Process water, containing organic compounds and fat, is treated either in Orkla's own water treatment facilities or controlled before it is delivered to municipal waste water facilities.

Orkla companies are engaged in a regular dialogue with local authorities on compliance with regulatory frameworks and other matters. In 2015, four Orkla companies received complaints about odours, noise or emissions from neighbours or municipal authorities. These matters were dealt with through dialogue and relevant improvements.

Orkla's greenhouse gas emission performance improved in the past year, since emissions were reduced despite increased activity. Emissions generated by use of fossil fuel fell due to lower use of fuel oil. Energy efficiency improvements and a changeover to gas have cut emissions. The indirect emissions related to the purchase of electricity and heat have declined substantially because energy producers are increasingly using renewable energy sources such as wind power, bioenergy, solar energy and hydropower. In Scandinavia, in particular, a great deal of renewable energy is now being phased in, besides which heavy precipitation creates less use of fossil fuel in the energy sector.

Waste

Increased waste and food wastage are one of the principal global environmental challenges. Orkla works continuously to increase production yield and reduce food wastage, a goal that is important for both the environment and Orkla's profitability. Efforts are also made to ensure the best possible sorting of waste to achieve optimal utilisation. All waste is delivered to approved facilities. Total waste was reduced by 11% from 2014 to 2015.

In 2015 a central programme was introduced to reduce waste at Orkla factories. The aim is to optimise use of raw materials and minimise loss and wastage. A project involving five pilot factories has been initiated to identify the parts of the production process that offer the greatest improvement potential, after which project plans will be drawn up and measures will be prioritised. The programme will continue in 2016 and will gradually be expanded to encompass another 8-10 factories tasked with preparing plans to reduce loss of raw materials in production processes and minimise factory waste.

Products with environmental benefits

Choosing the right raw materials, packaging and product design can be highly significant for products' environmental impact. In recent years, Orkla companies have taken a range of steps to reduce their use of packaging, facilitate simple recycling, reduce food wastage and provide guidance for consumers on waste management and other matters of environmental significance. In 2015, Orkla achieved a reduction of 7% in its use of packaging materials. Orkla plans to intensify its efforts to develop products with lower environmental effects.

CDP reporting

Orkla works systematically to minimise its environmental footprint, and prepares an annual set of environmental accounts that show changes in its companies' environmental impacts. Since 2008, Orkla has reported environmental information to the investor initiative CDP, which has become the foremost global system for climate and environmental reporting. CDP assessment covers policy, climate and energy accounts, measures implemented and improvements. The number of companies reporting to CDP rises every year, and CDP's continually takes new steps to put environmental issues on the agenda.

The results for 2015 show that Orkla ranks among the 10–15% best companies, both at global level and compared with the 147 Nordic companies that have reported under the CDP's Knowledge for Climate programme. In 2014, Orkla participated in the CDP's Forest Programme for the first time, and in 2015 it also reported to the Water Programme.

Sustainable natural materials

Pierre Robert Group strives to use sustainable materials. In 2015 the company replaced viscose with the natural material Tencel® in the long-sleeved tops in its Pierre Robert Wool Collection, and launched a new t-shirt made of 55% merino wool and 45% Tencel. In wool blends, Tencel wicks moisture away from the skin even more effectively and helps the garment keep its shape. Tencel is made from wood pulp produced from sustainable forests, and is considered to be one of the most eco-friendly fabrics, also in terms of the manufacturing process. Trees used to produce Tencel are replaced, and the actual raw material production process consumes CO_2 and produces oxygen.

Consumption

GRI REF.		UNIT	2015	2014	2013
	Materials:				
G4-EN1	- Raw materials	Tonnes	799,000	796,400	748,120
G4-EN1	- Materials for packaging purposes	Tonnes	99,300	107,330	100,180
	Energy and water:				
G4-EN2	- Produced energy	GWh	2,850	2,570	2,400
G4-EN3	- Energy usage fossil fuels	GWh	475	448	403
G4-EN3	- Energy usage purchased	GWh	385	400	397
G4-EN3	- Energy from renewable fuel sources (scope 1)	GWh	13	27	15
G4-EN5	- Energy usage per FTE	MWh/FTE	59	67	52
G4-EN5	- Energy usage per revenue	MWh/mill. NOK	26	28	24
G4-EN8	- Total water withdrawal	Mill. m^3	6.9	6.5	6.6
G4-EN10	- Water recycled and reused	Mill. m^3	1	0.1	0.1
G4-EN10	- Water recycled and reused	%	28	1.5	1.2

Emissions

	Emissions to air:				
G4-EN15	- Direct greenhouse gas emissions (GHG) scope 1	tCO_2e	101,395	102,063	97,735
G4-EN16	- Indirect greenhouse gas emissions (GHG) scope 2	tCO_2e	45,961	62,656	66,708
G4-EN18	- GHG (S1+S2) per FTE	tCO_2e/FTE	10	13	11
G4-EN18	- GHG (S1+S2) per revenue	tCO_2e/mill. NOK	4.4	5.6	5.0
G4-EN21	- Sulphur dioxide	Tonnes	104	101	93
G4-EN21	- Nitrogen oxide	Tonnes	34	40	40
	Water discharge:				
G4-EN22a	- Internal treatment	Mill. m^3	0.9	1.6	1.5
G4-EN22A	- External treatment	Mill. m^3	2.6	2.9	3.0
G4-EN22a	- Environment	Mill. m^3	0.2	2.0	2.1
	Emissions to water:				
G4-EN22b	- BOD	Tonnes	2,030	3,800	3,900
G4-EN22b	- COD	Tonnes	3,440	3,950	2,880

Waste

G4-EN23	- Organic	Tonnes	72,550	84,000	75,300
G4-EN23	- Non-Hazardous sorted	Tonnes	11,250	11,530	12,299
G4-EN23	- Non-Hazardous mixed	Tonnes	8,130	8,390	9,700
G4-EN23	- Hazardous (including EE)	Tonnes	210	240	210

Eva – part of the Orkla family

06

OCCUPATIONAL HEALTH AND SAFETY

Safe workplaces for all

A safe, healthy workplace is a fundamental right for all employees. Orkla's ambition is to conduct its operations with zero injuries.

Orkla's aim of carrying out its operations with zero injuries will be achieved through effective risk management, a systematic focus on preventing injuries and work-related illnesses and the active involvement of all employees.

In line with Orkla's decentralised management structure, each company has an independent responsibility for its own environmental, health and safety (EHS) work. The general requirements with which the companies must comply are set out in Orkla's EHS policy. In 2014, Orkla drew up a common EHS standard and detailed guidelines for the Group's efforts to improve its environmental, health and safety performance. These apply to all business areas and companies, and are intended to ensure controls and continuous improvement. In 2015, the new standard was presented to the companies' management teams, and training was provided for EHS staff. Orkla has an internal network of EHS experts. Collaboration and the transfer of best practices are key components of the improvement process, and the network helps to ensure the effective implementation of the EHS standard.

All our management staff are expected to be strongly committed to EHS work, and to ensure that all employees receive relevant training and are involved in EHS activities at their workplace. In 2015, the Group and its companies provided around 13,500 hours of organised EHS training for some 4,540 employees.

Each company must draw up targets and activity plans, establish systems and control procedures, carry out measures and report on their EHS activities. The EHS work is monitored at company and business area level through the submission of quarterly status reports to the management teams and the Group Executive Board and the Orkla Board of Directors.

The principle of preventive action is fundamental to the Group's EHS efforts. Risk assessments are therefore a key element, and every Orkla unit must carry out such assessments. The risk assessment determines the action that must be taken, and helps businesses to optimise their improvement work by prioritising the most important measures and establishing effective action plans. In 2015, Orkla began to monitor factories by conducting internal initial EHS reviews based on the new standard. The purpose of the reviews is to facilitate learning through systematic observation and feedback. The Group's aim is for initial EHS reviews to be carried out at all factories by the first quarter of 2017.

Safety

In 2015, there were few occupational accidents in Orkla's operations that caused very serious injury. Most of the injuries were due to cuts, hits or slips or falls from a low height. A serious burn injury was caused by a small explosion from dust ignition. To ensure control and to reduce consequences, the Group in 2015 prepared training materials on explosion risk and prevention. This material has been reviewed with EHS staff and technical experts in all the business areas.

Recording and following up on all types of injuries and undesirable incidents are an important part of the Group's improvement work, as it fosters a greater understanding and awareness of risk throughout the organisation. In 2015, a number of near misses were reported which show that the Group must continue to maintain full focus on injury prevention in every part of the organisation.

Orkla achieved a Lost Work Day Rate (LWDR) (number of injuries leading to absence per million hours worked) of 5.6 in 2015, and a Total Recordable Rate (TRR) (number of injuries leading to absence, need for medical treatment or restricted work per million hours) of 10.1. There were fewer injuries than in 2014.

Although the number of occupational accidents at Orkla is not satisfactory, many companies saw a positive trend in 2015. Several companies recorded no injuries leading to absence during the year. The results show that improvements can be achieved by applying key EHS principles such as good order and cleanliness, engagement, skills upgrading and the willingness to learn from others. We will therefore continue to focus on and emphasise the application of these important principles throughout the organisation, while also introducing new measures to ensure that further progress is made towards our goal of zero injuries. This work will continue in 2016.

Occupational health

A health-promoting workplace is important for every single employee. Healthy employees have a positive impact on their working environment and are crucial to achieving good financial results. Orkla wants all its companies to establish principles for fostering health-promoting workplaces, tailoring the principles to conditions in the respective countries. Systematic improvement efforts are carried out with particular emphasis on preventive action and rehabilitation.

The sickness absence rate for Orkla globally was 4.4% in 2015, the same level as in 2014. There have been minor changes in sickness absence in Orkla in the past few years, with the variations remaining constant throughout the year. The absence rate is highest in the winter months and lowest in the third quarter. On the other hand, sickness absence rates vary significantly from one country and company to another.

In 2015, the sickness absence rate in the companies in Norway was 5.8%. Compared with 2014, when the rate was 6.1% (revised in relation to Orkla's current structure), there was an improvement. The rules for recording sickness absence and following up persons on sick leave vary from country to country, but it is nonetheless obvious that sickness absence, especially in some of the Norwegian companies, is too high. There is continuous focus on improvement measures. In Norway the principles of an inclusive workplace are applied, entailing active follow-up of persons on sick leave in close collaboration with the company health service. In practice, this means that individual companies must put in place good processes in which management and employees participate actively in establishing measures tailored to their workplace.

New EHS training courses were held for management and employee representatives in 2015. The training programme is now based on a combination of e-learning and gatherings. Training in the follow-up of sickness absence was included in this programme, but in 2016 special training will also be provided for management staff, with focus on sickness absence follow-up and health-promoting measures. There has been particular emphasis on following up employees with frequent short absences and employees with functional impairments to ensure their return to work. This is also in line with the Norwegian Labour and Welfare Administration's initiative requiring employees to return to work after eight weeks' sickness absence unless there are weighty medical reasons that prevent the person on sick leave from working. These measures will continue in 2016.

Sickness absence

GRI REF.		2015	2014	2013
G4-LA6	% sickness absence in Norway	5.8	6.1	6.0
G4-LA6	% sickness absence in Nordics (excl. Norway) and Baltics	4.6	4.0	3.7
G4-LA6	% sickness absence, rest of world	2.7	3.1	2.9
	Injuries			
G4-LA6	LWDR in Norway	3.4	5.3	5.6
G4-LA6	LWDR in Nordics (excl. Norway) and Baltics	7.4	8.7	8.6
G4-LA6	LWDR rest of world	4.9	7.0	4.2
G4-LA6	TRR in Norway	6.0	11.8	13.1
G4-LA6	TRR in Nordics (excl. Norway) and Baltics	19.4	20.2	20.8
G4-LA6	TRR rest of world	6.9	7.8	5.5

Inger, Knut and Ragnhild – part of the Orkla family

07

HUMAN RESOURCE DEVELOPMENT AND CORPORATE CULTURE

Human resource development and corporate culture

Orkla seeks to create a strong corporate culture, in which employees grow and thrive and utilise their full potential. This is both a responsibility and crucial to developing the Group's competitiveness.

HUMAN RESOURCE DEVELOPMENT AND CORPORATE CULTURE

The efforts to develop Orkla's human resources and corporate culture are driven by the management of the individual companies in accordance with national regulatory frameworks and Orkla's guidelines, and with the support of central and local HR staff. The progress made in this work is followed up through business area reviews at company and business area level and through regular reporting to Orkla's Board of Directors.

A responsible, attractive workplace

At the end of 2015, Orkla had 14,670 employees, distributed among approximately 220 companies in 29 countries. Almost all of them are permanent employees. Compared with 2014, there was a net increase of 1,749 in the number of employees, which is ascribable to the acquisition, divestment and restructuring of companies.

To fulfil the Group's responsibility as employer and succeed as an organisation, Orkla strives to promote a good, inclusive working environment characterised by respect, diversity, equality and collaboration. Orkla's human rights policy describes the Group's general requirements relating to working conditions and respect for fundamental labour rights. The companies are responsible for implementing these requirements with the support of Orkla's central staff.

To create a common understanding of Orkla's strategy and value base, a new vision and values have been elaborated under the name "The Orkla Compass". In 2015, internal meetings were held to discuss what the vision and values mean in practice. This work will continue in 2016.

Creating a good working environment is a management responsibility and a key topic in connection with the training and follow-up of management staff. Every year, the companies carry out a wide variety of professional and social activities aimed at promoting collaboration and job satisfaction.

Competence-building and human resource development

Good results are achieved when all our employees master their existing tasks, and stretch their skills to successfully tackle new responsibilities. Orkla wants its employees at every level and in all parts of the Group to have the opportunity to use their abilities and develop their potential. Orkla's organisational and leadership development strategy lays the foundation for the Group's efforts to develop competency and leadership skills. As part of the work of implementing this strategy, a number of system and process improvements were carried out in 2015:

- A new leadership development policy was drawn up.
- New leadership principles were introduced for the companies' executive management. These leadership principles are applied in assessment of senior executive performance.
- The process for evaluating and following up on senior executives and key personnel has been harmonised across business areas, companies and countries.

EMPLOYEES BY GEOGRAPHICAL AREA

Norway	3,345	23%
Sweden	2,911	20%
Denmark	1,416	9%
Finland and Iceland	706	5%
Baltics	2,165	15%
Europe other	2,730	19%
World other	1,397	9%
Total	14,670	100%

EMPLOYEES BY BUSINESS AREA

Orkla Foods	5,979	41%
Orkla Confectionery & Snacks	3,142	21%
Orkla Care	2,448	17%
Orkla Food Ingredients	2,604	18%
Other	497	3%
Total	14,670	100%

Minimum requirements for implementation and system support have been introduced. The system covers around 3,000 senior executives and key personnel, and was implemented for a selected group of businesses in 2015. Implementation will continue in 2016.

- A governance structure has been established for Orkla's competence-building programmes (Orkla Group Academies), including a central Human Resource Development Board which reports to Orkla's Group Executive Board.
- Orkla is in the process of appointing an expert board for each of the Orkla Academies to ensure relevant specialised training and good skills development.
- A new recruitment policy has been drawn up.
- A process has been initiated to identify and follow up high-potential employees.

Orkla aims to ensure that all its employees receive regular feedback on their work and that individual performance targets are related to general business goals. In 2015, formal employee performance assessment interviews were conducted with 71%[1] of all employees: 99% of management staff, 95% of administrative employees, 91% of sales employees and 42% of blue-collar workers. In factories where no procedures have been established for formal performance assessment interviews, the department heads follow up their employees through an ongoing dialogue. Regular meetings are also held at departmental and group level.

Orkla's efforts to upgrade expertise consist of measures at Group and company level, and cover topics related to corporate culture, leadership and specialised expertise. Orkla is well known for the quality of its training courses and development programmes for the employees in the Group. The scope of the key training programmes was expanded in 2015. Among other things, a new development programme for executive management was introduced, and leadership development programmes were conducted for middle managers. Gatherings were also organised for young staff members with leadership potential, and internal trainee opportunities were provided for young employees. Developing employee expertise with a view to future leadership positions will continue to be a priority task in 2016.

Management and employee consultation

Good formal arrangements for dialogue between management and employee representatives are important to ensure collaboration on business strategy and appropriate handling of matters affecting employee interests. Employees are represented on Orkla's Board of Directors and in other governing bodies. All the business areas have established liaison committees between management and representatives elected from among the employees. The role of these committees is to exchange information and discuss matters of relevance for the individual business area. The Orkla companies have a variety of systems for dialogue and employee consultation, and most of them have established formal joint management-employee bodies. Organisational changes that could affect employees' employment conditions are discussed with the employee representatives, and the procedures for such discussions are laid down in the collective collaborative agreements entered into between the management of and the trade unions in the individual companies.

In 2015, a new Group agreement was drawn up between Orkla and the employee organisations, represented by Orkla's Committee of Union Representatives. The agreement is based on the provisions of the Norwegian basic collective agreement between employers' and employee organisations, and regulates the way the Group complies with the obligations relating to collaborative arrangements laid down in national legislation and agreements, and the obligations pursuant to the current EEA agreement. In the light of Orkla's systems for management-employee interaction, the risk of a breach of the right of freedom of association and collective agreements is considered to be low. In 2016, Orkla will further develop its collaboration with the employee organisations in accordance with the new Group agreement entered into in 2015. The Group wishes to contribute to fulfilling the intentions set out in the new agreement with regard to strengthening the exchange of information and promoting more efficient and effective cooperation.

The main topics of the dialogue between Orkla's management and employee representatives in 2015 were Orkla's vision and values and the restructuring processes carried out in the Group. During the year, several companies were acquired and changes were made in the manufacturing structure that have entailed changes in the Group's company structure. Larger companies and production units have been established, and some production sites have been closed. The purpose of these changes is to improve the Group's competitiveness by creating a more efficient organisational structure, enhancing expertise on important business processes and developing strong companies with a good corporate culture. Management at corporate and company level have involved the employee representatives in the implementation of the organisational changes through regular consultation meetings. The Group has provided support for adaptation measures to help employees made redundant to find new employment.

Diversity and equality

Orkla has a corporate culture characterised by respect and equality. These values are important in order to compete successfully for manpower, and to utilise employees' full potential in the best interests of the Group and the individual. Orkla's stance on diversity, equality and non-discrimination is described in the Group directive on corporate responsibility and Orkla's Human Rights Policy. In 2015, Orkla had no

[1] Estimate based on reporting from companies representing 75% of Orkla employees.

complaints or matters related to gender equality or discrimination or other human rights issues.[2]

Orkla aims to ensure that all its employees are assured of pay equivalent to the negotiated wage targets established by employer organisations and other bodies in the respective countries. When determining employee pay, Orkla attaches importance to the individual's skills, the complexity of the position, his or her job performance and competitiveness in the market, regardless of gender, background or functional capability. In 2015, Orkla adopted a tool for job classification and determination of compensation, and intends to further harmonise the Group's compensation arrangements in 2016.

Orkla strives to attain a good gender balance at all levels of the organisation, and attaches importance to this aspect when recruiting and developing employees. Measures that make it easier to combine a career and family life are considered an important factor in promoting gender equality. The Group requires that a minimum of one female candidate is nominated when recruiting candidates to management team positions at company or business area level.

Ensuring gender equality and promoting diversity is a management responsibility and part of management's day-to-day activities. In 2015, activities were carried out to provide training in and raise awareness of this issue in MTR Foods, Suslavicius-Felix, Credin in Denmark, Kalev, Orkla Foods Sverige and Felix Austria. Diversity and equality are also topics covered in training on the Orkla Code of Conduct.

As at 31 December, Orkla had 14,670 employees. Of these 10.3% were managers, 46.5% were administrative employees and 53.5% were blue-collar workers. A total of 45.6% of all employees were women, compared with 44.8% in 2014. Among administrative employees, 46.7% were women, compared with 48.8% the previous year. Women accounted for 44.7% of blue-collar workers, up from 41.5% in 2014. The change in the percentage of women is ascribable to the structural changes and reorganisation carried out in 2015.

The percentage of women among senior executives has been relatively stable in the past few years. At the end of 2015, 32% of management team members at Group, business area and company level were women, compared with 27.3% the previous year. The percentage of women in management positions at all levels of the Group's operations was 36.1%, up from 35.6% in 2014. The improvement is due to changes in Orkla's company structure and strong awareness of the importance of diversity and equality when recruiting candidates for management positions.

Integrity

Value creation at Orkla must be achieved in compliance with the Group's Code of Conduct and applicable legislation.

The Group's overarching goal is to develop a corporate culture characterised by good judgment and the ability to deal with difficult situations. Orkla has zero tolerance for corruption, price-fixing agreements, market sharing or other practices that hamper free competition.

Orkla's anti-corruption manual, competition law manual, human rights policy and Code of Conduct describe the Group's standards and guidelines relating to key integrity issues. The management of each company is responsible for communicating the Orkla Code of Conduct to every employee and making all employees who may be exposed to risk aware of the requirements in the anti-corruption and competition law manuals.

In connection with the implementation of Orkla's vision and values, a number of tools were devised in 2015 to create greater awareness of ethical issues. Selected human rights topics of particular relevance to Orkla's operations are addressed in occupational health and safety training and certain other training programmes. A total of around 14,500 hours of training was provided on human rights issues for approximately 34% of all employees. In 2015, Orkla carried out e-learning programmes on anti-corruption and competition law. Training in anti-corruption and competition law is also included in several of Orkla's central competence-building programmes, and Orkla's Legal Affairs Department conducts courses in competition law for senior executives and key personnel. Anti-corruption training was provided for a total of 3,600 management staff and employees, equivalent to 24.5% of all employees. All the members of Orkla's Group Executive Board and Board of Directors have received such training. A total of 1,370 managers and employees completed a course on competition law. These training activities will continue in 2016.

Orkla requires its suppliers to have zero tolerance for corruption, based on the Orkla Supplier Code of Conduct. Suppliers are monitored on the basis of a risk assessment, and it is a long-term goal that all Orkla's suppliers sign the Group's Code of Conduct.

As part of the Group's due diligence procedures in connection with acquisitions and major investments, Orkla assesses the risk of becoming involved in breaches of anti-corruption and competition law. Orkla companies must take necessary risk-mitigating action to prevent independent business partners, including customers and joint venture partners, from participating in corruption or other illegal or unethical activities in connection with their business dealings with Orkla.

In 2015, Orkla was not involved in any matters related to breaches of anti-corruption or competition law.[3]

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[2]Based on annual internal reporting from companies of disputes, litigation, supervisory cases and similar matters.
[3]Based on annual reporting from companies

Ingrid Sofie and Pål Erik – part of the Orkla family

08

ORKLA AND SOCIETY

The value of dialogue

Collaboration with others makes it possible to achieve more effective solutions and make greater advances than can be achieved by individuals on their own. An active, constructive dialogue with stakeholders is therefore fundamental to Orkla's corporate responsibility work.

A good dialogue with stakeholders is important for fulfilling Orkla's responsibility towards various stakeholder groups, adapting to changes in society and building trust in Orkla's operations. Orkla is engaged in an active dialogue with customers, suppliers, employees, shareholders, authorities and civil society actors, and attaches importance to understanding their views. The companies in the Group seek to ensure that complaints and other enquiries are dealt with efficiently and effectively. By collaborating with others, Orkla can make greater progress in its efforts to promote a sustainable value chain.

Based on an assessment of the Group's responsibility and the value of collaboration, Orkla's most important stakeholders are:

- Customers and consumers
- Investors
- Authorities
- Local communities
- Advocacy organisations
- Research communities
- Suppliers
- Employees

Orkla's stakeholder dialogue in 2015

Orkla pursues a dialogue with authorities and politicians at national level and in the EU regarding trade policy parameters and other matters relevant to its operations. Important issues in 2015 included clear labelling of the contents of food products, responsible marketing of food and drink and framework conditions for Norwegian food production.

In 2015, Orkla held dialogue meetings with the industry, investors and environmental organisations to discuss the Group's sustainability strategy. Several of the Orkla companies have also engaged in a dialogue with grocery chains, other customers and external centres of expertise to obtain input for the further focus of its sustainability work.

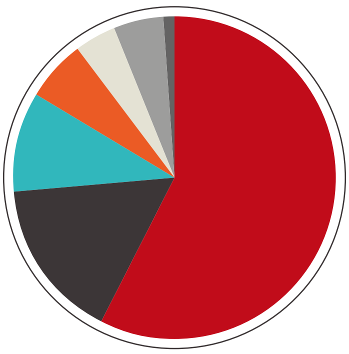
Important issues addressed in the stakeholder dialogue in 2015 are summed up in an illustration and discussed in the respective thematic chapters.

A driving force in industry collaboration

In order to resolve the global challenges posed by climate change, raw material scarcity and lifestyle-related diseases, changes must be made to achieve more sustainable production and consumption. This requires the will and ability of business and industry, public authorities and specialised experts to work together to find new solutions and establish favourable framework conditions.

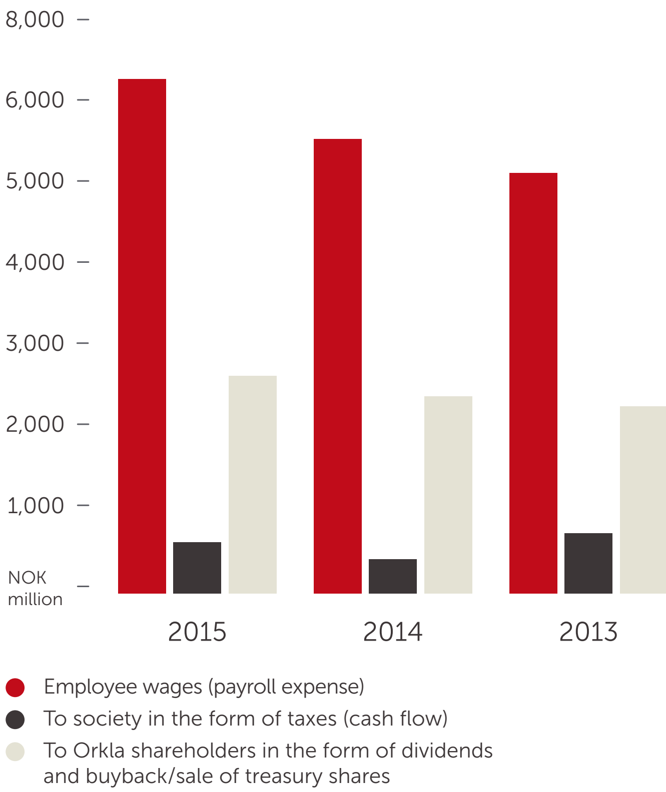
Together with certain grocery chains, food manufacturers and other companies, Orkla participates in the Norwegian

CAPITAL EMPLOYED BY GEOGRAPHICAL AREA



Norway	23,680	57%
Sweden	6,408	16%
Denmark	4,229	10%
Finland and Iceland	2,302	6%
Baltics	1,854	5%
Europe other	2,130	5%
World other	610	1%
Total (NOK million)	41,213	100%

VALUE CREATION AT ORKLA



network for sustainable palm oil. In 2015, Orkla helped to organise two seminars to promote shared learning and strengthen the industry's efforts in this field.

Orkla Foods Sverige participates in the Swedish initiative "Hållbar Livsmedelskedja", which seeks to contribute to the sustainable production of food by 2030. The initiative is run by the World Wildlife Foundation (WWF) and companies in the Swedish grocery sector and food manufacturing industry. In 2015, the network organised a national week for food waste reduction and established a web portal to motivate consumers to minimise food wastage.

Orkla and its companies also participate in a wide range of projects related to nutrition and health, environment and responsible sourcing. These projects are described in separate chapters.

Financial ripple effects

Many of Orkla's companies are important employers and cornerstone enterprises in their local communities, and both employees and management staff are essentially recruited from the country in which the company is located. By developing profitable workplaces, Orkla creates positive ripple effects for society in the form of skills-building, creation of jobs at supplier companies and in the public sector, and payment of taxes and charges.

Orkla is investing in improvement programmes and structural changes that will help to ensure long-term, competitive operations. In the coming years, this will lead to the closure of businesses in some places. Orkla's operations otherwise constitute little risk of negative impacts on local communities.

In 2015, Orkla received NOK 18.3 million in government grants, in the form of grants for investments, development activities and environmental measures. The Group also received NOK 137.1 million in raw material price compensation through an arrangement that makes it possible for Orkla's Norwegian businesses to compete on the same terms as their foreign competitors.

Strong commitment to society

Many Orkla companies are actively involved in their local communities. Through collaboration with local authorities, schools and organisations, Orkla helps to support projects of benefit to society.

In 2015, Orkla and the Group companies contributed a total of NOK 13.1 million to projects that benefit society, NOK 3.4 million of which was provided in the form of products and other non-financial support. In addition, Orkla companies contributed around NOK 6 million in funding for external research projects related to nutrition and health.

In connection with the launch of Orkla's new vision and values, the Orkla Friends Fund was established in the summer of 2015. Grants from the fund were allocated to four projects in 2015:

- MTR Foods in India, in collaboration with the Akshaya Patra foundation, provided lunch for more than 2,000 children at 20 schools in Surathkal, India, for one year. By giving children nutritious meals, the project aims to advance education and learning, thereby reducing child illiteracy.

- Lilleborg Profesjonell supported the Church City Mission (Kirkens Bymisjon) and its Christmas fundraising campaign "Make Someone who is Dreading Christmas Happy".

- Orkla Confectionery & Snacks Sverige gave a grant to the My Special Day foundation, which provides enjoyable experiences for seriously ill children.

- Odense Marcipan supported the Julemærkefonden, a foundation that runs four care centres in Denmark where children are helped to adopt a healthier lifestyle, improve their self-image and build new friendships.

Other projects supported by Orkla include:

- Orkla Foods Norge donated funding for an adaptation project in Lierne, in connection with the relocation of flatbread production to Stranda.

- Orkla Foods Norge supported street football teams in Norway that work to reintegrate substance abusers into society. The company contributed nutritional guidance and served food in connection with training sessions and matches.

- Orkla Foods Romania provided funds to renovate a primary school.

- The Dutch company Sonneveld granted funding for the organisation Bake for Life and their work to promote education in Africa. The company also supported several sustainability projects in the food sector in the Netherlands.

- To promote clean milk production and help poor dairy farmers, MTR Foods in India donated 2,000 milk pails.

- Several Orkla companies provided financial assistance for organisations that help children in various ways, helped refugees and supported a variety of projects in their local communities.

Teaming up to reduce food wastage

Orkla is committed to reducing food wastage, and in 2014 entered into a three-year partnership with Matsentralen, a Norwegian food redistribution organisation. Through this collaboration, Orkla's Norwegian companies give surplus food to needy individuals, instead of the food being thrown away. Matsentralen provides food and other grocery products to voluntary organisations that help the needy, and a total of some 10,000 people receive assistance through this arrangement. In 2015, Orkla Foods Sverige contributed funding for Matmissionen, a grocery store where people in need can buy products nearing their shelf date at reduced prices. Matmissionen is a joint project between the Stockholm City Mission (Stockholm Stadsmission) and Axfood, and Orkla Foods Sverige is one of several financial donors.

Campaigns with meaning

Several Orkla companies ran joint campaigns with the retail trade in 2015, where part of the profit has gone to charitable causes. Under the motto "Vis fram føttene mot mobbing" (Take Steps to Prevent Bullying), Orkla Foods Sverige conducted a campaign in support of the organisation Friends and its work to prevent bullying in Swedish schools. Orkla Health established a collaborative project with Sykehusklovnene (Hospital Clowns), in which a share of the revenues from the sale of Vitaminbjørner vitamin bears goes to the organisation's work to spread joy to children in hospitals. Orkla Confectionery & Snacks Sverige helped to promote Maskrosbarn, an organisation that supports adolescents whose parents are substance abusers or mentally ill in connection with the launch of three campaign products under the OLW brand.

Orkla on top Dow Jones sustainability list

For the fifth consecutive year Orkla was included in the Dow Jones Sustainability Indices, which cover the best 20% of companies in each industry. The indices emphasise companies' ability to address significant social, environmental and governance issues in a way that strengthens long-term profitability. Orkla is one of four companies in the "FOA Food Products" category.

Key topics of stakeholder dialogue in 2015

Suppliers

- Monitoring of compliance with the Orkla Supplier Code of Conduct
- Sustainable palm oil production
- Sustainable fish and seafood
- Improvement of conditions in the cocoa sector in the Ivory Coast
- Working conditions for berry pickers in Sweden
- Quality certification of fish oil

Employees

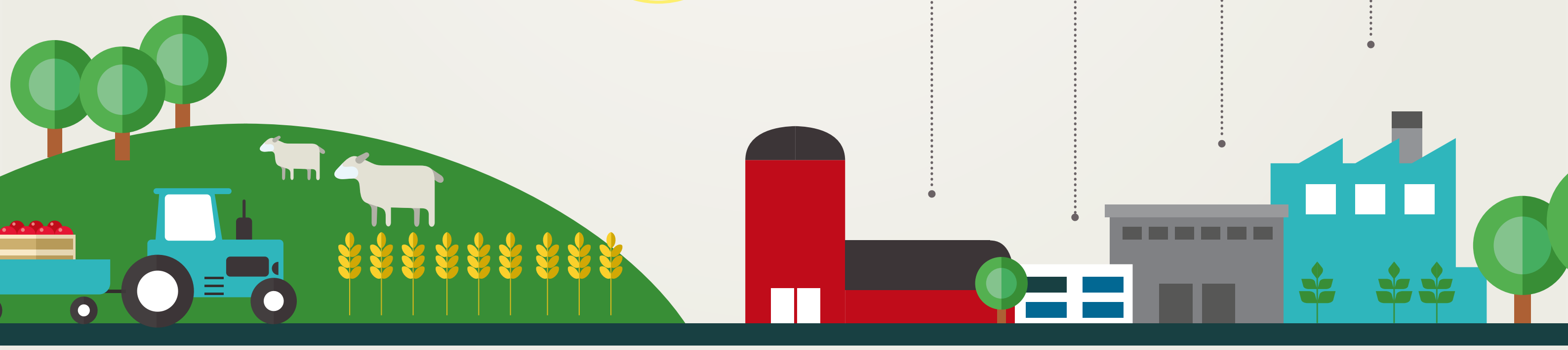
- Restructuring of operations
- The Orkla Compass, new vision and values
- Orkla's sustainability strategy up to 2020

Advocacy organisations

- Sustainable palm oil production
- Deforestation-free supply chains
- Reduction of food wastage
- Red-listing of fish species
- Quality certification of fish oil
- Swan environmental labelling scheme

Research communities

- Analysis of the environmental footprint of key raw materials
- Development of healthy, sustainably produced food
- Reduction of salt and saturated fat in foods
- Healthy bread mixes with a good nutritional profile
- Omega-3 and fish



Key topics of stakeholder dialogue in 2015

Authorities

- Reduction of salt and saturated fat in foods
- Product labelling rules
- Keyhole labelling
- Deforestation-free supply chains
- Sustainable food production
- UN Guiding Principles on Business and Human Rights
- Marketing of food and drink to children and adolescents
- Framework conditions for food production
- Ongoing dialogue with supervisory authorities

Customers and consumers

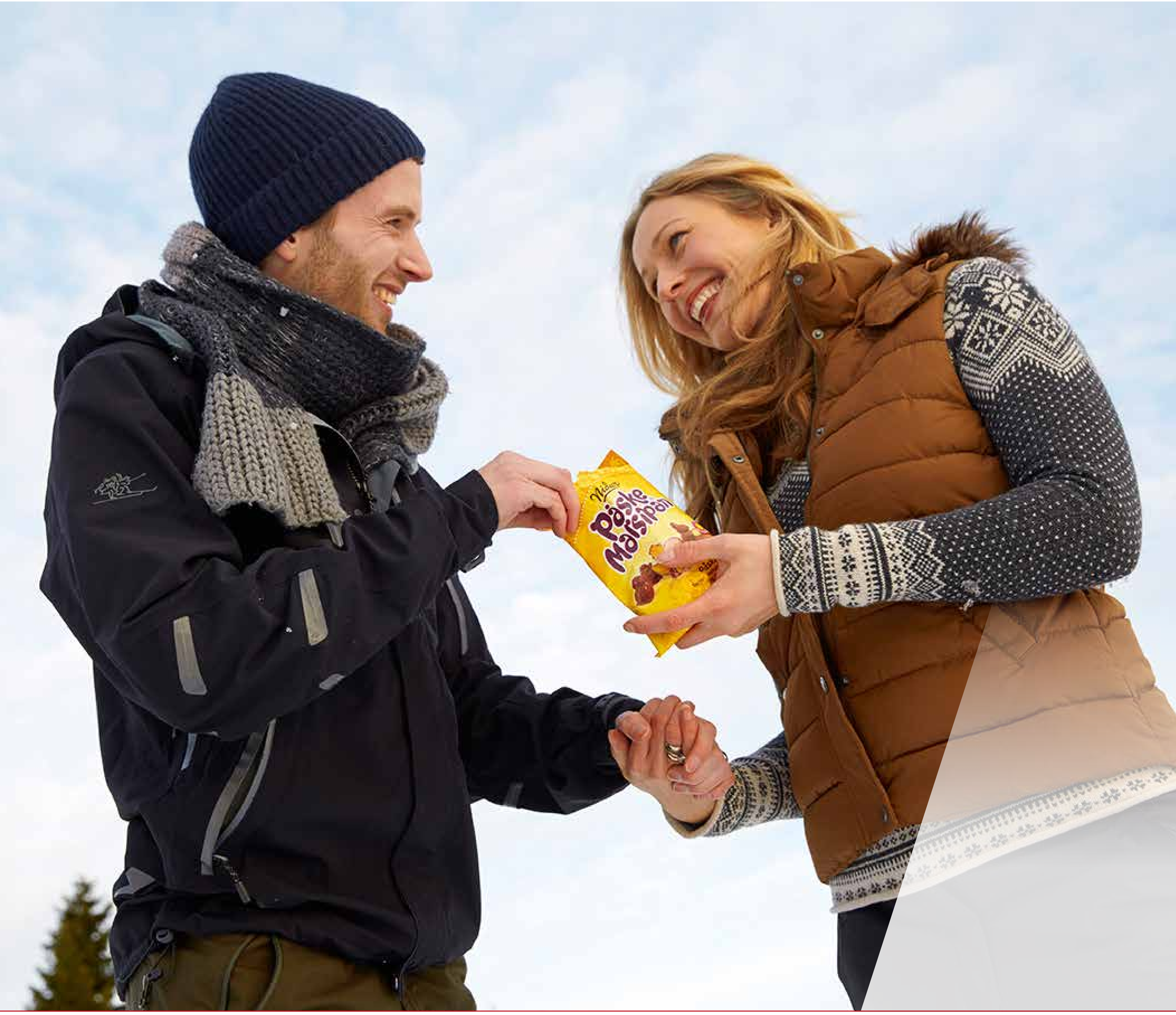
- Sustainable raw materials
- Nutritional labelling
- Allergies
- Reduction of food wastage
- Animal welfare
- Product safety
- Contingency cases
- Product issues

Local communities

- Restructuring of operations
- Cooperation on specialised training
- Culture and sports activities

Investors

- Orkla's sustainability strategy up to 2020
- Risk management
- Orkla's corporate responsibility approach



Per Ottar and Jeanette – part of the Orkla family

Annual Financial Statements 2015

INCOME STATEMENT, EARNINGS PER SHARE AND STATEMENT OF COMPREHENSIVE INCOME

The Income Statement *presents revenues and expenses for the companies consolidated in the Group and measures the results for the accounting period in accordance with current International Financial Reporting Standards (IFRS). All internal matters have been eliminated. The income statement distinguishes between what is deemed to be the Group's operations and what is deemed to be of a more financial nature. Special matters related to operating activities are presented on a separate line as "Other income and expenses". The notes explain the contents of the different lines of the statement.*

Earnings per Share *are calculated on the basis of profit/loss for the year attributable to owners of the parent.*

The Statement of Comprehensive Income *shows the result of all income and expenses that are credited/charged to equity, but are not included in profit/loss for the year and are not transactions with owners.*

INCOME STATEMENT

Amounts in NOK million	Note	2015	2014	2013
Sales revenues	7, 9	32 610	29 202	27 200
Other operating revenues	7, 9	588	397	815
Operating revenues	7, 9	33 198	29 599	28 015
Cost of materials	7, 10	(16 345)	(14 406)	(13 803)
Payroll expenses	7, 11, 12	(6 432)	(5 779)	(5 293)
Other operating expenses	7, 13	(5 755)	(5 242)	(5 077)
Depreciations and write-downs property, plant and equipment	7, 19, 20	(1 038)	(935)	(884)
Amortisations intangible assets	7, 19	(19)	(23)	(21)
Operating profit before other income and expenses (EBIT adj.)	7	3 609	3 214	2 937
Other income and expenses	7, 14	(502)	(100)	(493)
Operating profit	7	3 107	3 114	2 444
Profit/loss from associates and joint ventures	6, 7	1 111	121	(3)
Interest income	15	91	38	75
Interest costs	15	(283)	(401)	(417)
Other financial income	15	137	107	879
Other financial costs	15	(73)	(107)	(120)
Profit/loss before taxes		4 090	2 872	2 858
Taxes	16	(722)	(688)	(564)
Profit/loss after taxes from continuing operations		3 368	2 184	2 294
Gains/loss/profit discontinued operations	38	(17)	(485)	(1 547)
Profit/loss for the year		3 351	1 699	747
Profit/loss attributable to non-controlling interests	7, 33	56	40	57
Profit/loss attributable to owners of the parent		3 295	1 659	690

EARNINGS PER SHARE

Earnings per share (NOK)	17	3.24	1.63	0.68
Earnings per share, diluted (NOK)	17	3.24	1.63	0.68
Earnings per share for continuing operations, diluted (NOK)	17	3.25	2.11	2.21

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year		3 351	1 699	747
Items <u>not</u> to be reclassified to profit/loss in subsequent periods				
Actuarial gains and losses pensions	12, 16	(15)	(148)	37
Items to be reclassified to profit/loss in subsequent periods				
Change in unrealised gains on shares after tax	16, 24	6	(21)	(79)
Change in hedging reserve after tax	16, 31	31	(150)	46
Items charged to equity in associates and joint ventures	6	685	906	81
Translation effects		1 335	1 115	2 466
Hedging of net investment in foreign operations	31	(454)	(402)	(451)
Comprehensive income		4 939	2 999	2 847
Comprehensive income attributable to non-controlling interests		71	54	75
Comprehensive income attributable to owners of the parent		4 868	2 945	2 772

STATEMENT OF FINANCIAL POSITION

__The Statement of Financial Position__ presents the Group's assets, broken down into non-current and current items, and shows how they have been financed, broken down into equity and non-current and current liabilities. All internal matters between companies in the Group have been eliminated. IFRS-based financial statements are oriented towards the statement of financial position and only items that satisfy the criteria for definition as assets and liabilities may be recognised in the statement of financial position. Equity is a residual.

The different standards determine how the items in the statement of financial position are to be treated. The statement of financial position items are explained in the notes to the financial statements.

Amounts in NOK million	Note	2015	2014
ASSETS			
Property, plant and equipment	7, 18, 20	10 523	9 484
Intangible assets	7, 18, 19	17 611	14 499
Deferred tax assets	16	65	99
Investments in associates and joint ventures	6, 7	12 149	12 054
Other assets	21	880	972
Total non-current assets		41 228	37 108
Assets held for sale	5	182	22
Inventories	7, 22	4 623	3 873
Inventory of development property	7, 22	216	200
Trade receivables	23	5 267	4 413
Other receivables	23	625	1 147
Shares and financial assets	24	1 376	734
Cash and cash equivalents	25	721	2 615
Total current assets		13 010	13 004
Total assets		54 238	50 112
EQUITY AND LIABILITIES			
Paid-in equity	32	1 994	1 993
Retained earnings		31 335	29 066
Non-controlling interests	33	417	245
Total equity		33 746	31 304
Interest-bearing liabilities	29	8 722	8 510
Deferred tax	16	1 479	1 161
Provisions and other liabilities	26	2 712	2 538
Total non-current liabilities		12 913	12 209
Interest-bearing liabilities	29	399	598
Income tax payable	16	185	384
Trade payables	27	3 869	3 221
Other liabilities	27	3 126	2 396
Total current liabilities		7 579	6 599
Total equity and liabilities		54 238	50 112

STATEMENT OF CASH FLOWS

***The Statement of Cash Flows** in accordance with IFRS shows how the Group's cash flows are broken down into cash flow from operating, investing and financing activities, according to the indirect method. The cash flow statement explains the general changes in the Group's liquidity since the previous accounting period. Orkla also prepares a separate cash flow statement that is used for internal management purposes and on which the comments in the Report of the Board of Directors are based (see Note 40).*

Amounts in NOK million	Note	2015	2014
Profit before taxes		4 090	2 872
Amortisation, depreciation and write-downs		1 153	974
Changes in net working capital, etc.		314	(519)
Profit from associates and joint ventures, no cash flow effect	6	(1 111)	(121)
Dividends received from associates	6	254	234
Gains, losses and write-downs shares and financial assets, moved to investing activities	15	(107)	(56)
Financial items without cash flow effect	15	(22)	130
Taxes paid		(727)	(492)
CASH FLOW FROM OPERATING ACTIVITIES		3 844	3 022
Sale of property, plant and equipment	8	183	62
Investments property, plant and equipment and intangible assets	8	(1 410)	(1 010)
Sold companies	5, 6	783	2 266
Acquired companies	5, 6	(1 562)	(59)
Sale of shares and financial assets	24	298	350
Discontinued operations	38	0	360
Other capital transactions		158	(58)
CASH FLOW FROM INVESTING ACTIVITIES		(1 550)	1 911
Dividends paid		(2 563)	(2 565)
Sale of treasury shares		223	264
Buy-back of treasury shares		(254)	(159)
Net paid to shareholders	32	(2 594)	(2 460)
Change in interest-bearing liabilities	29	(1 856)	(1 439)
Change in interest-bearing receivables		239	(257)
Change in net interest-bearing liabilities	28	(1 617)	(1 696)
CASH FLOW FROM FINANCING ACTIVITIES		(4 211)	(4 156)
Currency effect of cash and cash equivalents		23	33
Change in cash and cash equivalents		(1 894)	810
Cash and cash equivalents 1 January		2 615	1 805
Cash and cash equivalents 31 December	25	721	2 615
Change in cash and cash equivalents		(1 894)	810

The change in net interest-bearing liabilities is presented as a net figure in accordance with the way in which financing activities are managed (Note 28). Thus, a presentation of the gross increase in and repayment of loans is not a reliable indicator as such cash flows take place frequently within the bilateral borrowing facilities. In practice, day-to-day changes in cash flow in the Group will generate increases in/repayments of loans under the long-term facilities, resulting in correspondingly high gross figures.

STATEMENT OF CHANGES IN EQUITY

Equity changes from one period to the next in accordance with the Group's comprehensive income. Furthermore, transactions with owners will be presented as separate items. This applies to matters such as dividends to shareholders, share issues, the Group's purchase and sale of treasury shares and costs relating to options. Equity cannot be distributed to shareholders in its entirety. The equity in Orkla ASA (see page 132) constitutes the basis of calculation for and the limitation on the dividend paid by the Group.

Amounts in NOK million	Share capital	Treasury shares	Premium fund	Total paid-in equity	Unrealised gains shares[1]	Hedging reserve[2]	Items charged to equity in associates and JV[3]	Net translation effects	Other retained equity	Total Group	Non-controlling interests	Total equity
Equity 31 December 2013	1 274	(6)	721	**1 989**	302	(230)	102	(274)	28 590	**30 479**	**301**	**30 780**
Profit/loss for the year	-	-	-	-	-	-	-	-	1 659	**1 659**	**40**	**1 699**
Items in comprehensive income	-	-	-	-	(21)	(150)	906	699	(148)	**1 286**	**14**	**1 300**
Group comprehensive income	-	-	-	-	(21)	(150)	906	699	1 511	**2 945**	**54**	**2 999**
Dividends from 2013	-	-	-	-	-	-	-	-	(2 540)	**(2 540)**	**(25)**	**(2 565)**
Net sale of treasury shares	-	4	-	**4**	-	-	-	-	101	**105**	**-**	**105**
Change in non-controlling interests (see Note 33)	-	-	-	-	-	-	-	-	65	**65**	**(85)**	**(20)**
Option costs	-	-	-	-	-	-	-	-	5	**5**	**-**	**5**
Equity 31 December 2014	1 274	(2)	721	**1 993**	281	(380)	1 008	425	27 732	**31 059**	**245**	**31 304**
Profit/loss for the year	-	-	-	-	-	-	-	-	3 295	**3 295**	**56**	**3 351**
Items in comprehensive income	-	-	-	-	6	31	685	866	(15)	**1 573**	**15**	**1 588**
Group comprehensive income	-	-	-	-	6	31	685	866	3 280	**4 868**	**71**	**4 939**
Dividends from 2014	-	-	-	-	-	-	-	-	(2 544)	**(2 544)**	**(19)**	**(2 563)**
Net purchase of treasury shares	-	1	-	1	-	-	-	-	(32)	**(31)**	**-**	**(31)**
Change in non-controlling interests (see Note 33)	-	-	-	-	-	-	-	-	(23)	**(23)**	**120**	**97**
Option costs	-	-	-	-	-	-	-	-	0	**0**	**-**	**0**
Equity 31 December 2015	1 274	(1)	721	1 994	287	(349)	1 693[4]	1 291	28 413	**33 329**	**417**	**33 746**

[1]See Note 24 for unrealised gains before tax.
[2]See Note 31 for the hedging reserve before tax.
[3]Items charged to equity in associates and joint ventures (JV).
[4]Including NOK 1 million in actuarial gains and losses relating to pensions (NOK -129 million in 2014).

Oslo, 10 February 2016
The Board of Directors of Orkla ASA

Stein Erik Hagen
Chairman of the Board

Grace Reksten Skaugen
Deputy Chair of the Board

Ingrid Jonasson Blank

Lars Dahlgren

Lisbeth Valther

Nils K. Selte

Terje Utstrand

Sverre Josvanger

Janne Halvorsen

Åke Ligardh

Peter A. Ruzicka
President and CEO

(This translation of the Annual Financial Statements has been made for information purposes only.)

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INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS

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NOTE 1 GENERAL INFORMATION

This general information provides an overview of the financial statements presented, who approves them and where the company is listed. Any changes in accounting principles are disclosed, together with individual events that are unusual in this year's financial statements, including in relation to previously presented financial statements.

General

The consolidated financial statements for Orkla ASA, including notes, for the year 2015 were approved by the Board of Directors of Orkla ASA on 10 February 2016. Orkla ASA is a public limited company and its offices are located in Nedre Skøyen vei 26, Oslo in Norway. The company's shares are traded on the Oslo Stock Exchange. The Orkla Group operates primarily in the branded consumer goods, renewable energy and real estate sectors, as well as in aluminium solutions through its ownership interest in Sapa (50%). The business areas are described in the segment information in Note 7.

The financial statements for 2015 have been prepared and presented in full compliance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The valuation and recognition of the items in the financial statements have been carried out in accordance with applicable IFRS standards.

No changes have been made in IFRS framework conditions that have a material effect on this year's financial statements. For information regarding future changes in financial standards, see Note 3.

In the 2015 financial statements, Orkla has changed its presentation of the notes. In previous years, all the accounting principles have been presented together in a separate note in the consolidated financial statements, but as from 2015 they have been incorporated into the respective individual notes. The principles have been highlighted with a "P" (P). In addition, estimate uncertainty is disclosed in relevant notes, and marked "E" (E). Estimate uncertainty will vary, and the areas in which estimates will be most significant will be specified in both Note 4 and in the relevant notes, with cross-references.

When preparing its annual report for 2014, Orkla switched to presenting EBIT (adj.) instead of EBITA in its segment information. The difference is that in the new term Amortisation is deducted. EBIT (adj.) is defined as "Operating profit/loss before other income and expenses".

The importance of the Group's shares and financial assets has been significantly reduced and the presentation of financial items in the income statement has been amended to reflect this change. As from 2015, financial items have been broken down into net interest and net other financial items. Financial items are specified in Note 15.

The presentation of items in the statement of financial position has been amended to provide a better picture of Orkla's current capital, i.e. the part of its working capital that primarily derives from the product cycle. In this way, Orkla wishes to make it easier to compare the Group with other branded consumer goods companies. The breakdown of items in the notes has been amended accordingly.

In addition, a separate line has been added to the income statement for EBIT (adj.). The Group has not made any other changes in presentation or accounting principles or applied any new standards that significantly affect its financial reporting or comparisons with previous periods.

Changes in the composition of the Group in 2015

In May 2015, the Group sold 15% of the shares in Gränges. The gain of NOK 425 million is reported on the line for "Profit/loss from associates and joint ventures". Orkla still owns 16% of Gränges (see Notes 6 and 24).

The Group has purchased new businesses. The biggest acquisitions in 2015 were Cederroth (Orkla Care) and NP Foods (Orkla Confectionery & Snacks). Acquisitions made in 2015 are presented in Note 5.

Information on agreements entered into for the purchase of companies is disclosed in Note 39.

Other income and expenses

Special matters relating to operations are presented on a separate line as "Other income and expenses" because they only to a limited degree are reliable as a measurement of the Group's ongoing earnings. The most important matters are disclosed according to their nature in Note 14.

Other matters

Orkla is still exposed to the weak markets in southern Europe through the activities of its joint venture Sapa. Although Sapa's performance does not affect the Group's ordinary operations, the effect is seen on the line for "Profit/loss from associates and joint ventures".

Orkla has no loan agreements containing financial covenants.

Impairment tests that have been carried out confirm that the capitalised value as at 31 December 2015 of the Group's most exposed assets is intact (see Note 18).

The Norwegian krone continued to weaken during 2015. This strengthens the value of foreign investments, and consequently a net total of NOK 866 million in positive translation differences has been recognised in equity.

NOTE 2 BASIS FOR PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

It is crucial to understanding these financial statements that the user is informed of the fundamental principles for both the recognition of items and the consolidation of the Group. Similarly, the use of parentheses and the currency in which the financial statements are presented will be significant.

The financial statements are essentially based on the historical cost principle. However, this does not apply to the treatment of financial assets, which are mainly reported at fair value as available for sale in the statement of comprehensive income or with changes in value reported in the income statement. The effect of these principles will be less and less significant for the Group as financial assets are sold off. Cash flow hedges that satisfy the criteria for hedge accounting are also reported at fair value in the statement of financial position and changes in value are recognised in the Group's comprehensive income. Assets that no longer justify their value are written down to the recoverable amount, which is the higher of value in use and fair value minus selling costs.

The financial statements are prepared on the basis of the underlying assumptions of the accrual accounting principle and the going concern assumption. In general, the latter can be justified by Orkla's financial strength with an equity ratio of 62.2% as at 31 December 2015 and good liquidity that more than covers the Group's liabilities in the next 12 months (see Note 28).

Note 2 cont.

An asset or liability is classified as current when it is part of a normal operating cycle, when it is held primarily for trading purposes, when it falls due within 12 months or when it consists of cash or cash equivalents on the statement of financial position date. Other items are non-current. A dividend does not become a liability until it has been formally approved by the General Meeting. Discontinued operations and assets held for sale are presented on separate lines as current items.

All amounts are in NOK million unless otherwise stated. Figures in parentheses are expenses or disbursements (cash flow). The functional currency of the parent company (Orkla ASA) is NOK and the Group's reporting currency is NOK.

The information in italics preceding the income statement, statement of financial position, statement of cash flows and notes is provided to give a more detailed explanation of the various presentations.

Consolidation principles
The consolidated financial statements show the overall financial results and the overall financial position when the parent company Orkla ASA and its controlling interests in other companies are presented as a single economic entity. All the companies have applied consistent principles and all intercompany matters have been eliminated.

Interests in companies in which the Group alone has controlling interest (subsidiaries) have been fully consolidated, line by line, in the consolidated financial statements from the date the Group has control and are consolidated until the date that such control ends. The Group will have control if it has the power to govern the subsidiary, has exposure or rights to variable returns from the subsidiary and has the ability to use its power over the subsidiary to affect the amount of its returns. If the Group has control, but owns less than 100% of the subsidiaries, the non-controlling interests' share of profit or loss after tax and their share of equity are presented on separate lines. As at 31 December 2015, no companies were consolidated in the Group based on the rules regarding de facto control.

Interests in companies in which the Group together with others has controlling interest (joint ventures) are valued using the equity method. The main company in this category is Sapa, in which Orkla owns 50% (see Note 6). Orkla has another joint venture, Moss Airport Rygge (40%).

Interests in companies over which the Group has significant influence (associates, Note 6) are also presented using the equity method. This applies to companies in which the Group owns an interest of between 20% and 50%. Orkla's most important associate is Jotun, in which the Group has a 42.5% interest.

Smaller ownership interests in other companies are disclosed in Note 24. These financial investments are largely treated as available for sale and recognised in the statement of financial position at fair value with changes in value taken to comprehensive income.

Principles for translating foreign currency
Revenues and expenses in subsidiaries with a different functional currency from that of the parent company are translated monthly at the average exchange rate for the month and accumulated. Statement of financial position items in subsidiaries with a different functional currency are translated at the exchange rate on the statement of financial position date. Translation differences are reported in comprehensive income. Translation differences arising from borrowing and lending in another functional currency, identified as net investment, are also reported in comprehensive income. All exchange rates have been obtained from Norges Bank.

Main exchange rates on consolidation against NOK

	Average of monthly exchange rates		Closing rate 31 December	
	2015	2014	2015	2014
EUR	8.94	8.36	9.62	9.04
SEK	0.96	0.92	1.05	0.96
DKK	1.20	1.12	1.29	1.21
USD	8.06	6.30	8.81	7.43

Transactions in foreign currencies are recognised at the exchange rate on the date of the transaction. Financial receivables and liabilities in foreign currencies are presented at the exchange rate on the statement of financial position date, and any gain/loss is reported in the income statement as a financial item. Other monetary items (e.g. accounts receivable and accounts payable) in a foreign currency are presented at the exchange rate on the statement of financial position date, and any gain/loss is reported in the income statement as an operating item.

NOTE 3 PRESENTATION OF THE FINANCIAL STATEMENTS AND FUTURE DEVELOPMENTS

Key accounting principles elaborate on the basic principles and describe how individual items in the financial statements are treated. All the principles are consistent with current IFRS, but choices, interpretations and adaptations must nonetheless be made which affect the preparation and presentation of financial statements to varying degrees. Accounting is constantly evolving and changes in rules can give rise to significant changes in accounting practices.

As stated by way of introduction, as from 2015 the disclosure of accounting principles has been incorporated into the relevant notes. This has been done so as to give financial statement users as clear an overview as possible when they consult the various notes.

Structure of the financial statements
The complete set of financial statements consists of an income statement, statement of comprehensive income, a statement of financial position, a statement of cash flows and a statement of changes in equity.

Orkla has chosen to present its **income statement** based on a traditional classification of expenses by nature. The income statement shows the Group's ordinary profit or loss, is divided into lines for various income and expense items and culminates in the Group's profit or loss for the year. The income statement presents three comparative years.

The statement of comprehensive income presents items that are recognised in equity, but not included in ordinary profit or loss for the period. The items in the statement are actuarial gains and losses on pensions, changes in hedging reserves in hedging transactions, changes in unrealised gains or losses on investments in shares, and currency translation effects. Actuarial gains and losses on pensions are recognised in equity with permanent effect, while the other items are recognised in equity temporarily and reversed when the related assets/items are sold or settled. Corresponding items in associates and joint ventures are reported in the same way.

The **statement of financial position** is also traditionally structured, the assets section starting out with non-current assets and ending with cash and cash equivalents. Interest-bearing receivables except for cash and cash equivalents are not presented on separate lines, based on materiality considerations. The interest-bearing items are disclosed in

Note 3 cont.

notes. In the equity and liabilities section, a distinction is made between equity, interest-bearing and non-interest-bearing items.

The **statement of cash flows** is structured using the indirect method, presenting cash flows from operating, investing and financing activities, and explains changes in "Cash and cash equivalents" in the reporting period.

Orkla also presents an Orkla-format cash flow statement. The bottom line of the statement, which is presented in Note 40, shows the change in net interest-bearing liabilities. Segment information and information provided in the Report of the Board of Directors refer extensively to this statement, as the Group's cash flows are reported and managed in this way. Cash flow from operating activities is an important management parameter at Orkla (see Note 7).

The **statement of changes in equity** presents all the items reported in equity, including items from the comprehensive income statement. Other items in addition to the latter consist of transactions relating to shareholders, such as dividends, the purchase and sale of treasury shares and transactions relating to non-controlling interests.

Future changes in standards

The consolidated financial statements will be affected by future changes in IFRS. The IASB has both published and is working on projects that will affect the Orkla Group's financial statements to varying degrees. The most important standards that could entail changes are the new IFRS 15 Recognition of Income (published in May 2014), IFRS 9 Financial Instruments (published in July 2014) and IFRS 16 Leases (published on 13 January 2016). Work is also in progress on changes in the IFRS Conceptual Framework and a new standard for Insurance Contracts.

The new standards will not come into force until 2018/2019, and the Group is currently preparing an estimate of their effects. Generally speaking, the Leases standard seems likely to have the greatest impact on the Orkla Group. As it looks now, it will impose a requirement to capitalise all non-immaterial leases. This will result in higher values for property, plant and equipment in the statement of financial position, correspondingly higher liabilities, and the equity ratio will fall. More detailed calculations of this effect are presented in Note 34.

As far as the Income Recognition standard is concerned, it looks as though the effects will be limited for the type of sales the Orkla Group primarily has. Further details regarding effects are disclosed in Note 9.

On the whole, the changes in IFRS 9 Financial Instruments do not appear to affect the Group significantly. Since the Group has sold off the bulk of its former share portfolio, whether potential gains or losses are presented in the ordinary income statement or in the comprehensive income statement will probably have no material effect. On the other hand, the liberalisation of hedge accounting rules will make it easier to hedge future cash flows, for example. As a result, the Group may make greater use of this possibility than before.

NOTE 4 ACCOUNTING MATTERS, USE OF ESTIMATES AND ASSUMPTIONS IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

The preparation of financial statements entails that the executive management must make decisions on the closing date on the basis of the information and discretionary assessments available on the date in question. This may apply to estimates and assumptions relating to financial statement items or other matters that may also have a material influence on the valuation of the company. It is important that the financial statement user is aware of these different items and the valuation techniques used to determine the values in the financial statements. Any material change in value up until the time the Board of Directors presents its report must be reflected in either the financial statements or in the notes.

Areas of greatest estimate uncertainty

The management has made use of estimates and assumptions in preparing the consolidated financial statements. This applies to assets, liabilities, revenues, expenses and supplementary information related to contingent liabilities.

Fair value assessments are affected by estimates of required rates of return. The required rate of return is determined by using the capital asset pricing model and is affected by estimates of risk-free interest and risk premium.

Most statement of financial position items will be affected to some degree by estimate uncertainty. This is disclosed in the respective notes. Some areas are substantially affected by estimate uncertainty, and the areas where estimates will have the greatest significance will be:

Amounts in NOK million

Accounting item	Note	Estimate/assumptions	Carrying value
Goodwill	18, 19	Net present value future cash flows/NSV[1]	12 608
Trademarks with indefinite life	18, 19	Net present value future cash flows/NSV[1]	4 542
Property, plant and equipment	18, 20	Net present value future cash flows/NSV[1]	10 523
Joint ventures	6	Net present value future cash flows/NSV[1]	8 496

[1]NSV: Net sales value

The areas where there is the greatest risk of material changes are capitalised goodwill and trademarks with an indefinite useful life. This is because the amounts involved are substantial and the value of the asset is based on recognition principles from purchase price allocations. Valuations relating to these long-term assets are described extensively in Note 18.

The valuation of and estimated useful life of property, plant and equipment are based on future information and will always involve a degree of uncertainty. Especially in a situation where the Group is planning major changes in its manufacturing structure and number of production sites, there will be extra focus on the assessments made of different production facilities. The various production sites are routinely assessed based on a going concern approach, and in a situation where a change in organisation could mean that some plants will be closed or reorganised, these assessments will have to be changed on an ongoing basis and could lead to the identification of both excess and deficit values.

The value of joint ventures essentially consists of the Group's 50% ownership interest in Sapa. The value is based on the contribution in kind at the time the subsidiary became a joint venture in 2013 (see Note 6).

The Branded Consumer Goods area makes provisions for discounts, etc. that are not offset as and when they arise. This will apply to matters such as annual bonuses, chain discounts and joint marketing. All types of discounts are recognised as sales revenue reductions and reduce the Group's sales revenues. Discounts for which provisions are made and which are reported as current liabilities as at 31 December are related to contractual arrangements that are largely based on reported sales. The

Note 4 cont.

discount structure is complex and discounts are calculated on the basis of various discount matrices and agreements, and entail an inherent risk of estimate variance. No material variance has been identified between estimated bonuses and bonuses paid in recent years.

Other sales revenue reductions such as returns of seasonal goods, etc. must be estimated, due to the fact that externally-sourced data will not be available until after the financial statements have been prepared and presented. These will also reduce the Group's sales revenues. The systems also entail an inherent risk of estimate variance. There have been no material variances between provisions for and actually reported reductions in the past few years.

Other estimates and assumptions are disclosed in various notes, and any information that is not logically included in other notes is presented in Note 39.

Going forward
Future events and changes in operating parameters may make it necessary to change estimates and assumptions. New interpretations of standards may result in changes in the choice of accounting principles and presentation. Such changes will be recognised in the financial statements when new estimates are prepared and whenever new requirements regarding presentation are introduced. These matters are disclosed in both the description of principles and in notes.

Exercise of judgement
The financial statements may also be affected by the form of presentation, choice of accounting principles and the judgement exercised in applying them. This applies, for instance, to the assessment of whether a "Discontinued operation" should be presented on a separate line and the date on which this should be done. Material non-recurring items and items substantially relating to other periods will be presented as "Other income and expenses" on a separate line of the income statement. These are included in the Group's operating profit, but not in EBIT (adj.) broken down by segment. Orkla has also chosen to present profit or loss from associates and joint ventures after operating profit.

It is important to note that use of a different set of assumptions for the presentation of the financial statements could have resulted in significant changes in the income statement presented.

NOTE 5 DIVESTMENTS AND ACQUISITIONS

The sale and acquisition of companies affect the comparison with last year's figures, and the changes in the various notes must be seen in the light of this factor. Acquired companies are presented in the financial statements from the date on which control transfers to the Group. Sold companies, which are not covered by the rules regarding "Discontinued operations" cease to be included in the financial statements from the date the Group no longer has control.

PRINCIPLE

Sale of companies
When a business is divested, the gain is measured as the difference between the selling price and book equity, minus any remaining excess value related to the business. Any sales expenses incurred will also reduce the gain/increase the loss. Accumulated translation differences related to the divested business will be recognised in profit or loss as part of the gain, with a corresponding contra entry in comprehensive income, and any hedging reserves are recognised in profit or loss. Sales expenses incurred will be reported as "Other income and expenses" (M&A) in the period prior to the agreement date and will be recognised as a part of the gain upon completion of the agreement. The gain will be reported before tax and the business's associated tax will be recognised on the tax line of the income statement. The real gain is reflected in the sum total of the gain and the tax. If the sold business qualifies for recognition as "Discontinued operations", all the effects associated with the gain will be reported on the line for "Discontinued operations" in the income statement (see Note 38).

Business combinations
Business combinations are accounted for using the acquisition method. When a subsidiary is acquired, a purchase price allocation is carried out. Assets and liabilities are valued at their fair value at the time of acquisition. The residual value in the acquisition will be goodwill. The acquisition is reported in the financial statements from the date the Group has control. The date of control is normally the date on which the acquisition agreement takes effect and has been approved by all the relevant authorities, and will normally be after the contract date. If there are non-controlling interests in the acquired company, these will receive their share of allocated assets and liabilities. Transactions with the non-controlling interests will be recognised in equity. In companies where the Group already owned interests prior to the business combination, any change in the value of earlier interests will be recognised in the income statement. The Group's equity will therefore be affected by the fact that the assets are repriced as if the entire acquisition had been made at this time. The same procedure will in principle be carried out in connection with the establishment of a joint venture and with the acquisition of an associate. However, these are not considered to be business combinations because the Group does not obtain control.

Sale of companies
The sale of Orkla Brands Russia was completed in the fourth quarter of 2014. Orkla received payment for the sale in the first quarter of 2015.

In November 2015, Orkla sold a property in the centre of St. Petersburg, Russia. The gain is reported as "Discontinued operations" (see Note 38).

Acquisition of companies
Orkla Care purchased 100% of the shares in the branded consumer goods company **Cederroth**. The acquisition was completed as at 31 August 2015. The purchase was approved by the relevant competition authorities on condition that the Allévo brand in Sweden and the Asan brand in Norway were sold. The sales were completed in January 2016, and the two brands are classified as "Assets held for sale" in the statement of financial position as at 31 December 2015.

Note 5 cont.

Through the acquisition of Cederroth, Orkla Care has become one of the Nordic region's leading suppliers of personal care, health, wound care and household cleaning products. The product categories offered by Orkla Care and Cederroth are largely complementary. In addition, wound care represents an attractive new category for Orkla. Cederroth also has a well-established position in the Nordic pharmacy market. The company has a total of 850 employees.

Goodwill largely consists of the extraction of synergies and establishment of a platform for further development in the Nordic region. Cederroth was recognised in the financial statements as from 1 September 2015.

Orkla Confectionery & Snacks' agreement to purchase **NP Foods** was completed on 11 March 2015. This acquisition has close to doubled the scope of Orkla's Baltic operations, making Orkla one of the largest suppliers of branded consumer goods to the Baltic grocery trade. The iconic chocolate brand Laima has a market share of over 30% in the Latvian chocolate market. Orkla also strengthened its positions in the Baltic biscuits, cakes, juice and water segments. The company has four factories in Latvia and one in Lithuania. The company has 1,100 employees.

Excess values mainly consist of trademarks and goodwill, the latter of which is largely the extraction of synergies. NP Foods was incorporated into the statement of financial position as at 31 March 2015 and in the income statement as from April 2015.

Through its wholly-owned subsidiary KåKå AB, Orkla Food Ingredients purchased 67% of the Finnish company **Condite Oy**. Condicte is Finland's second largest sales and distribution company in the bakery ingredients segment. The company was privately owned, and two of the former owners wish to remain shareholders and have retained a total interest of 33%. Condite has 42 employees. The agreement has been approved by the Finnish competition authorities and was completed on 30 January 2015.

Orkla Care purchased the Danish company **W. Ratje Frøskaller** (WRF). WRF manufactures and markets fibre products under the HUSK brand to its main markets in Denmark, Sweden and Norway. With this acquisition, Orkla Health has strengthened its position in the gut health segment. The purchase has also strengthened Orkla Care's general position in the pharmacy market. WRF has seven employees, and the company was incorporated in the financial statements as from February 2015.

Orkla Food Ingredients purchased 100% of **EISUNION** GmbH. EISUNION Gmbh is a leading market player in Germany, supplying ice cream ingredients, cornets, packaging materials, toppings and equipment and machinery to ice cream outlets and cafes. EISUNION is headquartered in Feucht, Nürnberg, and operates from five locations in central and southern Germany. EISUNION has around 70 employees, and the company was incorporated in the financial statements as from April 2015.

Orkla Foods Sverige purchased the Swedish food company **Anamma Foods** AB, which manufactures frozen soy-based vegan products. Anamma Foods has developed into a well-known brand for consumers who wish to reduce their intake of meat or replace meat entirely in their diet. Anamma Foods has its own production facilities in Simrishamn and Vadensjö. The company has 25 employees. The formal transfer of ownership took place on 1 June 2015.

Other acquisitions
In 2015, Orkla also purchased a number of small companies, which are presented on a single line in the overview of acquired companies. This applies to following companies:

Through its wholly-owned subsidiary FELIX Austria GmbH, Orkla Foods acquired 100% of the shares in the Austrian company Bioquelle GmbH. Bioquelle holds strong positions in the Austrian muesli, nuts, dried fruits, health foods and organic food categories, and as a distributor of soy-based products. In 2014, the company reported net sales of EUR 18 million (NOK 164 million) and EBITDA of around EUR 0.7 million (NOK 5.9 million). Bioquelle has around 50 employees. The agreement was approved by the Austrian competition authorities and the purchase was completed on 2 July 2015.

Orkla Confectionery Orkla Confectionery & Snacks purchased the company Lakrisgutta AS. Lakrisgutta develops, markets and sells uniquely-flavoured confectionery under special labels. In 2014, the company had a turnover of NOK 16.8 million. Approximately 70% of turnover derives from the grocery trade. Lakrisgutta was incorporated in the financial statements as from October 2015.

In December 2015, Orkla Food Ingredients (OFI) purchased 55% of the shares in the two Dutch sales and distribution companies Frusco and Briceland. Together the two companies will become a leading player in the Dutch ice cream market. Frusco and Briceland have a total of 15 employees. The companies achieved a combined turnover of EUR 12.5 million (approx. NOK 119 million) in 2014. The companies' current owners, who are three private individuals, will continue to own a total of 45% of the shares as minority shareholders. The companies' financial position figures were incorporated into the Group's statement of financial position as at 31 December 2015.

Through its Icelandic company Kjarnavörur hf, Orkla Food Ingredients purchased 66.67% of the shares in Nonni Litli ehf, which manufactures dressings, sauces and mayonnaise-based bread salads for the grocery and out-of-home sectors. The company has an annual turnover of around EUR 1.4 million (approx. NOK 13 million), and has been incorporated in Orkla's financial statements since February 2015.

Orkla Food Ingredients also bought out the non-controlling interests in Call Caterlink and Marcantonio Foods.

Other matters relating to purchase price allocations
None of the purchase price allocations had been completed as at 31 December 2015, due to uncertainty relating to certain valuation factors.

Operating revenues and EBIT (adj.) for the largest acquired companies, before and after the acquisition, are presented in the table on the next page.

See Note 39 for information on agreements entered into for the purchase of companies.

An agreement has been concluded regarding a supplementary consideration for Anamma, contingent on turnover for 2015 and 2016. It is assumed that this consideration will have to be paid in full. There were otherwise no material contingent considerations or contingent liabilities related to the acquisitions. The fair value of the non-controlling ownership interests was estimated on the basis of market value.

A total of NOK 112 million was expensed in acquisition costs in 2015.

E ESTIMATE UNCERTAINTY

In company acquisitions, the assets taken over are valued at fair value at the time of purchase. The various assets are valued on the basis of different models, and goodwill is the residual in this type of purchase price allocation. Errors in estimates and assumptions can lead to an error in the split of the value between the various assets, but the sum of the total excess values will always be consistent with the purchase price paid.

Note 5 cont.

Amounts in NOK million	Date of controll	Interest acquired (%)	Acquisition cost	Excess/deficit value[1]	Trademarks	Other intangible assets	Property, plant and equipment	Other	Deferred tax	Goodwill	Operating revenues after acquisition date	Operating profit after acquisition date	Operating revenues before acquisition date	Operating profit before acquisition date
2015														
Cederroth, Orkla Care	September	100	1 836	1 526	503	-	(1)	41	(181)	1 164	527	28	1 116	94
NP Foods, Orkla Confectionery & Snacks	April	100	862	618	187	-	21	-	(33)	443	559	14	142	(5)
Condite, Orkla Food Ingredients	January	67	101	9	-	-	15	(4)	(3)	1	288	4	na	na
W. Ratje Frøskaller, Orkla Care	February	100	88	77	33	-	-	-	(7)	51	54	20	5	2
EISUNION GmbH, Orkla Food Ingredients	April	100	67	26	-	-	-	3	(1)	24	149	5	45	2
Anamma, Orkla Foods	June	100	59	41	12	-	-	-	(3)	32	30	4	22	1
Other acquisitions			157	77	4	-	(1)	-	(1)	75				
Acquisitions at enterprise value			**3 170**	**2 374**	**739**	**-**	**34**	**40**	**(229)**	**1 790**				
Investments in associates			3											
Acquisitions in segments, enterprise value (see Note 40)			**3 173**											
Interest-bearing liabilities acquisitions			(1 611)											
Cash flow effect acquisitions[2,3]			**1 562**											
2014														
Minor acquisitions of assets in Branded Consumer Goods			49	-	-	-	-	-	-	-	na	na	na	na
Eiendom Sofienlund, Financial Investments	August	100	38	20	-	-	20	-	-	-	-	-	1	-
Acquisitions at enterprise value			**87**	**20**	**-**	**-**	**20**	**-**	**-**	**-**	-	-	-	-
Investments in associates			-											
Acquisitions in segments, enterprise value (see Note 40)			**87**											
Interest-bearing liabilities acquisitions			(28)											
Cash flow effect acquisitions[2,3]			**59**											
2013														
Rieber & Søn[4], Orkla Foods	April	100	6 122	4 276	1 216	(53)	(341)	45	(244)	3 653	2 419	187	1 235	35
Marcantonio Foods, Orkla Food Ingredients	January	77	81	28	-	-	-	-	-	28	74	7	-	-
Minor companies in Branded Consumer Goods			82	53	-	-	-	-	(3)	56	198	1	57	6
Drammensveien 149/151 (buildings), Financial Investments	March	100	688	305	-	-	305	-	-	-	na	na	na	na
Acquisitions at enterprise value			**6 973**	**4 662**	**1 216**	**(53)**	**(36)**	**45**	**(247)**	**3 737**	-	-	-	-
Investments in associates			13											
Acquisitions in segments, enterprise value (see Note 40)			**6 986**											
Interest-bearing liabilities acquisitions			(965)											
Cash flow effect acquisitions[2,3]			**6 021**											

[1]Excess/deficit value is the difference between the purchase price of the shares and the Group's share of equity in the acquired company, together with values already allocated to trademarks and goodwill in the acquired company.
[2]This includes cash and cash equivalents of NOK 261 million in 2015, NOK 0 million in 2014 and NOK 112 million in 2013.
[3]Equivalent to compensation for equity.
[4]Operating revenues and operating profit before and after the date of acquisition of Rieber & Søn have been estimated and due to the application of different accounting principles the figures are not comparable.

Note 5 cont.

Acquired companies statement of financial position Amounts in NOK million	Total 2015 Fair value	2015 Cederroth	2015 NP Foods	Total 2014 Fair value
Property, plant and equipment	534	218	197	40
Intangible assets	747	506	189	44
Deferred tax assets	60	53	6	-
Other long-term assets	60	59	-	-
Inventories	422	229	73	4
Receivables	662	359	188	-
Assets	2 485	1 424	653	88
Provisions	481	429	34	-
Non-current liabilities, non interest-bearing	53	52	1	-
Current liabilities, non interest-bearing	594	271	199	1
Non-controlling interests	(23)	-	-	-
Net assets	1 380	672	419	87
Goodwill	1 790	1 164	443	-
Acquisition cost at enterprise value	3 170	1 836	862	87

NOTE 6 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates are investments in companies in which the Orkla Group has significant influence by virtue of its ownership interest. Joint ventures are investments in companies where the Group, together with others, has controlling interest. Both of these types of investment are consolidated on a single line using the equity method.

P PRINCIPLE

The equity method
Investments in associates are investments in companies in which the Orkla Group has significant influence by virtue of its ownership interest. These are usually companies in which Orkla owns a 20-50% stake. Joint ventures are investments in companies where the Group, together with others, has controlling interest. This applies to companies where the Group has entered into an agreement with another party to operate and develop a joint company in which neither of the parties alone has control. Both these types of investment are accounted for using the equity method by the Group presenting its share of the companies' results after tax and non-controlling interests on a separate line in the income statement and accumulating the results reported for the share on a single line in the statement of financial position. Any excess value that is to be amortised is deducted from profit according to the same principles as for consolidated companies. Goodwill is not amortised. Dividends received from associates and joint ventures are reported against the ownership interest in the statement of financial position and are regarded as repayment of capital. The value of associates and joint ventures presented in the statement of financial position thus represents the original cost price plus profit/loss accumulated up to the present date, minus any amortisation of excess value and accumulated dividends received. Account is also taken of the share of any translation differences and the like in the associate or joint venture. Any write-downs of the value of the ownership interest are presented on the same line.

Associates and joint ventures
Orkla's 42.5% ownership interest in Jotun is presented as an associate using the equity method. In addition, Orkla has some smaller associates which derive from the acquisition of Jordan and Capto Eiendom.

Orkla's 50% ownership interest in Sapa AS is based on an agreement with Norsk Hydro and is considered to be a joint venture. The Group also has a 40% ownership interest in Moss Airport Rygge, which is also a joint venture. The other owners are Thon Holding (40%), Østfold Energi (15%) and Østfold Fylkeskommune (5%).

Moss Airport Rygge achieved positive results and saw good activity in 2015. However, the Government decided to impose a new air passenger tax with effect from 2016. The final wording of the rules is being circulated for consultation and their consequences are highly unclear. Ryanair has announced its intention to terminate its contract with the Rygge airport, but termination is conditional upon the introduction of the air passenger tax. If the new tax is imposed, Ryanair's planes will cease to use Moss Airport Rygge as from 1 November 2016. Ryanair's notice of termination is reversible, and the situation will return to normal if the Government decides to postpone adoption of the air passenger tax. There is thus uncertainty attached to the Group's investment. Orkla has a total investment in shares and loans of NOK 175 million.

No significant capital contributions are required in joint ventures in which Orkla is a participant. Figures for associates and joint ventures which do not report in accordance with IFRS are restated prior to inclusion in the consolidated financial statements. Orkla has no contingent liabilities, either on its own or jointly with other investors, in associates or joint ventures.

Gränges
The Group sold 15% of the shares in Gränges in May 2015. The company is a leading global supplier of rolled products for aluminium heat exchangers, primarily for use in the automotive industry. Orkla still owns 16% of Gränges. In accounting terms, this means that the company ceased to be presented as an associate as from the second quarter of 2015. The gain on the sale amounted to NOK 425 million and has been calculated as though the entire shareholding had been divested. As contra entry, the remaining interest has been recognised in the statement of financial position as a short-term shareholding under the category "Available for sale" at its value on the date of sale (see Note 24).

Note 6 cont.

Material associates and joint ventures

Amounts in NOK million	Jotun	Sapa	Gränges	Other	Total
Book value 1 January 2013	2 270	-	-	524	2 794
Additions/disposals	-	7 745	-	(14)	7 731
Share of profit/loss	335	(347)	-	9	(3)
Profit from associates in discontinued operations	-	-	-	5	5
Dividends	(218)	-	-	(13)	(231)
Items charged to equity	(166)	243	-	4	81
Book value 31 December 2013	2 221	7 641	-	515	10 377
Additions/disposals	-	-	923	(24)	899
Share of profit/loss	384	(313)	26	24	121
Final settlement/dividends	(218)	(36)	-	(16)	(270)
Items charged to equity	414	468	45	-	927
Book value 31 December 2014	2 801	7 760	994	499	12 054
Additions/disposals	-	-	(1 007)	(15)	(1 022)
Share of profit/loss	569	123	32	37	761[1]
Gain on disposal	-	-	425	-	425[1]
Write-down	-	-	-	(75)	(75)[1]
Dividends	(218)	-	(31)	(5)	(254)
Items charged to equity	132	538	12	3	685
Book value 31 December 2015	3 284	8 421	0	444	12 149
Cost price 31 December 2015	175	7 709	-	-	-
Ownership interest (%)	42.5[2]	50.0	-	-	-

[1]The sum of the three items make up the profit from associates and joint ventures, amounting to NOK 1,111 million.
[2]The Group has 38.3% of the voting rights in Jotun.

Jotun
Jotun is one of the world's leading manufacturers of paints and powder coatings, with 53 subsidiaries, three joint ventures and six associates. Jotun has 35 production plants distributed across all of the world's continents. Jotun's activities consist of the development, manufacture, marketing and sale of paint systems for the residential, shipping and industrial sectors. Jotun is divided into four segments: Decorative Paints, Marine Coatings, Protective Coatings and Powder Coatings.

Orkla's 42.5% ownership interest in Jotun is presented as an associate and Orkla has been an active minority shareholder in Jotun for approximately 40 years. The cost price for Jotun is NOK 175 million, while the carrying value using the equity method is NOK 3,284 million. Orkla's 42.5% ownership interest in Jotun serves as the basis for recognition using the equity method, while Orkla has 38.3% of the voting rights. Orkla owns 42,008 A shares and 103,446 B shares in the company. An A share carries 10 times as many votes as a B share.

E ESTIMATE UNCERTAINTY

Jotun is a family-controlled group and Orkla, with its 42.5% ownership interest, is to be considered a minority shareholder. The value of Orkla's interest in Jotun must be seen in the light of this situation. A valuation of Jotun substantiates that there is considerable excess value in Orkla's investment in Jotun in relation to its carrying value.

The following tables show 100% figures for Jotun.

Items in the income statement and statement of financial position

Amounts in NOK million	Jotun 2015	Jotun 2014
Operating revenues	16 282	13 171
Operating profit	2 064	1 314
Profit/loss after tax and non-controlling interests	1 338	895
Other comprehensive income after non-controlling interests	1 648	1 696
Current assets	8 476	7 427
Non-current assets	6 710	5 873
Total assets	15 186	13 300
Current liabilities	4 606	3 891
Non-current liabilities	2 648	2 670
Total liabilities	7 254	6 561

Reconcilation of equity Jotun against Orkla's share		
Equity in Jotun	7 932	6 739
Non-controlling interests	210	151
Owners of the parent's equity	7 722	6 588
Orkla's share of equity (42.5%)	3 284	2 801

Note 6 cont.

Sapa

Sapa became part of the Orkla Group through the acquisition of Elkem in 2005 and was reported as a subsidiary until the agreement with Norsk Hydro was entered into in 2012. At that time, the operations in Sapa Profiles, Sapa Building System and parts of Heat Transfer (Precision Tubing) were identified as a separate item as Sapa (part of future JV) and presented on one line as "Discontinued operations". Historical figures were restated. The agreement with Norsk Hydro became effective from September 2013, from which time Orkla's 50% ownership interest in Sapa was presented using the equity method. The Heat Transfer business was split off from the future joint venture between Norsk Hydro and Orkla and retained in Orkla. The company changed its name to Gränges in 2013, and was listed on Nasdaq Stockholm in October 2014. Orkla has a residual ownership interest of 16%. See also the paragraph at the start of this note.

Sapa is the leading global manufacturer of extruded aluminium profiles. At the end of 2015, it had a market share of 24% in Europe and 27% in North America, as well as operations in South America and Asia. Sapa's extrusion operations serve customers in most sectors, such as the automotive, transport, electronics, building and construction industries.

The parent company Sapa AS is a Norwegian limited company and its registered office is in Oslo, Norway. The company is a holding company with interests in a number of Norwegian and foreign companies. The Orkla Group's 50% ownership interest in Sapa AS is owned through Industriinvesteringer AS. Hydro Aluminium AS, a subsidiary of Norsk Hydro ASA, owns the remaining 50% of the shares in Sapa AS. Orkla and Norsk Hydro have entered into a shareholder agreement which, supplemented by Norwegian company legislation, regulates the parties' rights and obligations in this connection. The agreement contains provisions whereby both parties may initiate a process for stock exchange listing after around three years from the date of completion of the agreement (1 September 2013), and whereby both parties may decide to retain a 34% ownership interest.

E ESTIMATE UNCERTAINTY

The value of assets in Sapa was tested for impairment in 2015. This was done both by means of discounted cash flow, a multiple approach and a sum of the parts valuation. The value is deemed to have been maintained.

Sapa Profiles Inc. Portland (SPI), a subsidiary of Sapa AS (owned 50 percent by Orkla) is under investigation by the United States Department of Justice (DOJ) Civil and Criminal Divisions regarding aluminium extrusions that SPI manufactured from 1996 to 2015 and delivered to a supplier to NASA. SPI is cooperating fully in these investigations. In response to these pending investigations, Sapa has performed audits of its quality assurance processes at all relevant extrusion operations in North America, and is in the process of finalising audits of its extrusion operations in Europe. Quality issues identified in these audits have been, or are in the process of being, addressed with the affected customers and remediation actions are being undertaken. The investigations are currently ongoing, and, at this point, the outcome of the DOJ investigations and of the identified quality issues, including financial consequences on Sapa, is uncertain. Based on the information known to Orkla at this stage, Orkla does not expect any resulting liabilities to have a material adverse effect on its consolidated results of operations, liquidity or financial position.

The following tables show 100% figures for Sapa.

Income statement Amounts in NOK million	Sapa 1.1.–31.12. 2015	 1.1.–31.12. 2014
Operating revenues	55 397	46 384
Operating expenses	(52 669)	(44 470)
Depreciation	(1 321)	(1 263)
Other expenses	(879)	(968)
Operating profit	528	(317)
Financial items	(281)	(266)
Profit/loss before tax	247	(583)
Taxes	4	(38)
Profit/loss after tax	251	(621)
Non-controlling interests	(5)	(5)
Net profit/loss (100%)	246	(626)
Of this Orkla's share (50%)	123	(313)
Items recognised in other comprehensive income (100%)	1 076	937
Other comprehensive income (100%-basis)	1 322	311

Statement of financial position Amounts in NOK million	31.12. 2015	31.12. 2014
Cash and cash equivalents	2 512	1 882
Current assets	12 829	13 532
Non-current assets	13 529	12 215
Total assets	28 870	27 629
Current liabilities non interest-bearing	9 367	9 621
Current liabilities interest-bearing	1 190	1 067
Non-current liabilities	5 442	5 403
Total liabilities	15 999	16 091

Reconcilation of equity Sapa against Orkla's share		
Equity in Sapa	12 871	11 538
Non-controlling interests	49	38
Owners of the parent's equity	12 822	11 500
Orkla's share of equity (50%)	6 411	5 750
Goodwill at Orkla level	2 010	2 010
Capitalised share	8 421	7 760

NOTE 7 SEGMENTS

In the segment information, sales revenues, profit and loss, cash flows and capital employed, together with operating margin and the number of man-years, are broken down between the different business areas, thereby giving those using the financial statements a better basis for understanding the Group's underlying operations.

PRINCIPLE

Orkla has business areas as operating segments. The operating segments correspond to the way in which the business areas report figures to the Group Executive Board (chief operating decision maker), but are limited to an expedient number.
Sales revenues are broken down by geographical market based on the customer's location. The accounting principles on which segment reporting is based are the same as for the rest of the consolidated financial statements.
The arm's length principle is applied to pricing of transactions between business areas. Orkla ASA provides services to the companies in the Orkla Group and charges them for these services based on the aforementioned principles.

Segment information

The operating profit/loss in the segment information is identical to the information presented in the income statement for the Group. There is therefore no need for further reconciliation of these income statement items. The segment information also contains a breakdown of profit/loss from companies reported using the equity method. The Orkla Group has a central finance function and the financing of the various segments does not necessarily reflect the real financial strength of the individual segments. Financial items are therefore presented only for the Group as a whole. The same applies to tax expense. Cash flow figures were taken from the Orkla-format cash flow statement (see Note 40).

The segment information tables show sales broken down by market, based on the customers' location. The table below shows the revenues generated by various products and services. "Orkla HQ/Other business" primarily covers activities at the Group's head office and is presented as a separate segment. Figures showing the geographical breakdown of capital employed, investments in property, plant and equipment and the number of man-years are also presented (see Note 8).

Orkla's four branded consumer goods business areas must be described as aggregated segments. A further breakdown of selected KPIs is presented in reporting to the Group Executive Board and the Board of Directors. The characteristics of the different segments/business areas vary. Orkla Foods and Orkla Confectionery & Snacks are mainly aggregated from homogeneous operations in countries with a relatively similar risk profile. Orkla Care is more differentiated, but largely operates in homogeneous markets with approximately the same risk profile. Orkla Food Ingredients also has relatively similar operations, on the whole, in the ingredients segment in many European countries, with sales primarily to industrial customers and wholesalers.

Further information on the individual business areas (see also Note 18):

Branded Consumer Goods	
Orkla Foods comprises Orkla's food businesses which serve home markets in the Nordics, Baltics, Austria, the Czech Republic and India. The companies in this business area are Orkla Foods Norge, Orkla Foods Sverige, Orkla Foods Danmark, Orkla Foods Finland, Põltsamaa Felix in Estonia, Spilva in Latvia, Suslavicius-Felix in Lithuania, Felix in Austria, Vitana Group in the Czech Republic and MTR Foods in India. Orkla Foods' operations are concentrated on strong brands that largely hold number one positions in their home markets.	***Orkla Confectionery & Snacks*** mainly comprises the product categories confectionery, snacks and biscuits and consists of six branded consumer goods companies serving home markets in the Nordic and Baltic regions. The companies in this business area are Orkla Confectionery & Snacks Norge (confectionery, snacks and biscuits), Orkla Confectionery & Snacks Sverige (snacks and biscuits), Orkla Confectionery & Snacks Finland (confectionery, snacks and biscuits), Orkla Confectionery & Snacks Danmark (snacks), Orkla Confectionery & Snacks Latvija (chocolate, biscuits, snacks, cakes and ready meals) and Kalev in Estonia (confectionery, snacks and biscuits).
Orkla Care comprises branded consumer goods companies which primarily serve the Nordic region as their home market. Until August 2015, Orkla Care consisted of the businesses Orkla Home & Personal Care (laundry detergents and personal care products), Lilleborg Profesjonell (full-range supplier of hygiene and cleaning solutions to the professional market), Orkla Health Group (dietary supplements and health products), Pierre Robert Group (basic textiles sold through the grocery channel) and Orkla House Care (painting tools and cleaning products). In September 2015, Cederroth was integrated into Orkla Care.	***Orkla Food Ingredients*** is the leading supplier of bakery and ice cream ingredients in the Nordic region, in addition to holding significant market positions in selected countries in Europe. Sales and distribution companies ensure proximity to the customer market in a total of 20 countries. The largest product groups are margarine and butter blend products, bread and cake improvers and mixes, marzipan, yeast and ice cream ingredients.
Orkla Investments	
Hydro Power consists primarily of the power operations at Sarpsfoss and Orkla's 85% ownership interest in AS Saudefaldene. The energy business produces and supplies power to the Nordic power market, and has a total normal production volume of 2.4 TWh. The Sauda hydropower operations are leased from Statkraft until 31 December 2030, after which the power plants will be returned in return for an agreed financial compensation. Approximately 1 TWh of AS Saudefaldene's production is subject to special contract conditions.	***Financial Investments*** consists of Orkla Eiendom, the remainder of the share portfolio, Orkla's remaining ownership interest in Gränges (see Note 24), Chaka and the investments in Sapa and Jotun (see Note 6). Orkla Eiendom Group meets the Group's need for specialised real estate expertise and assistance, and is responsible for the administration, development and sale of properties that are not utilised in Orkla's industrial operations. Orkla also has a historical portfolio of real estate-related investments, which are being divested in accordance with the Group's current strategy. The most important development projects are Orkla's new headquarters at Skøyen and two housing projects at Torshov in Oslo.

Note 7 cont.

SEGMENTS 2015

Amounts in NOK million	Orkla Foods	Orkla Confec-tionery & Snacks	Orkla Care	Orkla Food Ingredients	Elimin-ations	Branded Con-sumer Goods	Hydro Power	Financial Invest-ments	HQ/ Other Busi-ness	Elimin-ations	Orkla Group
REVENUES/PROFIT/LOSS											
Norway	4 749	1 993	3 159	981	-	10 882	629	-	4	-	11 515
Sweden	4 115	1 138	706	1 313	-	7 272	-	-	-	-	7 272
Denmark	944	558	429	1 470	-	3 401	-	-	-	-	3 401
Finland and Iceland	858	792	272	488	-	2 410	-	-	-	-	2 410
The Baltics	398	902	56	258	-	1 614	-	-	-	-	1 614
Nordic region and the Baltics	11 064	5 383	4 622	4 510	-	25 579	629	-	4	-	26 212
Rest of Europe	1 272	326	565	2 932	-	5 095	-	29	-	-	5 124
Rest of the world	853	55	300	58	-	1 266	-	-	8	-	1 274
Sales revenues	13 189	5 764	5 487	7 500	-	31 940	629	29	12	-	32 610
Other operating revenues	8	13	25	8	-	54	61	438	35	-	588
Intercompany sales	53	36	22	90	(193)	8	-	9	428	(445)	0
Operating revenues	13 250	5 813	5 534	7 598	(193)	32 002	690	476	475	(445)	33 198
Cost of materials	(6 392)	(2 385)	(2 285)	(4 984)	193	(15 853)	(288)	(200)	(4)	-	(16 345)
Payroll expenses	(2 527)	(1 178)	(1 061)	(1 070)	-	(5 836)	(39)	(59)	(498)	-	(6 432)
Other operating expenses	(2 222)	(1 173)	(1 209)	(972)	-	(5 576)	(146)	(117)	(361)	445	(5 755)
Depreciation and write-downs	(406)	(233)	(96)	(144)	-	(879)	(63)	(43)	(53)	-	(1 038)
Amortisation intangible assets	(2)	(1)	(2)	(14)	-	(19)	-	-	-	-	(19)
Operating profit before other income and expenses EBIT (adj.)	1 701	843	881	414	-	3 839	154	57	(441)	-	3 609
Other income and expenses	(164)	(58)	(201)	(37)	-	(460)	-	(8)	(34)	-	(502)
Operating profit/loss	1 537	785	680	377	-	3 379	154	49	(475)	-	3 107
Profit/loss from associates and joint ventures	-	-	1	-	-	1	-	1 110	-	-	1 111
Non-controlling interests' share of profit/loss	-	-	-	(53)	-	(53)	(2)	(1)	-	-	(56)
CASH FLOW (SEE NOTE 40)											
Cash flow from operations before net replacement expenditures	1 888	962	1 224	553	-	4 627	205	3	(261)	-	4 574
Net replacement expenditures	(382)	(270)	(75)	(132)	-	(859)	(9)	91	(62)	-	(839)
Cash flow from operations	1 506	692	1 149	421	-	3 768	196	94	(323)	-	3 735
Expansion investments	(368)	(16)	-	(4)	-	(388)	-	-	-	-	(388)
Acquired companies (enterprise value)	(103)	(891)	(1 924)	(255)	-	(3 173)	-	-	-	-	(3 173)
CAPITAL EMPLOYED											
Segment assets											
Trade receivables	1 977	1 049	1 039	1 126	(21)	5 170	28	31	184	(146)	5 267
Other current receivables	170	52	84	74	-	380	52	13	88	-	533
Inventories and development property	2 082	617	1 043	872	-	4 614	-	224	1	-	4 839
Pension plan assets	24	2	5	8	-	39	-	-	-	-	39
Investments in associates and joint ventures	-	-	23	5	-	28	-	12 121	-	-	12 149
Intangible assets	7 310	5 119	4 044	1 100	-	17 573	19	4	15	-	17 611
Property, plant and equipment	3 425	1 784	755	1 062	-	7 026	2 096	1 162	239	-	10 523
Total segment assets	14 988	8 623	6 993	4 247	(21)	34 830	2 195	13 555	527	(146)	50 961
Segment liabilities											
Trade payables	(1 678)	(768)	(724)	(645)	21	(3 794)	(25)	(54)	(142)	146	(3 869)
Value added tax, employee taxes	(288)	(127)	(139)	(81)	-	(635)	(13)	(4)	(31)	-	(683)
Other current liabilities	(634)	(317)	(403)	(270)	-	(1 624)	(6)	(56)	(584)	-	(2 270)
Pension liabilities	(765)	(187)	(247)	(185)	-	(1 384)	(20)	(5)	(495)	-	(1 904)
Deferred tax, excess values	(372)	(404)	(235)	(14)	-	(1 025)	-	3	-	-	(1 022)
Total segment liabilities	(3 737)	(1 803)	(1 748)	(1 195)	21	(8 462)	(64)	(116)	(1 252)	146	(9 748)
Capital employed[1]	11 251	6 820	5 245	3 052	0	26 368	2 131	13 439	(725)	0	41 213
KEY FIGURES											
Operating margin EBIT (adj.) (%)	12.8	14.5	15.9	5.4	-	12.0	22.3	na	na	na	10.9
Total man-years 31 December	5 977	3 073	2 400	2 594	-	14 044	46	119	323	-	14 532

[1]Most of the lines under "Segment assets" and "Segment liabilities" can be matched directly with the notes and the statement of financial position. The difference between "Other current receivables" in Note 23 and "Other current liabilities" in Note 27 is ascribable to the fact that other current receivables and liabilities also comprise items not included in capital employed, such as accrued interest, while some of the derivatives are included in capital employed. Deferred tax related to excess value is included in deferred tax. See the reconciliation of segment assets and segment liabilities with total assets and total liabilities on page 92.

Note 7 cont.

SEGMENTS 2014

Amounts in NOK million	Orkla Foods	Orkla Confec-tionery & Snacks	Orkla Care	Orkla Food Ingredients	Elimin-ations	Branded Con-sumer Goods	Hydro Power	Financial Invest-ments	HQ/ Other Busi-ness	Elimin-ations	Orkla Group
REVENUES/PROFIT/LOSS											
Norway	4 581	1 887	3 084	924	-	10 476	682	-	2	-	11 160
Sweden	3 731	1 036	449	1 186	-	6 402	-	1	-	-	6 403
Denmark	857	490	409	1 351	-	3 107	-	-	-	-	3 107
Finland and Iceland	765	748	218	228	-	1 959	-	-	-	-	1 959
The Baltics	339	433	63	218	-	1 053	-	-	-	-	1 053
Nordic region and the Baltics	10 273	4 594	4 223	3 907	-	22 997	682	1	2	-	23 682
Rest of Europe	1 281	333	421	2 498	-	4 533	-	-	-	-	4 533
Rest of the world	616	32	273	57	-	978	-	-	9	-	987
Sales revenues	12 170	4 959	4 917	6 462	-	28 508	682	1	11	-	29 202
Other operating revenues	6	13	32	14	-	65	59	230	43	-	397
Intercompany sales	56	15	11	58	(129)	11	-	-	434	(445)	-
Operating revenues	12 232	4 987	4 960	6 534	(129)	28 584	741	231	488	(445)	29 599
Cost of materials	(5 837)	(2 044)	(2 031)	(4 261)	126	(14 047)	(286)	(73)	(2)	2	(14 406)
Payroll expenses	(2 379)	(1 061)	(910)	(922)	-	(5 272)	(42)	(31)	(434)	-	(5 779)
Other operating expenses	(2 140)	(1 004)	(1 084)	(866)	3	(5 091)	(136)	(119)	(339)	443	(5 242)
Depreciation and write-downs	(381)	(185)	(81)	(126)	-	(773)	(61)	(44)	(57)	-	(935)
Amortisation intangible assets	(7)	-	(2)	(14)	-	(23)	-	-	-	-	(23)
Operating profit before other income and expenses EBIT (adj.)	1 488	693	852	345	-	3 378	216	(36)	(344)	-	3 214
Other income and expenses	(176)	(59)	228	(4)	-	(11)	-	(31)	(58)	-	(100)
Operating profit/loss	1 312	634	1 080	341	-	3 367	216	(67)	(402)	-	3 114
Profit/loss from associates and joint ventures	-	-	2	-	-	2	-	119	-	-	121
Non-controlling interests' share of profit/loss	-	-	-	(40)	-	(40)	7	(7)	-	-	(40)
CASH FLOW (SEE NOTE 40)											
Cash flow from operations before net replacement expenditures	1 772	840	709	332	-	3 653	263	(51)	(296)	-	3 569
Net replacement expenditures	(432)	(219)	(51)	(103)	-	(805)	(7)	(8)	(26)	-	(846)
Cash flow from operations	1 340	621	658	229	-	2 848	256	(59)	(322)	-	2 723
Expansion investments	(52)	(27)	-	(23)	-	(102)	-	-	-	-	(102)
Acquired companies (enterprise value)	(34)	-	-	(15)	-	(49)	-	(38)	-	-	(87)
CAPITAL EMPLOYED											
Segment assets											
Trade receivables	1 625	861	833	1 009	(20)	4 308	26	30	192	(143)	4 413
Other current receivables	123	31	305	37	-	496	60	12	413	-	981
Inventories and development property	1 849	519	783	722	-	3 873	-	200	-	-	4 073
Pension plan assets	25	-	4	6	-	35	-	7	-	-	42
Investments in associates and joint ventures	-	-	24	2	-	26	-	12 028	-	-	12 054
Intangible assets	7 046	4 135	2 356	967	-	14 504	20	-	(25)	-	14 499
Property, plant and equipment	2 826	1 510	534	935	-	5 805	2 147	1 259	273	-	9 484
Total segment assets	13 494	7 056	4 839	3 678	(20)	29 047	2 253	13 536	853	(143)	45 546
Segment liabilities											
Trade payables	(1 355)	(671)	(616)	(550)	20	(3 172)	(20)	(51)	(121)	143	(3 221)
Value added tax, employee taxes	(247)	(101)	(131)	(65)	-	(544)	(20)	(9)	(28)	-	(601)
Other current liabilities	(458)	(248)	(160)	(224)	-	(1 090)	(9)	(60)	(422)	-	(1 581)
Pension liabilities	(739)	(163)	(34)	(166)	-	(1 102)	(21)	(5)	(428)	-	(1 556)
Deferred tax, excess values	(394)	(360)	(130)	(13)	-	(897)	-	(1)	-	-	(898)
Total segment liabilities	(3 193)	(1 543)	(1 071)	(1 018)	20	(6 805)	(70)	(126)	(999)	143	(7 857)
Capital employed[1]	10 301	5 513	3 768	2 660	-	22 242	2 183	13 410	(146)	-	37 689
Key Figures											
Operating margin EBIT (adj.) (%)	12.2	13.9	17.2	5.3	-	11.8	29.1	na	na	-	10.9
Total man-years 31 December	5 974	2 254	1 685	2 414	-	12 327	46	31	310	-	12 714

[1]Most of the lines under "Segment assets" and "Segment liabilities" can be matched directly with the notes and the statement of financial position. The difference between "Other current receivables" in Note 23 and "Other current liabilities" in Note 27 is ascribable to the fact that other current receivables and liabilities also comprise items not included in capital employed, such as accrued interest, while some of the derivatives are included in capital employed. Deferred tax related to excess value is included in deferred tax. See the reconciliation of segment assets and segment liabilities with total assets and total liabilities on page 92.

Note 7 cont.

SEGMENTS 2013

Amounts in NOK million	Orkla Foods	Orkla Confec-tionery & Snacks	Orkla Care	Orkla Food Ingre-dients	Elimin-ations	Branded Con-sumer Goods	Hydro Power	Finan-cial Invest-ments	HQ/ Other Business	Elimin-ations	Discon-tinued oper-ations	Orkla Group
REVENUES/PROFIT/LOSS												
Norway	4 175	1 841	3 130	873	-	10 019	637	-	-	-	-	10 656
Sweden	3 596	1 077	437	1 157	-	6 267	2	-	-	-	-	6 269
Denmark	738	462	356	1 249	-	2 805	-	-	-	-	-	2 805
Finland and Iceland	699	749	215	207	-	1 870	-	-	-	-	-	1 870
The Baltics	282	365	52	178	-	877	-	-	-	-	-	877
Nordic region and the Baltics	9 490	4 494	4 190	3 664	-	21 838	639	-	-	-	-	22 477
Rest of Europe	1 034	311	368	2 217	-	3 930	-	-	-	-	-	3 930
Rest of the world	509	34	185	58	-	786	-	-	7	-	-	793
Sales revenues	11 033	4 839	4 743	5 939	-	26 554	639	-	7	-	-	27 200
Other operating revenues	7	10	12	9	-	38	95	629	53	-	-	815
Intercompany sales	70	19	15	50	(144)	10	-	1	312	(323)	-	-
Operating revenues	11 110	4 868	4 770	5 998	(144)	26 602	734	630	372	(323)	-	28 015
Cost of materials	(5 414)	(1 974)	(1 909)	(3 997)	134	(13 160)	(282)	(361)	-	-	-	(13 803)
Payroll expenses	(2 095)	(1 043)	(878)	(808)	-	(4 824)	(40)	(47)	(382)	-	-	(5 293)
Other operating expenses	(1 939)	(984)	(1 078)	(788)	10	(4 779)	(139)	(184)	(298)	323	-	(5 077)
Depreciation and write-downs	(350)	(177)	(82)	(117)	-	(726)	(60)	(41)	(57)	-	-	(884)
Amortisation intangible assets	(1)	-	(5)	(15)	-	(21)	-	-	-	-	-	(21)
Operating profit before other income and expenses EBIT (adj.)	1 311	690	818	273	-	3 092	213	(3)	(365)	-	-	2 937
Other income and expenses	(263)	(74)	(18)	(7)	-	(362)	-	(22)	(109)	-	-	(493)
Operating profit/loss	1 048	616	800	266	-	2 730	213	(25)	(474)	-	-	2 444
Profit/loss from associates and joint ventures	-	-	2	-	-	2	-	25	(30)	-	-	(3)
Non-controlling interests' share of profit/loss	-	-	-	(31)	-	(31)	(5)	(21)	-	-	-	(57)
CASH FLOW (SEE NOTE 40)												
Cash flow from operations before net replacement expenditures	1 495	819	869	379	-	3 562	223	35	(385)	-	255	3 690
Net replacement expenditures	(356)	(184)	(69)	(97)	-	(706)	9	349	(106)	-	(77)	(531)
Cash flow from operations	1 139	635	800	282	-	2 856	232	384	(491)	-	178	3 159
Expansion investments	(49)	-	-	(11)	-	(60)	-	-	-	-	(120)	(180)
Acquired companies (enterprise value)	(6 102)	(75)	(6)	(110)	-	(6 293)	-	(688)	-	-	(5)	(6 986)
CAPITAL EMPLOYED												
Segment assets												
Trade receivables	1 600	860	725	872	(19)	4 038	24	38	156	(198)	1 086	5 144
Other current receivables	131	42	27	32	-	232	57	185	97	-	493	1 064
Inventories and development property	1 821	502	719	606	-	3 648	-	308	-	-	880	4 836
Pension plan assets	31	-	4	6	-	41	-	-	-	-	-	41
Investments in associates and joint ventures	-	-	22	3	-	25	-	10 328	-	-	24	10 377
Intangible assets	6 992	3 954	2 287	902	-	14 135	20	-	(31)	-	1 244	15 368
Property, plant and equipment	2 713	1 392	529	880	-	5 514	2 199	1 520	319	-	2 099	11 651
Total segment assets	13 288	6 750	4 313	3 301	(19)	27 633	2 300	12 379	541	(198)	5 826	48 481
Segment liabilities												
Trade payables	(1 317)	(620)	(708)	(524)	19	(3 150)	(15)	(74)	(135)	198	(831)	(4 007)
Value added tax, employee taxes	(240)	(168)	(80)	(132)	-	(620)	(16)	(54)	(50)	-	(60)	(800)
Other current liabilities	(396)	(187)	(140)	(123)	-	(846)	(33)	(71)	(317)	-	(210)	(1 477)
Pension liabilities	(660)	(131)	(35)	(133)	-	(959)	(27)	(7)	(331)	-	(113)	(1 437)
Deferred tax, excess values	(377)	(392)	(126)	(13)	-	(908)	-	(10)	-	-	-	(918)
Total segment liabilities	(2 990)	(1 498)	(1 089)	(925)	19	(6 483)	(91)	(216)	(833)	198	(1 214)	(8 639)
Capital employed[1]	10 298	5 252	3 224	2 376	-	21 150	2 209	12 163	(292)	-	4 612	39 842
Key Figures												
Operating margin EBIT (adj.) (%)	11.8	14.2	17.1	4.6	-	11.6	29.0	na	na	-	na	10.5
Total man-years 31 December	6 383	2 382	1 738	2 366	-	12 869	47	52	276	-	3 493	16 737

Note 7 cont.

Reconciliation segment assets vs. total assets

Amounts in NOK million	2015	2014
Segment assets	50 961	45 546
Assets in discontinued operations	182	22
Shares and financial assets	1 376	734
Cash and cash equivalents	721	2 615
Financial assets	841	930
Deferred tax assets	65	99
Interest-bearing receivables etc.	92	166
Total assets	54 238	50 112

Reconciliation segment liabilities vs. total liabilities

Amounts in NOK million	2015	2014
Segment liabilities	9 748	7 857
Non-current interest-bearing liabilities	8 722	8 510
Current interest-bearing liabilities	399	598
Deferred tax, not related to excess values	433	263
Income tax payable	185	384
Non-current derivatives	478	599
Other non-current provisions	322	383
Other current liabilities	205	214
Total liabilities	20 492	18 808

NOTE 8 GEOGRAPHICAL BREAKDOWN OF CAPITAL EMPLOYED, INVESTMENTS AND NUMBER OF MAN-YEARS

Capital employed, investments and number of man-years are broken down by geographical markets based on the location of the companies. The note thus shows to what extent and in which countries/areas the Orkla Group has a physical presence.

	Capital employed			Investments[1]			Number of man-years[2]		
Amounts in NOK million	2015	2014	2013	2015	2014	2013	2015	2014	2013
Norway	23 680	23 243	22 555	736	483	509	3 314	3 423	3 703
Sweden	6 408	5 489	6 819	376	274	286	2 839	2 559	2 554
Denmark	4 229	3 818	3 415	125	87	86	1 444	1 357	1 305
Finland and Iceland	2 302	2 051	1 954	49	46	37	710	644	648
The Baltics	1 854	839	742	108	47	55	2 103	967	962
Nordic region and the Baltics	38 473	35 440	35 485	1 394	937	973	10 410	8 950	9 172
Rest of Europe	2 130	1 687	2 606	79	74	161	2 725	2 363	2 710
Rest of the world	610	562	1 751	29	16	82	1 397	1 401	1 362
Total	41 213	37 689	39 842	1 502	1 027	1 216	14 532	12 714	13 244
Link between segments and “Investments”:									
Net replacement expenditures, from segments (see Note 7)				839	846	531			
Sale of property, plant and equipment (see cash flow statement)				183	62	514			
Expansion investments (see Note 7)				388	102	180			
Changes in accounts payable investments				92	17	(9)			
Total				1 502	1 027	1 216			

[1]Does not apply to property, plant and equipment acquired through purchases of companies.
[2]For continuing operations.

Capital employed is a measure of the enterprise’s net capitalised productive capital and is defined in the segment note as the net of segment assets and liabilities. Goodwill and intangible assets constitute a large share of capital employed. Investments are the total of replacement expenditures and expansion investments. The number of man-years is the number of employees adjusted for fractional posts in the current reporting period. See Note 7 for segment information.

NOTE 9 REVENUE RECOGNITION

The date on which revenue is recognised and the principles applied may be decisive in determining the profit/loss in the reporting period. In the same way, both the principles applied to and the definition of the term "sales revenue reductions" (discounts, etc.) will play a role in determining the total amount of operating revenues.

P PRINCIPLE

Revenue is recognised when it is probable that transactions will generate future economic benefit that will flow to the company and the amount of revenue can be measured with reliability.

Sales revenues are presented after deducting discounts, value added tax and other government charges and taxes. The Orkla Group sells goods and services in many different markets, and revenues from the sale of goods or services are recognised in the income statement when the goods have been delivered or the service has been provided.

Generally speaking, the Group's operating revenues and the point in time at which they are recognised in income will be clear in most cases.

Sales of internally manufactured goods and goods for resale by the branded consumer goods area are recognised in income when the goods have been delivered and the risk has passed to the buyer. Sales revenues largely consist of sales of consumer goods to wholesalers. Reductions in sales revenues include various bonus plans, discounts and assistance related to joint marketing with customers, in addition to special taxes applicable to food production and other government charges and taxes.

In Orkla Investments, external sales of electric power are recognised in income on the basis of the price agreed with the customer upon delivery. Electric power is mainly sold by the Saudefaldene and Sarpsfoss plants. In Eiendom (real estate), rental revenues are recognised in income when they are earned. Payments related to housing projects for which the company has profit and loss responsibility is recognised in income upon delivery. This means that a long period of time may elapse between the start of a building project and the recognition of revenues. In the intervening period, incurred project expenses are reported as inventories.

Interest revenues are recognised when they are earned, while dividends are taken to income on the date they are approved by the company paying the dividend.

Gains (losses) on the sale of shares from shares and financial assets are presented on the line for "Other financial income" and specified in a note. Gains (losses) on shares and interests reported as available for sale are calculated as the difference between the cost price of the share or, if appropriate, the value of the share or interest written down for accounting purposes, and the sales value. Any excess value or shortfall in market value that has temporarily been taken to comprehensive income is reversed at the same time. The effect of portfolio gains/losses will be significantly reduced as the share portfolio is sold off.

E ESTIMATE UNCERTAINTY

The estimate uncertainty relating to sales revenue reductions in the Branded Consumer Goods business is disclosed in Note 4.

New revenue recognition standard

The new IFRS 15 Revenue from Contracts with Customers, which was published in May 2014 and is expected to come into effect in 2018, provides a detailed framework for revenue recognition. The main point in IFRS 15 is that revenue is to be recognised in such a way that the expected consideration is taken to income according to a pattern that reflects the transfer of goods or services to the customer. The main challenge has been combined deliveries, on which little guidance is provided in the current IAS 18. Combined deliveries means tied sales where it is difficult to distinguish between the purchased product and additional deliveries. This challenge will be limited for Orkla, but may be relevant for a range of Lilleborg Profesjonell's products. In some cases, cleaning equipment is supplied under a contract for the sale of associated cleaning products that covers the sale of both equipment and cleaning product. Under the new IFRS 15, this is a tied sale that will probably have to be recognised in income according to a new pattern. In any event, this is only a small part of Orkla's turnover and will not have a material impact.

NOTE 10 COST OF MATERIALS

The cost of materials is by far the largest cost item in the income statement and accounts for close to 50% of operating revenues. The cost of materials consists of the cost of all raw materials, goods for resale, packaging, etc. that are necessary to be able to sell the quantity of goods recognised in the sales revenues.

PRINCIPLE

The cost of materials is incurred as goods are sold according to the price-related "first in, first out" inventory method. Changes in stocks of internally manufactured finished goods will have a virtually neutral impact on profit or loss based on the full cost pricing method. The cost of goods is correlated with the sale of the goods and accounted for on an accruals basis through changes in inventory. This applies to both purchased raw materials and goods for resale. Purchased goods are not recognised as a cost until the goods are in the manufacturing process.

The cost of goods is mainly estimated and recognised through standard cost systems, based on the "first in, first out" (FIFO)-principle. Goods in inventories are counted at least once a year as a verification of standard costing. Changes in stocks of internally manufactured finished goods will affect profit or loss, based on recognition using the full cost method. This means that changes in stocks of internally manufactured finished goods will largely have a neutral impact on profit or loss in connection with both the reduction of and increase in inventories of such goods. Due to materiality considerations, the change in stocks of internally manufactured finished goods is presented on the line for cost of materials.

In 2015, the biggest product categories are:

1. Animal products
2. Packaging
3. Food additives
4. Vegetable oil and margarine
5. Vegetables
6. Grain-based products
7. Nuts and seeds
8. Marine products
9. Fruits and berries
10. Sugar
11. Cocoa and chocolate
12. Chemicals

NOTE 11 PAYROLL EXPENSES

Payroll expenses are the total disbursements relating to remuneration of personnel employed by the Group and of Group officers. These expenses concern only the Group's own employees, not contract manpower.

PRINCIPLE

Payroll expenses comprise all types of remuneration to personnel employed by the Group and are expensed when earned. Ordinary pay can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. Bonuses are earned and calculated on the basis of various performance targets, and are mainly paid the following year, based on full-year results. The employer's national insurance contribution is calculated and expensed for all pay-related costs, and is normally paid every other month in arrears. Pensions are earned in accordance with special rules (see Note 12). Other payroll expenses largely consist of the remuneration of the Board of Directors, which is earned on an ongoing basis in accordance with special agreements approved by the General Meeting.

Amounts in NOK million	2015	2014	2013
Wages	(5 191)	(4 677)	(4 338)
Employer's national insurance contributions	(820)	(737)	(654)
Pension costs[1]	(352)	(292)	(281)
Other remuneration etc.	(69)	(73)	(20)
Payroll expenses	(6 432)	(5 779)	(5 293)
Average number of man-years (continuing operations)	13 816	12 936	12 532

[1]Pension costs are disclosed in further detail in Note 12.

Discounts on shares sold to employees are recognised in the income statement as pay and amount to a total of NOK 22 million.

Remuneration of the executive management

Amounts in NOK thousand	2015 Fixed salary and annual bonus earned	2015 Benefits in kind	2015 Pension costs	2014 Fixed salary and annual bonus earned	2014 Benefits in kind	2014 Pension costs	2013 Fixed salary and annual bonus earned	2013 Benefits in kind	2013 Pension costs
Remuneration to CEO	9 872	233	1 984	9 960	224	1 752	10 989	15	57
Remuneration to other members of the Group Executive Board	33 694	1 775	5 746	40 099	3 559	6 612	34 980	2 936	6 922
Number of options to CEO 31 December	0			0			0		
Number of options to other members of the Group Executive Board 31 December	310 000			380 000			1 376 000		

In addition, the Group Executive Board earned long-term incentive bonuses in 2015. The bonus for the President and CEO amounts to NOK 4.1 million, and to NOK 11.3 million for other members. For a more detailed description of matters relating to the remuneration of the executive management and members of the Board of Directors, reference is made to Note 5 to the financial statements for Orkla ASA.

Note 11 cont.

Share-based incentive programmes

PRINCIPLE

The sale of shares to employees at a price lower than the market value is accounted for by recognising the difference between the market value of the shares and the purchase price as a payroll expense.

In a long-term incentive programme (LTI), an amount equivalent to the annual bonus paid on the basis of the past year's operations is deposited in a bonus bank for bonus recipients. The LTI amount is deemed to be earned in full at the time of the award. The amount is adjusted in accordance with the price performance of the Orkla share, based on the share price on the day after the Annual General Meeting in the award year and the disbursement year, respectively. The share price is adjusted for dividends paid. The LTI bonus falls due for payment in two equal halves, two and three years, respectively, after the bonus was awarded. In order to receive the bonus, the recipient must be employed by the Group at the time it is paid out.

The former option plan for executive management was valued on the basis of the fair value of the options at the time the option plan was adopted (award date), using the Black-Scholes model. The costs of the options were accrued over the period in which the employees earned the right to receive them. The option costs were expensed as pay and offset in equity. Provisions were made for the employer's national insurance contribution relating to share option plans, based on the difference between the issue price and the market price of the share at year end. Until mid-2014, the option costs were broken down by operating segment, based on the fair value of the options at the date of issue, including employer's national insurance contribution and accrued over the vesting period.

Bonus systems

Orkla has a system of annual bonuses, under which a "good performance", which is specifically defined for the various elements, can result in an annual bonus of approximately 30% of an employee's fixed pay, while the maximum bonus is 100% of the employee's annual pay. This bonus system applied to approximately 170 senior executives in 2015.

Share-related programmes

The Group has bonus programmes related to the Orkla share. These consist of employee share purchase programmes, long-term incentive agreements and share options. In the employee share purchase programme, all permanent employees are offered the opportunity to purchase a certain number of Orkla shares each year at a discount, currently 30%. In a long-term incentive programme, an amount equivalent to the annual bonus is deposited in a bonus bank for selected senior executives. The amount is adjusted in accordance with the price performance of the Orkla share and falls due for payment two and three years, respectively, after the bonus was awarded. Share options were also awarded to selected senior executives. The options had a vesting period of three years and could be exercised in the following three years. No options have been awarded since 2011, and the option programme has been replaced by the long-term incentive programmes. The last options must be exercised by 9 May 2017. See also Note 5 to the financial statements for Orkla ASA.

Overview of changes in awarded outstanding options:

	2015		2014	
	No.	WAEP[1]	No.	WAEP[1]
Outstanding at the beginning of the year	7 168 000	41.79	15 157 000	47.74
Exercised during the year	(4 141 000)	39.77	(5 229 000)	41.03
Forfeited during the year	(305 000)	40.11	(2 760 000)	68.86
Outstanding at year end[2]	2 722 000	40.78	7 168 000	41.79
Exercisable options at year end	2 722 000	40.78	7 168 000	41.79

[1]Weighted average exercise price. Amounts in NOK.
[2]As a result of a dividend, all exercise prices were reduced by NOK 2.50 on 17 April 2015.

Overview of outstanding options at year end:

	2015		2014	
Expiry date	No.	WAEP[1,2]	No.	WAEP[1]
22.05.2015			1 485 000	39.86
10.05.2016	775 000	36.38	2 485 000	38.88
09.05.2017	1 947 000	42.53	3 128 000	45.03
01.11.2017			70 000	40.91
Total	2 722 000		7 168 000	

[1]Weighted average exercise price. Amounts in NOK.
[2]As a result of a dividend, all exercise prices were reduced by NOK 2.50 on 17 April 2015.

Orkla has used the Black-Scholes model to estimate the value of the options. The volatility has been calculated on the basis of the past performance of the Orkla share price during the same period as the maturity of the options. No new options have been issued since 2011.

Effects of the option programme on the financial statements:

Amounts in NOK million	2015	2014
Option costs in the vesting period	-	(5)
Change in provision for national insurance contributions	(2)	(6)
Net option costs	(2)	(11)
Liabilities[1]	17	15

[1]Relates only to employer's national insurance contributions.

NOTE 12 PENSIONS

The Group has both defined contribution and defined benefit pension plans. In the defined contribution pension plans, the company pays an agreed annual contribution to the employee's pension plan, but any risk related to the future pension is borne by the employee. The future pension will be determined by the amount of the regular contributions and the return on the pension savings. In a defined benefit plan, the company is responsible for paying an agreed pension to the employee based on his or her final pay. The cost for the accounting period shows the employees' pension entitlement of the agreed future pension in the financial year. The majority of Orkla's pension plans are defined contribution plans.

PRINCIPLE

In a **defined contribution pension plan**, the company is responsible for making an agreed contribution to the employee's pension assets. The future pension will be determined by the amount of the contributions and the return on the pension savings. Once the contributions have been paid, there are no further payment obligations attached to the defined contribution pension, i.e. there is no liability to record in the statement of financial position. The pension costs related to defined contribution plans will be equal to the contributions to employees' pension savings in the reporting period.

A **defined benefit pension plan** is based on a promise by the company to the employees that they will receive a certain level of pension upon retirement, normally defined as a percentage of final pay. The company is responsible for the amount of the future pension benefit and the financial value of this obligation must be reported in the income statement and statement of financial position.

The accrued liability is calculated on a straight-line accruals basis, and is measured as the present value of the estimated future pension payments that are vested on the statement of financial position date. The capitalised net liability is the sum of the accrued pension liability minus the fair value of associated pension fund assets.

Changes in the liability for defined benefit plans due to changes in pension plans are reported in their entirety in the income statement in the case of changes that give rise to an immediate paid-up policy entitlement. Other variances from estimates are recognised in equity through comprehensive income in the period in which they arise. The discount effect of the pension liability and expected return on pension assets are presented net under "Other financial costs" in the income statement.

Defined contribution plans
Employees in the Orkla Group are mainly covered by pension plans classified as defined contribution plans. Defined contribution plans also comprise pension plans that are common to several companies and where the pension premium is determined independently of the demographic profile in the individual companies (multi-employer plans).

Orkla has adjusted the contribution rates for the companies in Norway to the new limits laid down in regulations for contribution rates for private company pension plans, with effect from 1 September 2014. See Note 5 to the financial statements for Orkla ASA.

Defined benefit plans
The Group has defined benefit pension plans that are classified as funded and unfunded. A large part of the Group's defined benefit plans are in Sweden and Norway. These countries account for around 63% and 33%, respectively, of the Group's net carried pension liabilities.

Sweden
The pension plans in Sweden are "net plans" that do not link the Group's liabilities to changes in Swedish social security. The plans are largely determined by collective agreements. They are not funded, but provisions are made in the companies' statement of financial position. To secure accrued pension rights, companies must take out a credit insurance in the PRI Pensionsgaranti insurance company. PRI Pensionsgaranti records and calculates the companies' pension liabilities. According to the collective agreements, all employees born in 1979 or later must be covered by a defined contribution plan, which means that the number of defined benefit plans will gradually be reduced.

The Group also has some pension plans, primarily related to senior executives, financed through endowment insurances. The gross amount of these plans is reported in the financial statements.

Account has been taken of payroll tax on the pension liabilities in Sweden.

Norway
Net pension liabilities in Norway mainly consist of unfunded pension plans for former key personnel, early retirement schemes for the Group Executive Board, and book liabilities related to contribution-based plans for employees who earn more than twelve times the Norwegian National Insurance Scheme's basic amount (12G).

The pension plan for employees in Norway who earn more than 12G is a contribution-based plan, but is treated as a defined benefit plan in accordance with IFRS.

The new AFP contractual pension scheme is a multi-employer defined benefit plan, but is recognised as a defined contribution plan. This is in line with the Ministry of Finance's conclusion regarding the new AFP, which was published in connection with the presentation of the government budget on 14 October 2013. Companies that participate in the AFP scheme are jointly responsible for two-thirds of the payable pension. The majority of Orkla companies in Norway participate in the AFP scheme. The premium for the new AFP scheme will increase from 2.2% in 2014 to 2.4% in 2015 of total payments of wages between 1 and 7.1 times the average basic amount.

Assumptions relating to defined benefit plans
As from the 2012 financial year, the discount rate in Norway has been fixed on the basis of Norwegian covered bonds (OMF). The Norwegian Accounting Standards Board considers the OMF market to be a sufficiently deep market to be used for computing the discount rate. Orkla has chosen a discount rate based on the average life of the pensions in each company and in each pension plan. In cases where the life exceeds 15 years, the OMF yield curve has been extrapolated on the basis of the swap rate.

The discount rate has decreased slightly in most countries, due to the generally lower interest rate level. In Norway, the discount rate varies between 1.0% and 2.6%, depending on the life of the pension.

Note 12 cont.

The discount rate in Sweden is based on Swedish covered bonds and was reduced to 2.8% for 2015, from 3.0% in 2014.

Parameters such as wage growth, increase in the basic amount (G) and inflation are set in accordance with recommendations in the various countries, and the level of these parameters has also dropped somewhat due to the generally lower interest rate level.

The mortality estimate is based on updated mortality tables for the various countries (K2013 in Norway and updated mortality tables as at 30 June 2011 in Sweden).

The actuarial gains and losses are recognised in other comprehensive income (OCI) and are essentially related to changes in the economic assumptions.

Pension plan assets
Virtually all the Group's pension plans with pension plan assets are in the Netherlands, Switzerland and the UK. Pension plan assets are mainly invested in bonds and shares. The estimated return will vary depending on the composition of the various classes of assets. A breakdown of pension plan assets is presented below. Contributions of pension plan assets in 2016 are expected to total NOK 9.5 million.

	Norway		Sweden	
	2015	2014	2015	2014
Discount rate	1.0–2.6%	1.4–2.3%	2.8%	3.0%
Future wage adjustment	2.25%	2.50%	2.50%	2.75%
G-multiplier[1]	2.25%	2.50%	2.50%	2.75%
Adjustment of benefits	0%	0%	1.50%	1.75%
Turnover	0–5%	0–5%	3.0%	3.0%
Expected average remaining vesting period (year)	8.7	7.2	14.3	14.7

[1]As at 31 December 2015, 1G was NOK 90,068.

Breakdown of net pension costs

Amounts in NOK million	2015	2014	2013
Contribution plans	(290)	(229)	(223)
Current service cost (incl. national insurance contributions)	(70)	(63)	(60)
Curtailments and settlements pension plans	8	(30)[1]	2
Pension cost defined as payroll expenses	(352)	(322)	(281)
Interest on pension obligations	(50)	(57)	(64)
Expected return on pension plan assets	9	8	16
Pension cost defined as financial costs	(41)	(49)	(48)
Net pension costs	(393)	(371)	(329)

[1]Is presented as "Other income and expenses" in the income statement

Breakdown of net pension liabilities as at 31 December

Amounts in NOK million	2015	2014
Present value of funded pension obligations	(391)	(328)
Pension plan assets (fair value)	391	333
Net funded pension liabilities	0	5
Present value of unfunded pension obligations	(1 865)	(1 519)
Capitalised net pension liabilities	(1 865)	(1 514)
Capitalised pension liabilities	(1 904)	(1 556)
Capitalised plan assets	39	42

Changes in the present value of pension obligations during the year

Amounts in NOK million	2015	2014
Pension obligations 1 January	(1 847)	(1 687)
Current service cost (incl. national insurance contributions)	(70)	(63)
Interest on pension obligations	(50)	(57)
Actuarial gains and losses reported in statement of comprehensive income	(48)	(199)
Acquisition/sale of companies	(216)[1]	-
Curtailments and settlements pension plans	(13)	(33)
Benefits paid during the year	106	120
Currency translation effects	(118)	(43)
Changes related to discontinued operations	-	115
Pension obligations 31 December	(2 256)	(1 847)

[1]Concerns Cederroth AB.

Changes in pension plan assets during the year

Amounts in NOK million	2015	2014
Pension plan assets (fair value) 1 January	333	291
Expected return on pension plan assets	9	8
Actuarial gains and losses reported in statement of comprehensive income	26	12
Curtailments and settlements pension plans	1	(5)
Contributions and benefits paid during the year	-	1
Currency translation effects	38	33
Effect of asset ceiling	(16)	(7)
Pension plan assets (fair value) 31 December	391	333

Breakdown of pension plan assets (fair value) as of 31 December

	2015	2014
Cash, cash equivalents and money market investments	11%	9%
Bonds	56%	57%
Loans	1%	1%
Shares	29%	30%
Property	3%	3%
Total pension plan assets	100%	100%

Summary of net pension liabilities and adjustments in past four years

Amounts in NOK million	2015	2014	2013	2012
Pension obligations	(2 256)	(1 847)	(1 687)	(1 605)
Pension plan assets	391	333	291	289
Net pension liabilities	(1 865)	(1 514)	(1 396)	(1 316)
Actuarial gains and losses in pension obligations	(48)	(199)	42	(48)
Actuarial gains and losses in pension plan assets	26	12	10	45

E ESTIMATE UNCERTAINTY

Defined benefit plans are calculated on the basis of a set of selected financial and actuarial assumptions. Changes in parameters such as discount rates, future wage adjustment, etc. could have substantial impacts on the estimated pension liability. Similarly, changes in the selected assumptions for the return on pension assets could affect the amount of the pension assets. The Group will not be materially affected by a reasonable expected change in key assumptions. Orkla has determined parameters in line with recommendations in the individual countries.

NOTE 13 OTHER OPERATING EXPENSES

The Orkla Group has chosen to present its income statement based on the nature of the item of income or expense. Operating expenses have been broken down into the following main items: "Cost of materials", "Payroll expenses", "Depreciation/Amortisation" and "Other operating expenses". The most important items in "Other operating expenses" have been grouped into the main items below.

Amounts in NOK million	2015	2014	2013
External freight costs	(625)	(562)	(509)
Energy costs (production and heating)	(505)	(459)	(446)
Advertising	(1 468)	(1 344)	(1 310)
Repair and maintenance costs	(449)	(410)	(398)
Consultants, legal advisors, temporary staff etc.	(361)	(416)	(377)
Operating expenses vehicles	(129)	(120)	(121)
Rental/leasing	(344)	(351)	(323)
Operating expenses, office equipment etc.	(80)	(85)	(70)
Other	(1 794)	(1 495)	(1 523)
Total other operating expenses	(5 755)	(5 242)	(5 077)

P PRINCIPLE

Other operating expenses are recognised as and when they are incurred. They represent a broad range of expenses related to operations which are incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, payroll expenses or depreciation and write-downs.

NOTE 14 OTHER INCOME AND EXPENSES

Other income and expenses will largely consist of material positive and negative non-recurring items, restructuring costs and any substantial write-downs of both tangible and intangible assets. The main purpose of this line is to present material non-recurring items and items substantially relating to other periods separately to ensure that the changes in and comparability of the lines presented in EBIT (adj.) are more relevant to the company. M&A costs relating to acquired companies and special IFRS effects are expensed here as and when they arise.

P PRINCIPLE

"Other income and expenses" are presented after Group profit/loss (EBIT adj.), broken down by segment, and include items of a special nature, M&A costs and costs relating to sold companies. Characteristics common to these special items are that they are material, non-recurring items substantially relating to other periods and are not reliable indicators of underlying operations. M&A costs are costs relating to the acquisition of companies that cannot be capitalised together with the shares. This applies to both completed and uncompleted acquisitions. Accrued expenses arising from the sale of companies are also presented on this line, until the sale is finally completed. At that time, the selling costs will be included in the profit/loss calculation and will be presented together with the latter.

The Group is undergoing a restructuring phase and projects related to the merging of factories and acquisitions and the subsequent integration of new operations require substantial resources and give rise to substantial costs. At Orkla Foods, the production operations in Brumunddal (Nora) and Larvik (Denja) are to be relocated to Elverum, and in Denmark production is being moved from Svinninge to Skælskør. These moves have resulted in write-downs of plants and severance package costs. This is just the start of the planned consolidation of Orkla's manufacturing facilities. In addition, Orkla Foods has initiated a workforce reduction project, the costs of which began to be incurred in the fourth quarter of 2015.

The Group made a number of acquisitions in 2015, and both these acquisitions and the integration of the new businesses entail substantial restructuring costs. The biggest acquisitions are Cederroth and NP Foods, both of which are being fully integrated into Orkla's existing operations. Cederroth in particular is undergoing a demanding process whereby the business is to be integrated into Orkla Home & Personal Care and Orkla Health, respectively. Significant M&A costs have thus been incurred in connection with these acquisitions, in addition to which substantial resources have been spent on integration and costs related to severance packages for personnel in the various companies.

Costs totalling NOK 441 million were incurred in connection with restructuring and integration projects in 2015. In addition, the value of Natural Food in Orkla Food Ingredients was written down as a result of the impairment test carried out in the third quarter. The matter concerning a one-off contractual termination fee from Unilever has been concluded, entailing a minor expense in connection with the final settlement. Other restructuring costs consist of small non-recurring items incurred in the Group. Costs other than simple write-downs will largely have a cash-flow effect.

Amounts in NOK million		2015
M&A costs and integration costs		(248)
Severance settlements of employment contracts		(142)
Write-downs in connection with coordination projects		(51)
Write-down related to Natural Food's operations, Orkla Food Ingredients, Italy		(23)
Matters related to the Unilever agreement		(9)
Dispute regarding use of trademark		(1)
Other restructuring costs and special IFRS effects		(28)
Total		(502)
Of this:	Write-downs property, plant and equipment	(69)
	Write-downs intangible assets	(27)

Amounts in NOK million		2014
One-off contractual termination fee related to the Unilever agreement		279
M&A costs and integration costs		(156)
Severance settlements of employment contracts		(186)
Dispute regarding use of trademark		(15)
Other restructuring costs		(22)
Total		(100)
Of this:	Write-downs property, plant and equipment	(16)
	Write-downs intangible assets	-

Amounts in NOK million		2013
M&A costs and integration costs		(191)
Special IFRS effects		(46)
Severance settlements of employment contracts		(147)
Write-down trademark and goodwill in Orkla Foods Danmark (Pastella)		(48)
Other restructuring costs		(61)
Total		(493)
Of this:	Write-downs property, plant and equipment	-
	Write-downs intangible assets	(48)

Further information on provisions is disclosed in Note 26.

NOTE 15 INTEREST AND OTHER FINANCIAL ITEMS

Financial income and financial costs mainly consist of interest income and interest costs related to the Group's total funding. They also include other financial items not related to operational activities.

PRINCIPLE

Interest income and interest costs on loans and receivables are calculated using the effective interest method. Commitment fees and costs related to borrowings are reported as "Other financial costs". The financial element of pension costs is included in "Other financial costs", and is disclosed in Note 12. Borrowing costs related to real estate under construction are recognised in the statement of financial position together with the asset. Gains or losses on securities not reported under the item "Shares and financial assets" are also included in financial income and financial costs. Foreign currency gains or losses arising from operational assets and liabilities, and the hedging of such, are reported as operating revenues or operating costs. Other foreign currency gains or losses are reported net as financial income and financial costs. The foreign currency gains or losses related to net investments in foreign entities are disclosed in Note 31.

Interest income and interest costs

Amounts in NOK million	2015	2014	2013
Interest income	35	38	75
Change in fair value recognised as interest income	56	-	-
Total interest income	91	38	75
Interest costs	(286)	(330)	(417)
Carrying interest costs	3	2	-
Change in fair value recognised as interest costs	-	(73)	-
Total interest costs	(283)	(401)	(417)
Net interest	(192)	(363)	(342)

Financial income and financial costs

Amounts in NOK million	2015	2014	2013
Gains, losses and write-downs shares and financial assets	107	56	623
Dividends received	28	37	250
Net foreign currency gains	-	-	-
Other financial income	2	14	6
Total other financial income	137	107	879
Net foreign currency losses	-	-	(1)
Net financial element pensions	(41)	(49)	(48)
Other financial costs	(32)	(58)	(71)
Total other financial costs	(73)	(107)	(120)
Total other financial items	64	-	759

Reconciliation against cash flow

Interest, net	(192)	(363)	(342)
Other financial items, net	64	-	759
Total interest and other financial items (A)	(128)	(363)	417
Items that appear on other lines in the cash flow statement:			
Gains, losses and write-downs shares and financial assets	(107)	(56)	(623)
Dividends received	(28)	(37)	(250)
Total items that appear on other lines in the cash flow statement (B)	(135)	(93)	(873)
Items without cash flow effect:			
Change in accrued interest etc.	(6)	(11)	18
Net interest pensions without cash flow effect	41	49	48
Net interest pensions in discontinued operations without cash flow effect	-	-	(33)
Change in fair value recognised as interest income/interest costs	(56)	73	-
Book value of sold shares	-	20	-
Foreign currency gains/losses share portfolio	(1)	(1)	(28)
Total items without cash flow effect, see cash flow statement (C)	(22)	130	5
Paid financial items in cash flow statement, see Note 40 (A+B+C)	(285)	(326)	(451)

NOTE 16 TAXES

Taxes refer to the authorities' taxation of the profits of the different companies in the Group and in different countries. Value added tax, social security contributions and similar indirect taxes are thus not included in "taxes". Taxes are computed on the basis of accounting profit/loss and broken down into current taxes and change in deferred tax liability. Deferred tax liability is the result of temporary differences between financial accounting and tax accounting.

PRINCIPLE

Current tax liabilities and assets are measured at the amount that is expected to be paid to or recovered from the tax authorities. The tax rates and tax laws used to calculate the amounts are those that have been adopted or substantively adopted by the end of the reporting period in the countries in which the Group operates and generates taxable income.

Deferred tax liabilities and assets are computed for all temporary differences between the tax basis and the carrying amount of an asset or liability in the consolidated financial statements and the tax basis of tax losses carried forward. For deferred tax assets and liabilities, the nominal tax rates expected to apply when the asset is realised or the liability is paid will be used.

Deferred tax assets relating to tax deficits and other tax-reducing temporary differences are recognised to the extent that it is probable that they can be applied against future taxable income.

Deferred tax liabilities related to withholding tax and other tax on dividends are recognised in connection with retained profits in associates, joint ventures and foreign subsidiaries when a dividend is expected to be paid in the foreseeable future.

Deferred tax liabilities for temporary differences associated with investments in subsidiaries, associates and interests in joint ventures are recognised when it is probable that the temporary difference will reverse in the foreseeable future. Deferred tax liabilities/assets are not recognised for the initial recognition of goodwill.

Deferred tax liabilities and deferred tax assets are only reported net to the extent that netting is permitted under the tax rules, and the Group intends to make use of the opportunities to consolidate its tax positions by means of Group contributions or other tax consolidation.

Amounts in NOK million	2015	2014	2013
Profit/loss before tax	4 090	2 872	2 858
Current tax expense	(521)	(585)	(505)
Change in deferred tax	(201)	(103)	(59)
Total tax expense	(722)	(688)	(564)
Tax as % of "Profit/loss before taxes" from continuing operations	18%	24%	20%
Tax as % of "Profit/loss before taxes" adjusted for associates and joint ventures	24%	25%	20%

Orkla's effective tax expense adjusted for associates and joint ventures was reduced by 1 percentage point from 25% in 2014 to 24% in 2015. This reduction is equivalent to the effect of a reduction in the tax rate (27-25%) in Norway on net tax-increasing temporary differences.

Reconciliation of the Group's tax rate

In the following table, reported taxes are reconciled with the tax expense based on the Norwegian tax rate of 27% (28% in 2013). The main tax components are specified.

Amounts in NOK million	2015	2014	2013
Norwegian tax rate on profit before taxes	(1 104)	(775)	(800)
Foreign operations with tax rates other than Norwegian tax rate	88	117	88
Changes in tax laws	28	2	20
Associates and joint ventures	307	32	1
Dividends/gains/losses and write-downs of shares within the TEM[1, 2]	34	43	199
Non-deductible transaction expenses	(24)	(14)	(12)
Other non-deductible expenses	(24)	(12)	(23)
Tax effect internal sale of assets	(12)	-	-
Asymmetry tax on interest on loan to Orkla Brands Russia	-	(29)	-
Deferred tax on undistributed earnings in associates and joint ventures	(25)	(3)	(3)
Other taxes payable	(14)	(21)	(29)
Recognised deferred tax assets this year, previously unrecognised	15	15	8
Unrecognised deferred tax assets, this year and correction previous years	(6)	(14)	(13)
Tax effect write down of group goodwill	(3)	-	-
Correction previous years' taxes	18	(29)	-
The Group's total tax expense	(722)	(688)	(564)

[1]TEM = Tax Exemption Method
[2]Includes the share portfolio NOK 36 million in 2015 (NOK 36 million in 2014 and NOK 148 million in 2013).

Orkla's tax base in Norway, Sweden and Denmark is substantial. The ordinary tax rate for companies domiciled in Norway was reduced from 28% to 27%, effective from 2014. It has been decided that the Norwegian company tax rate is to be reduced to 25% with effect from 2016, and it is expected to be further reduced to 22% over the next three years (the Scheel Commission). The effect of the reduced tax rate on the temporary differences at year end is recognition of NOK 28 million in the income statement and a charge of NOK 10 million against comprehensive income.

Orkla's operations in countries with tax rates other than 27% make a net contribution towards reducing tax expense. In 2015, the effect of this contribution was a reduction of NOK 88 million in tax expense, of which the Swedish subsidiaries account for around NOK 44 million.

Profit from associates and joint ventures is recognised on an after-tax basis and thus does not impact the Group's tax expense, but has a positive effect on the effective tax rate. However, a provision has been made for tax on retained profits in associates and joint ventures, totalling NOK 46 million, of which NOK 25 million was recognised in the income statement in 2015.

The Group has gains, losses and dividends covered by the tax exemption method which are not subject to normal taxation or deduction, but for which 3% of net profit or loss is recognised in the income statement. This applies, in particular, to shares and financial assets. Shares and financial assets contribute to reducing the effective tax rate.

Unrecognised deferred tax assets in 2014 mainly relate to tax deficits in Orkla Food Ingredients in Italy and NP Foods in Latvia. Recognition of previous years' unrecognised deferred tax assets mainly relate to a former Borregaard company in Switzerland where operations have been closed down, but where the associated properties are being sold off.

Note 16 cont.

The Group operates in certain industries that are subject to special tax regimes in Norway (hydropower tax regime).

Deferred tax liabilities

Deferred tax liabilities consists of the Group's tax liabilities that are payable in the future. The table below lists deferred tax assets and liabilities relating to the temporary differences between the carrying amount of an asset or liability and its tax base.

The table shows the composition of the Group's deferred tax, and indicates as such when deferred taxes are payable.

Amounts in NOK million	2015	2014
Deferred tax on temporary differences		
Hedging reserve in equity	(116)	(140)
Intangible assets	1 071	907
Property, plant and equipment	265	196
Net pension liabilities	(236)	(201)
Gain and loss tax deferral	355	322
Other non-current items	327	224
Total non-current items	1 666	1 308
Accumulated write-downs of shares outside the TEM[1]	(3)	(3)
Current receivables	(11)	(8)
Inventories	0	6
Provisions	(109)	(172)
Other current items	(70)	(40)
Total current items	(193)	(217)
Tax losses carried forward	(184)	(237)
Net deferred tax liabilities	1 289	854
Deferred tax hydropower tax regime[2]	(23)	(23)
Deferred tax assets, not recognised	148	231
Net deferred tax liabilities	1 414	1 062
Change in deferred tax	(352)	114
Deduction of change in deferred tax discontinued operations	0	(8)
Change in deferred tax continuing operations	(352)	106
Change in deferred tax unrealised gains taken to comprehensive income	0	(1)
Change in deferred tax hedging reserve taken to comprehensive income	24	(52)
Change in deferred tax actuarial gains and losses pensions taken to comprehensive income	(7)	(39)
Acquisitions/sale of companies, currency effects etc.	302	32
Hedging of net investments in foreign operations	(168)	(149)
Change in deferred tax income statement	(201)	(103)

[1]TEM = Tax Exemption Method
[2]Deferred tax liabilities and deferred tax assets related to hydropower taxes have been recognised gross for each power plant.

Net deferred tax presented in statement of financial position

Amounts in NOK million	2015	2014
Deferred tax liabilities	1 479	1 161
Deferred tax assets	65	99
Net deferred tax	1 414	1 062

Losses carried forward by expiry date

Tax losses carried forward totalling NOK 862 million constitute a deferred tax asset of NOK 184 million, of which only NOK 43 million has been recognised. Unrecognised tax losses carried forward amount to NOK 646 million. A total of NOK 432 million of these have no expiry date, NOK 41 million expire from 2022 onwards, NOK 65 million expire in the period 2019-2021 and NOK 108 million expire in the period 2016-2018.

Amounts in NOK million	2015	2014
2015	-	576
2016	74	71
2017	23	36
2018	12	9
2019	12	22
2020	29	5
2021	24	24
2022 or later	52	41
Without expiry date	636	240
Total tax losses carried forward	862	1 024

A provision of NOK 37 million has been made for tax liability on retained profit in Estonia, of which NOK 11 million was recognised in 2015. Deferred tax assets are only capitalised to the extent that it is probable that there will be sufficient future taxable profit for the tax asset to be used, either because the unit recently reported a profit or because assets with excess value have been identified. If there are not likely to be future profits sufficient to absorb the tax-reducing temporary differences, deferred tax assets are not recognised. The newly acquired businesses Cederroth and NP Foods have substantial tax-reducing temporary differences in Spain, the Baltics and Denmark that have not been recognised.

The Norwegian, Swedish and Finnish tax groups have utilised all available tax losses carried forward and were liable to tax in 2015. The Norwegian tax group has obtained a full tax deduction for internal interest expense.

Deductible temporary differences with corresponding deferred tax assets

Amounts in NOK million	Deductible temporary differences	Recognised deferred tax assets	Unrecognised deferred tax assets	Total deferred tax assets
Tax losses carried forward by country				
Spain	182	0	45	45
The Baltics	137	12	9	21
Sweden[1]	89	19	1	20
Denmark	65	3	11	14
Italy	78	0	21	21
Switzerland	72	0	18	18
Ireland	71	0	9	9
Eastern Europe (excluding Romania and Poland)	44	0	9	9
Poland	28	0	5	5
UK	27	1	5	6
Norway	22	5	1	6
Romania	20	0	3	3
India	11	3	0	3
Others	16	0	4	4
Total	862	43	141	184
Other deductible temporary differences	1 556	382	7	389
Total deductible temporary differences	2 418	425	148	573
Netted deferred tax	(1 551)	(360)	-	(360)
Net deductible temporary differences	867	65	148	213

[1]Concerns tax losses carried forward blocked for utilisation in the Swedish tax group until 2019.

Note 16 cont.

Tax ownership of power plant
In 2011, in appeal proceedings instituted by Statkraft, it was claimed that Aktieselskapet Saudefaldene, of which Orkla owns 85%, was the owner for tax purposes of the Sønnå Høy power plant. Saudefaldene built this power plant in the Saudavassdraget river system, and utilises it along with other plants and installations in accordance with the lease agreement with Statkraft. In 2014, an appeal decision was made in relation to Saudefaldene as well, with the conclusion that the company is deemed to be the owner of Sønnå Høy for tax purposes. Saudefaldene submitted a writ of summons against the Norwegian government, claiming that the appeal decision that determined that Saudefaldene is the tax owner of Sønnå Høy must be ruled invalid. Saudefaldene lost the case in the district court pursuant to the Haugaland District Court's judgment of 4 September 2015. Saudefaldene has appealed the judgment, and the appeal proceedings are scheduled to be held in June 2016.

By the administrative decision of 24 April 2014, a number of significant changes were made in Saudefaldenes' tax assessment for 2005-2013 concerning the calculation of tax on ground rent income related to Sønnå Høy. Among other things, use of the contract price for power agreements with industrial enterprises that were entered into based on conditions laid down by the Storting (Norwegian parliament) was not accepted, tax-deductible lease income was reduced, and a number of other deductions were denied. In May 2015, a legal action was brought to contest this decision, as Saudefaldene disputes the departures made from the tax returns it submitted. This legal action has been suspended pending a final decision in the case to determine the owner for tax purposes of Sønnå Høy. Tax on ground rent income has been expensed in accordance with the current tax assessment decision. As part of the same case, legal proceedings have been brought against Sauda municipality, Odda municipality and Suldal municipality (Sønnå Høy consists of installations in three municipalities), in which Saudefaldene has argued that it cannot be required to pay property tax for Sønnå Høy. The property tax disputes have been suspended pending an unappealable final decision as to who is the owner of Sønnå Høy for tax purposes. Approximately NOK 115 million in ground rent income tax has been expensed and a total of around NOK 72 million in property tax has been paid for Sønnå Høy for the period up to 2015.

NOTE 17 EARNINGS PER SHARE

Earnings per share are one of several indicators that can be used in financial analyses to assess a company's performance. This key figure shows how much the profit or loss for the period amounts to per share and is calculated by dividing the profit or loss for the period after non-controlling interests by the average number of shares outstanding.

P PRINCIPLE

Earnings per share are calculated on the basis of profit for the year after non-controlling interests. As a result of the Orkla Group's option programme (see Note 11), outstanding shares may be diluted when options are exercised. In order to take into account this future increase in the number of shares outstanding, diluted earnings per share are calculated in addition to basic earnings per share. In this calculation, the average number of shares outstanding is adjusted to take into account the estimated dilutive effect of the option programme.

Amounts in NOK million	2015	2014	2013
Profit/loss for the year after non-controlling interests for continuing operations	3 312	2 144	2 237
Profit/loss/gains discontinued operations	(17)	(485)	(1 547)
Profit/loss for the year after non-controlling interests	3 295	1 659	690
Weighted average of number of shares outstanding	1 017 546 189	1 016 375 397	1 012 284 074
Estimated dilutive effect option programme	847 480	1 419 517	1 027 629
Weighted average of number of shares outstanding, diluted	1 018 393 669	1 017 794 914	1 013 311 703
Earnings per share	3.24	1.63	0.68
Earnings per share, diluted	3.24	1.63	0.68
Earnings per share, diluted for discontinued operations	(0.01)	(0.48)	(1.53)
Earnings per share, diluted for continuing operations	3.25	2.11	2.21

NOTE 18 IMPAIRMENT ASSESSMENTS

The value of long-term capitalised assets will largely be based on discretionary assessment and estimates. It is important that the financial statement users are familiar with the assumptions that apply to the valuation of these assets and the way the Group assesses future earnings. There will be particular focus on assets that are not initially depreciated or amortised. In the Orkla Group's financial statements, this will largely concern goodwill and trademarks with an indefinite useful life.

Routine monitoring of non-current assets
The Orkla Group has material non-current assets in the form of both tangible (property, plant and equipment) and intangible assets. An explanation of the details of and changes in these assets is presented in Note 19 and Note 20. The Group also has other non-current assets that mainly consist of investments in companies recognised using the equity method. These are disclosed in Note 6 and are not covered in the description below.

The capitalised assets are routinely monitored and if there are indications that the value of an asset is no longer recoverable, an impairment test will immediately be carried out to determine whether the asset can still justify its carrying value. If new estimates conclude that the value is no longer recoverable, the asset is written down to the recoverable amount, i.e. the greater of the net sales value and the value in use (discounted cash flow).

Prior to the presentation of financial statements for the third quarter, the Group carried out impairment tests for all intangible assets with an indefinite useful life and for all goodwill, in line with its adopted principles. As a result of these tests, goodwill and property, plant and equipment in Natural Food were written down by NOK 23 million to the recoverable amount. Natural Food is part of Orkla Food Ingredients, and is located in Italy.

In the first quarter it was announced that the restructuring processes in Orkla Foods, entailing the relocation of the operations in Brumunddal and Larvik to Elverum and the relocation of operations in Svinninge, Denmark to Skælskør, Denmark, resulted in deficit values related to machinery and buildings. A total write-down of NOK 51 million was made in connection with these processes (see Note 14).

Adjustments were made in the second quarter in the value of certain real estate investments related to the Group's own properties and properties in associates for just under NOK 100 million, NOK 75 million of which was charged to profit/loss from associates.

The valuation of the Sauda power plants was also updated. The valuation is based on future estimates of power prices and contract-based production in the lease period, as well as the value of the plants at the time they are returned to Statkraft. The WACC applied reflects lower risk than for the other Group companies. The valuation justifies the Group's investment in Saudefaldene.

No other deficit values related to property, plant or equipment or intangible assets were identified in the Group.

PRINCIPLE

Goodwill and intangible assets with an indefinite useful life are not amortised on a regular basis. These assets are therefore tested at least annually for impairment. At Orkla, impairment testing is carried out in the third quarter. If there are special indications of a reduction in value, impairment testing is carried out more frequently. Cash flows relating to the assets are identified and discounted. Future cash flow is based on specified assumptions (see separate table in this note) and the plans adopted by the unit. If the discounted value of future cash flows is lower than the capitalised value of the unit's capital employed, the assets are written down to the recoverable amount. If the discounted value is higher than the capital employed, this means that the value of the intangible asset or goodwill is recoverable. In cases where the discounted value exceeds the capital employed by less than 20%, a further sensitivity analysis is carried out to check the calculation. Where relevant, assumptions and estimates are reviewed and the robustness of the investment is measured in relation thereto. Alternatively, the sales value of the asset will be calculated to determine whether it justifies maintaining the carrying value.

Trademarks with an indefinite useful life are tested for impairment by discounting estimates of the future sales value of the trademark and measuring them against the trademark's carrying value. This process is based on a model whereby the trademark's discounted value is calculated on the basis of a percentage rate that indicates the strength of the trademark. This strength was assumed at the time of acquisition and is basically maintained in the impairment testing.

The table below shows the most important goodwill and trademarks. Capitalised items in foreign currencies mainly increased from 2014 to 2015 due to the weakening of the Norwegian krone against the respective currencies (see Note 19).

	Goodwill		Trademarks	
Amounts in NOK million	2015	2014	2015	2014
Orkla Foods Norge	3 344	3 344	1 260	1 260
Orkla Foods Sverige	1 554	1 389	14	-
MTR Foods	326	288	116	109
Orkla Confectionery & Snacks Norge	534	510	206	201
Orkla Confectionery & Snacks Sverige	907	831	412	378
Orkla Confectionery & Snacks Danmark	568	533	392	369
Orkla Confectionery & Snacks Finland	570	535	702	660
Orkla Confectionery & Snacks Baltics	481	-	257	-
Orkla Health	1 383	1 005	622	482
Orkla Home & Personal Care	1 256	337	228	170
Orkla House Care	233	233	90	90
Wound Care	-	-	119	-
Others	1 452	1 286	124	106
Total	12 608	10 291	4 542	3 825

Note 18 cont.

Cash-generating units

A cash-generating unit (CGU) is the lowest level at which independent cash flows can be measured. The highest level of a CGU will in any event be a reported segment. None of the reported segments as at 31 December 2015 constituted a separate CGU.

Some of the operations in Orkla Foods are in companies that have been part of the Group for a very long time. No capitalised intangible assets are associated with these companies. Rieber & Søn Norge has been fully integrated into Orkla Foods Norge, and excess value associated with the acquisition must be justified by the unit as an aggregate. The same situation applies to the Rieber & Søn businesses that were taken over in Sweden (Frødinge integrated into Orkla Foods Sverige) and Denmark (Rieber & Søn Danmark integrated into Orkla Foods Danmark). Here, too, the excess value must be justified by the aggregate units. Orkla Foods Sverige (formerly Procordia and Abba Seafood) was acquired in 1995, and goodwill associated with these operations was amortised by 1/20 per year in the period from the acquisition to 1 January 2004 when the Group switched to reporting under IFRS. This means that the original goodwill from these acquisitions has been approximately halved in relation to the acquisition cost.

Orkla Confectionery & Snacks' business operations have been structured as one company per country. This means that goodwill impairment will be tested at that level. NP Foods has been merged with Latfood, and these units will have to justify the excess value associated with the acquisition. A small part of NP Foods, the drink business Gutta, has been transferred to and is now part of Spilva (Orkla Foods).

In Orkla Care, Orkla Home & Personal Care (OHPC, formerly Lilleborg) has been in the Group for a long time. Jordan (excl. House Care) has been fully integrated into OHPC. Similarly, the part of Cederroth that is to be included in Home Care and Personal Care will be fully integrated into the OHPC part, and the excess values from these acquisitions will have to be justified by the unit as an aggregate.

Companies that were acquired by Orkla Health in 2005 and 2006 (Collett Pharma and Dansk Droge) have also been fully integrated into the existing operations. It is impossible to identify the different cash flows, and the units in Orkla Health are therefore tested for impairment on an aggregate basis. The integration with the units that were already part of Orkla prior to the acquisition generate an aggregate return that well exceeds the required rate. The part of Cederroth that is to become part of Orkla Health will be fully integrated, and the excess value from the acquisition will have to be justified by the unit as an aggregate. Orkla Health is part of Orkla Care.

Orkla Food Ingredients consists of many different units, which are mainly separate CGUs and are tested individually. Around 20 CGUs are tested.

Orkla Eiendom has in the past acquired and sold real estate companies. Most of the excess value arising from such acquisitions has been allocated to properties and associates. The remainder of the acquisitions is largely related to Capto Eiendom (formerly FG Eiendom).

Trademarks

In the case of trademarks, a new organisational structure will normally not change the possibility of measuring the strength of the various trademarks. The trademarks continue to exist in the new organisation and will, in most cases, be identifiable in future. The value of a trademark will be dynamic and new products launched under the trademark in question will help to maintain its value.

Budget assumptions

The branded consumer goods business is basically relatively stable in terms of market fluctuations. Future cash flows are estimated on the basis of a number of assumptions. This applies both to factors such as assumptions concerning economic trends and factors such as the estimated useful life of important trademarks. Cash flow estimates are sensitive to changes in raw material prices and thereby other purchase prices and the associated ability to maintain margin assumptions and market shares. Future cash flows are estimated on the basis of the budget for next year and the following two forecast years. As from year four a terminal value is calculated. The largest cash-generating units (CGUs) are shown in a separate table, by segment. The main companies in each segment are presented and the main factors on which the impairment tests are based are summed up. The CGUs operate in different markets, and the table is intended to provide an overview of the primary drivers. See also the separate brand table in Note 19 for an overall picture of trademarks that have been capitalised, capitalised through goodwill or have not been capitalised.

Discount rate

The discount rate applied is based on the Group's cost of capital, which is estimated to be 7.7% before tax, based on a weighted average of required rates of return for the Group's equity and debt (WACC). The required rate of return on the Group's equity is estimated by using the capital asset pricing model (CAPM). The required rate of return on debt is estimated on the basis of a long-term risk-free interest rate to which is added a credit margin derived from Orkla's marginal long-term borrowing rate. The discount rate is adjusted for country risk, the level of inflation and operational risk, depending on the particular value being calculated.

Sensitivity

The largest trademarks and goodwill items are related to businesses that are developing well. Since the reorganisation in 2013, especially in Orkla Confectionery & Snacks, goodwill is tested at a higher level in several cases. Trademarks are tested for impairment regardless of the reorganisation.

Even a 2% change in either WACC or growth in the terminal value will not, all else being equal, result in impairment of the value of material trademarks and goodwill items. This does not apply to the Panda brand, which however is performing well and justifies its carrying value.

Note 18 cont.

Key assumptions for estimating future performance

	Orkla Foods (OF)			Orkla Confectionery & Snacks (OC&S)		
Amounts in NOK million	Units	Goodwill	Trademarks	Units	Goodwill	Trademarks
Units in segment	OF Norge	3 344	1 260	OC&S Norge	534	206
	OF Sverige	1 554	14	OC&S Sverige	907	412
	OF Danmark	96	-	OC&S Danmark	568	392
	OF Finland	132	2	OC&S Finland	570	702
	OF International	326	116	OC&S Baltics	481	257
	OF Others	210	46			
	Total	5 662	1 438	Total	3 060	1 969
Total capital employed	As at 31 December 2015	11 251		As at 31 December 2015	6 820	
EBIT (adj.)	Full year 2015	1 701		Full year 2015	843	
Factors that affect the discount rate	Operates largely in the Nordic and Baltic markets, low industry risk; budget in NOK, SEK, DKK, EUR. Also has operations in Austria, Czech Republic and India.			Operates largely in the Nordic and Baltic markets, low industry risk; budget in NOK, SEK, DKK, EUR.		
Raw material prices are estimated on the basis of the market situation at the time of calculation	Key raw materials: meat and eggs, vegetables, dairy products, spices and other additives, fruits and berries,glass and metal packaging			Key raw materials: sugar, potatoes, nuts, cocoa, flour, vegetable oil, spices, milk powder and packaging		
Production site	Production is carried out in the Nordics, Baltics, Austria, Czech Republic and India.			Production is largely carried out in the Nordics and Baltics. Goods manufactured under licence are imported.		
Contribution margin is based on past performance, adjusted for future expectations	Contribution margin is affected by retail chain price negotiations and raw material prices that on the whole are expected to remain stable.			Contribution margin is affected by retail chain price negotiations and raw material prices that on the whole are expected to remain stable.		
Customisation and ability to develop products in collaboration with customers	Orkla Foods follows consumer trends and has a high innovation rate – growth is expected in existing segments.			OC&S follows consumer trends and has a high innovation rate – growth is expected in existing segments.		
Economic conditions and market outlook	Markets and turnover are expected to remain normal – Orkla Foods is generally little affected by the economic situation.			Markets and sales are expected to remain normal – OC&S is generally little affected by the economic situation.		
Terminal value	Growth rate equal to inflation in the countries in which the businesses operate (range 1.5–3%).					

Note 18 cont.

Key assumptions for estimating future performance

	Orkla Care			Orkla Food Ingredients (OFI)		
Amounts in NOK million	Units	Goodwill	Trademarks	Units	Goodwill	Trademarks
Units in segment	Orkla Home & Personal Care (OHPC)	1 256	228	KåKå	156	-
	Orkla Health	1 383	622	Idun	238	-
	Pierre Robert Group	-	5	Credin	260	-
	Lilleborg Profesjonell	18	-	Odense	136	-
	Orkla House Care	233	90	Others	223	4
	Other Cederroth	-	190			
	Total	2 890	1 135	Total	1 013	4
Total capital employed	As at 31 December 2015	5 245		As at 31 December 2015	3 052	
EBIT (adj.)	Full year 2015	881		Full year 2015	414	
Factors that affect the discount rate	Operates largely in the Nordic markets and the Baltics, Poland, Spain and the UK; low industry risk; budgets in local currency			Operates in several countries; moderate industry risk; budgets in local currency		
Raw material prices are estimated on the basis of the market situation at the time of calculation	Key raw materials: plastic packaging, polyester, crude oil, fish oil, soybeans, cotton and wool			Key raw materials: vegetable oil, butter, molasses, sugar and flour		
Production site	Own production mainly in Norway and the Nordics, as well as China for Orkla House Care and Malaysia for the part of Jordan included in OHPC. Plasters are produced in Spain. Pierre Robert largely purchases its production from Italy and Asia. Orkla Health, OHPC and Lilleborg Profesjonell also primarily purchase goods for resale from Europe.			Own production mainly in Scandinavia. Other production in the Netherlands and at certain production units in Central and Eastern Europe.		
Contribution margin is based on past performance, adjusted for future expectations	Contribution margin is affected by innovations, productivity, retain chain price negotiations and raw material prices that on the whole are expected to remain stable or rise slightly.			Contribution margin is affected by companies' competitive strength in delivery of products and services. This strength is supported by ability to develop good "cost in use" products. OFI seeks to offset raw material cost changes in customer markets.		
Customisation and ability to develop products in collaboration with customers	Orkla Care follows consumer trends and has a high innovation rate – growth is expected in existing segments.			OFI follows consumer trends and collaborates closely with its customers, who are manufacturers and suppliers. This collaboration will be further strengthened.		
Economic conditions and market outlook	Markets and turnover are expected to remain normal – Orkla Care is generally little affected by the economic situation.			Markets and sales are expected to remain normal in Scandinavia. However, OFI's markets in Central and Eastern Europe are more affected by the economic downturn.		
Terminal value	Growth rate equal to inflation in the countries in which the businesses operate (range 1.5–3%).					

NOTE 19 INTANGIBLE ASSETS

Intangible assets and goodwill are non-physical assets that have largely been capitalised in connection with the acquisition of a company. Intangible assets classified as non-amortisable have an indefinite useful life and it is impossible on the balance sheet date to foresee when the asset will cease to have value. Goodwill is not regularly amortised either. Intangible assets and goodwill will be subject to considerable estimate uncertainty.

Note 19 forts.

PRINCIPLE

Research and development (R&D) expenditure is the expenses incurred by the Group in conducting research and development, studies of existing or new products, production processes, etc. in order to secure future earnings. Expenditure on research is expensed directly, while expenditure on development may be recognised in the statement of financial position. However, there is considerable uncertainty throughout the decision-making process, and the fact that only a small percentage of all projects culminate in commercial products means that no projects end in capitalisation. At the same time, the expenses that qualify for recognition in the statement of financial position are relatively small.

Expenditure on internally generated or customised computer programmes is capitalised and presented as intangible assets. Amortisation of this type of intangible asset is presented together with the Group's other depreciation.

Expenditure related to internally generated trademarks, etc. (marketing) is expensed directly since the future economic benefits to the company cannot be identified and shown to be probable with any degree of certainty at the time the trademark is launched.

Intangible assets taken over by the company through acquisitions are capitalised. Trademarks that have existed for a long period of time and have a sound development at the time of acquisition have an indefinite useful life and are not amortised. An indefinite useful life means that it is impossible on the statement of financial position date to estimate the period during which assets will be available for use. Other identified trademarks will be amortised over their anticipated useful life, which is normally 5–10 years. Other intangible assets will be amortised over their useful life.

Goodwill is the residual value consisting of the difference between the purchase price and the capitalised value of an acquired company. The concept of goodwill comprises payment for synergy gains, assets related to employees, other intangible assets that do not qualify for capitalisation as a separate item, future superprofit and the fact that deferred tax may not be discounted. Capitalised goodwill derives solely from acquisitions (see Note 18).

Amounts in NOK million	Trademarks, not amortisable	Trademarks, amortisable	Other intangible assets	IT	Goodwill	Total
Book value 1 January 2014	3 675	26	149	158	11 360	15 368
Investments	-	-	-	112	-	112
Reclassifications[1]	(2)	-	(4)	7	(24)	(23)
Companies acquired[2]	31	-	13	-	-	44
Disposals/Discontinued operations	-	-	-	(8)	(1 336)	(1 344)
Amortisation	(1)	(5)	(17)	(54)	-	(77)
Write-downs	-	-	-	-	-	-
Translation differences	122	2	2	2	291	419
Book value 31 December 2014	3 825	23	143	217	10 291	14 499
Investments	-	-	-	164	-	164
Reclassifications[1]	-	-	-	3	-	3
Reclassifications held for sale	(182)	-	-	-	-	(182)
Companies acquired[2]	739	1	5	2	1 790	2 537
Amortisation	-	(7)	(12)	(80)	-	(99)
Write-downs	-	-	-	(23)	(5)	(28)
Translation differences	160	12	11	2	532	717
Book value 31 December 2015	4 542	29	147	285	12 608	17 611
Initial cost 1 January 2015	3 893	76	1 108	615	12 314	18 006
Accumulated amortisation and write-downs	(68)	(53)	(965)	(398)	(2 023)	(3 507)
Book value 1 January 2015	3 825	23	143	217	10 291	14 499
Initial cost 31 December 2015	4 615	95	1 118	814	14 778	21 420
Accumulated amortisations and write-downs	(73)	(66)	(971)	(529)	(2 170)	(3 809)
Book value 31 December 2015	4 542	29	147	285	12 608	17 611
Amortisation	-	10–20%	10–20%	16–33%	-	-

[1]Net reclassifications relate to figures transferred from Note 20.
[2]See Note 5 for information about intangible assets in acquired companies.

In addition, the Orkla Group expensed NOK 252 million in 2015 in research and development costs (NOK 256 million in 2014).

ESTIMATE UNCERTAINTY

There is considerable estimate uncertainty associated with intangible assets. These have no direct "cost price", which is essentially determined by the Group's own valuations, and are mainly capitalised in connection with the Group's acquisition of a new business. Goodwill is to be seen as a residual value in the same acquisition. The sum of all excess value including goodwill associated with acquisitions is thus basically to be regarded as the market value (fair value) of the total net assets, and the different types of assets (liabilities) are broken down on the basis of that value (see Note 18).

Note 19 cont.

MARKET POSITIONS IN THE NORDIC AND BALTIC GROCERY MARKET FOR BRANDED CONSUMER GOODS

In addition to the items presented in the table for intangible assets, the Group owns several trademarks that have not been capitalised. These are proprietary trademarks which, under accounting rules, may not be capitalised. These trademarks are presented in the table as "A". When the transition was made to IFRS in 2005, goodwill that had already been capitalised could be maintained and part of the goodwill indirectly consists of trademarks. These trademarks are presented as "B" in the table. Capitalised trademarks are trademarks that are either directly acquired, or indirectly acquired through purchase price allocations in the acquisition analysis. They are presented as "C" in the table. The classification in the note is based on management's discretionary judgement.

As at 31 December 2015, the Group also had trademark positions in India (MTR Foods), Czech Republic (Vitana) and Austria (Felix Austria and Bioquelle).

	NORWAY			SWEDEN			DENMARK			FINLAND			BALTICS		
PRODUCTS	Major brands	P	R	Major brands	P	R	Major brands	P	R	Major brands	P	R	Major brands	P	R
Orkla Foods															
Frozen pizza	Grandiosa, BigOne, Pizzabakeriet	●	A	Grandiosa	◑	B		○		Grandiosa	◑	B		○	
Ketchup	Idun	●	A	Felix	●	B	Beauvais	◑	B	Felix	●	B	Felix, Spilva, Suslavicius	●	B C
Jam and marmalade	Noras hjemme-lagede, Noras rørte, Nora	●	A	Felix, Ônos, BOB	●	B	Den Gamle Fabrik	●	B	Ekströms	◔	B	Põltsamaa, Spilva	◔	B C
Preserved vegetables	Nora	●	A	Ônos, Felix	●	B	Beauvais	●	B	Felix	●	B	Põltsamaa, Spilva	◑	B C
Dressings	Idun	●	A	Felix	●	B	Bähncke	◑	A	Felix	●	B	Spilva, Felix	●	B,C
Herring		○		Abba	●	B	Glyngøre	◔	B	Boy, Ahti, Abba	●	B C	Abba	◔	B
Cod roe spread		○		Kalles Kaviar	●	B		○		Kalles Kaviar	●	B	Abba	◔	B
Cordials/soft drinks (non-carbonated)	FUN Light	◔	A	FUN Light, Ekströms, BOB	●	B		○		FUN Light, Ekströms	◔	B	Gutta, Põltsamaa	◑	B C
Fresh pasta	TORO	◔	C		○		Pastella	●	A	Pastella	◔	A		○	
Dry and wet goods (casserole, sauce and soup)	TORO	●	C	Abba, Felix	●	B	Nemfisk og Bähncke	◑	A		○		Põltsamaa, Spilva, Suslavicius	◔	B C
Orkla Confectionery & Snacks															
Snacks	KiMs, Polly, Cheez Doodles	◑	A C	OLW, Cheez Doodles	●	C	KiMs	●	C	Taffel	●	C	Adazu	●	A
Biscuits	Café Bakeriet, Bixit, Safari, Ballerina	●	A	Ballerina, Brago, Singoalla	●	B		○		Kantolan	◔	A	Kalev	●	C
Confectionery	Stratos, Doc, Smash!, Nidar Favoritter	◑	A		○			○		Panda	◔	C	Laima, Kalev	●	C
Orkla Care															
Detergents	Jif, OMO, Sun, Zalo	●	A	Grumme	◔	C		○		Lumme	◔	C		○	
Personal care products	Define, Lano, Jordan, Dr. Greve, HTH	●	A C	Jordan, L300, LdB, HTH, Bliw	◔	C	Jordan	◔	C	Jordan, Bliw	◔	C		○	
Dietary supplements	Möller's, Nutrilett, Collett	●	A C	Nutrilett, Samarin, Pikasol, Pharbio, Litomove, Vitaplex	●	C	Gerimax, Longo Vital, Livol, Futura, Pikasol, HUSK	●	C	Möller's, Vitaplex, Nutrilett, SanaSol, Samarin	◑	A C	Möller's	●	A
Textiles	Pierre Robert, LaMote	●	A C	Pierre Robert, LaMote	◑	A C		○			○			○	
Wound care	Salvequick	●	C	Salvequick	●	C	Salvequick	●	C	Salvequick	●	C		○	
House Care[1]	Jordan	●	C	Anza	●	A	Spekter	●	A	Anza	◑	A		○	
Orkla Food Ingredients															
Yeast	Idun Gjær	●	A	Kronjäst	●	B		○			○			○	
Marzipan	Odense	●	B	Odense	◑	B	Odense	●	B		○			○	
Margarine		○			○		AMA Margarine	●	B		○			○	
Plant based		○			○		Naturli'	●	B		○			○	
Butter spread		○			○		Bakkedal	●	B		○			○	

[1]Painting tools for specialised retailers.

P = Position: ● STRONG no. 1, clearly stronger than no. 2, ◑ GOOD no. 1 or no. 2 equivalent in size to no. 1, ◔ PRESENT no. 2 or weaker, clearly weaker than no. 1, ○ NOT PRESENT in the market
R = Accounting treatment: A - Not capitalised, B - Capitalised through goodwill, C - Capitalised

NOTE 20 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are various types of assets that are necessary for the Group's operating activities. Unless there are significant changes in operating parameters, these assets will largely necessitate corresponding reinvestment over time. They consist of items such as land, buildings, plants, machinery, fixtures and fittings, IT equipment and vehicles. Annual ordinary depreciation is an indication of the extent of the need for corresponding reinvestment.

P PRINCIPLE

Property, plant and equipment are tangible items intended for production, delivery of goods or administrative purposes and have a lasting useful life. They are recognised in the statement of financial position at cost minus any accumulated depreciation and write-downs. Direct maintenance of assets is expensed under operating expenses as and when the maintenance is carried out, while major periodical maintenance and expenditure on replacements or improvements are added to the cost price of the assets. Property, plant and equipment with an indefinite useful life (property, etc.) are not depreciated, while other property, plant and equipment are depreciated on a straight line basis over their useful life. Residual value is taken into account (especially in connection with properties), and the depreciation plan is reviewed annually. If there is any indication that the value of an asset may be impaired, the asset will be written down to the recoverable amount if the recoverable amount is lower than the carrying value.

When carrying out a purchase price allocation in connection with an acquisition, excess or deficit values are allocated to the assets concerned, so that these are capitalised at the Group's acquisition cost. Financing expenses related to the production of the Group's own property, plant and equipment are recognised in the statement of financial position (see Note 15).

E ESTIMATE UNCERTAINTY

Considerable estimate uncertainty attaches in some cases to property, plant and equipment. Both the valuation and estimated useful life are based on future information that always involves a degree of uncertainty. Tangible assets (property, plant and equipment) are essentially capitalised at the acquisition cost paid, and if they have a limited useful life, they are systematically depreciated over that period. Account is taken of their residual value. Useful life and residual value are based on estimates of future performance (see Note 18).

Uncertainty will be particularly high for a period of time to come during which Orkla plans to reorganise its manufacturing structure (see Note 4).

Amounts in NOK million	Land, buildings and other property	Machinery and plants	Assets under construction	Fixtures, fittings, vehicles, IT eqipm. etc.	Total
Book value 1 January 2014	5 946	4 588	551	566	11 651
Investments	102	421	319	73	915
Disposals/scrapping	(30)	(17)	-	(2)	(49)
Reclassifications[1]	(21)	(3)	-	(1)	(25)
Companies acquired	38	2	-	-	40
Sold companies/Discontinued operations	(809)	(1 217)	(95)	(66)	(2 187)
Transferred assets under construction	52	129	(210)	29	-
Write-downs	(26)	(14)	-	-	(40)
Depreciation	(187)	(525)	-	(145)	(857)
Translation differences	61	3	(21)	(7)	36
Book value 31 December 2014	5 126	3 367	544	447	9 484
Investments	110	462	682	84	1 338
Disposals/scrapping	(61)	(11)	-	(4)	(76)
Reclassifications[1]	-	-	-	(3)	(3)
Companies acquired	260	191	45	38	534
Sold companies/Discontinued operations	(60)	(17)	-	-	(77)
Transferred assets under construction	203	225	(494)	66	0
Write-downs	(85)	(8)	-	(2)	(95)
Depreciation	(220)	(563)	-	(149)	(932)
Translation differences	156	158	19	17	350
Book value 31 December 2015	5 429	3 804	796	494	10 523
Initial cost 1 January 2015	7 085	10 374	544	1 816	19 819
Accumulated depreciation and write-downs	(1 959)	(7 007)	-	(1 369)	(10 335)
Book value 1 January 2015	5 126	3 367	544	447	9 484
Initial cost 31 December 2015	8 512	11 479	796	2 220	23 007
Accumulated depreciation and write-downs	(3 083)	(7 675)	-	(1 726)	(12 484)
Book value 31 December 2015	5 429	3 804	796	494	10 523
Linear depreciation	2–4%	5–15%		15–25% IT equipment: 16–33%	

[1]Net reclassifications relate to figures transferred to Note 19 (NOK 3 million).

See Note 36 for disclosures of pledged assets and mortgages related to the Group's property, plant and equipment.

NOTE 21 OTHER ASSETS (NON-CURRENT)

Other assets (non-current) consist of financial investments of a long-term nature. Shares are presented at fair value with changes in value reported in comprehensive income. Other assets also include net pension assets from companies that have more pension assets than liabilities. Other items are derivatives and receivables with a maturity of more than one year.

Amounts in NOK million	Measure-ment level	2015	2014
Share investments	3	36	42
Interest-bearing derivatives	2	414	496
Receivables interest-bearing	3	172	228
Receivables non interest-bearing	3	219	164
Total financial assets		841	930
Pension plan assets		39	42
Total other assets (non-current)		880	972

The principle for valuation of shares is disclosed in Note 24.
Receivables are recognised at fair value in accordance with Level 3 valuation, and derivatives according to level 2 valuation. See the measurement hierarchy in Note 31.

NOTE 22 INVENTORIES AND DEVELOPMENT PROPERTY

Inventories are the Group's stocks of all types of goods intended for sale. These consist of raw materials ready for production, already finished goods and purchased goods for resale. Packaging to be used for sold goods is included. A breakdown of inventories by business area may be found in the segment reporting. Any profit from internal sales has been eliminated. During the period in which buildings built by the Group (Orkla Eiendom) for sale are under development, the value of the projects will be reflected on the line for inventory of development property until the buildings are realised.

Inventories

Amounts in NOK million	2015	2014
Raw materials	1 666	1 415
Work in progress	218	191
Finished goods and merchandise	2 739	2 267
Total	4 623	3 873

Development property

Inventories include development property recognised at NOK 216 million (NOK 200 million in 2014). The properties are mainly housing projects under development/construction and primarily consist of the Mortensrud, Sandakerveien 56 and Treschowsgate 16 projects.

P PRINCIPLE

Inventories are valued at the lower of acquisition cost and net realisable value for the entire Orkla Group. Purchased goods are valued at cost according to the FIFO principle, while internally manufactured finished goods and work in progress are valued at production cost. Deductions have been made for obsolescence. The net realisable value is the estimated selling price minus selling costs. Property under development is valued at the total costs incurred.

E ESTIMATE UNCERTAINTY

Inventories consist of a great many individual lines of goods in the form of both raw materials and finished goods. The goods are counted and valued at the Group's acquisition cost, and account is taken of obsolescence. The Group has a large number of units in stock at all times, but there is not deemed to be any material kind of uncertainty in either the quantity or quality of the Group's inventories.

An assessment of net realisable value was carried out after deducting selling costs. This resulted in a total write-down of inventories as at 31 December 2015 of NOK 68 million (NOK 66 million in 2014). Inventories valued at net realisable value total NOK 50 million (NOK 25 million in 2014).

NOTE 23 CURRENT RECEIVABLES

Accounts receivable and other trade receivables are directly linked to the operating cycle. Other receivables (current) are various other receivables that can be both interest-bearing and non-interest-bearing.

PRINCIPLE

Receivables are continuously reviewed and are written down if there are objective criteria that indicate that an event causing a loss has occurred, and the amount of the loss can be reliably measured and will affect payment of the receivable.

Accounts receivable are recognised and presented at the original invoice amount and written down if events causing a loss have occurred that can be measured reliably and that will affect payment of the receivable. Accounts receivable are thus valued at amortised cost using the effective interest rate method. The interest rate element is disregarded if it is immaterial, which is the case for the vast majority of the Group's accounts receivable.

Derivatives are described in Note 31.

ESTIMATE UNCERTAINTY

Accounts receivable constitute a substantial part of the statement of financial position, and an incorrect assessment of customers' ability to pay could result in the account receivable no longer being recoverable and thus having to be written down in profit or loss. Provisions have been made for losses on accounts receivable, and the credit risk is assessed as acceptable. See also the breakdown of accounts receivable by due date in this note and the disclosure of credit risk in Note 30.

Accounts receivable and other trade receivables

Amounts in NOK million	2015	2014
Accounts receivable	5 132	4 224
Other trade receivables	134	188
Non-interest-bearing derivatives	1	1
Total trade receivables	5 267	4 413

Change in provisions for bad debts:

Amounts in NOK million	2015	2014
Provisions for bad debts 1 January	63	116
Bad debts recognised as expense	24	24
Provisions in acquired companies	9	-
Provisions in sold companies/ discontinued operations	(3)	(80)
Bad debts	(13)	(5)
Translation effects	3	8
Provisions for bad debts 31 December	83	63

Breakdown of accounts receivable by due date:

Amounts in NOK million	2015	2014
Accounts receivable not due	4 676	3 756
Overdue receivables 1–30 days	334	362
Overdue receivables 31–60 days	57	68
Overdue receivables 61–90 days	26	24
Overdue receivables over 90 days	122	77
Accounts receivable carrying amount 31 December	5 215	4 287

Other receivables (current)

Amounts in NOK million	2015	2014
Non-interest-bearing derivatives	33	6
Interest-bearing derivatives	-	99
Interest-bearing receivables	9	9
Other current receivables	219	767
Total financial receivables	261	881
Advance payment to suppliers/earned income	328	239
Tax receivables	36	27
Total current receivables	625	1 147

Accounts receivable and other trade receivables, as well as financial receivables, are recognised at fair value in accordance with Level 3 valuation and derivatives in accordance with Level 2 valuation. See the measurement hierarchy in Note 31.

NOTE 24 SHARES AND FINANCIAL ASSETS

Orkla has no intention of routinely investing excess liquidity or other funds in any kind of security. The securities in the statement of financial position are either the remainder of the former Share Portfolio (which the Group decided to sell off in 2011) or more incidental residual investments from various disinvestment processes.

Amounts in NOK million	Measurement level[1]	Fair value 31.12.2015	Unrealised gains 2015	Fair value 31.12.2014	Unrealised gains 2014
Securities available for sale					
Gränges (listed on Nasdaq Stockholm)	1	876	50	-	-
Shareholding in Solsten fund	2	405	222	601	268
Unlisted securities	3	67	15	97	13
Total		1 348	287	698	281
Securities, with change in fair value through profit and loss	3	28	-	36	-
Total shares and financial assets		1 376	287	734	281
Of this owned by Orkla ASA		473	236	698	279

[1]See Note 31 for a description of the valuation hierarchy.

Change in unrealised gains shares

Amounts in NOK million	2015	2014
Opening balance unrealised gains before tax	281	302
Change in unrealised gains before tax	6	(21)
Change in deferred tax unrealised gains	0	0
Change in unrealised gains taken to comprehensive income	6	(21)
Closing balance unrealised gains before tax	287	281
Deferred tax unrealised gains	0	0
Closing balance unrealised gains after tax	287	281

Valuation of securities

The fair value of listed securities is routinely measured on the basis of the last bid price. At the time of acquisition, the shares are recognised at their value on the trade date, including transaction costs. Several valuation methodologies are used to measure the fair value of unlisted investments. Where there has been a recent arm's length transaction in the security in question, the value is based on the transaction price. If there has been no recent arm's length transaction, the value of the company is deduced from a relative valuation of comparable listed companies, adjusted for individual characteristics such as differences in size and selection between comparable companies.

The fair value of unlisted fund shares (Solsten) is measured as the share of the fund's assets as reported by the fund management.

The difference between the fair value and acquisition cost of the security is included in the unrealised gain until the security is either sold or written down. When the security is sold or written down, the unrealised gain is recognised in the income statement and offset in comprehensive income. When the security is written down, a new "acquisition price" is established and subsequent increases in fair value are recognised in comprehensive income as "Changes in unrealised gains".

P PRINCIPLE

Shares and financial assets are investments of a financial nature and are recognised as available for sale. Shareholdings defined as available for sale which have a value lower than carrying value are written down in the income statement if the impairment in value is prolonged or significant. Any further value impairment will result in an immediate write-down. The write-down cannot be reversed in the income statement until the value is realised. Dividends received are recognised in the income statement at the time they are adopted by the company paying out the dividend, which usually coincides with the date of payment. Purchases and sales of shares are recognised at trade date.

E ESTIMATE UNCERTAINTY

There will always be some uncertainty in connection with the valuation of unlisted shares. However, unlisted shares account for only a small part of the remaining financial assets. Listed shares are valued on the basis of the market price as at 31 December.

Income statement items related to shares and financial assets are presented in Note 15.

NOTE 25 CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents consist of liquid assets necessary for transactions and some current placements. Orkla ASA also has unutilised, long-term, committed credit facilities that may be drawn upon at short notice; see Note 28. Changes in liquid assets in the cash flow statement do not necessarily provide an accurate picture of the Group's financial position as excess liquidity is routinely used to repay interest-bearing debt.

PRINCIPLE

Cash and cash equivalents consist of cash, bank deposits and current deposits with a maturity of three months or less. Liquid assets have an immaterial risk of a change in value. Restricted deposits are assets that to a limited degree are available to the rest of the Group.

Cash and cash equivalents are held for the purpose of meeting short-term fluctuations in liquidity rather than for investment purposes. For Orkla, the level of the Group's net interest-bearing liabilities is a more important management parameter than the level of cash and cash equivalents.

Amounts in NOK million	2015	2014
Cash at bank and in hand[1]	438	2 366
Current deposits	169	148
Restricted deposits	114	101
Total cash and cash equivalents	721	2 615

[1]Of "Cash at bank or in hand" a total of NOK 133 million is in Orkla companies with minority shareholders and in Orkla Insurance Company (NOK 75 million in 2014). These assets are only available to a limited extent to the rest of the Group.

NOTE 26 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions consist of pension liabilities and other provisions for liabilities. Pension liabilities are disclosed in Note 12. A provision may be reported separately from other liabilities, such as accounts payable, because there is uncertainty as to the settlement date or the amount of the future expenses.

Amounts in NOK million	2015	2014
Pension liabilities	1 904	1 556
Derivatives	478	599
Other non-current liabilities	8	1
Other provisions	322	382
Total	2 712	2 538

Provisions with a maturity of less than 12 months are presented as "Other liabilities" (current).

PRINCIPLE

Provisions are recognised in the financial statements in the case of potential lossmaking contracts and adopted restructuring measures. The provisions will not cover possible future operating losses. In the case of restructuring provisions, there must be a detailed plan that identifies which parts of the business are to be restructured, and a valid expectation must have been created among those concerned that the restructuring will be carried out. In addition, it must be possible to provide a reliable estimate of the amount of the liability. It is a condition that the restructuring materially changes the size of the business or the way in which it is operated. The provision is calculated on the basis of the best estimate of anticipated expenses. If the effect is material, anticipated future cash flows will be discounted, using a current pre-tax interest rate that reflects the risks specific to the provision.

Contingent liabilities and contingent assets are a possible obligation or a possible asset whose existence is uncertain and will be confirmed by the occurrence or non-occurrence of a future special event, such as the outcome of legal proceedings or the final settlement of an insurance claim. Contingent liabilities are recognised in the financial statements based on estimated outcome, if there is a more than 50% probability that the liability has arisen. If the probability is lower, the matter is disclosed in notes to the financial statements if material and unless the probability of disbursement is very small. An asset will only be recognised in the statement of financial position if it is highly probable (95%) that the Group will receive the asset. The disclosure requirement applies to other contingent assets.

Derivatives are described in Note 31.

Note 26 cont.

Break-down of provisions and other non-current liabilities:

Amounts in NOK million	Branded Consumer Goods	Other provisions	Total
Provisions 1 January 2014	66	338	404
New provisions	-	17	17
Utilised	(26)	(12)	(38)
Provisions 31 December 2014	40	343	383
New provisions	-	11	11
Utilised	(16)	(48)	(64)
Provisions 31 December 2015	24	306	330
	Main matters: Small personnel-related provisions and commitments to acquisitions of additional shares in companies.	Main matters: Compensation to property owners and demolition costs related to Saudefaldene, insurance provisions in Third Party Writer company. Orkla self-insures for losses up to NOK 15 million. There are also some provisions related to discontinued operations.	Conclusion: The provisions cover known matters and there are no indications of any change in estimated expenses.

ESTIMATE UNCERTAINTY

It is in the nature of a provision that it involves some degree of uncertainty. A provision is made and calculated based on assumptions at the time the provision was made and will be updated when new information is available.

NOTE 27 CURRENT LIABILITIES

Accounts payable and other trade payables are liabilities linked directly to the operating cycle. Other liabilities (current) are other payables, such as unpaid government charges and taxes, unpaid wages and holiday pay and other accruals.

Accounts payable and other trade payables

Amounts in NOK million	2015	2014
Accounts payable	2 410	1 951
Other trade payables	1 436	1 239
Non-interest-bearing derivatives	23	31
Total trade payables	3 869	3 221

ESTIMATE UNCERTAINTY

All types of accruals/provisions will involve a certain estimate uncertainty. Estimate uncertainty associated with customer bonuses, etc. is disclosed in Note 4.

Other liabilities (current)

Amounts in NOK million	2015	2014
Non-interest-bearing derivatives	2	-
Non-interest-bearing current liabilities	201	109
Total financial liabilities non-interest-bearing	203	109
Value added tax, employee taxes	683	601
Accrued wages and holiday pay	1 087	812
Other accrued costs	1 153	874
Total other liabilities (current)	3 126	2 396

Accounts payable and other trade payables and other current financial liabilities are recognised at fair value according to Level 3 valuation and derivatives according to Level 2 valuation (see the measurement hierarchy in Note 31).

NOTE 28 CAPITAL MANAGEMENT AND FUNDING

The level of a company's capital and the way it is managed are important factors in evaluating the company's risk profile and its capacity to withstand unexpected events. It is therefore important to provide information that enables users of the financial statements to understand the company's goals, policy and management of the company's capital base.

Capital management

Orkla's capital management is designed to ensure that the Group has sufficient financial flexibility, short-term and long-term. One main objective is to maintain a financial structure that, through solidity and cash flow, secures the Group's strong, long-term creditworthiness, as well as a competitive return for the shareholders through a combination of dividends and an increase in the share price.

When allocating capital for acquisitions and other investments, a rate of required return on capital is applied, adjusted for project specific risk. Capital usage and allocation is a focused area, subject to formalised centralised processes and forums. External borrowing is centralised at parent level, and capital needs in subsidiaries are mainly covered by internal loans, or equity. Capital structure in subsidiaries is adapted to commercial, as well as legal and tax considerations. The short-term liquidity of Group companies is managed at Group level through cash pools. For funding of partly owned subsidiaries, Orkla normally either provides loans according to its share of capital jointly with other shareholders, or external funding is established.

Orkla has no official credit rating, but actively monitors quantitative and qualitative measures which affect the creditworthiness of the Group.

The Group's capital consists of net interest-bearing liabilities and equity:

Amounts in NOK million	2015	2014
Non-current interest-bearing liabilities	(8 722)	(8 510)
Current interest-bearing liabilities	(399)	(598)
Non-current interest-bearing receivables	586	724
Current interest-bearing receivables	9	108
Cash and cash equivalents	721	2 615
Net interest-bearing liabilities	(7 805)	(5 661)
Group equity[1]	33 746	31 304
Net gearing (net interest-bearing liabilities/equity)	0.23	0.18

[1]The Group's equity also includes the value of cash flow hedges taken to comprehensive income, and unrealised gains on shares available for sale are taken to comprehensive income.

Orkla's net interest-bearing liabilities increased by NOK 2.1 billion through 2015, affected by acquisitions totalling NOK 3.2 billion, and sale of companies and financial assets totalling NOK 1.4 billion. The agreed acquisition of Hamé is expected to be completed, and will increase net interest-bearing liabilities by approximately NOK 1.7 billion in 2016. There were no changes in Orkla's approach and goals regarding capital management in 2015.

As an industrial Group, Orkla is not subject to any external capital requirements. The subsidiary Orkla Insurance Company Ltd. (Ireland) is subject to solvency requirements under current regulations in Ireland. These requirements were met in 2015.

Funding

The primary goal of Orkla's treasury policy is to ensure that the Group has sufficient financial flexibility in the short and long term to achieve its strategic and operational objectives.

Orkla's policy with regard to the funding activity is to have unutilised, long-term, committed credit facilities which together with available liquid deposits are sufficient to cover loans that fall due and known capital needs over the next 12 months, as well as a strategic reserve. This means that Orkla's credit facilities are normally refinanced one year before maturity and that short-term interest-bearing debt is at all times covered by unutilised long-term credit facilities. Commercial paper and money markets are used as a source of liquidity when conditions in these markets are competitive, as an alternative to drawing on unutilised committed long-term credit facilities. As of 31 December 2015 there were no outstanding loans under these credit facilities.

Orkla's main funding sources are bilateral loans from Orkla's relationship banks and loans in the Norwegian bond market. Funds have also been raised in the US Private Placement market and, historically, in the German Schuldschein market. The Group Treasury also continuously assesses other funding sources. The term to maturity for new loans and credit facilities is normally 5–10 years.

In 2015 Orkla repaid loans, bought back own bonds and cancelled credit facilities totalling NOK 2.7 billion. New bilateral loan agreements totalling NOK 2.5 billion were entered into, a new bond of NOK 0.7 billion was issued, and an existing bond was increased by NOK 0.1 billion. The remaining time to maturity of NOK 2.2 billion of the bilateral loan facilities has been extended from four to five years.

Orkla has no loan agreements with financial covenants for the Group or for Orkla ASA. The loan agreements include some limitations on disposals of businesses, creation of security interest on assets, borrowing at subsidiary level, and cross default clauses. Bonds issued in the Norwegian bond market are listed on the Oslo Stock Exchange.

NOTE 29 INTEREST-BEARING LIABILITIES

The composition and the level of interest-bearing liabilities plus unutilised credit facilities are managed as part of the Group's funding activity. Changes in net interest-bearing liabilities result from the cash flow of the Group.

PRINCIPLE

Loans and receivables are carried at amortised cost. Thus, changes in fair value resulting from changes in market interest rates during the interest rate period are not reported in the income statement, except for loans which are hedged objects in fair value hedges of interest rate risk (see Note 31.). Bonds issued by Orkla, held on own books, are carried at amortised cost and recognised as reduced debt.

Amounts in NOK million	Book value 31.12.2015	Book value 31.12.2014	Fair value[1] 31.12.2015	Fair value[1] 31.12.2014	Currency	Notional in ccy[2]	Coupon[3]	Term
Non-current interest-bearing liabilities								
Bonds								
ORK10 (10364920)	964	1 203	960	1 205	NOK	1 200	Fixed 5.70%	2007/2017
ORK09 (10364912)	519	1 299	518	1 305	NOK	1 300	Nibor +0.42%	2007/2017
ORK80 (10694680)	788	668	769	688	NOK	1 000	Fixed 4.35%	2013/2024
ORK82 (11731730)	659	-	631	-	NOK	1 500	Nibor +0.69%	2015/2022
US Private Placement	2 741	2 423	2 741	2 423	USD/GBP	220/40	Fixed 6.09/6.27%	2007/2017–2019
Other Private Placement	27	-	27	-				
Total bonds	5 698	5 593	5 646	5 621				
Bank loans	2 847	2 718	2 847	2 718				
Other loans	177	199	177	199				
Total non-current interest-bearing liabilities	8 722	8 510	8 670	8 538				
Current interest-bearing liabilities								
Bank loans, overdrafts	211	447	211	447				
Other loans	42	151	42	151				
Interest-bearing derivatives	146	-	146	-				
Total current interest-bearing liabilities	399	598	399	598				
Total interest-bearing liabilities	9 121	9 108	9 069	9 136				

[1]The fair value of exchange-traded bonds is calculated on the basis of official tax values, whereas book values are used for other loans. The book value of US Private Placement loans takes into consideration observed interest rates as of 31 December 2015 as these loans are hedged-objects in fair value hedges, but not credit margin, as there is no observation of this available.
[2]Of the notional amount the Group holds some of its own bonds. These reduce recognised liabilities.
[3]The nominal interest rate is not an expression of the Group's actual interest cost, as various interest rate swaps have been entered into. Note 30 discloses further details of interest rate level, interest rate risk and a break down of the liabilities portfolio by currency.

Maturity profile interest-bearing liabilities and unutilised credit facilities

	Interest-bearing liabilities 31.12.2015	Interest-bearing liabilities 31.12.2014	Unutilised credit facilities 31.12.2015	Unutilised credit facilities 31.12.2014
Maturity <1 year	399	598	-	-
Maturity 1–3 years	4 791	5 540	2 971	1 393
Maturity 3–5 years	1 958	1 774	5 403	6 030
Maturity 5–7 years	1 150	411	-	-
Maturity >7 years	823	785	-	-
	9 121	9 108	8 374	7 423

The Group's unutilised credit facilities are multi-currency loan agreements with limits denominated in NOK, EUR and SEK.

As at 31 December 2015 the average remaining time to maturity of the Group's combined non-current interest-bearing liabilities and unutilised credit facilities was 3.2 years, compared with 3.7 years as at 31 December 2014.

The Group also holds cash pools and bank accounts with short-term credit lines. Unutilised credit lines on these accounts are not included in the table.

NOTE 30 FINANCIAL RISK

This note discloses the Group's financial risks within the business areas, and the management of these risks. Market risk related to financial instruments (currency risk, interest rate risk, and price risk for input factors and sold products), liquidity risk and credit risk are described specifically. In addition to loans and receivables, the financial instruments consist of derivatives used for hedging market risk. Derivatives and hedging relationships are described in more detail in Note 31.

(I) ORGANISATION OF FINANCIAL RISK MANAGEMENT

Orkla operates internationally and is exposed to financial risks such as currency risk, interest rate risk, commodity price risk, liquidity risk and credit risk. Orkla uses derivatives and other financial instruments in order to reduce these risks in accordance with the Group's treasury policy. The responsibility for managing financial risk in Orkla is divided between business areas, which manage risk related to business processes, and Group level, which manages risk related to centralised activities such as funding, interest rate risk management and currency risk management.

Centralised risk management

Orkla has a centralised Group Treasury. Its most important tasks are to ensure the Group's financial flexibility in the short and long term, and to monitor and manage financial risk in cooperation with individual operational entities. The guidelines for the Group Treasury are set out in the Group's treasury policy. The Group Executive Board monitors financial risk by means of regular reporting and meetings of the Orkla Treasury Committee. The Group Treasury acts as an internal bank for the Group and is responsible for, and executes, all major external funding and hedging transactions related to currency and interest rate hedging. Each year the Board of Directors grants authorisation for establishing loans and entering into master agreements for financial instruments. Debt and treasury positions are managed in a non-speculative manner, so that all transactions in financial instruments are matched to an underlying business requirement.

Financial risks within each business area

This section describes the most important risk factors within each business area of the Group and the management of such. In this context, financial risk is defined as risk related to financial instruments. These may be either instruments hedging underlying risks, or viewed as a source of risk in themselves. Market risk that is not hedged with financial instruments is also discussed in this section.

Branded Consumer Goods

Entities within this area are primarily located in the Nordic and Baltic countries, and Central/Eastern Europe. Production and sales mainly take place in local markets. A significant part of the input factors, as well as some finished goods are imported.

The two primary sources of financial risk within this business area are price risk on agricultural products and ingredients in food production, and currency risk on imported goods. Price risk on raw materials is normally dealt with in commercial contracts. The most significant currency risk results from imports in EUR by the Norwegian and the Swedish entities. Contracts and committed transactions are hedged with currency forward contracts against the entities' own functional currency. Currency risk related to expected, non-contractual cash flows is hedged to a limited extent.

Hydro Power

Hydro Power is a significant producer of hydroelectric power (see Note 35). A substantial part of the production is sold under long-term contracts, whereas the remainder is sold in the spot market. Where contractual commitments exceed available power from own production, this is covered through purchases in the power market.

Shares and financial assets

Shares and financial assets include listed and unlisted shares and investments (disclosed in Note 24). The shares and investments are exposed to share price fluctuations.

(II) CATEGORIES OF FINANCIAL RISK FOR THE GROUP

Currency risk

As NOK is the presentation currency for the Group, Orkla is exposed to currency translation risk on net investments in foreign entities. Orkla maintains, as far as possible, a distribution of its net interest-bearing liabilities across currencies which corresponds to the relative enterprise value distribution across the foreign subsidiaries' home currencies. This ensures approximately the same hedging level in all currencies, where net interest-bearing liabilities hedge the currency risk in enterprise value.

In the statement of financial position, translation risk on net investments in foreign entities is reduced by the net interest-bearing liabilities in the same currency. These liabilities consist of hedges of internal loans from Orkla ASA to subsidiaries in their home currency, plus hedges of net investments according to IAS 39. Orkla primarily uses loans and currency forward contracts to hedge internal loans and net investments in foreign subsidiaries.

At the operational level, transaction risk is hedged against each entity's functional currency as described in (I) "Organisation of financial risk management". Orkla applies hedge accounting for most hedges of future transactions, mainly cash flow hedges. The different types of hedges are described in more detail in Note 31.

The Group's aggregated outstanding currency hedges of future transactions as at 31 December 2015 are shown in Table 1.

TABLE 1

Outstanding foreign exchange contracts[1] linked to hedging of future revenues and costs

Amounts in million

Purchase currency	Amount in currency	Sale currency	Amount in currency	Maturity
EUR	39	NOK	362	2016
EUR	6	GBP	5	2016
EUR	4	SEK	41	2016
USD	13	DKK	84	2016
USD	6	EUR	6	2016
USD	6	NOK	50	2016
SEK	145	NOK	145	2016
DKK	33	NOK	41	2016
CZK	81	NOK	27	2016

[1]In currency pairs where the net total of hedges is over NOK 20 million.

Note 30 cont.

Interest rate risk

Orkla's interest rate risk is mainly related to the Group's debt portfolio. This risk is managed at Group level. The Group's policy is that interest costs should mainly follow the general trend in the money market. Further, steps are taken to mitigate the effects of short-term fluctuations in money market rates. Material decisions regarding interest rate hedging are made by the Orkla Treasury Committee.

The interest risk profile of the debt portfolio is determined by selection of interest periods for the Group's loans and the use of currency and interest rate derivatives. As at 31 December 2015, 39% (43% as at 31 December 2014) of the Group's interest-bearing liabilities was at fixed interest rates for periods exceeding one year, and the average time to next interest rate adjustment was 2.5 years (2.9 years as at 31 December 2014). The interest rate exposure on interest-bearing liabilities broken down by currency and financial instruments is shown in Table 2a and 2b.

TABLE 2a

Interest-bearing liabilities by instrument and interest risk profile

		Next interest rate adjustment					
Amounts in NOK million	31.12.2015	0–3 months	3–6 months	6–12 months	1–3 years	3–5 years	5–10 years
Bonds	5 698	686	519	-	2 387	1 318	788
Bank loans	2 928	1 926	1 000	2	-	-	-
Overdrafts	130	130	-	-	-	-	-
Other loans	219	55	162	2	-	-	-
Interest rate swaps (fair value hedge)	-	2 239	1 841	-	(2 235)	(1 140)	(705)
Interest rate swaps (cash flow hedge)	-	(1 740)	(609)	-	-	805	1 544
Interest rate derivatives (other)	-	(122)	(650)	-	193	92	487
Currency derivatives	146	96	49	1	-	-	-
Interest-bearing liabilities	9 121	3 270	2 312	5	345	1 075	2 114
	31.12.2014						
Bonds	5 593	232	1 299	-	2 318	1 077	667
Bank loans	2 935	1 993	940	2	-	-	-
Overdrafts	230	230	-	-	-	-	-
Other loans	350	65	278	7	-	-	-
Interest rate swaps (fair value hedge)	-	1 970	1 828	-	(2 215)	(983)	(600)
Interest rate swaps (cash flow hedge)	-	(1 667)	(597)	-	41	795	1 428
Interest rate derivatives (other)	-	(500)	(650)	-	50	537	563
Currency derivatives	-	(34)	33	1	-	-	-
Interest-bearing liabilities	9 108	2 289	3 131	10	194	1 426	2 058

TABLE 2b

Interest-bearing liabilities by instrument and currency

Amounts in NOK million	31.12.2015	NOK	SEK	EUR	USD	DKK	Other
Bonds	5 698	2 930	-	-	2 135	27	606
Bank loans	2 928	266	-	2 655	-	5	2
Overdrafts	130	7	1	90	-	23	9
Other loans	219	180	17	3	-	6	13
Currency derivatives	146	(2 793)	4 061	(1 748)	(1 972)	1 604	994
Interest-bearing liabilities	9 121	590	4 079	1 000	163	1 665	1 624
Interest level borrowing rate (%)	2.0	2.7	1.4	2.2	1.2	0.3	5.2
	31.12.2014						
Bonds	5 593	3 170	-	-	1 867	-	556
Bank loans	2 935	387	-	2 495	-	12	41
Overdrafts	230	15	1	78	-	97	39
Other loans	350	300	-	4	-	29	17
Currency derivatives	-	(795)	2 226	(1 221)	(1 657)	846	601
Interest-bearing liabilities	9 108	3 077	2 227	1 356	210	984	1 254
Interest level borrowing rate (%)	3.0	3.3	3.1	3.1	1.2	0.7	4.2

For currency forwards the asset and liability components are shown separately per currency, also including those that are recognised as assets.

Note 30 cont.

Liquidity risk

Liquidity risk is the risk that Orkla is not able to meet its payment obligations. The management of liquidity risk has high priority as a means of meeting the objective of financial flexibility.

Orkla's policy for funding activities, described in Note 28, implies that short-term interest-bearing liabilities and known capital expenditures are funded by long-term loans or credit facilities at least one year prior to maturity. The cash flow from operations, which among other factors is affected by changes in working capital, is managed operationally by the business areas, and is largely stable with the largest net inflow during the fourth quarter. Group Treasury monitors liquidity flows, short- and long-term, through reporting. Interest-bearing liabilities are managed together with interest-bearing assets at Group level.

Due to the measures mentioned, the Group has limited liquidity risk. In order to further reduce refinancing risk, Orkla seeks to ensure that the maturities of loans and credit facilities are well distributed.

Table 3 shows the maturity profile for the Group's contractual financial liabilities, including liabilities which are not recognised in the financial position. The amounts represent undiscounted future cash flows, and may therefore deviate from recognised figures. Derivatives are presented as split between those with gross settlement (currency derivatives), and those with net settlement (interest rate derivatives). The table also includes derivatives recognised as assets on the balance sheet date, as derivatives may include both positive and negative cash flows, and the fair value fluctuates over time. Forward interest rate curves are applied to estimate future interest payments. Similarly, forward prices are used to determine the future settlement amounts for currency derivatives.

TABLE 3
Maturity profile financial liabilities

Amounts in NOK million	Book value	Contractual cash flow	<1 year	1–3 years	3–5 years	5–7 years	>7 years
31 December 2015							
Loans	8 975	8 536	252	4 635	1 775	1 101	773
Interest payable	81	1 097	315	424	192	95	71
Accounts payable and other current financial liabilities	3 966	3 966	3 966	-	-	-	-
Subscribed, uncalled partnership capital		8	8	-	-	-	-
Net settled derivatives[1]	74						
Inflow		(989)	(266)	(369)	(176)	(107)	(71)
Outflow		1 040	216	360	254	126	84
Gross settled derivatives[1]	127						
Inflow		(10 114)	(10 114)	-	-	-	-
Outflow		10 217	10 217	-	-	-	-
Total	13 223	13 761	4 594	5 050	2 045	1 215	857
31 December 2014							
Loans	9 108	8 613	598	5 303	1 583	412	717
Interest payable	86	1 232	314	550	219	67	82
Accounts payable and other current financial liabilities	3 213	3 213	3 213	-	-	-	-
Subscribed, uncalled partnership capital		4	4	-	-	-	-
Net settled derivatives[1]	137						
Inflow		(1 180)	(270)	(488)	(228)	(89)	(105)
Outflow		1 274	236	424	332	144	138
Gross settled derivatives[1]	(110)						
Inflow		(6 988)	(6 988)	-	-	-	-
Outflow		6 883	6 883	-	-	-	-
Total	12 434	13 051	3 990	5 789	1 906	534	832

[1]Including derivatives recognised as assets (negative figures in brackets).

The financial liabilities are serviced by cash flows from operations, liquid assets and interest-bearing receivables, and, when necessary, drawdowns on unutilised credit facilities. Unutilised committed credit facilities, the maturity profile of which is shown in Note 29, totalled NOK 8.4 billion at 31 December 2015 (NOK 7.4 billion at 31 December 2014).

Credit risk

The management of credit risk related to accounts receivable and other operating receivables is handled as part of the business risk, and is continuously monitored by the operating entities. The Nordic grocery trade markets are characterised by relatively few, but large, participants, resulting in a certain concentration of the credit risk exposure towards individual counterparties. When selling in countries with high political risk, trade finance products are used to a certain extent to reduce the credit risk. The current credit risk level is considered acceptable. Provisions have been made for losses on accounts receivable, and the recognised amount represents the fair value as of the statement of financial position date. The provisions and the age distribution of accounts receivable that are overdue are shown in Note 23.

Orkla's credit risk related to financial instruments is managed by Group Treasury. Risk arises from financial hedging transactions, money market deposits, and bank accounts. Firstly, Orkla seeks to minimise the liquid assets deposited outside the Group. Secondly, relationship banks that provide long-term funding are the targeted counterparties for bank accounts and financial hedging transactions according to policy. Further, limits and requirements related to the banks' credit ratings apply to deposits of excess liquidity. The exposure is continuously monitored by Group Treasury, and is considered to be low. Orkla ASA has International Swap Dealers Association (ISDA) agreements with its counterparties for derivative interest rate and currency transactions, which provide for netting of settlement risk.

Note 30 cont.

Maximum credit risk

The maximum credit exposure for the Group related to financial instruments corresponds to total gross receivables. In the hypothetical, unlikely event that no receivables are recovered, this amounts to:

Amounts in NOK million	2015	2014
Cash and cash equivalents	721	2 615
Accounts receivable and other trade receivables	5 266	4 412
Other current receivables	228	776
Non-current receivables	391	392
Derivatives	448	602
Total	7 054	8 797

Commodity price risk

The Group is exposed to price risks in respect of a number of raw materials, in particular agricultural products. However, the prices of sold products are also affected by raw material prices, and it is generally Orkla's policy to reduce the price risk through commercial contracts. Commodity price risk is described for the individual business areas in section (I) "Organisation of financial risk management".

Sensitivity analysis

The financial instruments of the Group are exposed to different types of market risk which can affect the income statement or equity. Financial instruments, in particular derivatives, are applied as a means of hedging both financial and operational exposure.

In Table 4, Orkla presents a partial analysis of the sensitivity of financial instruments, where the isolated effect of each type of risk on the income statement and equity is estimated. This is done on the basis of a selected hypothetical change in market prices/rates on the statement of financial position as at 31 December 2015. In accordance with IFRS, the analysis covers only financial instruments and is not meant to give a complete overview of the Group's market risk, for instance:

- For currency hedges of contracts entered into, changes in the fair value of the hedging instrument will affect the income statement, while changes in the fair value of the underlying hedged contract offset by the hedging instrument will not be shown as it is not a financial instrument.

- If one of the parameters changes, the analysis will not take account of any correlation with other parameters.

- Financial instruments denominated in the entities' functional currencies do not constitute any currency risk and are therefore not included in this analysis. Nor is the currency exposure on translation of such financial instruments to the Group's presentation currency included.

Generally, the effect on the income statement and equity of financial instruments in Table 4 is expected to offset the effects of the hedged items where financial instruments are part of a hedging relationship.

TABLE 4
Sensitivity financial instruments

31 December 2015	Accounting effect on			
	income statement of:		comprehensive income of:	
Amounts in NOK million	increase	decrease	increase	decrease
Financial instruments in hedging relationships				
Interest rate risk: 100 basis points parallel shift in interest curves all currencies	8	(10)	150	(154)
Currency risk: 10% change in FX-rate USD/NOK	3	(3)	20	(20)
Currency risk: 10% change in FX-rate EUR/NOK	1	(1)	(123)	123
Currency risk: 10% change in FX-rate SEK/NOK	(2)	2	(541)	541
Currency risk: 10% change in FX-rate DKK/NOK	-	-	(96)	96
Financial instruments not in hedging relationships				
Sensitivity of share investments: 10% change in share price	3	(5)	135	(133)

31 December 2014	Accounting effect on			
	income statement of:		comprehensive income of:	
Amounts in NOK million	increase	decrease	increase	decrease
Financial instruments in hedging relationships				
Interest rate risk: 100 basis points parallel shift in interest curves all currencies	53	(56)	166	(172)
Currency risk: 10% change in FX-rate USD/NOK	4	(4)	10	(10)
Currency risk: 10% change in FX-rate EUR/NOK	3	(3)	(114)	114
Currency risk: 10% change in FX-rate SEK/NOK	(13)	13	(1 163)	1 163
Currency risk: 10% change in FX-rate DKK/NOK	-	-	(91)	91
Financial instruments not in hedging relationships				
Sensitivity of share investments: 10% change in share price	4	(9)	70	(65)

Accounting effects of changes in market risk are classified to income statement and comprehensive income according to where the effect of the changes in fair value is recognised initially. Effects recognised in the income statement will also affect equity beyond the figures presented in the table.

NOTE 31 DERIVATIVES AND HEDGING RELATIONSHIPS

Derivatives are used in risk management to hedge the currency and interest rate risk exposure. The value of the derivatives fluctuates in line with the prices of the underlying items, and the note shows the fair value of open derivative contracts as of the statement of financial position date. The derivatives in the table are classified by type of accounting hedge, the purpose of the derivatives, assets or liabilities according to how they are classified in the statement of financial position.

P PRINCIPLE

Derivatives are valued at fair value at the statement of financial position date and reported as receivables or liabilities. Gains and losses due to realisation or changes in fair value are reported in the income statement in cases where the derivative is not part of a hedging relationship that meets the criteria for hedge accounting. Embedded derivatives in contracts are identified and valued separately. Orkla currently has no embedded derivatives. Purchases and sales of derivatives are recognised at trade date. Gains and losses on currency forward contracts that hedge currency risk in shares and financial assets are reported as "Gains, losses and write-downs shares and financial assets". Derivatives are classified in the statement of financial position as "non-interest-bearing" receivables or liabilities as the main rule. Classification as "interest-bearing" is used where the hedged object itself is classified as an interest-bearing item, as well as for net investment hedges.

Hedging. The Group uses the following criteria when classifying a derivative or another financial instrument as a hedging instrument:

(1) The hedging instrument is expected to be highly effective in offsetting changes in the fair value or cash flow of an identified object – the hedging effectiveness is expected to be between 80-125%,
(2) the hedging effectiveness can be measured reliably,
(3) satisfactory documentation is established before entering into the hedging instrument, proving among other things that the hedging relationship is effective,
(4) in the case of a cash flow hedge, that the future transaction is considered to be highly probable, and
(5) the hedging relationship is evaluated regularly and has proved to be effective.

Fair value hedges	Cash flow hedges	Net investment hedges
Changes in the fair value of derivatives designated as hedging instruments are immediately recognised in the income statement. Changes in the fair value of the hedged item are recognised in the income statement in the same way. Hedge accounting is discontinued if: (a) the hedging instrument has matured, or is terminated, exercised or sold, (b) the hedge no longer meets the above mentioned criteria for hedging, or (c) the Group for other reasons decides not to continue the fair value hedge. In the case of a discontinued hedging relationship, the changes in the fair value of the hedged item recognised in the statement of financial position will be amortised over the remaining life of the item, using the effective interest rate method, in the same way as for the hedging instrument.	The effective part of changes in the fair value of a hedging instrument is recognised in the comprehensive income and reclassified to the income statement when the hedged transaction is carried out, and presented on the same line as the hedged transaction. The ineffective part of the hedging instrument is immediately recognised in the income statement. When a hedging instrument has matured, or is sold, terminated or exercised, or the Group discontinues the hedging relationship, even though the hedged transaction is still expected to occur, the accumulated gains or losses at this point will remain in the Group's hedging reserve, and will be recognised in the income statement when the transaction occurs. If the hedged transaction is no longer expected to occur, the accumulated unrealised gains or losses related to the hedging instrument will be recognised in the income statement immediately.	Foreign currency gains or losses on hedging instruments that can be allocated to the effective part of the hedging relationship are reported in the comprehensive income, while foreign currency gains or losses in the ineffective part of the hedge are reported in the income statement. The accumulated foreign currency gains or losses are recognised in the income statement when the hedged net investment is disposed of.

Measurement of financial instruments.
The Group uses the following hierarchy when determining and disclosing the fair value of financial instruments:

Level 1: Quoted, unadjusted prices in active markets for identical assets and liabilities
Level 2: Other techniques for which all inputs with significant effect on the recorded fair value, are observable, either directly or indirectly
Level 3: Other techniques based on inputs with significant effect on the recorded fair value that are not based on observable market data

Note 31 cont.

The Group seeks as far as possible to apply the IFRS rules for hedge accounting. The table below shows the fair value of all outstanding derivative financial instruments grouped according to treatment in the financial statements and hedged risk:

Derivatives in the statement of financial position and hedging purpose

Amounts in NOK million			2015	2014	Purpose of hedging	Hedge accounting	Classification
Assets	Non-current	i.b.[1]	414	496	Interest rate swaps fixed to floating, against fair value changes in the hedged loans	Fair value hedge	Fair value through profit and loss
Assets	Current	i.b.	0	3	Interest rate swaps fixed to floating, against fair value changes in the hedged loans	Fair value hedge	Fair value through profit and loss
Assets	Current	i.b.	0	96	Currency forwards hedging loans/deposits	-	Fair value through profit and loss
Assets	Current	i.b.	2	0	Total return swap hedging share exposure in pension obligations	-	Fair value through profit and loss
Assets	Current	n.i.b.[2]	31	6	Currency forwards hedging future transactions	Cash flow hedge	Fair value through comprehensive income
Assets	Current	n.i.b.	1	1	Currency forwards hedging monetary items in the statement of financial position	-	Fair value through profit and loss
Liabilities	Non-current	n.i.b.	(478)	(599)	Interest rate swaps floating to fixed, hedging future interest payments	Cash flow hedge	Fair value through comprehensive income
Liabilities	Current	n.i.b.	(2)	0	Currency forwards hedging future transactions	Cash flow hedge	Fair value through comprehensive income
Liabilities	Current	n.i.b.	(23)	(31)	Interest rate swaps floating to fixed, hedging future interest payments	-	Fair value through profit and loss
Liabilities	Current	i.b.	(10)	0	Currency forwards hedging loans/deposits	-	Fair value through profit and loss
Liabilities	Current	i.b.	(136)	0	Currency forwards hedging net investments in foreign subsidiaries	Net investment hedge	Fair value through comprehensive income
Total derivatives			(201)	(28)			

[1]i.b. = Interest-bearing asset/liability
[2]n.i.b. = Non-interest-bearing asset/liability

Calculation of fair value:

- Currency forwards and currency swaps are measured at fair value using the observed forward exchange rate for contracts with a corresponding term to maturity at the statement of financial position date.
- Interest rate swaps are measured at fair value using the present value of future cash flows calculated from observed market interest rates and exchange rates at the balance sheet date including accrued interest.

All derivatives are carried at fair value in the statement of financial position, and considered to be at level 2 in the hierarchy for measurement of financial instruments.

The derivative financial instruments are designated in hedging relationships as follows:

Cash flow hedges

- Orkla maintains interest rate swaps for hedging of future interest payments on liabilities that qualify for hedge accounting. These are swaps where Orkla pays a fixed interest rate and receives a floating rate.
- In hedges of currency risk on highly probable future cash flows, currency forward contracts are designated as hedging instruments.

During 2015 no hedging ineffectiveness or hedging instruments which no longer qualify for hedge accounting have affected the income statement (NOK -75 million in 2014). All expected cash flows which have been hedged during 2015 still qualify for hedge accounting.

Changes in the equity hedging reserve

Amounts in NOK million	2015	2014
Opening balance hedging reserve before tax	(520)	(316)
Hedging reserve discontinued operations	0	4
Reclassified to profit/loss – operating revenues	(2)	(1)
Reclassified to profit/loss – operating costs	(4)	1
Reclassified to profit/loss – net financial items	95	186
Fair value change during the year	(34)	(394)
Closing balance hedging reserve before tax	(465)	(520)
Deferred tax hedging reserve	116	140
Closing balance hedging reserve after tax	(349)	(380)

The change in the equity hedging reserve before tax during 2015 is NOK 55 million (NOK -204 million in 2014), and after tax, recognised in other comprehensive income, is NOK 31 million in 2015 (NOK -150 million in 2014).

A negative hedging reserve means a negative recognition in the income statement in the future. Accumulated hedging gains/losses from cash flow hedges recognised in the equity hedging reserve as at 31 December 2015 are expected to be recycled to the income statement as follows (before tax):

2016:	NOK -72 million
After 2016:	NOK -393 million

Hedges of net investments in foreign entities

When hedging the currency risk on foreign net investments, loans or currency derivatives are applied. The effect of the net investment hedge after tax is presented on a separate line in other comprehensive income.

During 2015, no effects were recorded in the income statement related to net investment hedges of divested investments (NOK 2 million in 2014).

Fair value hedges

- Interest rate derivatives designated as hedges of fixed interest rate loans (fixed-to-floating interest rate swaps) are accounted for as fair value hedges. During 2015 NOK 82 million was recognised as costs in the income statement related to fair value changes in the interest rate swaps, and NOK 82 million was recognised as income related to fair value changes in the hedged loans.

Derivatives not included in IFRS hedging relationships

There are also derivatives not included in hedging relationships according to IFRS for the following reasons:

- Derivatives are not designated as formal hedging relationships when changes in the fair value of hedging instruments and hedged objects are naturally offset in the income statement, for example currency risk on loans and other monetary items.
- Meeting strict IFRS hedge accounting criteria is not always possible or practical. Some of the currency hedges, forward rate agreements (FRAs) and interest rate swaps where hedge accounting has been discontinued, fall into this category.

NOTE 32 SHARE CAPITAL

A company's share capital and the distribution of the number of shares outstanding determine who controls a company and the way formal ownership is held by shareholder groups. In a Norwegian group context, it is the share capital of the parent company that is relevant and it is Orkla ASA's equity capital that serves as the basis of calculation and the limit for distribution of dividends from the Group.

Date/year	Number of shares	Nominal value (NOK)	Type of change	Amounts (NOK million)	Ratio	Share capital (NOK million)
31 December 2006	208 286 194	6.25				1 301.8
2007	1 041 430 970	1.25	split		5:1	1 301.8
2007	1 036 430 970	1.25	amortisation	(6.3)		1 295.5
31 December 2007	1 036 430 970	1.25				1 295.5
2008	1 028 930 970	1.25	amortisation	(9.4)		1 286.2
31 December 2008	1 028 930 970	1.25				1 286.2
31 December 2009	1 028 930 970	1.25				1 286.2
31 December 2010	1 028 930 970	1.25				1 286.2
31 December 2011	1 028 930 970	1.25				1 286.2
2012	1 018 930 970	1.25	amortisation	(12.5)		1 273.7
31 December 2012	1 018 930 970	1.25				1 273.7
31 December 2013	1 018 930 970	1.25				1 273.7
31 December 2014	1 018 930 970	1.25				1 273.7
31 December 2015	1 018 930 970	1.25				1 273.7

The 20 largest shareholders as at 31 December 2015[1]

Shareholders			Number of shares	% of capital[2]
1	CANICA AS		193 292 000	18.97%
2	FOLKETRYGDFONDET		72 049 744	7.07%
3	TVIST 5 AS		50 050 000	4.91%
4	CLEARSTREAM BANKING S.A.	Nominee	41 842 314	4.11%
5	STATE STREET BANK & TRUST COMPANY	Nominee	39 035 041	3.83%
6	BANK OF NEW YORK MELLON	Nominee	29 635 532	2.91%
7	STATE STREET BANK AND TRUST CO.	Nominee	24 303 879	2.39%
8	THE BANK OF NEW YORK MELLON SA/NV	Nominee	19 542 256	1.92%
9	STATE STREET BANK AND TRUST CO	Nominee	17 810 616	1.75%
10	THE BANK OF NEW YORK MELLON	Nominee	17 050 968	1.67%
11	JPMORGAN CHASE BANK, N.A	Nominee	15 225 310	1.49%
12	GOLDMAN SACHS & CO EQUITY SEGREGAT	Nominee	14 229 049	1.40%
13	STATE STREET BANK AND TRUST CO.	Nominee	10 105 186	0.99%
14	STATE STREET BANK & TRUST CO.	Nominee	9 901 717	0.97%
15	THE BANK OF NEW YORK MELLON SA/NVT	Nominee	9 046 685	0.89%
16	STATE STREET BANK AND TRUST COMPA.	Nominee	9 014 833	0.88%
17	J.P. MORGAN CHASE BANK N.A. LONDON	Nominee	7 579 419	0.74%
18	THE BANK OF NEW YORK MELLON	Nominee	7 383 714	0.72%
19	KLP AKSJENORGE INDEKS		7 094 049	0.70%
20	PRUDENTIAL ASSURANCE COMP. LIMITED		6 923 765	0.68%
	Total shares		**601 116 077**	**58.99%**

[1]The list of shareholders is based on the Norwegian Central Securities Depository's (VPS) register of members at year end. For a list of grouped shareholders and nominee shareholders, see "Share information" on page 142.
[2]Of total shares issued.

Treasury shares as at 31 December 2015

	Nominal value (NOK)	Number of shares	Fair value (NOK million)
Shares owned by Orkla ASA	1 175 375	940 300	66

Treasury shares have been deducted from Group equity at cost.

Changes in the number of treasury shares

	2015	2014
Total as at 1 January	1 832 903	4 972 106
External purchases of treasury shares	4 000 000	3 000 000
Redemption of options in treasury shares	(3 951 000)	(5 139 000)
Orkla employee share purchase programme	(941 603)	(1 000 203)
Total as at 31 December	940 300	1 832 903

As at 31 December 2015, there were 2,722,000 options outstanding (see Note 11).

See the "Corporate governance" section on page 29 regarding the authorisations granted by the General Meeting concerning share capital.

Dividend
The Board of Directors proposes that an ordinary dividend of NOK 2.50 per share be paid, totalling NOK 2,545 million for the 2015 financial year.

Under Norwegian law, the equity capital in Orkla ASA will, where relevant, constitute a legal limitation on the distribution of dividends by the Orkla Group. Dividends may be distributed insofar as the company has adequate equity and liquidity.

NOTE 33 NON-CONTROLLING INTERESTS

Non-controlling interests consist of external ownership interests in subsidiaries and their subsidiaries. As shown by the figures, most of the Group's businesses are wholly-owned.

Amounts in NOK million	2015	2014	2013
Non-controlling interests' share of:			
Depreciation and write-downs	23	18	19
Operating profit	90	67	64
Profit/loss before taxes	73	65	70
Taxes	(17)	(25)	(13)
Changes in non-controlling interests:			
Non-controlling interests 1 January	245	301	258
Non-controlling interests' share of profit/loss	56	40	57
Increase due to acquisitions and capital increases in companies with non-controlling interests	141	-	10
Increase due to sale to non-controlling interests	-	-	68
Decrease due to further acquisitions of non-controlling interests	(21)	-	(10)
Decrease due to sale of companies with non-controlling interests	-	(85)	(15)
Dividends to non-controlling interests	(19)	(25)	(51)
Translation differences	15	14	18
Discontinued operations	-	-	(34)
Non-controlling interests 31 December	417	245	301
Non-controlling interests relating to:			
Orkla Food Ingredients	207	152	125
Orkla Confectionery & Snacks	2	1	1
Hydro Power	174	48	55
Financial Investments	34	44	120
Total non-controlling interests	417	245	301

PRINCIPLE

If the Group has control, but owns less than 100% of the subsidiaries and their subsidiaries, the non-controlling interests' share of profit or loss after tax, their share of comprehensive income and their share of equity are presented on separate lines in the consolidated financial statements. All internal transactions are eliminated in the same way as for the other Group companies. If there are non-controlling interests in acquired companies, the non-controlling interests will receive their share of allocated assets and liabilities. Transactions with non-controlling interests that do not entail loss of control will be recognised in equity.

Orkla Food Ingredients has the largest non-controlling interests, the most material of which are related to the Dragsbæk group in Denmark. The group has been family-owned and the former owner still has a substantial equity interest in the parent company. Orkla Food Ingredients also has external ownership interests in Marcantonio Foods / Call Caterlink (England), Condite (Finland) and Ekvia (Czech Republic).

The non-controlling interests in Hydro Power consist of a 15% ownership interest in Saudefaldene AS, which is owned by Sunnhordaland Kraftlag. In addition, Orkla Financial Investments has non-controlling interests relating to the Capto group.

NOTE 34 LEASING

Leasing shows the Group's current and non-current commitments arising from leasing contracts for property, plant and equipment. Most leases are regarded as operating leases, and the lease amounts are presented only as operating expenses in the Group's income statement. Finance leases are capitalised.

PRINCIPLE

Leases are classified according to the extent to which the risks and rewards associated with ownership of a leased asset lie with the lessor or the lessee. A lease is classified as a finance lease if it substantially transfers all risks and rewards incidental to ownership of an asset. Finance leases are capitalised and depreciated over the lease period. Other leases are operating leases. Expenses related to such leases are reported as current operating expenses (see Note 13).

Reported costs related to operating leases reflect the minimum leasing cost during the period of notice.

Lessee Operating leases

Rented/leased property, plant and equipment	Machinery/ plant		Land, building, property		Fixtures, vehicles etc.		Other assets		Total	
Amounts in NOK million	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Cost current year	23	22	221	194	92	116	8	19	344	351
Cost next year	25	18	198	180	85	88	7	17	315	303
Total costs 2–5 years	24	23	530	473	153	152	9	13	716	661
Total costs after 5 years	4	4	265	192	1	-	-	4	270	200
Total future leasing costs	53	45	993	845	239	240	16	34	1 301	1 164

Lessee Finance leases

Rented/leased property, plant and equipment	Machinery/ plant		Land, building, property		Fixtures, vehicles etc.		Other assets		Total	
Amounts in NOK million	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Cost current year	8	11	1	1	9	5	-	-	18	17
Cost next year	5	8	1	2	8	5	-	-	14	15
Total costs 2–5 years	6	10	-	1	22	11	-	-	28	22
Total costs after 5 years	-	-	-	-	-	-	-	-	0	-
Total future leasing costs	11	18	1	3	30	16	-	-	42	37
Discounted effect	-	(1)	-	-	(1)	-	-	-	(1)	(1)
Net present value leasing costs	11	17	1	3	29	16	-	-	41	36

The Group also leases out real estate under operating leases. Leasing revenues in 2015 totalled NOK 48 million. Total future leasing revenues amount to NOK 133 million: NOK 47 million in 2016 and NOK 86 million after 2016.

New IFRS 16 Leases

The new standard requires that discounted right-of-use leases with associated payment liabilities be capitalised as an asset. Based on the new rules, a general calculation based on reported leases indicates a capitalisation of more than NOK 1 billion. In such case, this would reduce the Group's equity ratio in 2015 from 62.2% to 61.0%, or by approximately 1.2 percentage points. Under the current IFRS rules, lease amounts are recognised as operating costs for operating leases. According to the new rules, the capitalised leases will have to be depreciated over the lease term and presented with the Group's other depreciations. The interest effect of discounting will be presented as a financial item. Consequently, the Group's operating profit will be slightly higher, relatively speaking, under the new rules.

NOTE 35 POWER AND POWER CONTRACTS

The Group both owns and leases power plants. The table below shows the type of power plant, annual production, ownership status and key financial terms and conditions.

Plant, type, location/contract	Annual saleable normal production/ contract volume	Ownership, status and remaining utilisation period/ contract duration	Key financial terms and conditions
POWER PLANTS			
Saudefaldene Storlivatn power plant Svartkulp power plant Dalvatn power plant Sønnå Høy power plant Sønnå Lav power plant Storli mini power plant Kleiva small power plant Hydropower reservoir Rogaland	1 810 GWh	Operation started 1970 Operation started November 2001 Operation started December 2006 Operation started August 2008 Operation started October 2008 Operation started February 2009 Operation started November 2009 Pursuant to lease agreements with Statkraft , AS Saudefaldene[1] has the use of all plants until 2030. See Note 16 for further description of the dispute related to tax ownership.	AS Saudefaldene[1] has an annual concession power commitment of 134 GWh. In addition, the company has an annual delivery commitment of 436 GWh which, following the termination of the contract with Eramet, is to be sold to Statkraft on the same terms. An agreement has been entered into with Elkem AS for the delivery of 501 GWh/year until 31 December 2030 to satisfy the condition regarding use of power in Elkem's industrial operations. The terms are equivalent to the terms in the leasing agreement with Statkraft. On hand-over to Statkraft the plants must be in good working condition. Statkraft SF shall pay AS Saudefaldene[1] the residual value for tax as at 1 January 2031 of the expansions carried out by AS Saudefaldene[1].
Borregaard power plant[2] Hydropower run-of-river, Sarpsfossen in Glomma, Sarpsborg	250 GWh	100% ownership, infinite licence period.	
Sarp power plant[2] Hydropower run-of-river, Sarpsfossen in Glomma, Sarpsborg	265 GWh	50% ownership, infinite licence period. The other ownership interest owned by Hafslund Produksjon.	Hafslund Produksjon has the operational responsibility.
Trælandsfos power plant[2] Hydropower run-of-river, Kvinesdal, Vest-Agder	30 GWh	100% ownership, infinite licence period.	
Mossefossen power plant[2] Hydropower run-of-river, Moss, Østfold	14 GWh	100% ownership, partly infinite licence period.	
POWER CONTRACTS			
SiraKvina replacement power Vest-Agder	35 GWh	Infinite	Replacement for lost production in Trælandsfos.

[1]Orkla owns 85% of AS Saudefaldene.
[2]Saleable normal production given average inflow adjusted for expected loss of water, leakages in the power grid and own consumption.

NOTE 36 PLEDGES AND GUARANTEES

Pledges and guarantees show the book value of Group assets which are accessible to pledgees in the event of a bankruptcy or a winding-up. Claims that have priority by law (taxes and charges, wages etc.) must also be taken into account. The table shows that the book value of pledged assets is considerably higher than outstanding liabilities secured by pledges. Moreover, the Group's most important loan agreements are based on a negative pledge and therefore the Group can only to a limited extent pledge its assets to secure its liabilities.

Guarantee commitments are undertaken as part of the Group's day-to-day operations and in connection with participation in general and limited partnerships. Guarantee commitments cover a variety of guarantees such as surety, rent guarantees and guarantees for other payments, but do not cover product or service liability in connection with ordinary sales.

Amounts in NOK million	2015	2014
Liabilities secured by pledges	218	296
Pledged assets		
Machinery, vehicles etc.	1	0
Buildings and plants	211	274
Inventory	160	100
Accounts receivables	2	1
Other assets	123	126
Total book value	497	501

"Liabilities secured by pledges" and "Pledged assets" are mainly property development projects in companies in Orkla's real estate group, Orkla Eiendom.

Guarantees

Amounts in NOK million	2015	2014
Subscribed, uncalled limited partnership capital	8	4
Other guarantee commitments	58	56
Total guarantee commitments	66	60

NOTE 37 RELATED PARTIES

Two parties are deemed to be related if one party can influence the decisions of the other. Related party relationships are a normal feature of commerce and business. However, related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. A company's profit or loss and financial position could in principle be affected by a related party relationship even if no transactions with related parties have actually taken place. The mere existence of the relationship may be sufficient to affect the way the company's other transactions are perceived. To ensure full access to all information of this nature, the following related party relationships are disclosed below:

Orkla ASA is a parent company and has direct and indirect control of around 220 companies in various parts of the world. Directly-owned subsidiaries are presented in Note 10 to Orkla ASA's financial statements, while other important companies are presented in the Group Directory. Orkla ASA's internal relationship with these companies is shown on separate lines in the company's financial statements (see the financial statements for Orkla ASA).

Orkla has ownership interests in associates and joint ventures, which are presented using the equity method. Orkla has outstanding balances totalling NOK 146 million with associates within Orkla Eiendom. There have been no other special material transactions between associates and joint ventures and the Group.

Internal trading within the Group is carried out in accordance with special arm's length agreements, and joint expenses in Orkla ASA are distributed among the Group companies in accordance with distribution formulas, depending on the various types of expense. For further information on intra-Group transactions, see Note 7.

Chairman of the Board of Directors Stein Erik Hagen and related parties own 249,142,000 shares in Orkla, which is equivalent to 24.5% of shares issued. The Canica system and Orkla both have equity interests in certain investments.

Apart from what is disclosed in this note, there were no material transactions with related parties. Information regarding the executive management is disclosed in Note 11 to the consolidated financial statements and Note 5 to the financial statements for Orkla ASA.

NOTE 38 DISCONTINUED OPERATIONS

In a Group as large as Orkla, the corporate structure will change over time as companies are sold and purchased. In connection with major acquisitions, pro forma figures will normally be prepared for the new business combination, while major divestments will be presented as "Discontinued operations", extracted from both the figures for the period and comparative figures, and presented on one line in the income statement. This is done in order to make the figures comparable over time and to focus on continuing operations. Where Orkla's businesses are concerned, it will not be relevant to present discontinued operations until an entire segment, geographical region or significant assets are divested.

PRINCIPLE

Discontinued operations/held for sale
If a material part of the Group's operations is divested, an agreement is made to divest it, or if the Group loses its controlling interest/significant influence, these operations are presented as "Discontinued operations" on a separate line in the income statement and the statement of financial position. A material part is defined as an individual segment, an individual geographical area or a significant asset. Consequently, all other figures are presented exclusive of the "Discontinued operations". The comparative figures in the income statement are restated and presented with the "Discontinued operations" grouped on one line. The comparative figures for the statement of financial position and the statement of cash flows are not restated correspondingly. If an agreement is entered into to sell operations or assets that constitute less than a segment, assets and liabilities are reported on separate lines of the statement of financial position as "Held for sale". The income statement and the statement of cash flows are not restated.

Orkla Brands Russia
The business in Russia was sold as at 31 December 2014 and is presented as "Discontinued operations".

In November 2015, Orkla sold a property in the centre of St. Petersburg in Russia. The property was spun off from Orkla Brands Russia prior to the sale. The property was presented on a separate line in the statement of financial position as an "Asset held for sale" as from the fourth quarter of 2014. The gain was reported as "Discontinued operations". A provision was also made for possible guarantee liabilities in connection with the sale of and settlement for Orkla Brands Russia in 2015. Costs were incurred in connection with the settlement.

Gränges
Gränges was listed on the stock exchange on 10 October 2014 and, as a result of this decision, was presented as "Discontinued operations" as from the third quarter of 2014. The loss on the disposal is presented on the same line. The Group's remaining ownership interest (31%) in Gränges was recognised as an associate as from the fourth quarter of 2014. The proceeds represent an enterprise value of NOK 2.3 billion. In 2015 the Group further reduced its ownership interest in Gränges and as at 31 December 2015 owned 16% of the shares (see Note 6).

Sapa
The part of Sapa Profiles, Sapa Building Systems and parts of Heat Transfer which were to become part of a joint venture with Norsk Hydro, Sapa, were presented as "Discontinued operations" as at 31 December 2012.

The remaining goodwill related to Sapa was written down as at 30 June 2013 by NOK 1.2 billion.

Profit & loss for "Discontinued operations"

Amounts in NOK million	2015	2014	2013
Operating revenues	-	3 767	21 730
Operating expenses	-	(3 430)	(20 613)
Depreciation and write-downs property, plant and equipment	-	(171)	(698)
Amortisation intangible assets	-	-	(18)
Other income and expenses	-	(38)	(1 820)
Operating profit/loss	-	128	(1 419)
Profit/loss from associates	-	1	-
Other financial items	-	(50)	(74)
Profit/loss before tax	-	79	(1 493)
Taxes	-	(69)	(29)
Profit/loss after tax[1]	-	10	(1 522)
Net residual settlement related to exit Russia	(17)	-	-
Loss/gain on sale after tax	-	(366)	12
M&A costs	-	(129)	(37)
Profit/loss for discontinued operations	(17)	(485)	(1 547)
[1]Of this non-controlling interests		-	-

EBIT (adj.), by segment

Amounts in NOK million	2015	2014	2013
Gränges	-	293	337
Orkla Brands Russia	-	(127)	(132)
Sapa	-	-	196
Total	-	166	401

Cash flow "Discontinued operations"

Amounts in NOK million	2015	2014	2013
Cash flow from operations before net replacement expenditures	-	547	528
Net replacement expenditures	-	(50)	(685)
Expansion investments	-	(4)	(179)
Total	-	493	(336)

NOTE 39 OTHER MATTERS

Several factors that are not strictly accounting matters may be crucial to the way in which the financial statements are understood. For instance, there may be matters relating to time-limited agreements that could have an impact on future earnings. There may be unresolved legal disputes that could have significant effects if the judgment passed is not as expected. The information below is intended to shed light on such matters and, in combination with the financial statements and other notes, to provide a correct overall picture of the Group's total earnings and financial position.

New acquisitions

Orkla has entered into an agreement to purchase Hamé, a leading branded foods company in the Czech Republic and Slovakia. The acquisition of Hamé will double Orkla's turnover in Central Europe. In the Czech Republic and Slovakia, Hamé holds leading positions in the pâté, ready meals, ketchup, preserved vegetables, jams and baby food categories. Its product portfolio includes brands like Hamé, Májka, Znojmia and Otma. Hamé also has strong positions in pâtés in Hungary, Romania and Russia. Hamé has around 2,400 employees and ten production sites. The company's headquarters is located in Kunovice in the south-eastern part of the Czech Republic. In 2014, Hamé achieved sales revenues of CZK 4.9 billion (approx. NOK 1.7 billion) and net profit of CZK 234 million (approx. NOK 83 million). A total of 70% of Hamé's sales revenues are generated in the Czech Republic and Slovakia. The seller is Decapterus S.à.r.l., a Luxembourg-based private equity holding company. The parties have agreed on a purchase price of EUR 175 million (enterprise value). The agreement is conditional upon the approval of relevant competition authorities.

In January 2016, Orkla Foods Danmark concluded an agreement with Kavli Holding AS to purchase 100% of the shares in O. Kavli A/S (O. Kavli). The company is a major supplier to the grocery trade in Denmark, with well-known brands such as Fun, Grønnegården, Kavli, Scoop and Blomberg's Glögg. Orkla already owns the Fun brand in the other Nordic countries, and through this agreement will acquire full ownership of Fun in the Nordic region. O. Kavli had a turnover of DKK 170 million in 2014. The company has 70 employees. Completion of the agreement is subject to the Danish competition authorities' approval of the transaction, which is expected to be completed at the end of February 2016.

Other matters

Agreement with Unilever. Orkla has a long-term cooperation agreement with Unilever relating to detergents and personal care products sold through Lilleborg AS (OHPC Norge). This agreement was originally entered into in 1958, and has since been renewed three times. The current agreement was entered into on 1 July 2014, and will run for up to five years, until 30 June 2019. As from 30 June 2016, the agreement may be terminated by either party by giving 12 months' notice, which means that the earliest possible expiry date for the current agreement is 30 June 2017. As communicated in the second quarter of 2014, Unilever will take over the distribution of its own brands from January 2016, which is expected to reduce OHPC Norge's annual turnover by around NOK 90 million. The contractual one-off termination fee of NOK 279 million payable by Unilever to Orkla (disclosed in earlier reports) in connection with termination of the licences was paid in 2015.

The Non-Annex 1 raw material price compensation agreement (RÅK). Through the EEA Agreement, Norway has regulated trade in processed agricultural products (Non-Annex 1 products). The agreement ensures free movement of goods, but customs duties and a compensation system are used to even out any differences between the raw material prices paid by Norwegian manufacturers who use Norwegian raw materials and the prices paid by foreign manufacturers who use raw materials from the EU. Around 86% of Orkla's sales of food products in Norway are exposed to competition from imports, most of which are non-Annex 1 products.

Denofa do Brasil. A subsidiary of one of Orkla's foreign subsidiaries, Denofa do Brasil Ltda, is involved in several lawsuits, two of which are material. One concerns the denial of exemption from VAT on exports of soybeans to Norway in the years up to 2004. The tax authorities maintain that the company has not substantiated that the soybeans actually were exported. The second lawsuit concerns a claim from the estate of a local bank that declared bankruptcy. The claim is based on Denofa do Brasil's lending of securities related to soybeans in 2004, in which Denofa do Brasil was swindled. The company has lost both cases at first instance. Orkla's legal advisers consider the decisions to be erroneous, and are in the process of appealing. Denofa do Brasil has only limited funds to pay the claims if one of the opposite parties should nonetheless win. Orkla is not prepared to inject capital into Denofa do Brasil to cover potential claims if the company should lose one of the cases.

Contracts. The Group has contracts at all times for the sale and purchase of goods and services in connection with the production of potatoes, vegetables, fish etc. These contracts are regarded as part of the Group's ordinary operating activities and are therefore not specified or indicated in any other way. The contracts are deemed to be strictly sale or purchase contracts with no embedded derivatives.

Government grants. Government grants are recognised when it is reasonably certain that they will be received. The grants are presented either as income or as a cost reduction in which case they are matched with the costs for which they are meant to compensate. Government grants relating to assets are recognised as a reduction in the asset's acquisition cost. The grant reduces the asset's depreciation. Orkla received only an entirely insignificant amount in government grants in 2015.

NOTE 40 ORKLA-FORMAT STATEMENT OF CASH FLOW

The Orkla-format cash flow statement is presented as a note to Orkla's quarterly reports and used as a reference in the segment information (Note 7) and in the Report of the Board of Directors. At Group level, the bottom line of the Orkla-format cash flow statement is net interest-bearing liabilities, an important key figure for the Group. The statement is used directly in management of the business areas and is part of the presentation of segment information. For further information, see Note 3. The statement shows the Group's overall financial capacity, generated by operations, to cover the Group's financial items, taxes and items more subject to Group control such as dividends and treasury share transactions. Cash flow from operations is broken down into "Cash flow from operations" and "Cash flow from operations, Financial Investments". The last part of the cash flow statement shows the expansion measures that have been carried out in the form of direct expansion investments, acquisition of companies, disposal of companies/parts of companies and changes in the level of investments in shares and financial assets. The cash flow statement is presented on the basis of an average monthly exchange rate, while the change in net interest-bearing liabilities is an absolute figure measured at the closing rate. The difference is explained by the currency translation effect related to net interest-bearing liabilities.

Orkla Eiendom has had and will have significant fluctuations in cash flow from operations. These are related to the development and sale of real estate projects. Cash flow from operations related to real estate and financial assets is therefore presented on a separate line, independently of cash flow from operations related to industrial activities.

Amounts in NOK million	2015	2014	2013
Operating profit	3 058	3 181	2 307
Amortisation, depreciation and impairment charges	1 109	930	1 503
Change in net working capital, etc.	404	(491)	(155)
Cash flow from operations before net replacement expenditures	4 571	3 620	3 655
Net replacement expenditures	(930)	(838)	(880)
Cash flow from operations[1]	3 641	2 782	2 775
Cash from from operations, Financial Investments	94	(59)	384
Financial items, net	(285)	(326)	(451)
Taxes paid	(727)	(492)	(766)
Received dividends	282	271	481
Discontinued operations and other payments	158	302	(371)
Cash flow before capital transactions	3 163	2 478	2 052
Paid dividends	(2 563)	(2 565)	(2 579)
Net sale/purchase of Orkla shares	(31)	105	133
Cash flow before expansion	569	18	(394)
Expansion investment in industrial activities	(388)	(102)	(180)
Sale of companies (enterprise value)	1 133	2 883	1 713
Purchase of companies (enterprise value)	(3 173)	(87)	(6 986)
Net purchase/sale shares and financial assets	298	350	3 090
Net cash flow	(1 561)	3 062	(2 757)
Currency effects of net interest-bearing liabilities	(583)	(227)	(953)
Change in net interest-bearing liabilities	2 144	(2 835)	3 710
Net interest-bearing liabilities	7 805	5 661	8 496

[1]Excluding Financial Investments

Reconciliation operating profit in the cash flow statement against operating profit

Amounts in NOK million	2015	2014	2013
Operating profit in the Group	3 107	3 114	2 444
Operating profit discontinued operations	-	-	(162)
- EBIT (adj.) Financial Investments	57	(36)	(3)
- Other income and expenses Financial Investments	(8)	(31)	(22)
Operating profit industrial activities	3 058	3 181	2 307

NOTE 41 EVENTS AFTER THE BALANCE SHEET DATE

Material events after the balance sheet date that occur before the Board of Directors has approved the financial statements may make it necessary to change the annual financial statements or to disclose the matter in the notes to the financial statements. If new information emerges regarding a matter that existed on the balance sheet date, and the matter is material, the financial statements must be changed. If events concern matters that arose after the balance sheet date, the matters may have to be disclosed in a note.

No other events have taken place after the balance sheet date that would have had a material impact on the financial statements or any assessments carried out.

Axel and Zaida – part of the Orkla family

Annual Financial Statements for Orkla ASA 2015

INCOME STATEMENT

Amounts in NOK million	Note	2015	2014
Operating revenues		32	299
Operating revenues Group	1	667	688
Total operating revenues		699	987
Payroll expenses	2	(517)	(430)
Other operating expenses	5	(681)	(590)
Depreciation/write-downs and amortisation	8, 9	(20)	(20)
Operating loss		(519)	(53)
Dividends and group contributions from Group		5 045	12 447
Interest income Group		140	387
Financial costs Group	6	(312)	(3 969)
Net foreign exchange gains and losses	12	(620)	(537)
Gains, losses and write-downs in the share portfolio		116	69
Other financial income	7	46	30
Other financial costs	7	(166)	(395)
Profit before taxes		3 730	7 979
Taxes	11	(31)	(3)
Profit after tax		3 699	7 976

COMPREHENSIVE INCOME

	2015	2014
Profit after tax	3 699	7 976
Change in unrealised gains on shares after tax	(43)	(21)
Change in hedging reserve after tax	11	(150)
Change in actuarial gains and losses pensions	(15)	(43)
Comprehensive income	3 652	7 762
Proposed dividend (not provided for)	(2 545)	(2 543)

CASH FLOW

Amounts in NOK million	2015	2014
Profit/loss before tax	3 730	7 979
Depreciation and write-downs	20	20
Changes in net working capital etc.	29	(241)
Changes in outstanding Group contributions	(4 075)	(8 871)
Portfolio gains to investment activities	(116)	(69)
Financial items, not payable	778	4 504
Taxes paid	(147)	(145)
Cash flow from operating activities	219	3 177
Sale of property, plant and equipment	45	-
Replacement expenditures	(13)	(35)
Sale of companies	-	23
Investments in subsidiaries	(1 732)	(382)
Net purchase/sale shares and financial assets	298	350
Cash flow from investing activities	(1 402)	(44)
Dividends paid	(2 544)	(2 540)
Net sale/purchase of treasury shares	(31)	105
Net paid to shareholders	(2 575)	(2 435)
Change in other interest-bearing liabilities	(1 239)	572
Change in interest-bearing receivables	3 311	170
Change in net interest-bearing liabilities	2 072	742
Cash flow from financing activities	(503)	(1 693)
Change in cash and cash equivalents	(1 686)	1 440
Cash and cash equivalents 1 January	1 961	521
Cash and cash equivalents 31 December	275	1 961
Change in cash and cash equivalents	(1 686)	1 440

STATEMENT OF FINANCIAL POSITION

Assets

Amounts in NOK million	Note	2015	2014
Intangible assets	9	29	31
Deferred tax asset	11	282	323
Property, plant and equipment	8	212	262
Shares in subsidiaries	10	39 021	36 205
Loans to Group companies, interest-bearing		6 185	11 303
Other financial assets		421	521
Non-current assets		46 150	48 645
Receivables external		77	362
Receivables Group, non-interest-bearing		1 191	305
Receivables Group contribution		1 215	970
Short-term receivables, interest-bearing		0	99
Financial investments	See Note 24 Group	473	698
Cash and cash equivalents		275	1 961
Current assets		3 231	4 395
Total assets		49 381	53 040

Equity and liabilities

Amounts in NOK million	Note	2015	2014
Paid-in equity		1 994	1 993
Retained earnings		28 301	27 225
Equity		30 295	29 218
Pension liabilities	2	491	426
Non-current interest-bearing liabilities		8 317	8 078
Non-current non-interest-bearing liabilities		478	597
Non-current liabilities and provisions		9 286	9 101
Liabilities to Group, interest-bearing		8 987	14 078
Liabilities to Group, non-interest-bearing		51	49
Tax payable		13	158
Other current liabilities		749	436
Current liabilities		9 800	14 721
Equity and liabilities		49 381	53 040

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Share capital	Treasury shares	Premium fund	Total paid-in equity	Other equity[1]	Total Orkla ASA
Equity 1 January 2014	1 274	(6)	721	1 989	21 897	23 886
Comprehensive income Orkla ASA	-	-	-	-	7 762	7 762
Dividends 2013	-	-	-	-	(2 540)	(2 540)
Net sale of treasury shares	-	4	-	4	101	105
Option costs	-	-	-	-	5	5
Equity 31 December 2014	1 274	(2)	721	1 993	27 225	29 218
Comprehensive income Orkla ASA	-	-	-	-	3 652	3 652
Dividends 2014	-	-	-	-	(2 544)	(2 544)
Net purchase of treasury shares	-	1	-	1	(32)	(31)
Equity 31 December 2015	1 274	(1)	721	1 994	28 301	30 295

[1]Other equity for Orkla ASA as at 31 December 2015 includes a fund for unrealised gains totalling NOK 236 million (NOK 279 million as at 31 December 2014) and other paid-in equity (options) totalling NOK 388 million (NOK 388 million as at 31 December 2014).

NOTE 1 ACCOUNTING PRINCIPLES

Besides all head office activities, the financial statements of the holding company Orkla ASA cover the remainder of the Group's share portfolio and some real estate activities. The latter are part of the business operations of Orkla Eiendom. The financial statements also cover the administration of the Orkla Foods, Orkla Confectionery & Snacks, Orkla Care, Orkla Food Ingredients and Orkla Investments business areas, and the Operations and Purchasing functions, in addition to the administration of the Purchasing Academy, Sales Academy and Brands Academy in Orkla ASA.

Activities at head office include the Group's executive management and the corporate functions Communications, Legal Affairs, Sales & Business Development, Marketing & Innovation, M&A, HR, Accounting/Finance, Risk Management and Internal Audit. In addition to exercising parent company functions, the departments largely carry out assignments for the Group's other companies and charge them for these services. Orkla ASA owns certain trademarks that are utilised by various Group companies. Royalty fees are invoiced for the use of these trademarks. The revenues from these activities are presented in the line for "Other operating revenues Group". The Group Treasury acts as an internal bank and is responsible for the Group's external financing, management of the Group's liquid assets and overall management of the Group's currency and interest risks. Interest from the Group's internal bank and dividends and contributions to the Group from investments in subsidiaries are presented as financial items and specified in the income statement.

The financial statements for Orkla ASA have been prepared and presented in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act. Internal dividends and contributions to the Group have been accounted for according to good accounting practice as an exception to IFRS. The explanations of the accounting principles for the Group also apply to Orkla ASA, and the notes to the consolidated financial statements in some cases cover Orkla ASA. Ownership interests in subsidiaries are presented at cost.

The Board of Directors has considered that Orkla ASA, after the proposed dividend of NOK 2.50 per share, had adequate equity and liquidity at the end of 2015.

NOTE 2 PAYROLL AND PENSIONS

Amounts in NOK million	2015	2014
Wages	(379)	(269)
National insurance contributions	(63)	(48)
Remuneration of the Board and other pay-related costs	(41)	(46)
Pension costs	(34)	(67)
Payroll expenses	(517)	(430)
Average number of man-years	190	178

Breakdown of net pension costs

The assumptions on which the calculation of pension costs has been based are disclosed in Note 12 to the consolidated financial statements.

Amounts in NOK million	2015	2014
Current service cost (incl. national insurance contribution)	(18)	(26)
Curtailment and settlements pension plans	-	(30)
Costs contribution plans	(16)	(11)
Pensions classified as operating costs	(34)	(67)
Pensions classified as financial items	(9)	(13)
Net pension costs	(43)	(80)

Breakdown of net pension liabilities as at 31 December

Amounts in NOK million	2015	2014
Present value of pension obligations	(491)	(426)
Pension plan assets	-	-
Capitalised net pension liabilities	(491)	(426)

The remaining net pension liabilities at 31 December 2015 mainly consist of unfunded pension plans for former key personnel and unfunded early retirement plans, and liabilities related to plans for employees who earn more than twelve times the Norwegian National Insurance Scheme's basic amount (12G). For other employees, the company primarily has defined contribution pension plans.

The remaining pension liability in Orkla Food Ingredients AS was transferred to Orkla ASA in 2015.

The company has a pension plan that meets the requirements of the Compulsory Service Pensions Act.

NOTE 3 GUARANTEES AND ASSETS PLEDGED

Amounts in NOK million	2015	2014
Subscribed, uncalled limited partnership capital	8	4
Guarantees to subsidiaries	233	230

NOTE 4 LOANS TO EMPLOYEES

Other financial assets include loans to employees.

Amounts in NOK million	2015	2014
Loans to employees	4	4

NOTE 5 REMUNERATION AND CONTRACTUAL ARRANGEMENTS

Remuneration of the Group Executive Board

The Board of Directors decides the terms and conditions of the President and CEO and makes decisions on fundamental issues relating to the Group's compensation and benefits policy and compensation arrangements for other employees. The Board of Directors has a special Compensation Committee that prepares matters relating to compensation for decision by the Board. The Committee consists of three Board members, one of whom is elected by the employees, and was chaired by the Deputy Chair of the Board in 2015. The administration prepares matters for the Compensation Committee and the Board.

The Group Executive Board participated in the Group's annual bonus system and long-term incentive programme in 2015.

Salaries and remuneration to the Group Executive Board, and accrued bonuses are presented below. The table also shows accruals and the balance in the bonus bank as at 31 December 2015, based on the Orkla share price as at 31 December 2015 (NOK 70.10).

Amounts in 1,000 NOK	Fixed salary	Accrued bonus 2015	Benefits in kind 2015	Pension costs	Accrued long-term incentive programme in 2015	Balance bonus bank
Peter A. Ruzicka	5 807	4 065	233	1 984	4 065	6 146
Karl Otto Tveter	2 856	1 244	242	708	1 244	3 778
Jens Bjørn Staff	2 813	1 104	228	719	1 104	1 654
Johan Clarin (salary in SEK)	2 795	1 337	277	725	1 337	3 687
Atle Vidar Nagel-Johansen	3 500	2 032	251	963	2 032	4 996
Ann-Beth Freuchen (from 1 July 2015)	2 700	733[1]	102[1]	284[1]	1 656	3 541
Stig Ebert Nilssen	2 982	745	213	767	745	3 080
Pål Eikeland	2 800	1 560	226	691	1 560	5 775
Terje Andersen	2 842	1 651	236	889	1 651	4 548

[1]Earned in her position as Executive Vice President.

The Group Executive Board participates in the Group's general employee share purchase programme. No guarantees have been provided for members of the Group Executive Board.

The shareholdings of members of the Group Executive Board are presented on page 151. The retirement age of the President and CEO is 62, and the period of notice is six months, with a period of pay of 12 months after termination of employment. From the age of 62 until he reaches the age of 67, he will be paid 60% of his salary upon retirement.

The other members of the Group Executive Board have a period of notice of six months, and their retirement age is 65. From the age of 65 until they reach the age of 67, Orkla will pay them 66% of their salary upon retirement, after which their pension will be paid from Orkla's pension plan. Terje Andersen may retire at the age of 62 with the same benefits. Terje Andersen and Karl Otto Tveter have personal loans on which a regulated interest rate is charged. The balance as at 31 December 2015 was NOK 550,848 for Mr Andersen and NOK 100,072 for Mr Tveter. No other members of the Group Executive Board have personal loans.

Options awarded to the Group Executive Board as of 31 December 2015

	Number	Award date (dd/mm/yyyy)	Strike price	1st exercise/ exercise date (dd/mm/yyyy)	Last exercise (dd/mm/yyyy)
Karl Otto Tveter	50 000	10.05.2010	36.38	10.05.2013	10.05.2016
	50 000	09.05.2011	42.53	09.05.2014	09.05.2017
	-50 000	22.05.2009	39.86	13.02.2015	Exercised at 59.27
Atle Vidar Nagel-Johansen	70 000	09.05.2011	42.53	09.05.2014	09.05.2017
	-60 000	10.05.2010	38.88	25.02.2015	Exercised at 60.66
Ann-Beth Freuchen	40 000	09.05.2011	42.53	09.05.2014	09.05.2017
	-40 000	10.05.2010	36.38	30.10.2015	Exercised at 71.71
Stig Ebert Nilssen	50 000	10.05.2010	36.38	10.05.2013	10.05.2016
	50 000	09.05.2011	42.53	09.05.2014	09.05.2017

Note 5 cont.

The Board of Directors' statement of guidelines for the remuneration of the executive management

Pursuant to section 6-16a of the Public Limited Liability Companies Act, the Board of Directors must draw up a special statement of guidelines for the pay and other remuneration of senior executives. Furthermore, under section 5-6 (3) of the same Act, an advisory vote must be held at the General Meeting on the Board of Directors' guidelines for the remuneration of the executive management for the coming financial year (see (ii) below). Insofar as the guidelines concern share-related incentive programmes, these must also be approved by the General Meeting (see (iii)).

(i) Pay and other remuneration of the executive management

Information regarding pay and other remuneration of the executive management for the previous financial year has been provided on page 134.

(ii) Guidelines for pay and other remuneration of the executive management

With regard to guidelines for pay and other remuneration of the executive management in the coming financial year, the Board of Directors will submit the following guidelines to the General Meeting in 2016 for an advisory vote:

The purpose of Orkla's terms and conditions policy is to attract personnel with the competence that the Group requires, to further develop and retain employees with key expertise, and to promote a long-term perspective and continuous improvement with a view to achieving Orkla's business goals. The general approach adopted in Orkla's policy has been to pay fixed salaries and pensions based on the market median, while offering a variable element which is linked to results, share price performance etc. (short- and long-term incentives) and which should be better than the median. Compensation may consist of the following elements:

a) Fixed elements

Orkla uses internationally recognised job assessment systems to find the "right" level for the job and the fixed salary. Jobs are assessed in relation to their local market (country) and a pay range of the median +/- 20% is applied. The employee's responsibilities, results and performance determine where he or she is placed on the salary scale.

Orkla has a defined contribution pension plan in Norway. The contribution rates are 5% for salaries between 1G and 7.1G and 23.1% for salaries over 7.1G (as from 1 May 2015 1G is NOK 90,068). For members of the Group Executive Board as at 1 September 2014, the rate for salaries over 12G is 27%. Employees who have entered into an early retirement agreement entitling them to retire before the age of 67 receive a pension (unfunded) that is equivalent to 60 per cent of their annual pay. Other members of the Group Executive Board than the President and CEO have 66%, all subject to a minimum of 30 qualifying years. In addition to the above, the Group provides benefits such as a company car and company telephone and other limited benefits in kind.

(b) Variable elements – annual bonus

Orkla has an annual bonus programme. Under this programme, a "good performance", which is specifically defined for the various elements, can result in an annual bonus of 30% of an employee's fixed pay, while the maximum bonus is 100% of the employee's annual pay. Approximately 170 senior executives and key personnel participate in this bonus programme. The bonus programme targets for 2016 will consist of organic growth, EVA performance, capital use and individual components. The primary goal is profit growth.

(iii) Special comments on share-based incentive programmes

Orkla has a cash-based long-term incentive programme. An amount based on the result of the annual bonus programme will be deposited in a bonus bank. The bonus is normally awarded in May of each year. The balance will be adjusted according to the performance of the Orkla share until it is paid out. The adjustment is based on the share price recorded on the day after the Annual General Meeting, adjusted for dividends in the period. 50% of the entitlement will be paid out after two years and the rest after three years, provided that the employee has not given notice of resignation at the time of payment. The annual amount paid out from the long-term incentive programme must not exceed one year's pay at the time of payment. Any excess amount will be added to the bank deposit to be paid out the following year.

(iv) Senior executive pay policy in previous financial years

The guidelines for the pay and remuneration of senior executives described in (ii), which were considered at the Annual General Meeting in 2015, also served as guidelines for the determination of senior executive remuneration in 2015.

(v) Changes in contractual arrangements

Christer Åberg resigned from his position as Orkla EVP & CEO of Orkla Confectionery & Snacks on 30 June 2015, and was succeeded by Ann-Beth Freuchen, who came from the position of CEO of Orkla Confectionery & Snacks Norge.

Discounted shares for employees

For several years the Group has had a programme that gives employees the opportunity to buy a limited number of shares at a discount of 30% on the market price of the share. Shares may be purchased for five different amounts: NOK 28,000, 20,000, 12,000, 4,000 and 1,000 (amounts after discount). In 2015 this programme was available to around 13,800 employees in 23 countries. Shares were purchased by 2,013 employees (1,662 in 2014). Costs related to the share purchase programme in 2015 amounted to approximately NOK 22 million (NOK 18 million in 2014).

The Board of Directors recommends to the General Meeting that the employee share purchase programme be continued on the same conditions as in 2015.

Remuneration of the Board of Directors and Board members' shareholdings

As from 17 April 2015, the Board of Directors is remunerated at the following rates:

Board Chair	NOK	680,000	per year
Board Deputy Chair	NOK	530,000	per year
Board member	NOK	400,000	per year
Observer	NOK	152,000	per year
Deputy member	NOK	26,000	per meeting
Compensation Committee			
Committee Chair	NOK	131,000	per year
Member	NOK	98,000	per year
Audit Committee			
Committee Chair	NOK	164,000	per year
Member	NOK	109,000	per year

In addition, shareholder-elected Board members residing outside Norway receive an additional NOK 16,000 per meeting attended.

Note 5 cont.

Payments actually received by members of the Board of Directors are as follows:

Amounts in NOK	Director's fee incl. committee work	Number of shares[1]
Shareholder-elected Board members		
Stein Erik Hagen	770 333	249 142 000
Grace Reksten Skaugen	654 660	3 000
Jo Lunder (until 16 April 2015)	146 000	0
Ingrid Jonasson Blank	536 666	1 750
Lisbeth Valther	428 666	3 000
Nils K. Selte	559 000	18 000
Lars Dahlgren	428 666	2 000
Employee-elected Board members		
Terje Utstrand	See table below	5 240
Janne Halvorsen	See table below	0
Sverre Josvanger	See table below	18 053
Åke Ligardh	See table below	3 611

[1]Total share ownership including related parties.

Amounts in 1,000 NOK	Fixed salary	Director's fees	Benefits in kind	Pension costs
Employee-elected Board members				
Terje Utstrand	548	494	76	23
Janne Halvorsen	409	397	14	16
Sverre Josvanger	495	505	131	20
Åke Ligardh (salary in SEK)	373	397	0	16

No loans have been granted to or guarantees provided for members of the Board of Directors.

Remuneration of the Nomination Committee
The Chair of the Nomination Committee receives remuneration of NOK 7,500 per meeting, while the other members receive NOK 5,500.

Fees to Group external auditor

Amounts in NOK million (excl. VAT)	2015	2014
Parent company		
Statutory audit	2.7	2.8
Other attest services	0.0	0.1
Tax consultancy services	2.5	3.2
Other non-audit services	2.8	2.8
Group		
Statutory audit	24	23
Other attest services	0	0
Tax consultancy services	4	6
Other non-audit services	5	4
Total fees to EY	33	33
Statutory audit fee to other auditors	2	2

NOTE 6 FINANCIAL COSTS GROUP

Amounts in NOK million	2015	2014
Write-down share investments in subsidiaries[1]	(258)	(3 583)
Write-down loans to Orkla Brands Russia	-	(288)
Interest income Group	(54)	(98)
Total financial costs Group	(312)	(3 969)

[1]Shares in the subsidiaries Orkla Confectionery & Snacks Finland, Øraveien Industripark and Viking Askim were written down due to the companies' payout of dividends (2014: Orkla Food Ingredients and Orkla Confectionery & Snacks Finland).

NOTE 7 OTHER FINANCIAL INCOME AND FINANCIAL COSTS

Other financial income

Amounts in NOK million	2015	2014
Interest income	13	15
Dividends received	16	9
Other financial income	17	6
Total other financial income	46	30

Other financial costs

Amounts in NOK million	2015	2014
Interest costs	(233)	(255)
Change in fair value interest element	53	(100)
Other	14	(40)
Total other financial expenses	(166)	(395)

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK million	Land, buildings and other property	Machinery, fixture and fittings etc.	Assets under con-struction	Total
Book value 1 January 2015	98	101	63	262
Additions	2	10	1	13
Invoiced to Group companies	-	-	(45)	(45)
Depreciation	-	(18)	-	(18)
Book value 31 December 2015	100	93	19	212
Initial cost 1 January 2015	116	187	63	366
Accumulated depreciation and write-downs 1 January 2015	(18)	(86)	-	(104)
Book value 1 January 2015	98	101	63	262
Initial cost 31 December 2015	118	199	19	336
Accumulated depreciation and write-downs 31 December 2015	(18)	(106)	-	(124)
Book value 31 December 2015	100	93	19	212

NOTE 9 INTANGIBLE ASSETS

Amounts in NOK million	Trademarks not amortisable	IT	Total
Book value 1 January 2015	26	5	31
Amortisation	0	(2)	(2)
Book value 31 December 2015	26	3	29
Initial cost 1 January 2015	26	56	82
Accumulated amortisation and write-downs 1 January 2015	0	(51)	(51)
Book value 1 January 2015	26	5	31
Initial cost 31 December 2015	26	56	82
Accumulated amortisation and write-downs 31 December 2015	0	(53)	(53)
Book value 31 December 2015	26	3	29

NOTE 10 SHARES IN SUBSIDIARIES, DIRECTLY OWNED

Amounts in NOK million	Group's share of capital	Book value 2015	2014
Orkla Foods Norge AS	100%	9 362	9 362
Industriinvesteringer AS	100%	9 290	7 948
Orkla Foods Sverige AB	100%	5 469	5 469
Orkla Confectionery & Snacks Finland Ab	100%	3 652	3 852
Orkla Food Ingredients AS	100%	2 466	2 466
Orkla Energi AS	100%	1 765	1 765
Orkla Confectionery & Snacks Norge AS	100%	906	906
NP Foods Group Latvia	100%	871	-
Orkla Health AS	100%	590	590
Orkla Eiendom AS	100%	574	574
Orkla House Care AS	100%	515	515
Swebiscuits AB	100%	512	512
Lilleborg AS	100%	502	502
Cederroth Intressenter AB	100%	438	-
Viking Askim AS	100%	400	433
Sarpsfoss Limited			
Ordinary shares	100%	253	253
Preference shares	99.9%	43	43
Attisholz AB	100%	187	187
Orkla Foods Romania SA	100%	184	184
Orkla Foods Danmark A/S	100%	175	175
SIA Spilva	100%	173	-
Orkla Asia Holding AS	100%	166	166
JSC Latfood	100%	161	-
Cederroth AS	100%	104	-
Orkla Insurance Company Ltd.	100%	65	65
UAB Suslavicius-Felix	100%	57	57
Orkla Invest AB	100%	38	38
Trælandsfos Holding AS	100%	36	36
Orkla IT AS[1]	100%	34	34
Meraker Eiendom Holding AS	100%	15	15
Øraveien Industripark AS	100%	15	55
Orkla Accounting Centre Estonia	100%	2	2
Attisholz Infra AG[2]	0.4%	1	1
Sum		39 021	36 205

[1]Formerly Orkla Shared Services AS.
[2]The remaining shares are owned by Attisholz AB.

The table above shows only directly owned subsidiaries. The Group consists of a total of around 220 companies. The most important indirectly-owned subsidiaries are shown in the Group Directory at the end of the Annual Report.

NOTE 11 TAXES

Taxes

Amounts in NOK million	2015	2014
Profit before taxes	3 730	7 979
Change in temporary differences	(67)	511
Of which change in temporary differences previous years	43	199
Correction for change in temporary differences taken to comprehensive income	6	(266)
Total change in temporary differences	(18)	444
Non-deductible expenses	116	64
Tax-free dividends, capital gains (losses) and write-downs share portfolio	(133)	(133)
Impairment of shares in subsidiaries	258	3 583
Dividends from subsidiaries	(3 830)	(11 477)
Options and long term bonus agreements	(14)	(29)
Other permanent differences	(63)	-
Total permanent differences	(3 666)	(7 992)
Total taxable income	46	431
Calculated current tax expense	(12)	(116)
Withholding tax foreign dividends	(1)	(1)
Correction in provisions for previous years' taxes	11	48
Total current tax expense	(2)	(69)
Change in deferred tax liabilities	(29)	66
Total tax expense	(31)	(3)

Deferred tax liabilities

Amounts in NOK million	2015	2014
Financial derivatives	(80)	80
Unrealised gains (losses) on shares outside the TEM[1] in equity	0	2
Accumulated write-downs outside the TEM[1]	(11)	(11)
Hedging reserve in equity	(493)	(521)
Property, plant and equipment	(4)	(17)
Pension liabilities	(383)	(316)
Other current liabilities	(159)	(412)
Basis deferred tax	(1 130)	(1 195)
Deferred tax asset	(282)	(323)
Change in deferred tax	(41)	138
Change in deferred tax taken to comprehensive income	12	(72)
Change in deferred tax in the income statement	(29)	66

[1]FTM = Tax Exemption Method

Reconciliation of total tax expense

Amounts in NOK million	2015	2014
27% of profit before taxes	(1 007)	(2 154)
Effect of change in tax rates	(13)	-
Tax-free dividends, capital gains (losses) and write-downs shares and share portfolio	36	36
Dividends from subsidiaries	1 034	3 099
Write-downs shares in subsidiaries	(70)	(967)
Options and long-term bonus agreements	4	8
Other permanent differences	17	0
Non-deductible expenses	(31)	(18)
Withholding tax	(1)	(1)
Correction previous years' taxes	0	(6)
Total tax expense for Orkla ASA	(31)	(3)

NOTE 12 FINANCIAL RISK

The risk associated with financial instruments in Orkla ASA is related to the following activities:

Shares and financial assets

Changes in share prices are sources of financial risk for shares and financial assets. This risk is quantified in Note 24 to the consolidated financial statements.

The Group's internal bank

The Treasury Department of Orkla ASA manages the interest rate and currency risk for the Group. The Treasury Department acts as Group internal bank and executes all external funding and hedging transactions in interest rate and currency derivatives. The subsidiaries mitigate their currency risk by entering into internal currency hedging contracts with the internal bank, which in turn hedges this risk through external hedging positions. In addition, the internal bank holds debt in foreign currencies in order to hedge currency risk on internal loans, book equity and goodwill. In 2015, NOK -622 million was recognised in the income statement in connection with these hedges (NOK 550 million in 2014). The internal bank does not actively take on currency risk. Intercompany loans and deposits are at floating interest rates, and no Group-internal interest rate hedging contracts are made. Further details of the management of interest rate and currency risk for Group-external items are disclosed in Note 30 to the consolidated financial statements.

Further details of the organisation of risk management and the risk related to financial instruments are disclosed in Note 30 to the consolidated financial statements.

Derivatives and hedge accounting

Currency forward contracts. The internal bank's internal and external currency forward contracts and cross currency swaps are recognised at fair value in the statement of financial position with changes in fair value recognised through profit and loss. Foreign currency effects related to internal and external loans are also accounted for through profit and loss.

Interest rate swaps. External funding for the Group is mainly originated through Orkla ASA. Loans issued at fixed interest rates are normally swapped to floating interest rates through interest rate swaps. These swaps are accounted for as fair value hedges with fair value changes recognised through profit and loss. As at 31 December 2015, the fair value of these interest rate swaps was NOK 414 million (NOK 496 million in 2014). During the year NOK 82 million was recognised as costs in the income statement related to changes in the fair value of the interest rate swaps, and NOK 82 million was recognised as income related to changes in the fair value of the hedged loans.

When Orkla hedges future interest payments, interest rate swaps, where Orkla receives floating interest rates and pays fixed interest rates, are used. These interest rate swaps are accounted for as cash flow hedges with changes in fair value recognised through comprehensive income. As of 31 December 2015, the fair value of these swaps amounted to NOK -478 million (NOK -599 million in 2014).

Equity hedging reserve. Change in equity hedging reserve:

Amounts in NOK million	2015	2014
Opening balance hedging reserve before tax	(521)	(314)
Reclassified to profit/loss – net financial items	93	186
Fair value change during the year	(64)	(393)
Closing balance hedging reserve before tax	(492)	(521)
Deferred tax hedging reserve	123	141
Closing balance hedging reserve after tax	(369)	(380)

The hedging reserve is expected to be reclassified to the income statement as follows (before tax):

2016:	NOK -99 million
After 2016:	NOK -393 million

NOTE 13 OTHER MATTERS

PAYE tax guarantee and guarantee for pension liabilities

Orkla ASA has a bank guarantee to cover Pay-As-You-Earn (PAYE) tax payable by employees and pension liabilities for employees who earn more than 12G on behalf of its Norwegian subsidiaries. The company has no other restricted assets.

Material leases

In 2013, Orkla ASA moved to new temporary premises in Nedre Skøyen vei 26, Oslo, along with the companies Orkla Health, Orkla Home & Personal Care, Orkla Confectionery & Snacks Norge, Pierre Robert Group, Hydro Power, Orkla Shared Services, Orkla House Care and Orkla Eiendom. The building has been leased from Evry until 2018 pending the construction of new permanent premises at Drammensveien 149 and 151. Annual leasing costs total NOK 34 million, but Orkla ASA subleases premises to the other companies.

Orkla ASA still leases premises at Karenslyst allé 6, Skøyen, in Oslo, from Investorprosjekt 93 AS until the year 2020. Annual leasing costs total NOK 19 million. At present, a provision of NOK 35 million has been made in the financial statements for 2015, as parts of the building are unoccupied.

As a result of the acquisition of Rieber & Søn ASA, Orkla ASA took over the lease of Rieber's head office in Nøstegaten 58, Bergen in 2013. The contract runs until 2019, and the lessor is AS Inventor Eiendommer. Annual leasing costs total NOK 21 million. The building is subleased, primarily to Orkla Foods Norge, KnowIt and Bergen Municipality.

Matters disclosed in the Notes to the consolidated financial statements

Share-based payment – Note 11.
Events after the balance sheet date – Note 41.

Shareholders in Orkla ASA

A list of the largest shareholders in Orkla ASA is presented in Note 32.

Statement from the Board of Directors of Orkla ASA

We confirm that the financial statements for the period 1 January up to and including 31 December 2015 have, to the best of our knowledge, been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the Group as a whole, and that the Board of Directors' report includes a fair review of the development and performance of the business and the position of the company and the Group as a whole, together with a description of the principal risks and uncertainties that they face.

Oslo, 10 February 2016
The Board of Directors of Orkla ASA

Stein Erik Hagen Chairman of the Board	Grace Reksten Skaugen Deputy Chair of the Board	Ingrid Jonasson Blank	Lars Dahlgren
Lisbeth Valther	Nils K. Selte	Terje Utstrand	Sverre Josvanger
Janne Halvorsen	Åke Ligardh	Peter A. Ruzicka President and CEO	

(This translation of the Statement from the Board of Directors of Orkla ASA has been made for information purposes only.)

Auditor's report

TO THE GENERAL MEETING OF ORKLA ASA

Report on the financial statements

We have audited the accompanying financial statements of Orkla ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2015, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Orkla ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 11 February 2016
ERNST & YOUNG AS

Jan Wellum Svensen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Historical key figures (as reported 2014–2011)

Historical key figures are presented for each of the last four years (2014-2011), as they were presented in that year's annual report. Subsequent accounting restatements (due to changes in accounting principles, items presented as "Discontinued operations", etc.) are therefore not reflected in the set of figures presented. This is because Orkla wishes to present the Group as reported for the years in question, so as to illustrate the actual level of activity in each year. The key figures presented for this year in the table are identical to the figures reported in 2014, while comparative figures in the actual financial statements have been restated insofar as this is required under IFRS rules.

	Definition		2015	2014	2013	2012	2011
INCOME STATEMENT							
Operating revenues		(NOK million)	33 198	29 599	33 045	30 001	61 009
EBIT (adj.)*		(NOK million)	3 609	3 214	3 142	3 279	3 986
Other income and expenses		(NOK million)	(502)	(100)	(860)	(433)	(1 041)
Operating profit		(NOK million)	3 107	3 114	2 282	2 846	2 945
EBIT (adj.) margin*	1	(%)	10.9	10.9	9.5	10.9	6.5
Ordinary profit/loss before taxes		(NOK million)	4 090	2 872	2 664	3 873	(923)
Gains/profit/loss discontinued operations		(NOK million)	(17)	(485)	(1 225)	(1 583)	1 213
Profit/loss for the year		(NOK million)	3 351	1 699	747	1 583	(728)
CASH FLOW							
Net cash flow		(NOK million)	(1 561)	3 062	(2 757)	5 273	8 974
CAPITAL AS AT 31 DECEMBER							
Book value of total assets		(NOK million)	54 238	50 112	52 115	57 686	66 396
Market capitalisation	2	(NOK million)	71 361	52 025	47 981	49 031	45 543
Equity ratio	3	(%)	62.2	62.5	59.1	53.9	51.8
Net interest-bearing liabilities	4	(NOK million)	7 805	5 661	8 496	4 960	10 645
Interest coverage ratio	5		17.3	10.8	8.1	10.6	(1.4)
Average borrowing rate		(%)	2.8	3.4	3.4	3.7	2.7
Share of floating interest-bearing liabilities	6	(%)	61	57	54	63	67
Average time to maturity liabilities	7	(years)	3.2	3.7	3.6	3.1	4.1
SHARES							
Average number of shares outstanding, diluted		(x 1,000)	1 018 394	1 017 795	1 013 312	1 011 770	1 020 194
Average number of shares outstanding		(x 1,000)	1 017 546	1 016 375	1 012 284	1 011 723	1 020 194
SHARE-RELATED KEY FIGURES							
Share price at 31 December		(NOK)	70.10	51.15	47.32	48.50	44.65
Earnings per share, diluted	8	(NOK)	3.24	1.63	0.68	1.56	(0.76)
Ordinary dividend per share (proposed for 2015)		(NOK)	2.50	2.50	2.50	2.50	2.50
Payout ratio	9	(%)	77.2	153.4	357.1	156.3	(312.5)
Price/earnings ratio	10		21.6	31.4	67.6	30.3	(55.8)
PERSONNEL							
Number of employees			14 670	12 921	16 756	15 001	29 785
Number of man-years			14 532	12 714	16 737	15 042	29 397

*EBIT (adj.) = Operating result before other income and expenses.

Definition:
1 EBIT (adj.)*/Operating revenues
2 Market capitalisation is calculated on the basis of number of shares outstanding x Average share price at year end
3 Book equity/Total assets
4 Total interest-bearing liabilities - Interest-bearing receivables and liquid assets (cash, bank deposits etc.)
5 (Profit before tax + Net interest expenses)/(Net interest expenses)
6 Liabilities with remaining period of fixed interest of less than one year
7 Average time to maturity for long-term interest-bearing liabilites and unutilised committed credit facilities
8 Profit for the year after non-controlling interests/Average number of shares outstanding, diluted, at year end
9 Ordinary dividend per share/Earnings per share, diluted
10 Share price/Earnings per share, diluted

Share information

Through efficient business operations, Orkla aims to achieve long-term value growth for its shareholders which exceeds that of relevant, competitive investment alternatives. For shareholders, this is reflected in the combination of the long-term price performance of the Orkla share and the dividend that is paid out.

Return on investment

Over time, Orkla shareholders have enjoyed a good return on their shares. In 2015 the Orkla share gave shareholders a return of 42.4%, including the reinvested dividend, on their investment. The return on the Oslo Stock Exchange Benchmark Index (OSEBX) was 5.9%. In the past twenty years, the annual return on the Orkla share, including the reinvested dividend, has averaged 13.2%. In comparison, the Oslo Stock Exchange had an annual return of 8.7% in the same period.

Market capitalisation and turnover

The Orkla share is listed on the Oslo Stock Exchange under the ticker code ORK. All shares have equal rights and are freely transferable. Orkla is one of the largest companies listed on the Oslo Stock Exchange, and accounted for approximately 6.1% of the value of the OSEBX at the end of 2015. The Oslo Stock Exchange's OBX list comprises the 25 most liquid companies on the Oslo Stock Exchange. As at 31 December 2015, Orkla accounted for 7.4% of the value of the OBX list.

At the end of 2015, the Orkla share was listed at NOK 70.10. Orkla's market capitalisation was therefore NOK 71.4 billion, up NOK 19.4 billion from 31 December 2014. Orkla shares were traded on the Oslo Stock Exchange for a total of NOK 28 billion in 2015, equivalent to 2.4% of the Oslo Stock Exchange's total trading volume. The average daily volume of Orkla share trades on the Oslo Stock Exchange was 1.8 million shares.

In 2015, around 70% of Orkla share trades took place through marketplaces other than the Orkla Stock Exchange, such as the LSE, BATS OTC and BOAT. The Orkla share may also be traded through Orkla's Level-1 ADR programme in the USA. More information on the ADR programme may be found on Orkla's website under "Investor Relations".

Dividend policy

Over time, Orkla's shareholders shall receive a competitive return on their investment through a combination of dividends and an increase in the share price. Orkla has achieved a steady, stable increase over time in the dividends paid out.

An ordinary dividend of NOK 2.50 per share was paid out for the 2010–2014 financial years. Additionally, an extraordinary dividend of NOK 5.00 per share was paid out in November 2011.

The Board of Directors proposes to pay a dividend of NOK 2.50 per share for the 2015 financial year. The dividend will be paid out on 26 April 2016 to shareholders of record on the date of the Annual General Meeting.

Treasury shares

Orkla supplements its dividends with moderate share buybacks. At the 2015 Annual General Meeting, the Board of Directors was granted authorisation to buy back up to 100,000,000 Orkla shares. The authorisation was granted for a limited period of time, and must be implemented at the latest by the 2016 Annual General Meeting. Shares acquired under the authorisation must be cancelled or used in connection with employee incentive programmes, including the Group's employee share purchase programme. A total of 4,000,000 Orkla shares were bought back in 2015 for the latter purpose. As at 31 December 2015, Orkla owned 940,300 treasury shares.

The Board of Directors will propose to the General Meeting in 2016 that the authorisation to buy back Orkla shares be renewed.

Shareholders

As at 31 December 2015, Orkla had 38,853 shareholders, compared with 39,542 as at 31 December 2014. At year end, 55% of the shares were owned by foreign investors, compared with 54% at the start of the year. Read more about Orkla's biggest shareholders on Orkla's website under "Investor Relations".

Voting rights

Orkla has one class of share, and each share carries one vote and has a par value of NOK 1.25. Each shareholder is entitled to vote the number of shares which he or she owns and which are registered in the Norwegian Central Securities Depository (VPS) on the date of the general meeting. If the shareholder has acquired the shares shortly before the general meeting, voting rights for the transferred shares may only be exercised if the acquisition has been registered in the VPS, or if the acquisition has been reported to the VPS and proof of the acquisition is presented at the general meeting.

Read more about Orkla's voting rights and the general meeting on Orkla's website, under "Investor Relations".

SHARE INFORMATION

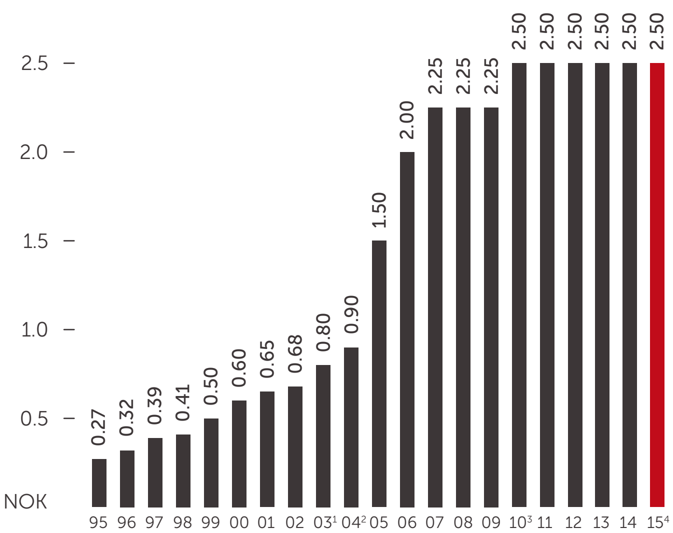
Average number of shares outstanding, diluted

	2015	2014	2013	2012	2011
Average no. of shares issued	**1,018,930,970**	1,018,930,970	1,018,930,970	1,026,308,020	1,028,930,970
Average no. of treasury shares	**1,384,781**	2,555,573	6,646,896	14,585,271	8,736,505
Average no. of shares outstanding	**1,017,546,189**	1,016,375,397	1,012,284,074	1,011,722,749	1,020,194,465
Estimated dilutive effect	**847,480**	1,419,517	1,027,629	47,713	0
Average no. of shares outstanding, diluted	**1,018,393,669**	1,017,794,914	1,013,311,703	1,011,770,462	1,020,194,465

Shares by size of shareholding as of 31.12.2015

No. of shares	No. of shareholders	% of capital
1 - 500	16,615	0.3%
501 - 5,000	18,282	3.0%
5,001 - 50,000	3,319	4.1%
50,001 - 500,000	449	6.9%
500,001 - 2,500,000	141	15.5%
Over 2,500,000	47	70.1%

ORDINARY DIVIDEND PER SHARE



[1]Additional dividend NOK 5.00 per share.
[2]Additional dividend NOK 1.00 per share.
[3]Additional dividend NOK 5.00 per share.
[4]Proposed dividend.

SHAREHOLDERS BY GEOGRAPHICAL AREA AS OF 31.12.2015

Norway	45%
USA	24%
UK	11%
Other	20%

The 20 largest shareholders as of 31.12.2015[1]

	Shareholder	No. of shares	% of capital
1	Canica[2]	249,142,000	24.47%
2	Folketrygdfondet	72,049,744	7.08%
3	Artisan Partners Limited Partnership	33,363,560	3.28%
4	Newton Investment Management Ltd.	31,414,829	3.09%
5	BlackRock Institutional Trust Company, N.A.	22,665,949	2.23%
6	Epoch Investment Partners, Inc.	18,018,159	1.77%
7	SAFE Investment Company Limited	17,811,149	1.75%
8	First Eagle Investment Management, L.L.C.	16,625,559	1.63%
9	The Vanguard Group, Inc.	14,934,678	1.47%
10	MSD Partners, L.P.	13,324,975	1.31%
11	KLP Forsikring	12,881,161	1.27%
12	Acadian Asset Management LLC	12,478,124	1.23%
13	Barrow, Hanley, Mewhinney & Strauss, LLC	12,424,103	1.22%
14	Capfi Delen Asset Management	12,352,231	1.21%
15	Standard Life Investments Ltd.	11,221,722	1.10%
16	M & G Investment Management Ltd.	9,910,247	0.97%
17	State Street Global Advisors (US)	9,539,318	0.94%
18	Schafer Cullen Capital Management, Inc.	9,458,264	0.93%
19	First Pacific Advisors, LLC	8,981,617	0.88%
20	JPMorgan Asset Management U.K. Limited	8,658,092	0.85%

[1]Source: VPS and Nasdaq.
[2]Canica: Canica AS, Canica Investor AS, Tvist 5 AS, Stein Erik Hagen AS.

Key figures for the Orkla share

	2015	2014	2013	2012	2011
Share price, high (NOK)	72.25	59.15	52.75	49.27	58.80
Share price, low, (NOK)	48.73	45.82	43.28	39.21	39.10
Share price, closing 31.12 (NOK)	70.10	51.15	47.32	48.50	44.65
Diluted earnings per share (NOK)	3.24	1.63	0.68	1.56	-0.76
Dividend paid share (NOK)	2.50[1]	2.50	2.50	2.50	2.50
Percentage of foreign shareholders	54.5%	53.8%	52.1%	45.9%	40.4%
Number of shares issued as of 31.12	1,018,930,970	1,018,930,970	1,018,930,970	1,018,930,970	1,028,930,970
Number of shares outstanding as of 31.12	1,017,990,670	1,017,098,067	1,013,958,864	1,010,943,856	1,020,010,179

[1]Proposed dividend.

Analysts

Brokerage house	Contact	Telephone	E-mail
ABG Sundal Collier	Petter Nystrøm	+47 22 01 61 35	petter.nystrom@abgsc.no
Arctic Securities	Magnus Berg	+47 21 01 32 09	magnus.berg@arcticsec.no
Carnegie	Preben Rasch-Olsen	+47 22 00 93 59	pro@carnegie.no
Danske Bank Markets	Martin Stenshall	+47 85 40 70 73	martin.stenshall@danskebank.com
DNB Markets	Ole Martin Westgaard	+47 24 16 92 00	ole.martin.westgaard@dnb.no
Goldman Sachs	John Ennis	+44 207 552 9608	john.ennis@gs.com
Handelsbanken Capital Markets	Kjetil Lye	+47 22 94 07 00	kjly01@handelsbanken.no
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SpareBank1 Markets	Lars-Daniel Westby	+47 24 14 74 16	lars.westby@sb1markets.no
Swedbank Securities	Henning C. Steffenrud	+47 23 23 80 35	hs@swedbank.no
UBS Investment Bank	David Hallden	+46 84 53 73 00	david.hallden@ubs.com

Additional information for valuation purposes

One possible model for valuing Orkla is based on distinguishing between the branded consumer goods business, where the value lies in future earnings from continuing operations, and the Group's negotiable assets, which have identifiable market values and where earnings are not a part of Orkla's operating profit from the branded consumer goods operations.

Hydro Power

The power operations have been fully consolidated into Orkla's income statement and are reported as Hydro Power. The power operations consist primarily of two assets, a reservoir power plant in Sauda (85% ownership interest) and a run-of-the-river plant in Sarpsfoss.

The Sauda hydropower operations are regulated by a civil law lease agreement with Statkraft. The lease runs until 31 December 2030, after which the power plants will be returned to Statkraft in return for financial compensation equivalent to the estimated residual value, written down for tax purposes, of the newly built plants (around NOK 1.1 billion). There is an ongoing dispute regarding the tax ownership of one of the Sauda power plants. See Note 16 "Taxes".

The Saudefaldene plant's normal annual production totals 1,810 GWh. Saudefaldene leases approximately 1 TWh per year from Statkraft and has corresponding sales commitments, the net effect of which is zero. The rest of the power is sold on the spot market. Payroll expenses and other operating costs related to these activities amounted to approximately NOK 54 million in 2015. Major maintenance investments are generally recognised in the financial statements under operating expenses. Saudefaldene receives an annual amount from Statkraft in compensation for major maintenance investments. The net charge in 2015 was approximately zero, as in 2014. Depreciation totalled NOK 54 million in 2015.

The power operations in Sarpsfoss are based on power rights that are not subject to reversion, and normal annual production totals 593 GWh. The power is sold on the spot market. Payroll expenses and other operating costs related to these activities totalled around NOK 42 million in 2015. Depreciation amounted to around NOK 9 million in 2015.

Shares and financial assets

The market value of shares and financial assets was NOK 1.4 billion as at 31 December 2015. For more information, see Note 24 "Shares and financial assets".

Orkla Eiendom (real estate)

Orkla Eiendom meets the Group's needs for specialised expertise and assistance in the real estate sector, and is responsible for the administration, development and sale of properties that are not utilised in Orkla's industrial operations.

As at 31 December 2015, the carrying value of Orkla's real estate investments was NOK 1.8 billion.

Read more at *www.orklaeiendom.no*

Jotun

Orkla owns 42.5% of Jotun, which is reported as an associate. Jotun is a well-established global manufacturer of paint and powder coatings, and holds strong positions in Scandinavia, Asia and the Middle East. The company is steadily expanding and has achieved good organic growth in the past few years. Jotun reported operating revenues of NOK 16,282 million in 2015 and EBIT amounted to NOK 2,064 million. Net interest-bearing liabilities as at 31 December 2015 totalled NOK 1,591 million.

Read more at www.jotun.com

Sapa

In 2013, Orkla and Hydro merged their respective extrusion, building system and tubing operations to create a leading global supplier of aluminium solutions. The merged company, Sapa, is presented on a single line in the income statement (Associates and joint ventures) under the equity method. Sapa's income statement is presented in Note 6 "Investments accounted for under the equity method". In connection with the merger, the company targeted cost synergies totalling NOK 1 billion in the period up until 2016. The restructuring programme has been realised ahead of schedule, and the full effect of synergies amounting to approximately NOK 1 billion is reflected in the underlying results for 2015. The shareholders have an agreement whereby each party may initiate a process for listing the company on the stock exchange after around three years from completion of the agreement (1 September 2013), and whereby each party may decide to retain a 34% shareholding. Net interest-bearing liabilities as at 31 December 2015 totalled NOK 1.8 billion.

Read more at www.sapagroup.com

The Board of Directors of Orkla ASA

STEIN ERIK HAGEN[1]

Chairman of the Board / (b. 1956)

Degree from the Retail Institute (now the Norwegian School of Retail).

Mr Hagen was first elected to the Board in 2004 and is up for election in 2016. Retailer and founder of RIMI in 1977. Co-founder of ICA AB in 1999. Owner of Canica AS and associated family-owned companies together with three of his children. Chairman and member of the Board of various companies in which the Hagen family has direct or indirect ownership interests. Member of the Board of the Stein Erik Hagen Stiftelse for Klinisk Hjerteforskning (Foundation for Clinical Heart Research) and member of the Committee of Shareholders' Representatives of Stein Erik Hagens Allmennyttige stiftelse (Charitable Foundation). Founder and General Manager of the Prostate Cancer Foundation of Norway. Member of the Board of the Byrd Hoffman Watermill Foundation. Orkla and Canica and/or Stein Erik Hagen have one common business interest*. The Board of Directors of Orkla has been informed of this interest, and it has been duly noted.

Mr Hagen and related parties own 249,142,000 shares in Orkla ASA[2]. Mr Hagen attended 8 Board meetings in 2015.

**Oslo Business Park (Østre Aker vei 90) is owned by Capto Eiendom AS and Winta Eiendom AS on a 50/50 basis. Canica owns 25% of Winta Eiendom AS.*

GRACE REKSTEN SKAUGEN

Deputy Chair of the Board / (b. 1953)

MBA, BI Norwegian Business School, BSc and PhD in Laser Physics, Imperial College of Science and Technology.

First elected to the Board in 2012 and up for election in 2016. Ms Reksten Skaugen works as an independent consultant. She is Chair of the Board of the Norwegian Institute of Directors. She is also member of the Board of Directors of Lundin Petroleum AB and member of the Board and Chair of the Audit and Risk Committee of Investor AB.
She was formerly Director, SEB Enskilda Securities, Corporate Finance.

Ms Reksten Skaugen and related parties own 3,000 shares in Orkla ASA[2]. Ms Reksten Skaugen attended 7 Board meetings in 2015.

NILS K. SELTE[1]

Board Member / (b. 1965)

MBA, BI Norwegian Business School

First elected in April 2014 and up for election in 2016. Since 2014 Mr Selte has been CEO of Canica AS where he has been employed since 2001, first as CEO from 2001 to 2006 and later as CFO from 2006 to 2014. Mr Selte was previously Group Treasurer at ICA Ahold AB from 1999 to 2001, before which he held the post of Finance Manager at Hakon Gruppen AS from 1998 to 2001. From 1994 to 1996 he was Finance Director at LIVI Norge AS and consultant at the Office of the Auditor General of Norway from 1991 to 1994. Nils K. Selte is Chairman of the Board of Komplett AS and Deputy Chair of the Board of Centurie AS and several other Canica companies.

Mr. Selte and related parties own 18,000 shares in Orkla ASA[2]. Mr Selte attended 7 Board meetings in 2015.

[1]Not independent
[2]Shares owned as at 31 December 2015

The Board of Directors of Orkla ASA

LARS DAHLGREN

Board Member / (b. 1970)

MSc in Economics and Business Administration from the Stockholm School of Economics

First elected to the Board in April 2014 and up for election in 2016. Mr Dahlgren has been CEO of Swedish Match AB since 2008. From 2004 to 2008 he was Chief Financial Officer of Swedish Match AB, and from 2002 to 2004 held the post of VP Group Finance at Swedish Match AB. From 2000 to 2002 he served as Financial Director and Director of Business Development at Vasatek Ltd. (JV between Swedish Match and Gumtech Inc.). Prior to that, Mr Dahlgren was Financial Director, Treasurer and Director IT at Swedish Match Philippines Inc., 1998 –2000. From 1996 to 1998 he worked as Assistant Controller at Swedish Match AB, before which he held the post of Financial Analyst at SBC Warburg, 1995–1996. He is member of the Board of Arnold André GmbH & Co. KG.

Mr Dahlgren and related parties own 2,000 shares in Orkla ASA[2]. Mr Dahlgren attended 8 Board meetings in 2015.

LISBETH VALTHER

Board Member / (b. 1966)

Bachelor in Business Administration and Diploma in Marketing, Handelshøjskolen SYD, Denmark

First elected to the Board in 2013 and up for election in 2016. Ms Valther is co-founder of Next Step Citizen A/S and has been CEO of the company since 2012. From 1989 to 2012 she held various positions at LEGO, most recently as EVP Consumer, Education & Direct (2006–2012) in charge of the LEGO Group's direct trade with consumers, digital activities and new business development. Member of the Board of Directors and member of the Audit Committee of Amersports Oy since 2015.

Ms Valther and related parties own 3,000 shares in Orkla ASA[2]. Ms Valther attended 8 Board meetings in 2015.

INGRID JONASSON BLANK

Board Member / (b. 1962)

BSc in Business Administration and Economics from the University of Gothenburg

First elected to the Board in 2013 and up for election in 2016. Ms Jonasson Blank held various positions at ICA from 1986 to 2010, most recently as EVP Functional Market Responsibility, ICA Sverige. She is currently member of the Board of Fiskars Oyj, MATAS A/S, Royal Unibrew A/S, Bilia AB, Ambea Sverige AB, Musti ja Mirri Oy, Matse Holding AB and ZetaDisplay AB.

Ms Jonasson Blank and related parties own 1,750 shares in Orkla ASA[2]. Ms Jonasson Blank attended 8 Board meetings in 2015.

[1]Not independent
[2]Shares owned as at 31 December 2015

The Board of Directors of Orkla ASA

TERJE UTSTRAND

Employee-elected Board Member / (b. 1964)

First elected to the Board in 2012 and up for election in 2016. Chief trade union representative (2010–), Chair of the Board for LO union members at Orkla, Chair of Orkla's Committee of Union Representatives and European Works Council. NNN union representative at Nidar AS since 1999 (chief union representative 2002-2010), deputy member of the Board of Nidar AS from 2004 to 2010, member of the Board of Orkla Brands AS from 2008 to 2012. Member of Orkla's Committee of Union Representatives-Working Committee since 2000. Employed at Orkla Confectionery & Snacks Norge.

Mr Utstrand and related parties own 5,240 shares in Orkla ASA[2]. Mr Utstrand attended 8 Board meetings in 2015.

SVERRE JOSVANGER

Employee-elected Board Member / (b. 1963)

First elected to the Board in 2012 and up for election in 2016. Chair of the Executive Committee for Salaried Employees at Orkla and secretary of Orkla's Committee of Union Representatives and the Working Committee of the Executive Committee since 2012. Member of European Works Council. Member of Orkla's Pension and Insurance Council (POFFO) since 2012. Head of the trade union division at Nidar since 1994 and chief union representative for salaried employees at Nidar since 2010. Member of the Audit Committee since May 2014. Employed at Orkla Confectionery & Snacks as sales consultant since 1988.

Mr Josvanger and related parties own 18,053 shares in Orkla ASA[2]. Mr Josvanger attended 8 Board meetings in 2015.

JANNE HALVORSEN

Employee-elected Board Member / (b. 1972)

First elected to the Board in 2014 and up for election in 2016. Employed at Orkla Foods Norge and NNN union representative at Orkla Foods Norge. Member of the Board for LO union members in Orkla. Member of Orkla's Committee of Union Representatives, Working Committee of the Executive Committee and European Works Council.

Ms Halvorsen and related parties own no shares in Orkla ASA[2]. Ms Halvorsen attended 8 Board meetings in 2015.

[1]Not independent
[2]Shares owned as at 31 December 2015

The Board of Directors of Orkla ASA

ÅKE LIGARDH

Employee-elected Board Member / (b. 1955)

First elected to the Board in 2014 and up for election in 2016. Employed at Orkla Confectionery & Snacks Sverige. Elected representative of the Swedish Food Workers' Union at Orkla Confectionery & Snacks Sverige. Member of Orkla's Committee of Union Representatives, Working Committee of the Executive Committee and European Works Council.

Mr Ligardh and related parties own 3,611 shares in Orkla ASA[2]. Mr Ligardh attended 8 Board meetings in 2015.

PEER SØRENSEN

Employee-elected Observer / (b. 1967)

First elected to the Board in 2008 and up for election in 2016. Joint trade union representative in Odense Marcipan A/S and Second Deputy Chair of Orkla's Committee of Union Representatives-Working Committee.

Mr Sørensen and related parties own 2,400 shares in Orkla ASA[2]. Mr Sørensen attended 8 Board meetings in 2015.

[1]Not independent
[2]Shares owned as at 31 December 2015

The Group Executive Board

PETER A. RUZICKA

President and CEO / (b. 1964)

MBA and degree in Business Economics, Oslo School of Business Administration

President and CEO since February 2014. Mr Ruzicka has 25 years of experience in the retail sector. He was CEO of Hakon Gruppen AS, 1995–2000. During the same period, he was in charge of establishing ICA in the Baltics. Deputy CEO of ICA AB, 1998–2000. From 2000, he headed Ahold's operations in the Czech Republic and Slovakia. CEO of Jernia ASA, 2003–2006, and CEO of Canica AS, 2006–2014. In addition to serving as Chairman of the Board of Jernia ASA from 2007 to 2014, he has been Chairman of the Board of Komplett ASA, member of the Board of REC ASA, and member of the Board of Orkla ASA, first from 2003 to 2005 and then from 2008 to 2014. Member of the Board of AIM – European Brands Association since 1 January 2016.

Mr Ruzicka and related parties own 683,086 shares in Orkla ASA[1].

JENS BJØRN STAFF

Executive Vice President, Chief Financial Officer / (b. 1967)

MBA, Norwegian School of Economics (NHH), BA, BI Norwegian Business School, Economics, University of Oslo

Member of Orkla's Group Executive Board since June 2014. Executive Vice President and CFO at Statkraft AS, 2011–2014. In the period 2005–2011 Mr Staff held various positions as Finance Director in the Statoil Group, including Statoil Detaljhandel AS and Energy & Retail Europe. From 2002 to 2005, he was Financial Director at Posten Norge AS, before which he was employed at PwC, 1998–2002. Operations Manager at IKEA Slependen AS, 1995–1998.

Mr Staff and related parties own 1,336 shares in Orkla ASA[1].

KARL OTTO TVETER

Chief of Group Functions and Group Director Legal Affairs / (b. 1964)

Degree in Law, University of Oslo

Member of Orkla's Group Executive Board since February 2012. Mr Tveter has been Senior Vice President Legal Affairs at Orkla since 2000. Before that he served as deputy counsel/counsel at Orkla from 1992. Mr Tveter also has prior experience from the Ministry of Finance, Tax Law Department.

Mr Tveter and related parties own 40,668 shares and 100,000 options in Orkla ASA[1,2].

[1]Shares and options owned as at 31 December 2015.
[2]On 19 February 2016 Mr Tveter exercised 50,000 options, of which 46,000 shares were sold. After this transaction, Mr Tveter owns 44,668 shares and 50,000 options in Orkla ASA.

The Group Executive Board

JOHAN CLARIN

Executive Vice President Operations / (b. 1971)

Master of Science, Business Administration, School of Economics, University of Gothenburg, Sweden

Member of Orkla's Group Executive Board since September 2013. From 2007 to 2013 Mr Clarin held several senior executive positions at Sony Mobile Communications AB, most recently as Global Head of Manufacturing and Logistics and President & CEO of Beijing Mobile Communications Ltd. He was also member of the Board of Directors of Sony Mobile's Chinese joint venture, 2011-2013. Prior to that, Mr Clarin held the post of Senior Manager at Accenture AB from 1997 to 2006, with focus on supply chain management.

Mr Clarin and related parties own 2,172 shares in Orkla ASA[1].

ATLE VIDAR NAGEL-JOHANSEN

Executive Vice President, CEO Orkla Foods / (b. 1963)

Authorised Financial Analyst, Norwegian School of Economics (NHH), BI Norwegian Business School, business and economics

Member of Orkla's Group Executive Board since June 2012. CEO, Orkla Foods, 2012–the present. CEO, Orkla Foods Nordic, 2008–2012. CEO, Orkla Foods, 2005–2008. Marketing Director, Orkla Foods International, 2003–2005. Finance Director, Orkla Foods, 2001–2003. Chief Financial Officer, Tandberg Data ASA, 1999–2000. Finance Director, Sætre AS/ Orkla Snacks, 1996–1999. Head of Economic Planning & Analysis, Orkla ASA, 1993–1996. Financial analyst, Carl Kierulf & Co, 1989–1992. Financial analyst, Jøtun Fonds, 1987–1989.

Mr Nagel-Johansen and related parties own 17,481 shares and 70,000 options in Orkla ASA[1].

ANN-BETH FREUCHEN

Executive Vice President, CEO Orkla Confectionery & Snacks / (b. 1971)

MSc in Business (siviløkonom), BI Norwegian Business School

Member of Orkla's Group Executive Board since July 2015. Prior to that, Ms Freuchen was CEO of Orkla Confectionery & Snacks Norge since 2013. From 2010 to 2013, she held the post of CEO of KiMs Norge. Has previously held various management positions in sales and marketing at Nidar and KiMs Norge. Began her career at Orkla as Product Manager at Lilleborg in 1996.

Ms Freuchen and related parties own 7,776 shares and 40,000 options in Orkla ASA[1].

[1]Shares and options owned as at 31 December 2015.

The Group Executive Board

STIG EBERT NILSSEN

Executive Vice President, CEO Orkla Care / (b. 1964)

Major in Finance and International Marketing, Oslo Handelshøyskole

Member of Orkla's Group Executive Board since April 2013. CEO Axellus AS, 2005–2013. Managing Director Collett Pharma A/S, 2004–2005. Vice President, Nycomed Pharma, Nordic Consumer Health, 2000–2004. Director, Profit Center, Consumer in Norway, Nycomed Pharma A/S, 1999–2000. Marketing Director and Marketing Manager Herman Lepsøe A/S, 1994–1999. Nordic Product Group Manager, SC Johnsen, 1991–1993. Trainee, Product Manager, Marketing Manager, Scandinavian Press (part of IMP Group), 1988–1991.

Mr Nilssen and related parties own 49,046 shares and 100,000 options in Orkla ASA[1,2].

PÅL EIKELAND

Executive Vice President, CEO Orkla Food Ingredients / (b. 1959)

MSc in Business (siviløkonom), BI Norwegian Business School

Member of Orkla's Group Executive Board since June 2012, CEO Orkla Food Ingredients since 2010. Senior Vice President Corporate Development Purchasing, Orkla, 2005–2010, Purchasing Director, Orkla/Orkla Foods, 2001–2005. Director, Lilleborg Profesjonell, 1994–2001. CEO, Phillips Lys A/S, 1992–1994. Various managerial positions in sales and marketing, Lilleborg, 1983–1992.

Mr Eikeland and related parties own 22,836 shares in Orkla ASA[1].

TERJE ANDERSEN

CEO and Head of Orkla Investments / (b. 1958)

Degree in Economics and Business Administration (siviløkonom), Norwegian School of Economics (NHH).

Member of Orkla's Group Executive Board since November 2005. Head of Orkla Investments since 2013. Senior Vice President Corporate Finance at Orkla since 2000 and Chief Financial Officer of Orkla ASA since 2003. Prior to that, Finance Director at Orkla Brands and Lilleborg, and managerial positions at Deloitte Consulting and Nevi Finans.

Mr Andersen and related parties own 55,976 shares in Orkla ASA[1].

[1]Shares and options owned as at 31 December 2015.
[2]On 17 February 2016, Mr Nilssen exercised 50,000 options, of which all shares were sold. After this transaction, Mr Nilssen owns 50,000 options in Orkla.

Members of Orkla's expanded Group Executive Board:

CHRISTER GRÖNBERG

Group Director, HR / (b. 1961)

University degree in Human Resources

Member of Orkla's Group Executive Board since June 2014. From 2010 to 2014, Mr Grönberg was HR Director at Orkla Foods, prior to which he held the position of HR Director at Stabburet from 2008 to 2010. He was employed at Procordia Food from 1998 to 2008, including eight years as HR Director. From 1982 to 1998, Mr Grönberg pursued a career in the Swedish Armed Forces.

Mr Grönberg and related parties own 6,401 shares and 40,000 options in Orkla ASA[1].

HÅKON MAGELI

Group Director, Corporate Communications & Corporate Affairs / (b. 1964)

MSc in Business (siviløkonom), BI Norwegian Business School, The Executive Programme (Darden, USA)

Member of Orkla's Group Executive Board since June 2012. Director Corporate Affairs Orkla Brands, 2008–2012. Prior to that, Mr Mageli was Information Director at Orkla Foods, 1995–2008. From 1993 to 1995, he was Director, Public Affairs, Orkla Foods, in Brussels, and Company Secretary, Nora Foods, 1991 –1993. Mr Mageli worked as a journalist at Dagens Næringsliv, 1985–1990. He is Chairman of the Confederation of Norwegian Enterprise's Trade Policy Committee, member of the Board of the Federation of Norwegian Food and Drink Industry and Chair of the Board of Matmerk – The Norwegian Food Branding Foundation.

Mr Mageli and related parties own 76,001 shares and 100,000 options in Orkla ASA[1,2].

[1]Shares and options owned as at 31 December 2015.
[2]On 15 February 2016, Mr Mageli exercised 50,000 options, of which all shares were sold. After this transaction, Mr Mageli owns 50,000 options in Orkla.

Governing bodies and elected representatives

Nomination Committee

Nomination Committee elected by the General Meeting (cf. Article 13 of the Articles of Association)

Anders Christian Stray Ryssdal (1,315)[1]
Leiv Askvig (0)
Nils-Henrik Pettersson (42,080)
Karin Bing Orgland (0)

Board of Directors

Stein Erik Hagen (249,142,000)
Grace Reksten Skaugen (3,000)
Ingrid Jonasson Blank (1,750)
Lisbeth Valther (3,000)
Lars Dahlgren (2,000)
Nils K. Selte (18,000)

Employee-elected Board members

Terje Utstrand (5,240)
Sverre Josvanger (18,053)
Janne Halvorsen (0)
Åke Ligardh (3,611)

Employee-elected Board observer

Peer Sørensen (2,400)

Auditor

Ernst & Young AS (0)
Jan Wellum Svensen (0), State authorised public accountant

Figures in brackets indicate the number of shares owned as at 31 December 2015, including those owned by related parties.

Corporate democracy at Orkla ASA

Active employee participation in the governing bodies both at Group level and in the individual Group companies is an important element of decision-making processes at Orkla. An aim has been to evolve representational arrangements that adequately ensure broad-based involvement and genuine influence. A new agreement adapted to the Group's governance structure was signed in 2015.

The employees elect four of the 11 members of Orkla's Board of Directors and one observer. As part of the process of reducing the size of the Board of Directors of Orkla ASA, it has been agreed that the observer seat is to be eliminated; see section 8 under "Corporate governance".

A Committee of Union Representatives has been established for employees of the Norwegian, Swedish and Danish companies in the Orkla Group. This arrangement ensures broad representation for Group employees, based on company, union and country. In Norway, there are also separate committees of representatives for LO union members and for salaried employees. The Committees meet regularly with the Group's executive management to discuss matters relevant to the Group.

An agreement establishing a European Works Council (EWC) has been entered into at Orkla, and liaison committees have been established in the Orkla Foods, Orkla Confectionery & Snacks, Orkla Food Ingredients and Orkla Care business areas. In addition to the corporate arrangements described above, the employees are represented on the Board of Directors and works council of major companies in the Orkla Group.

The Orkla Committee of Union Representatives comprised the following members as at 31 December 2015:

Orkla Committee of Union Representatives

Working Committee

Terje Utstrand, Chair,
Åke Ligardh, 1st Deputy Chair
Peer Sørensen, 2nd Deputy Chair
Sverre Josvanger, Secretary
Laila Fast Petrovic, member
Roger Vangen, member
Janne Halvorsen, member

Committee of Representatives

(in addition to the Working Committee)

Tore Nielsen
Mette Novak
Ingrid Sofie Nielsen
Perny Emdal
Karin Hansson
Linda Fogde
Christer Florin
Nils-Erik Nilson
Susanne Pedersen
Leif Pedersen

[1]Owned by related parties.

Group Directory

PARENT COMPANY

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Nedre Skøyen vei 26, NO-0276 Oslo, Norway
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www.orkla.com

BRANDED CONSUMER GOODS

ORKLA FOODS
P.O. Box 423 Skøyen, NO-0213 Oslo, Norway
Tel.: +47 22 54 40 00

Orkla Foods Norge AS
P.O. Box 711, NO-1411 Kolbotn, Norway
Tel.: +47 66 81 61 00
www.orklafoods.no

Orkla Foods Norge - Branches:
- Gimsøy Kloster, Skien
- Idun, Rygge
- Nora, Rygge
- Saritas, Kristiansand
- Stabburet, Fredrikstad
- Stabburet, Sem
- Stabburet, Stranda
- Stabburet, Vigrestad
- Sunda, Oslo
- Toro, Arna
- Toro, Elverum
- Vossafår, Voss

Orkla Foods Sverige AB
Isbergs gata 9B, SE-211 19 Malmö, Sweden
Tel.: +46 10 142 40 00
www.orklafoods.se

- Orkla Foods Sverige AB, Eslöv, Sweden
- Orkla Foods Sverige AB, Frödinge, Sweden
- Orkla Foods Sverige AB, Fågelmara, Sweden
- Orkla Foods Sverige AB, Kumla, Sweden
- Orkla Foods Sverige AB, Kungshamn, Sweden
- Orkla Foods Sverige AB, Tollarp, Sweden
- Orkla Foods Sverige AB, Uddevalla, Sweden
- Orkla Foods Sverige AB, Vansbro, Sweden
- Orkla Foods Sverige AB, Örebro, Sweden

Orkla Foods Danmark A/S
Hørsvinget 1-3, DK-2630 Taastrup, Denmark
Tel.: +45 43 58 93 00
www.orklafoods.dk

- Orkla Foods Danmark A/S, Ansager, Denmark
- Orkla Foods Danmark A/S, Havnsø, Denmark
- Orkla Foods Danmark A/S, Skælskør, Denmark
- Orkla Foods Danmark A/S, Svinninge, Denmark

Orkla Foods Fenno-Baltic
Orkla Foods Finland Oy
P.O. Box 683, FI-20361 Åbo, Finland
Tel.: +358 20 785 4000
www.orklafoods.fi

- Orkla Foods Finland Oy, Åbo, Finland
- AS Põltsamaa Felix, Põltsamaa, Estonia
- UAB Suslavicius-Felix, Kaunas, Lithuania
- Orkla Foods Latvija, Riga, Latvia

Orkla Foods International
P.O. Box 423 Skøyen
NO-0213 Oslo, Norway
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Felix Austria GmbH
Felixstrasse 24, AT-7210 Mattersburg, Austria
Tel.: +43 2626 610-0
www.felix.at

VITANA, a.s.
Armády 245, CZ-155 00 Praha 5 – Stodulky, Czech Rep.
Tel.: +420 257 198 111
www.vitana.cz
www.vitanafs.cz
www.vitana.sk

- VITANA, a.s., Bysice, Czech Rep.
- VITANA, a.s., Roudnice nad Labem, Czech Rep.
- VITANA, a.s., Varnsdorf, Czech Rep.
- VITANA Slovensko, s.r.o., Slovakia

MTR Foods Private Limited
No. 1, 2nd & 3rd floor, 100 feet inner ring road
Ejipura, IN-560047 Bangalore, India
Tel.: +91 80 40 81 21 00
www.mtrfoods.com

- Rasoi Magic Foods Pvt. Limited, Pune, India

ORKLA CONFECTIONERY & SNACKS
P.O. Box 423 Skøyen, NO-0213 Oslo, Norway
Tel.: +47 22 54 42 00

Orkla Confectionery & Snacks Norge AS
P.O. Box 423 Skøyen, NO-0213 Oslo, Norway
Tel.: +47 22 54 42 00

Group Directory

Orkla Confectionery & Snacks Norge Branches:
• Trondheim, Norway
• Skreia, Norway

Orkla Confectionery & Snacks Sverige AB
Box 1196, SE-171 41 Solna, Sweden
Tel.: +46 77 111 10 00
www.olw.se
www.göteborgskex.se

Orkla Confectionery & Snacks Sverige Branches:
• Filipstad, Sweden
• Kungälv, Sweden

Orkla Confectionery & Snacks Danmark A/S
Sømarksvej 31-35, DK-5471 Søndersø, Denmark
Tel.: +45 63 89 12 12
www.kims.dk

Orkla Confectionery & Snacks Finland AB
Äyritie 22, FI-01510 Vantaa, Finland
Tel.: +358 20 791 8600

Orkla Confectionery & Snacks Finland - Branches:
• Haraldsby, Åland, Finland
• Vaajakoski, Finland

AS Kalev
Põrguvälja tee 6, Lehmja, Rae vald,
EE-Harjumaa 75 306, Estonia
Tel.: +372 6877 710
www.kalev.eu

Orkla Confectionery & Snacks Latvija Ltd.
Miera iela 22, LV-1001 Riga, Latvia
Tel.: +371 67 080 302
www.npfoods.lv
www.laima.lv

Rieber & Son Russia Production
41 Rabochaya st. p/box 41, RU-144001 Electrostal,
Moscow region, Russia
Tel.: +7 496 579 50 36
www.rieberson.ru

ORKLA CARE
P.O. Box 423 Skøyen, NO-0213 Oslo, Norway
Tel.: +47 22 54 40 00

Orkla Home & Personal Care AS
P.O. Box 673 Skøyen, NO-0214 Oslo, Norway
Tel.: +47 22 54 40 00
www.lilleborg.no - www.lilleborgprofesjonell.no

• Orkla Home & Personal Care AS, Ski, Norway
• Orkla Home & Personal Care AS, Ello branch, Kristiansund N, Norway
• Orkla Home & Personal Care AS, Flisa branch, Norway
• Orkla Home & Personal Care AS, Jørpeland branch, Norway
• Orkla Home & Personal Care AS, Kronull branch, Frei, Norway
• Jordan Asia Pacific Sdn Bhd, Kuala Lumpur, Malaysia
• Peri-dent LTD, Galashiels, Scotland
• Peri-dent Star Sdn Bhd, Nilai, Malaysia

Orkla House Care

Anza AB
P.O. Box 133, SE-564 23 Bankeryd, Sweden
Tel.: +46 36 37 63 00
www.anza.se

• Orkla House Care Norge AS, Skøyen, Norway
• Orkla House Care Danmark A/S, Slangerup, Denmark
• Hamilton Acorn Ltd, Norfolk, U.K.

Orkla Health AS
P.O. Box 353 Skøyen, NO-0213 Oslo, Norway
Tel.: +47 22 54 40 00
www.orklahealth.no - www.orklahealth.com

• Orkla Health AS, Oslo, Norway
• Orkla Health OY, Vantaa, Finland
• Orkla Health A/S, Ishøj, Denmark
• Orkla Health AB, Solna, Sweden
• Orkla Health Sp z.o.o., Warsaw, Poland
• Orkla Health SIA, Riga, Latvia
• UAB Orkla Health, Vilnius, Lithuania

Pierre Robert Group AS
P.O. Box 3 Skøyen, NO-0212 Oslo, Norway
Tel.: +47 22 54 40 00
www.pierrerobertgroup.no

• Pierre Robert Group AB, Stockholm, Sweden

Cederroth Intressenter AB
Box 715, SE-194 27 Upplands Väsby, Sweden
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www.cederroth.com

• Cederroth AB, Upplands Väsby, Sweden
• Pharibo Medical International, Upplands Väsby, Sweden
• Cederroth AS, Revetal, Norway
• Cederroth Danmark AS, Lynge, Denmark
• Cederroth Paramedical, Lynge, Denmark
• Cederroth OY, Espoo, Finland
• Cederroth Polska S.A., Radzymin, Poland
• Cederroth Distrex S.A.U., Barcelona, Spain

Group Directory

ORKLA FOOD INGREDIENTS

P.O. Box 423 Skøyen, NO-0213 Oslo, Norway
Tel.: +47 22 54 40 00

Idun Industri AS, Hvam, Norway

- Idun Industri AS, Rakkestad, Norway
- Bako AS, Hvam, Norway
- Iglo Logistikksenter, Jessheim, Norway
- Candeco Confektyr AB, Malmö, Sweden
- Nimatopaal i Dala-Järna AB, Dala-Järna, Sweden
- Frima Vafler, Århus, Denmark
- Call Caterlink Ltd., Cornwall, UK
- Marcantonio Foods, Ltd., Essex, UK
- Eisunion, Nürnberg, Germany

Odense Marcipan A/S, Odense, Denmark

- Bæchs Conditori A/S, Hobro, Denmark
- Natural Food, Coseano, Italy

Credin Group, Freixeira, Portugal

- Credin Polska, Sobotka, Poland
- Credin A/S, Juelsminde, Denmark
- Credin Productos Alimenticios, Barcelona, Spain
- Credin Russia, Ulyanovsk, Russia
- Merkur 09 Sp.z.o.o, Warsaw, Poland
- Kobo, Nisko, Poland
- Sebmag, Ciechanów, Poland
- Holpol, Nowe Skalmierzyce, Poland

CBP A/S, Vejle, Denmark

Dragsbæk A/S, Thisted, Denmark

- Kjarnavörur hf, Reykjavik, Iceland
- Innbak hf, Reykjavik, Iceland
- UAB Vilniaus Margarino Gamykla (VMG), Vilnius, Lithuania
- Poznan Onion, Poznan, Poland
- KT Foods, Fårup, Denmark
- Gædabakstur, Reykjavik, Iceland
- Blume Food I/S, Randers, Denmark
- Naturli' Foods, Højbjerg, Denmark
- PureOil I/S, Thisted, Denmark
- Grøndansk ApS, Vejen, Denmark

KåKå AB, Lomma, Sweden

- KåKå AB, Sollentuna, Sweden
- KåKå AB, Örebro, Sweden
- KåKå Czech, Prague, Czech Republic
- Belusa Foods, Belusa, Slovakia
- Jästbolaget AB, Sollentuna, Sweden
- MiNordija, Kaunas, Lithuania
- LaNordija, Riga, Latvia
- Vilmix, Tallinn, Estonia
- Ekvia, Nitra, Slovakia
- Condite Oy, Naantali, Finland

Orkla Foods Romania SA, Bucharest, Romania

- Orkla Foods Romania, Covasna, Romania
- Orkla Foods Romania, Iasi, Romania
- FDS, Bucharest, Romania

Sonneveld Group B.V., Papendrecht, The Netherlands

- Sonneveld Sarc, Cergy Pontoise, France
- Sonneveld NV/SA, Brussels, Belgium
- Sonneveld KfT, Öcsa, Hungary
- Sonneveld Poland, Nowe Skalmierzyce, Poland

OTHER BUSINESSES

Orkla Eiendom AS

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www.orklaeiendom.no

Sapa AS

Biskop Gunnerus' gate 14A, NO-0185 Oslo, Norway
P.O. Box 81, NO-0101 Oslo, Norway
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www.sapagroup.com

HYDRO POWER

Sarpsfoss Limited

P.O. Box 162, NO-1701 Sarpsborg, Norway
Tel.: +47 69 11 80 00

- Mossefossen ANS, Moss, Norway

AS Saudefaldene

Vangsnes, NO-4200 Sauda, Norway
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Trælandsfos AS, Kvinesdal

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OTHER GROUP COMPANIES

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