Annual Report
2021

Orkla

Contents

1. Introduction to Orkla

Our corporate responsibility in yet another year of pandemic

After yet another year of pandemic, I am proud of how we, as a business of critical importance to society in several countries, have managed to keep our wheels in motion. Most of all, I am impressed by our 21 400 employees, who have dealt with a situation that has at times been highly demanding for society as a whole.

Jaan Ivar Semlitsch
President and CEO

Just as we are coming out of the pandemic, war breaks out in Europe. Russia's invasion of Ukraine has major consequences. The war has cost the lives of many people and caused inconceivable suffering. Orkla has deemed it necessary to cease its operations in Russia, and we have stopped imports and exports related to Russia and Belarus.

Our paramount priorities remain the same as at the start of the pandemic:

- protecting our employees and preventing infection
- ensuring the flow of goods in all markets
- maintaining a good cash flow and a strong balance sheet

Our delivery performance has averaged 97 per cent throughout 2021, which I find very satisfactory.

I like the fact that we have good stretch goals in Orkla. One area important to me is ensuring that everyone has equal opportunities, regardless of gender, social background, etc. At Orkla today, 42 per cent of our leadership positions are filled by women. This might be a good statistic in many contexts, but it's not good enough for us. Our goal is 50 per cent.

We continued to be active on the acquisition front in 2021. Among our larger acquisitions, I want to emphasise NutraQ, New York Pizza and Eastern, all of which are helping to further strengthen our position. NutraQ represents a new business model for us, with digital sales directly to consumers.
We are thereby learning a great deal that I want us to use to our benefit in more areas of Orkla. New York Pizza is an exciting extension of our pizza franchise business in Finland. Our goal is to become a leading operator in Europe, and we have taken important steps towards this objective by making several acquisitions in Germany as well. With the acquisition of Eastern, Orkla will have a strengthened, solid platform for further growth in the Indian market.

We have extended our partnership with the Norwegian Women's Public Health Association (Norske Kvinners Sanitetsforening – NKS) for another two years to the end of 2023. A focus of particular importance in our continued collaboration is helping vulnerable families with children. Unfortunately, after almost two years of pandemic, this target group is still just as relevant. So it is good to see that, through our excellent cooperation with NKS's various local branches, we are able to reach those in greatest need of assistance with our useful, fun and enjoyable products. In India, through our wholly-owned subsidiary MTR, we have provided donations for medical equipment and local health services, and have distributed ready-to-eat meals and drinks during the pandemic.

We held our Capital Markets Day on 23 November 2021, where we presented both our financial and our sustainability goals for the next three years. A main message from this event is that we have ambitions of substantially stepping up our profitable organic growth. Another area worth mentioning is the company's digital development. Digitalisation plays an increasingly important role in every part of the value chain. It is therefore good to see that we are making real headway in this process, and we also see exciting opportunities in the future.

We at Orkla are committed to creating sustainable growth, and we have come a long way towards making sustainability work an integral part of

our business plans, decision-making processes and day-to-day operations. We are a member of the UN Global Compact and have worked resolutely for many years to protect people and the environment throughout the value chain. For us as a manufacturer of food and other consumer goods, UN Sustainable Development Goal 12 – responsible consumption and production – forms the very core of our sustainability work.

We work purposefully to ensure that Orkla products contribute to increasingly sustainable consumption, and in 2021 have made good progress in our efforts to reduce greenhouse gas emissions, promote sustainable raw material production and increase recycling of packaging waste. To inspire consumers to make climate-smart choices, we introduced climate impact labelling on a large number of products in 2021, under brands such as TORO, Vitana, Felix, Paulúns and NATURLI'®.

I am glad to see that our companies carried out a range of sustainability-related growth initiatives in 2021. An exciting innovation launched this past autumn is our unique refill carton for Klar cleaning products. As the very first in our industry to do so, we have switched from using plastic to cardboard. This is a unique solution that effectively meets the desire of many consumers to contribute to more sustainable consumption. I look forward to seeing more such solutions in the future.

In order to be adequately prepared for the opportunities that lie ahead, we established two new companies in 2021. One of them is Orkla Ocean, which we started because we see that the ocean's vegetables – seaweed – can be used as an ingredient that is both tasty and healthy in several of our products. The other company is Orkla Alternative Proteins, where we aim to achieve a turnover of NOK 3 billion in plant-based food over a four-year period. We will attain this target through organic growth, but possibly also through acquisitions.

We are proud that our sustainability work is being noticed. In 2021, Orkla was again included in the Dow Jones Sustainability Index Europe, and we won Grønt Punkt Norge's Plastic Pledge award for our efforts to increase use of recycled plastic. In Latvia, the Everest, Gutta and Adazu brands were all ranked among the "Top 50 greenest brands" in a survey carried out by the Baltic Brand Forum.

I look forward to our continued progress and to exploring all the opportunities that lie before us. We will live up to our values of being brave, inspiring and trustworthy by offering strong and sustainable brands everywhere we are present.

Goals and strategy

Long-term, sustainable value creation

Our goal at Orkla is to strengthen our position as a leading supplier of branded goods in our core markets. In this way, we will achieve long-term value creation and profitable growth. We want to contribute positively to our customers, consumers, partners, employees and shareholders, and to the communities we are a part of. Focus on sustainable value creation therefore permeates all our activities.

We always put our customers and consumers first and work resolutely and continuously to understand their desires and needs. This is pivotal to our efforts to live up to our mission of *"Improving everyday life with sustainable and enjoyable local brands"*.

Winning locally

Orkla has a solid foundation consisting of strong brands with deep local roots, combined with unique, local customer and consumer insight. We create organic growth by translating this unique insight into innovations and solutions that meet customer and consumer demands. We continuously invest in our brands and in enhancing our expertise to ensure that we can continue to win at the local level. The combination of our in-depth insight and local presence is our greatest competitive advantage, both locally and globally.

We constantly strive to improve our profitability by simplifying and rationalising operations throughout our value chain. We will leverage economies of scale, reduce portfolio complexity, create cross-group synergies and use technology and automation to optimise production and our business.

Adaptable in a changing world

In a world of rapid change, we must change quickly in order to continue to win in our markets. We do this by concentrating on three priority areas:

- We must continue to understand consumer needs in an increasingly digital world, and offer new, innovative solutions that meet their expectations.
- We must focus purposefully on sustainability to promote sustainable production and consumption. This means choosing sustainable raw materials and packaging, reducing food waste and minimising the overall climate footprint of our products.

- We must continue to be a preferred partner in everything we do, through trust-based, long-term partnerships.

Investing in the future

Orkla works steadfastly to find new ways of creating value. We invest in the future to ensure that we offer *what* consumers want, *where* they want it. Tomorrow's Orkla will be stronger and will continue to contribute to the betterment of the communities we are a part of. Our future growth will primarily derive from four focus areas:

- We aim to enter new, fast-growing markets. When we enter new geographical areas, we will compete in categories that we already know well. We will concentrate on three geographical areas: the Nordics and Baltics, Central and Eastern Europe and South Asia.
- We will increase our investments in plant-based products based on established positions.
- We will continue to work systematically to develop health-related products and solutions.
- We want to strengthen our positions in the growing *Out of Home* channel, which includes bakeries, restaurants, canteens and food service businesses.

Acquisition strategy

We consider it important to have a dynamic portfolio and an objective view of our assets. Over time, we effectively adjust our portfolio to increase long-term value creation and reduce complexity.

Strategic acquisitions will continue to be a key element of Orkla's growth strategy and value creation model, and a source of renewal and capability building. Through acquisitions, we aim to strengthen our activities in selected geographical areas, channels or categories where we can win leading positions based on Orkla's core competencies. We will exploit synergies across the Group by effectively integrating acquired companies.

Orkla's financial goals for 2022–2024

- Annual organic turnover growth of at least 2.5 per cent
- 4 – 6 per cent annual growth in EBIT (adj.)

A leading supplier of strong branded products

Orkla is a leading branded goods company with strong market positions based on local consumer insight and a sustainable business model.

Our strategic goal is to strengthen our position as a leading branded goods company in the Nordics, Baltics, Central Europe, India and other selected markets. We will maintain our strong local presence and competitiveness, while achieving long-term value creation and profitable growth in the group. Our ambition is to become a sustainability leader in our home markets, and sustainable innovations grounded in our unique local customer and consumer insight is one of our primary growth drivers. Growth in plant-based products is a key objective of our focus on sustainability.

At Orkla we work systematically to ensure a more sustainable value chain in order to develop healthier, more sustainable products that promote public health and have a smaller environmental footprint.

Orkla ASA is listed on the Oslo Stock Exchange and its headquarters is in Oslo.

Vision, values and mission

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 local, sustainable and enjoyable local brands.

Leading positions in selected markets

Leading supplier of branded goods and concept solutions
Orkla is the leading branded goods company in the Nordics, Baltics and selected markets in Central Europe and India.

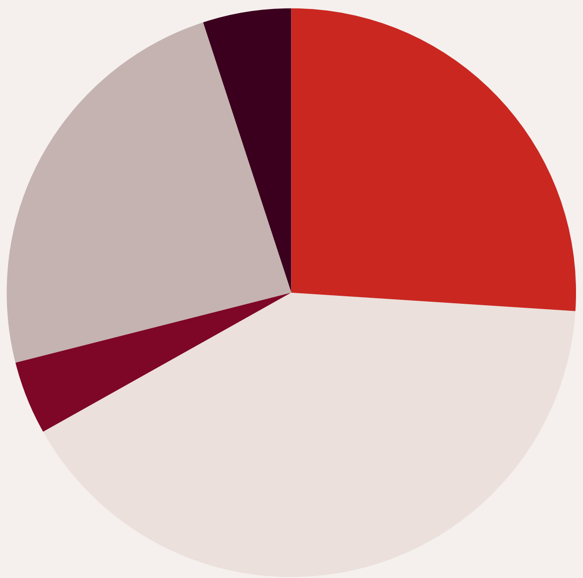
Unique customer and consumer insight
Orkla is well-known for its branded goods that hold No. 1 or strong No. 2 positions.

Orkla products are sold in over **100** countries.

Orkla's ten largest categories

- Snacks
- Ready meals
- Confectionery
- Sauces and flavourings
- Personal hygiene
- Dietary supplements and Omega-3
- Bread toppings
- Pizza
- Wash and cleaning
- Biscuits

Sales revenues by geographical region*



	Share
Norway	26%
Nordics, excl. Norway	41%
Baltics	4%
Rest of Europe	24%
Rest of world	5%

* Excluding internal sales and other operating revenues

Key figures

Operating revenues
NOK 50.4 billion

EBIT (adj.) margin
12.2%

Number of employees
21 423

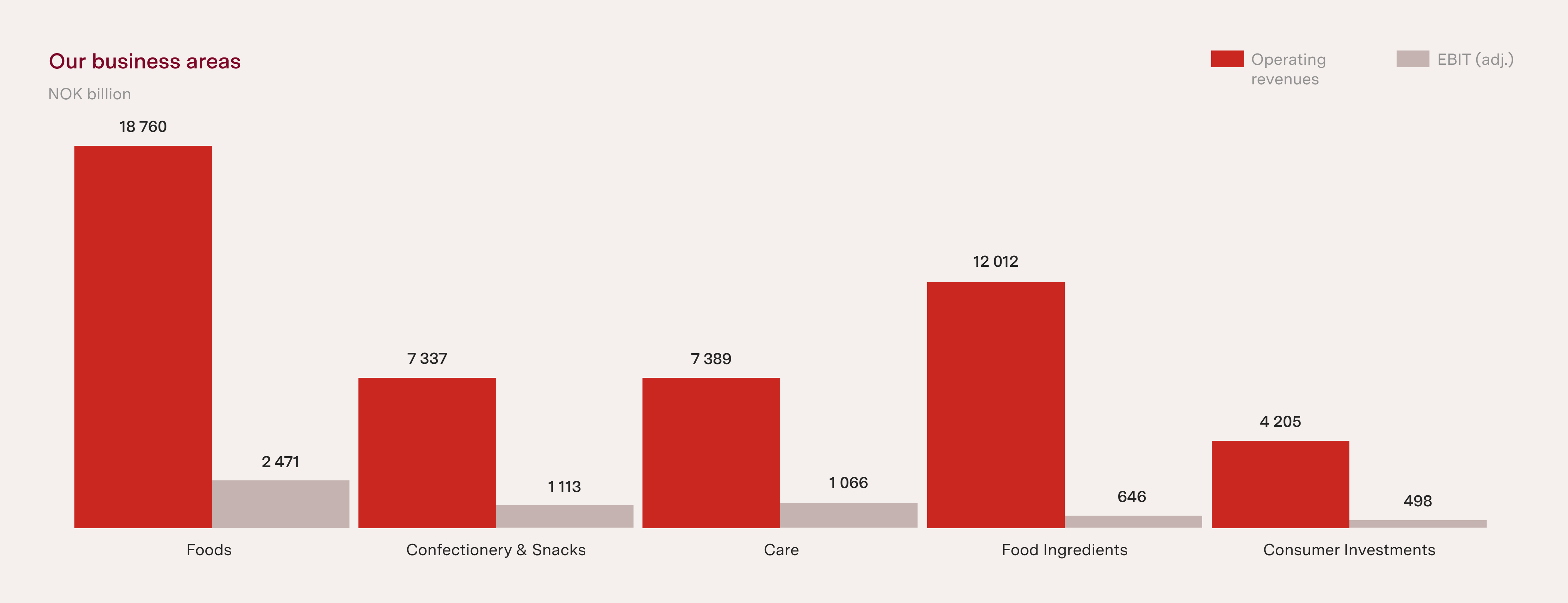
EBIT (adj.)
NOK 6.1 billion

Earnings per share
NOK 4.82

Business areas in Orkla

Branded Consumer Goods incl. Headquarters

Operating revenues	Organic growth	Number of employees	EBIT (adj.)	EBIT (adj.) margin	EBIT (adj.) growth	EBIT (adj.) margin growth
NOK 49.2 billion	4.3%	21 369	NOK 5.4 billion	11%	-0.1%	-70 bps



*On a 100% basis.

Orkla Foods

Orkla Foods is our largest business area, accounting for 37 per cent of our operating revenues.

Orkla Foods offers well-known local branded products to consumers in the Nordics, Baltics, Central Europe and India. The business area holds leading market positions in a number of categories, including frozen pizza, ketchup, soups, sauces, bread toppings and ready-to-eat meals. Plant-based and sustainable products from the NATURLI'® and Anamma brands account for a steadily growing percentage of our turnover. The products are primarily sold through the grocery channel, but Orkla Foods also holds strong positions in food service, convenience stores and petrol stations. Its many widely known brands include Grandiosa, TORO, Stabburet, Fun Light, Felix, Paulúns, Abba, Kalles, Beauvais, Den Gamle Fabrik, Spilva, Vitana, MTR and Eastern.

Key figures

Operating revenues
NOK 18.8 billion

Organic growth
1.8%

EBIT (adj.)
NOK 2.5 billion

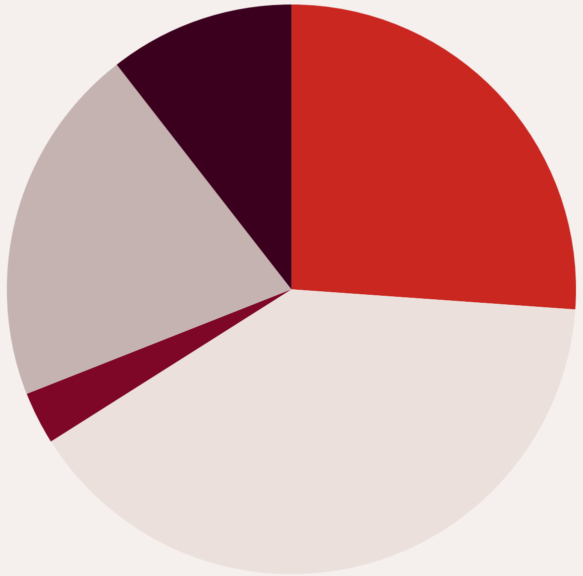
EBIT (adj.) growth
-6.4%

EBIT (adj.) margin
13.2%

EBIT (adj.) margin growth
-120 bps

Number of employees
10 256

Sales revenues by geographical region*



	Share
Norway	26%
Nordics excl. Norway	40%
Baltics	3%
Rest of Europe	20%
Rest of world	11%

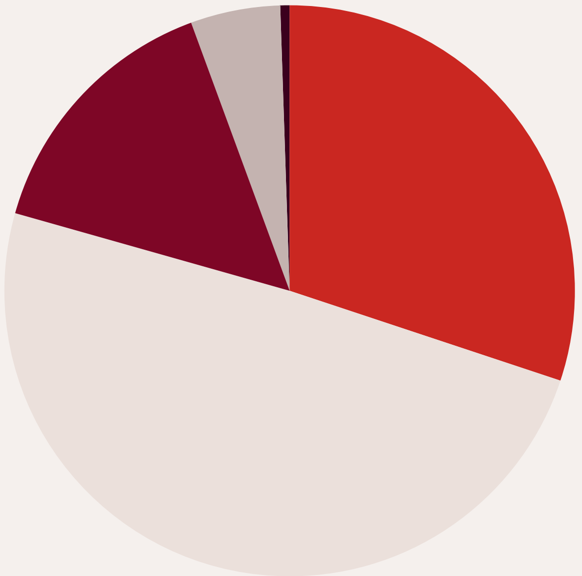
* Excluding intercompany sales and other operating revenues

Orkla Confectionery & Snacks

Orkla Confectionery & Snacks' turnover accounts for 15 per cent of our operating revenues.

Orkla Confectionery & Snacks holds strong number one and number two positions in the confectionery, biscuit and snacks categories, with well-known local brands and tastes that delight consumers in the Nordic and Baltic countries. Its many widely known brands include KiMs, Nidar, Stratos, Sætre, Göteborgs Kex, OLW, Panda, Laima, Selga, Taffel, Kalev and Nói Síríus.

Sales revenues by geographical region*



	Share
Norway	30%
Nordics excl. Norway	49%
Baltics	15%
Rest of Europe	5%
Rest of world	1%

* Excluding intercompany sales and other operating revenues

Key figures

Operating revenues
NOK 7.3 billion

Organic growth
3.4%

EBIT (adj.)
NOK 1.1 billion

EBIT (adj.) growth
-7.5%

EBIT (adj.) margin
15.2%

EBIT (adj.) margin growth
-160 bps

Number of employees
3 115

Orkla Care

Orkla Care represents 15 per cent of our operating revenues.

Orkla Care has home markets in the Nordics, Baltics, Poland and Spain, in addition to exporting a substantial share of its volumes to outside markets. Its largest business units are Orkla Home & Personal Care, which holds leading positions in the personal care and cleaning products segments, and Orkla Health, which has strong dietary supplement, sports nutrition and weight control brands. Through Orkla Wound Care, Orkla Care also holds market-leading positions in wound care and first aid equipment in several European countries. HSNG runs the Gymgrossisten, Bodystore and Fitnessmarket e-commerce portals, and is the largest e-commerce operator in the Nordic region in health and sports nutrition. Well-known brands include Zalo, Jif, Bliw, Grumme, Blenda, Define, Möller's, Collett, Nutrilett, Maxim, Norgesplaster and Salvequick.

Key figures

Operating revenues
NOK 7.4 billion

EBIT (adj.) growth
+4.6%

Number of employees
2 219

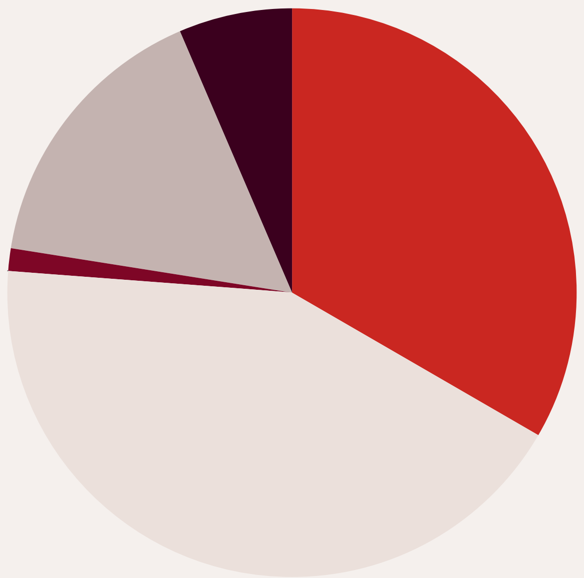
Organic growth
2.3%

EBIT (adj.) margin
14.4%

EBIT (adj.)
NOK 1.1 billion

EBIT (adj.) margin growth
-40 bps

Sales revenues by geographical region*



	Share
Norway	33%
Nordics excl. Norway	43%
Baltics	1%
Rest of Europe	16%
Rest of world	7%

* Excluding intercompany sales and other operating revenues

Orkla Food Ingredients

Orkla Food Ingredients accounts for 24 per cent of our operating revenues.

Orkla Food Ingredients is the leading supplier of bakery and ice cream ingredients in the Nordics and Baltics, and holds growing positions in selected countries in Europe. The business area manufactures, sells and distributes ingredients and products to the bakery and ice cream market, as well as products in plant-based categories, in 23 countries. Around 60 per cent of sales are made through the Out of Home channel, and around 20 per cent are direct-to-consumer sales under well-known brands such as Odense, Mors Hjemmebakte, KronJäst, Bakkedal and NATURLI'®. The remaining 20 per cent are sales to industrial producers which chiefly manufacture and supply goods to the grocery channel. Orkla Food Ingredients' operating margin is lower than that of Branded Consumer Goods' other business areas, due to the fact that a major share of its sales consists of raw materials and sales to industrial customers.

Key figures

Operating revenues
NOK 12.0 billion

EBIT (adj.) growth
+29.2%

Number of employees
4 071

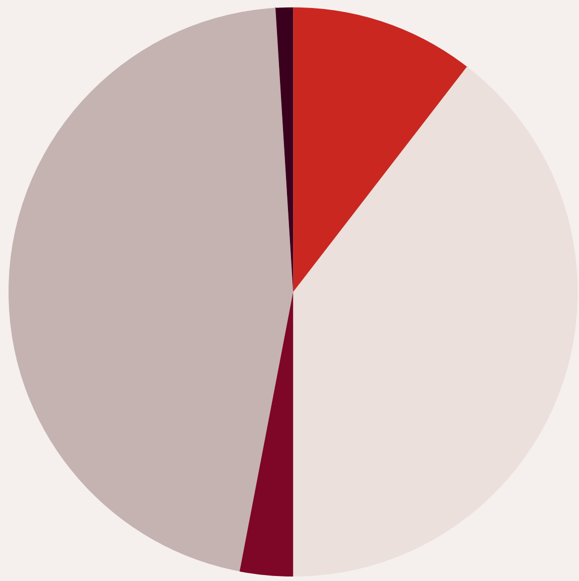
Organic growth
10.4%

EBIT (adj.) margin
5.4%

EBIT (adj.)
NOK 0.6 billion

EBIT (adj.) margin growth
70 bps

Sales revenues by geographical region*



	Share
Norway	10%
Nordics excl. Norway	39%
Baltics	3%
Rest of Europe	46%
Rest of world	1%

* Excluding intercompany sales and other operating revenues

Orkla Consumer & Financial Investments

The Orkla Consumer & Financial Investments business area consists of two areas:

Orkla Consumer Investments

Orkla Consumer Investments is part of the Branded Consumer Goods area and accounts for 8 per cent of our operating revenues. Orkla Consumer Investments comprises the business units Orkla House Care, which holds leading positions in the painting tool market, Lilleborg, with professional cleaning products, and Pierre Robert Group, a supplier of basic and wool garments for men, women and children. Orkla Consumer Investments also comprises franchised pizza sales outlets through Kotipizza Group and New York Pizza.

Key figures - Orkla Consumer Investments

Operating revenues
NOK 4.2 billion

EBIT (adj.) growth
+23.3%

Number of employees
1 382

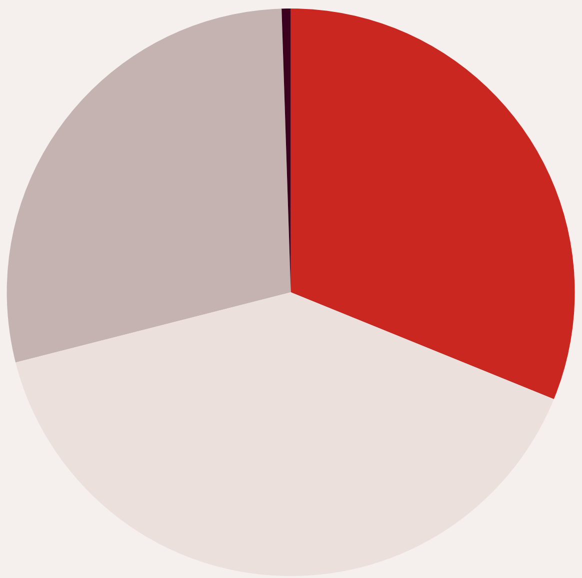
Organic growth
4.8%

EBIT (adj.) margin
11.8%

EBIT (adj.)
NOK 0.5 billion

EBIT (adj.) margin growth
+130 bps

Sales revenues by geographical region*



	Share
Norway	31%
Nordics excl. Norway	40%
Baltics	0%
Rest of Europe	28%
Rest of world	1%

* Excluding intercompany sales and other operating revenues

Industrial & Financial Investments

Orkla has some investments outside its Branded Consumer Goods business which are organised under Industrial & Financial Investments. This area comprises our associate Jotun, in which we have a 42.6 per cent ownership interest and the consolidated businesses Hydro Power, Orkla Eiendom (real estate) and Orkla Ventures.

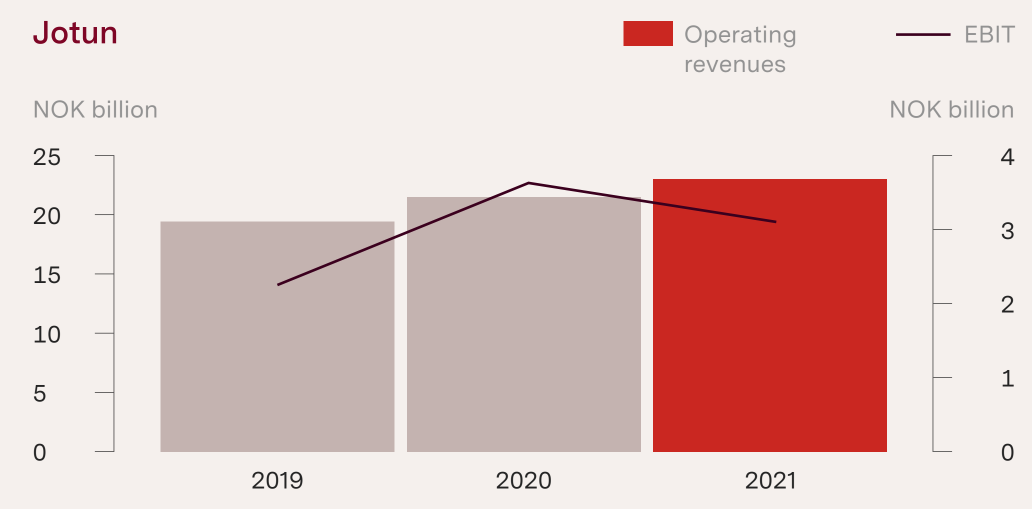
Jotun

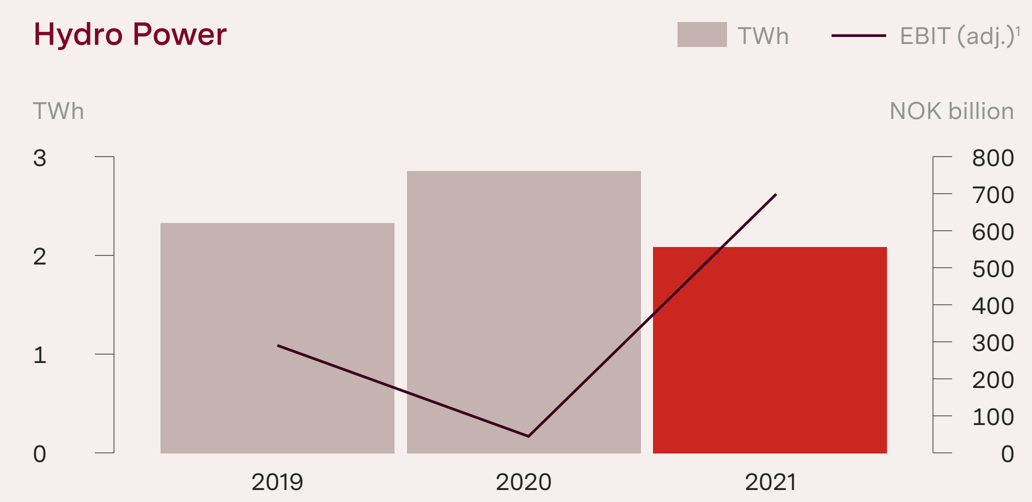
Jotun is one of the leading global manufacturers of paint and powder coatings. Jotun's worldwide activities consist of the development, production, marketing and sale of a variety of paint systems, and are organised in the four segments Decorative Paints, Marine Coatings, Protective Coatings and Powder Coatings.

The company's main markets are the Middle East, India, Africa, Northeast Asia, Southeast Asia and Scandinavia, and Jotun is represented in over 100 countries. Jotun is accounted for using the equity method and presented on the line "Profit/loss from associates and joint ventures" in the consolidated financial statements.

Hydro Power

Hydro Power consists of Orkla's wholly-owned power plants in Sarpefossen and an 85 per cent interest in the Saudefaldene power company. The Sauda power operations are regulated by a lease with Statkraft that will run until 31 December 2030. Hydro Power generates and supplies electricity to the Nordic power market, and produces an average annual volume (2012–2021) totalling 2.5 TWh, of which around 1 TWh is a fixed delivery commitment with a zero net effect on profit.





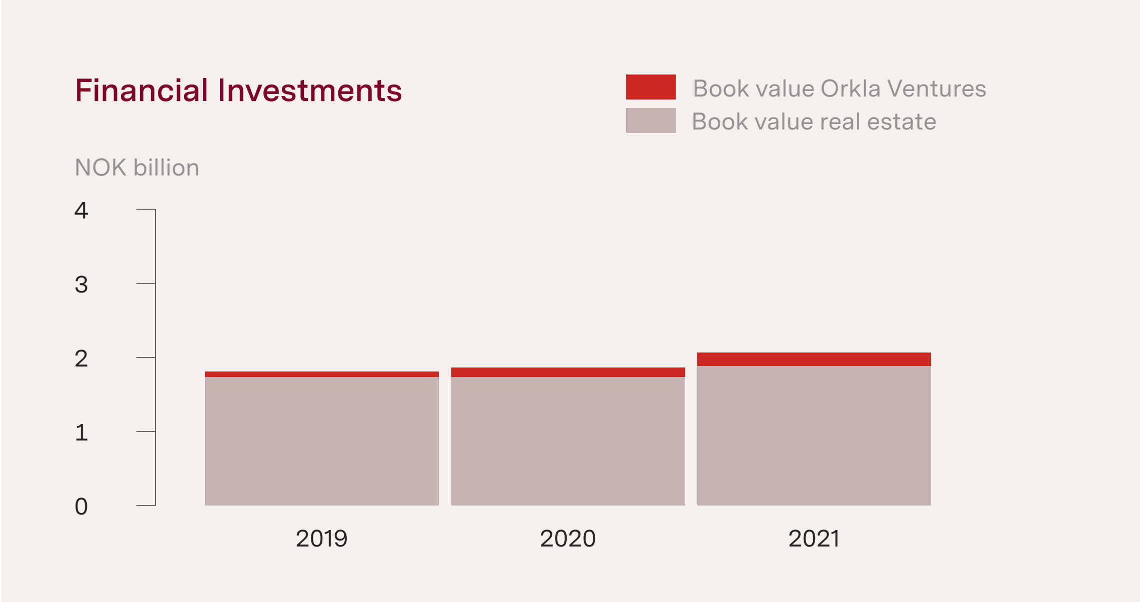
1 Operating profit before other income and expenses

Orkla Eiendom

Orkla Eiendom (real estate) is concentrated on investment in and the development and sale of properties primarily related to Orkla's activities. It also manages our headquarters, which were completed in February 2019. In addition, Orkla Eiendom meets the Group's needs for specialised expertise in the real estate sector. As at 31 December 2021, Orkla's real estate investments had a book value of NOK 1.9 billion.

Orkla Ventures

In 2017, we established Orkla Ventures to reach out to a growing universe of entrepreneurial businesses and start-up companies. Orkla Ventures seeks to invest in technology, concepts and business models that might be relevant for Orkla's businesses. Besides offering risk capital, Orkla as a group provides both expertise and collaboration in relevant parts of the value chain.



2. Board of Directors' Report, Corporate Governance and Executive Remuneration Report

Board of Directors' Report

Under the continuing impact of the coronavirus pandemic (COVID-19) in 2021, our paramount priority has been to protect the health and safety of our employees, secure the flow of goods in all our markets, and maintain a good cash flow and a strong balance sheet. In 2021 Orkla also focused on sustainable growth and long-term value creation by concentrating on good profitability. The Group has strengthened its position as a leading branded consumer goods company through the acquisition of strategically important companies, several of which operate in sales channels outside the traditional grocery channel.

All alternative performance measures (APM) are presented on page 349.
Figures in parentheses refer to the corresponding period of the previous year.

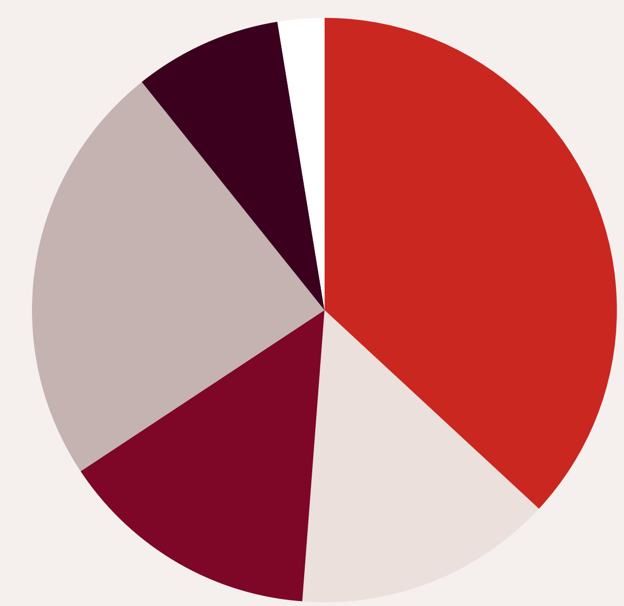
Operations 2021

Orkla increased turnover by 7.0 per cent in 2021 as a result of organic growth in the Branded Consumer Goods business and contributions from acquired companies, as well as higher revenues from Hydro Power. The Group's EBIT (adj.) growth in 2021 was 11.9 per cent, driven primarily by acquisitions and strong profit growth for Hydro Power due to a strong increase in power prices in Norway in 2021. Operating profit rose by 26 per cent in 2021.

Branded Consumer Goods achieved organic growth of 4.3 per cent in 2021. The COVID-19 pandemic continued to impact on Orkla in 2021, and the situation has at times been challenging for several Orkla companies. In the second half of 2021, society reopened in several of Orkla's markets, resulting in a boost in the level of activity in the Out of Home sector, combined with continued good growth in the grocery channel. Sales improved for all Orkla's business areas in 2021, with particularly good improvement for Orkla Food Ingredients which was positively affected by higher Out of Home activity after long periods of lockdown in 2020 due to the pandemic. Branded Consumer Goods incl. Headquarters saw a slight decline of -0.1 per cent in EBIT (adj.), year over year, as a result of increased costs and higher advertising spend, as well as negative currency translation effects, partly counteracted by positive contributions from acquired companies.

In 2020 Orkla launched a new internal aspiration statement, "Aspirations 2030", for the period up until 2030. The aspiration statement was

Sales revenues by business area



Area	Share
Orkla Foods	37%
Orkla Confectionery & Snacks	14%
Orkla Care	14%
Orkla Food Ingredients	24%
Orkla Consumer Investments	8%
Industrial & Financial Investments	3%

launched externally on Orkla's Capital Markets Day in November 2021, with clearly defined targets for the coming strategy period. The top three priority approaches in Orkla's aspiration statement are "Winning locally", "Embracing change" and "Building tomorrow". During the year, there was emphasis on strengthening Orkla's existing brand portfolio. To consolidate its position as a leading branded consumer goods group, Orkla has worked to revitalise its current brand portfolio, strengthen its market positions and support well-established brands with innovations in response to trends and consumer needs. In addition, Orkla has made targeted efforts to promote sustainability, focusing on both sustainable production and sustainable consumption. The development of plant-based, environmentally friendly products was an important aspect of innovation work in 2021 and will remain a key platform in the future. NATURLI'® and Felix Veggie are examples of plant-based brands that have launched a number of new products in 2021.

Description of structural changes

Throughout 2021, the Group continued to maintain strong focus on structural growth aimed at strengthening Orkla's position as a leading branded consumer goods company. In addition, the Group clearly defined some growth areas, and much of the structural growth in 2021 has stemmed from these areas. The priority areas are 1) Plant-based, 2) Consumer Health and 3) Out of Home. Orkla's target is to achieve turnover of NOK 3 billion from plant-based products in 2025. Orkla further targets 50 per cent growth in sales of consumer health products by the end of 2025, and has a goal of becoming a European leader for pizza franchises. In addition, the Indian market is a geographically prioritised growth area for Orkla.

Orkla Foods

In the third quarter of 2020, Orkla entered into an agreement to acquire 67.8 per cent of the shares in the food and spice company Eastern Condiments Private Limited ("Eastern") in India. The acquisition was completed in March 2021. Eastern will be merged into the Orkla-owned company MTR Foods Private Limited, and Orkla will have an ownership interest of 90.01 per cent in the new company. This transaction will give Orkla a stronger, solid platform for further growth in the Indian food market.

In March 2021, Orkla Foods acquired 80 per cent of the shares in the Finnish company Seagood Oy Fort Deli ("Fort Deli"). Fort Deli holds a strong position in the Finnish HoReCa market and is an established supplier of frozen products, sauces and condiments in Finland. This acquisition strengthens Orkla's position in one of its home markets, and increases its exposure to the food service and Out of Home market.

Orkla Confectionery & Snacks

In May 2021, Orkla purchased the Icelandic company Nói Síríus HF ("Nói Síríus"), which is the leading manufacturer of chocolates and confectionery in Iceland. Nói Síríus holds a unique position in Iceland and is thus a good fit for Orkla's portfolio of leading brands. Orkla has held a 20 per cent minority shareholding in the company since August 2019.

Orkla Care

In February 2021, Orkla entered into an agreement to purchase 100 per cent of the shares in NutraQ 2 AS ("NutraQ"), a leading supplier of subscription-based health and beauty products in the Nordic region. NutraQ is behind the two well-known health and beauty concepts VitaePro and Oslo Skin Lab. NutraQ also owns the Maxulin dietary supplement brand, the Provexin hair treatment product and the Vesterålens Naturprodukter brand that offers Omega-3 products. NutraQ was established in Norway in 2002 and has since also established operations in Denmark, Finland and Sweden. This acquisition, which was completed in June 2021, enables Orkla to strengthen its position in a growing health market and gives it access to a new business model based on subscriptions for products distributed directly to consumers.

In January 2021, Orkla purchased the remaining 83.3 per cent of shares in Proteinfabrikken AS, in which Orkla already owned a 16.7 per cent minority shareholding since 2014. Proteinfabrikken sells a broad range of proprietary sports nutrition products and distributes a number of other brands and products in the sports nutrition, food and fitness equipment categories.

In January 2022, Orkla purchased 95 per cent of the shares in Vesterålen Marine Olje AS. The company has been an important supplier of raw materials for Möller's Tran cod liver oil and is thus a strategically important acquisition for Orkla in terms of both the health category and sustainability. The company was consolidated into Orkla's financial statements as of 1 January 2022.

In February 2022, Orkla purchased 100 per cent of the shares in Healthspan Group Limited, a leading supplier of dietary supplements in the UK market. Healthspan offers a broad range of dietary supplements and skin care products, most of which are sold directly to consumers. This transaction strengthens Orkla's position in the consumer health and online sales markets. The company was consolidated into Orkla's financial statements as of 1 March 2022.

Orkla Food Ingredients

Orkla acquired the operations of the Polish sales and distribution company Ambasador92 Sp. z o.o. (Ambasador92). in March 2021. Ambasador92 is a leading player in the sale and distribution of bakery and confectionery products and holds a strong position in the growing Out of Home channel, which comprises bakeries, confectioners and ice cream manufacturers.

In May 2021, Orkla purchased 100 per cent of the shares in the two companies Cake Décor Limited and For All Baking Limited, which manufacture and sell cake decorations and accessories to online stores, bakeries and grocery retailers in the UK.

In June 2021, Orkla purchased 100 per cent of the shares in Sigurd Ecklund AS, which is a supplier of a wide range of products to Norwegian confectioners, bakeries, restaurants and hotels.

In July 2021, Orkla acquired 100 per cent of the shares in the Swiss company Hans Kaspar AG, a supplier of confectionery and ice cream ingredients.

Orkla Consumer Investments

Orkla purchased 75 per cent of the shares in New York Pizza in June 2021. The company is one of the Netherlands' leading pizza chains and operates through franchised sales outlets. This acquisition is in line with Orkla's strategic ambition of growing in Out of Home channels.

Through New York Pizza, Orkla acquired the three German pizza chains Stückwerk, Flying Pizza and Pizza Planet in the third quarter of 2021. These acquisitions give Orkla a solid foothold in the growing German pizza market. As a result of the acquisitions, New York Pizza now has 342 franchised sales outlets, of which 234 are in the Netherlands, 107 in Germany and one in Belgium.

For more information on the acquisition and disposal of businesses, see Note 5.

Results in 2021

The Group

Condensed income statement

Amounts in NOK million	2021	2020
Operating revenues	50 441	47 137
EBIT (adj.)	**6 145**	**5 492**
Other income and expenses	(415)	(930)
Operating profit	**5 730**	**4 562**
Profit/loss from associates and joint ventures	855	1 000
Interest and financial items, net	(219)	(214)
Profit/loss before tax	**6 366**	**5 348**
Taxes	(1 468)	(926)
Profit/loss for the year	**4 898**	**4 422**

The increase of 7.0 per cent in operating revenues in 2021 was a result of contributions from acquired companies and organic growth in Branded Consumer Goods, as well as higher revenues for Hydro Power due to increased power prices in Norway. There was organic growth in all business areas, due to general good growth in the grocery market and increased activity in the Out of Home segment, positively affected by the reopening of society and periods of fewer restrictions compared with extensive lock-downs during much of 2020 due to the outbreak of the COVID-19 pandemic early that year. Orkla Food Ingredients experienced particularly good growth in the Out of Home segment in all its areas, and Consumer Investments saw especially good growth for the pizza restaurant business Kotipizza.

Group EBIT (adj.) grew by 11.9 per cent in 2021. Growth was driven by profit improvement in Branded Consumer Goods, with contributions from acquired companies, and strong improvement for Hydro Power. For further comments on Branded Consumer Goods, see the section on "Comments on the profit performance in the individual business areas".

The Group's "other income and expenses" were lower in 2021, year over year. The high level in 2020 was largely related to write-downs and recognition of expenses related to ERP projects, and write-downs related to PRG Finland and Gorm's. In 2021 costs were expensed in connection with acquisitions and integration, in addition to costs related to several improvement projects in the Group, particularly in connection with restructuring. Other income includes sales of real estate and businesses. See Note 14 for more information on the Group's "other income and expenses".

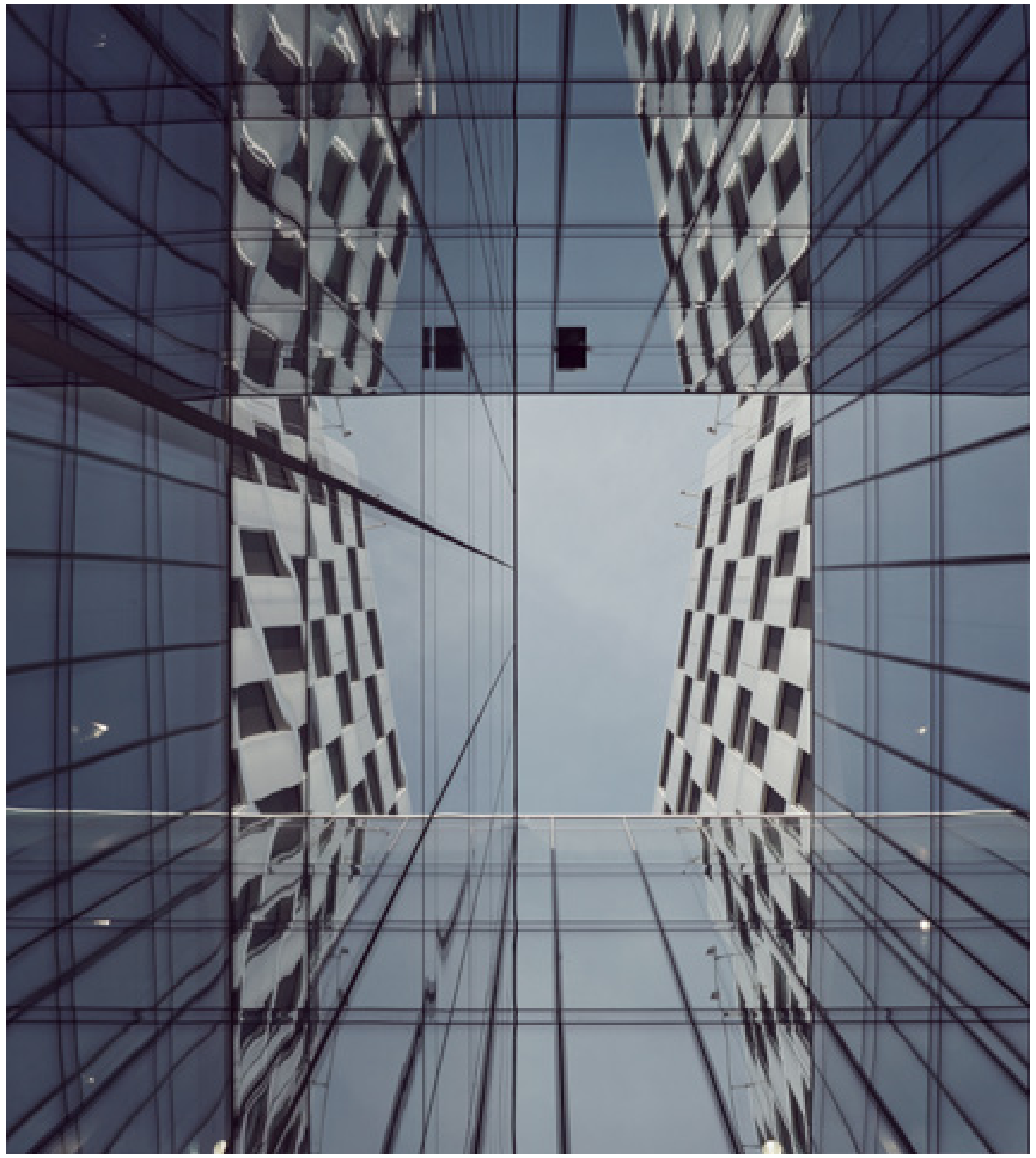
Profit from associates and joint ventures mainly consists of Orkla's 42.6 per cent equity interest in Jotun. The investment is presented using the equity method. In 2021, Jotun delivered a lower contribution of NOK 851 million, compared with NOK 970 million in 2020, primarily due to lower gross margins as a result of higher raw material prices.

Interest and financial items were NOK 5 million higher than in 2020. The average gross interest-bearing liabilities increased by NOK 3.0 billion to NOK 11.4 billion in 2021, resulting in higher interest costs. This was largely counteracted by a reduction of 0.3 percentage points in average borrowing rates to 1.5 per cent in 2021.

Orkla is subject to ordinary company tax in the countries in which the Group operates. The tax rate (adjusted for profit from associates) for the 2021 financial year was 26.6 per cent, compared with 21.3 per cent in 2020. The year-over-year change in the tax rate is mainly due to higher economic rent tax. See Note 16 for other comments.

Results from entities outside Norway are translated to Norwegian kroner based on average monthly exchange rates. Due to currency market fluctuations and the stronger Norwegian krone, the Group had negative currency translation effects in 2021 of NOK 1,726 million on operating revenues and NOK 187 million on EBIT (adj.).

Earnings per share in 2020 were NOK 4.82, compared with NOK 4.37 in 2020. Adjusted earnings per share were NOK 5.17, compared with NOK 5.04 in the previous year.



Financial situation and capital structure

Cash flow

The comments below are based on the cash flow statement as presented in Orkla's internal format (see Note 7). Cash flow from operations from Branded Consumer Goods incl. Headquarters was lower in 2021 than in 2020. This is mainly explained by the fact that working capital at the end of 2021 was negatively impacted by increased inventory values due to higher raw material prices, and by accrual effects of customer bonuses and discounts. The average amount of funds tied up in working capital as a percentage of sales continues to fall, although somewhat more slowly than in 2020.

The biggest project under replacement investments was the ongoing construction of a new biscuit factory in Latvia. In addition, net replacement investments included several other ongoing factory projects and the entry into new long-term leases. Investments related to ERP projects were substantially lower at the end of 2021, year over year.

In Industrial & Financial Investments, cash flow from operations as at 31 December 2021 were significantly higher, year over year, due to good profit improvement for Hydro Power. Dividends received and financial items mainly consist of dividends received from Jotun and paid financial items.

Dividends paid and the purchase/sale of treasury shares largely consist of dividends paid totalling NOK 2,784 million. Net buybacks of Orkla shares amounted to NOK 346 million as at 31 December 2021. Expansion investments chiefly consisted of investments to increase production capacity for plant-based products in both Orkla Foods and Orkla Food Ingredients. Investments were also made to increase production capacity in Central Europe.

Cash flow Orkla format

Amounts in NOK million	2021	2020
Cash flow from Branded Consumer Goods incl. HQ		
EBIT (adj.)	5 433	5 440
Depreciation	1 924	1 783
Change in net working capital	(456)	670
Net replacement investments	(2 625)	(2 251)
Cash flow from operations (adj.)	**4 276**	**5 642**
Cash flow effect "Other income" and "Other expenses" and pensions	(525)	(291)
Cash flow from operations Branded Consumer Goods incl. HQ	**3 751**	**5 351**
Cash flow from operations Industrial & Financial investments	**692**	**87**
Taxes paid	(907)	(1 152)
Dividends received, financial items and other payments	139	91
Cash flow before capital transactions	**3 675**	**4 377**
Dividents paid and sale/buyback of Orkla shares	(3 130)	(2 609)
Cash flow before expansion	**545**	**1 768**
Expansion investments	(486)	(479)
Sale of companies (enterprise value)	0	200
Purchase of companies (enterprise value)	(7 030)	(733)
Net cash flow	**(6 971)**	**756**
Currency effects of net interest-bearing liabilities	593	(585)
Change in net interest-bearing liabilities	**6 378**	**(171)**
Net interest-bearing liabilities	**12 758**	**6 380**

Acquisitions of companies totalled NOK 7,030 million in 2021. The largest of them was the purchase of 100 per cent of the shares in NutraQ, 67.8 per cent of the shares in Eastern Condiments and 75 per cent of the shares in New York Pizza.

Net cash flow for the Group amounted to NOK -6,971 million. Positive currency translation effects due to the stronger Norwegian krone reduced net interest-bearing liabilities by NOK 593 million in 2021. As at 31 December 2021, net interest-bearing liabilities before leases totalled NOK 10,834 million. Including lease liabilities under IFRS 16, net interest-bearing liabilities totalled NOK 12,758 million.

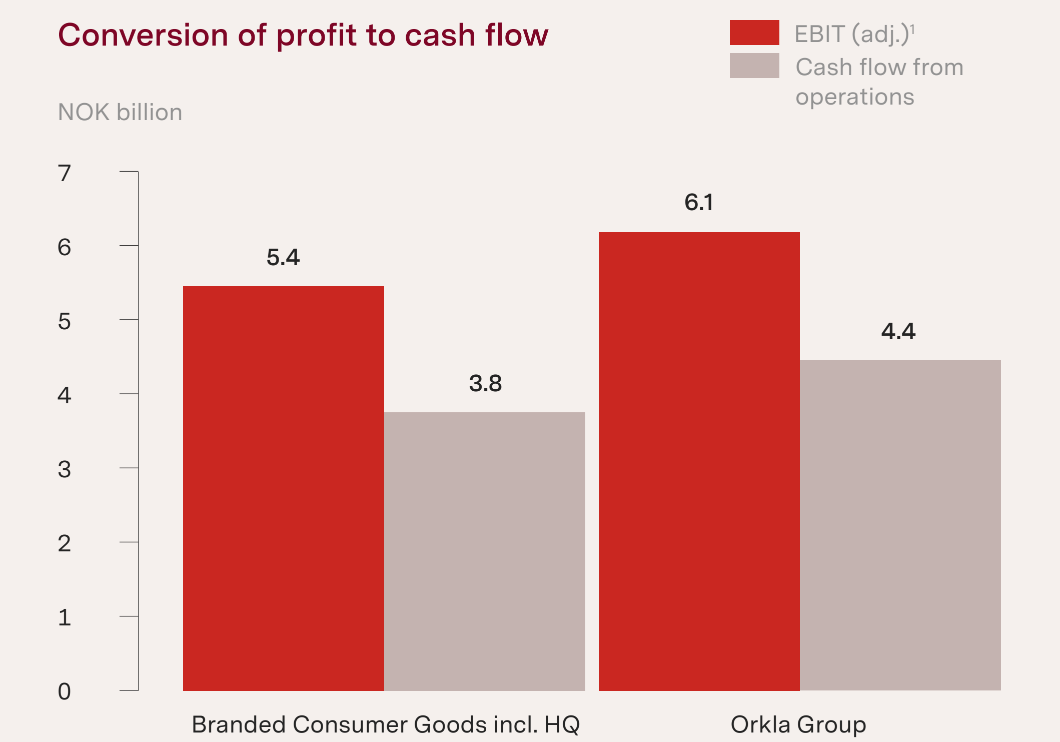
As at 31 December 2021, the equity ratio was 55.8 per cent, compared with 59.8 per cent year over year. The average time to maturity of interest-bearing liabilities and unutilised credit lines is 3.5 years. Unutilised loan facilities totalled NOK 7.2 billion and cash and cash equivalents amounted to NOK 1.6 billion. At year end, the interest level on the Group's liabilities (excluding leases) was 1.3 per cent.

In 2021 Orkla established a framework for the issue of green bonds, and bonds with a total amount of NOK 1.5 billion were issued under this framework. In January 2022, Orkla announced that it had received a credit rating of A- with a stable outlook from Scope Ratings GmbH.

Contracts and financial hedge instruments

Orkla generally has few long-term purchasing and sale contracts. Financial hedging instruments are used in connection with management of currency

Conversion of profit to cash flow

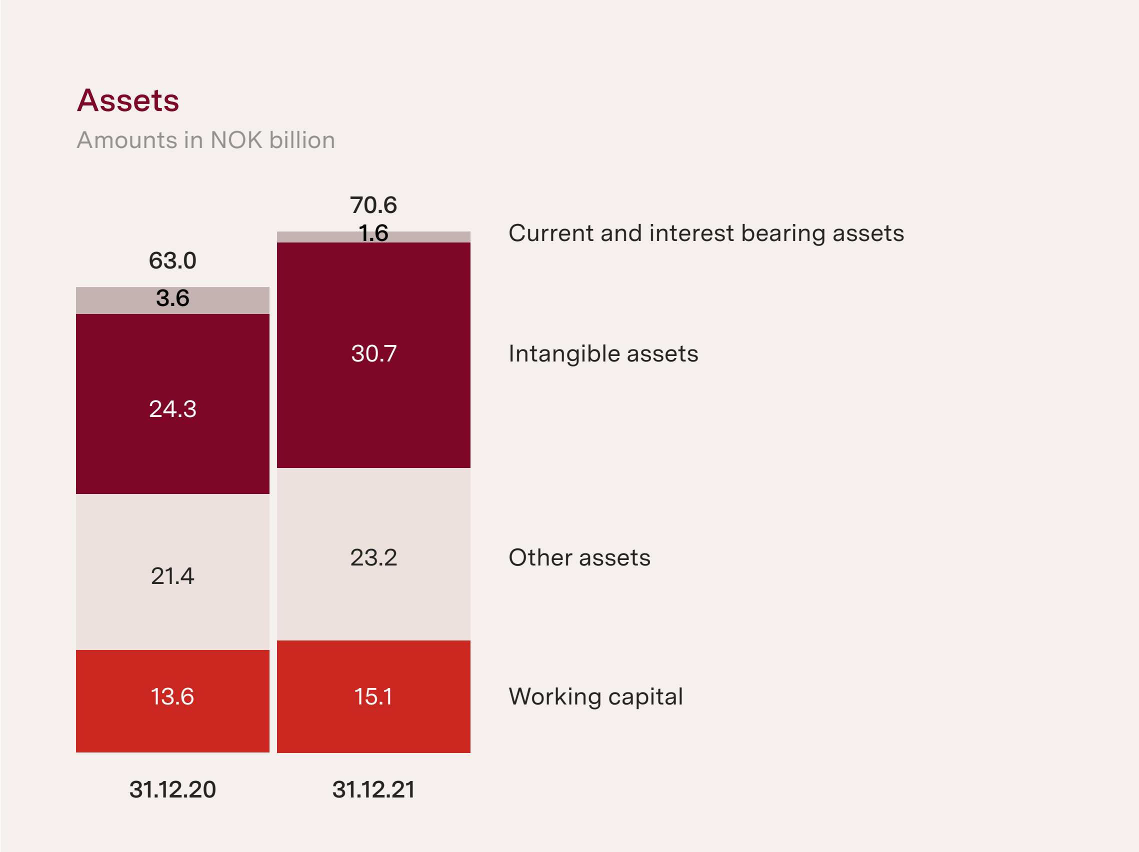


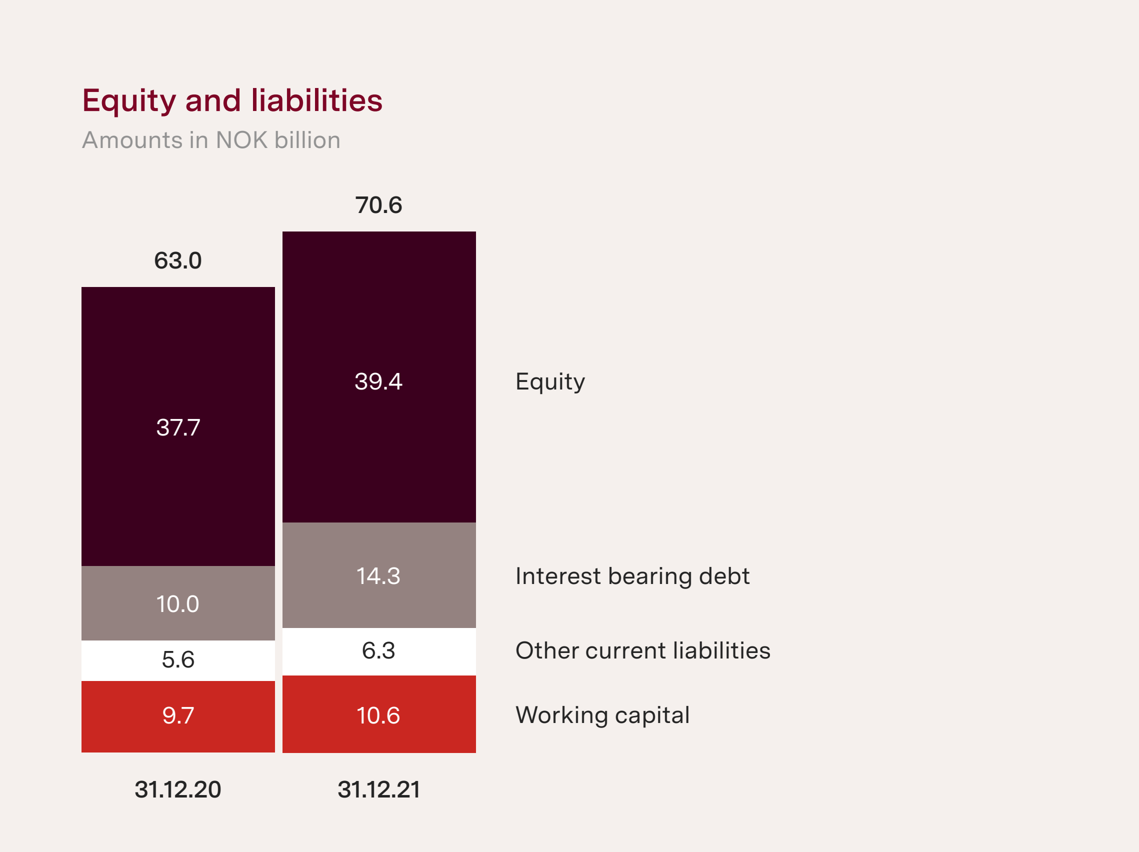
1 Operating profit before other income and expenses

and interest rate risk as well as certain incentive programmes and pension plans. In Hydro Power, AS Saudefaldene has some long-term power contracts. Further details regarding power contracts may be found in Note 34.

Capital structure

The consolidated statement of financial position totalled NOK 70.6 billion at year end, compared with NOK 63.0 billion at the end of 2020. Net interest-bearing liabilities as at 31 December 2021 totalled NOK 12.8 billion including lease liabilities, which is an increase from NOK 6.4 billion as at 31 December 2020. This implies a net interest-bearing debt to EBITDA ratio of 1.5, which is below Orkla's goal of maintaining this key figure below 2.5 over time. Orkla's financial position is robust, with cash reserves, credit lines and the flexibility to support its business priorities. Group equity totalled NOK 39.4 billion at the end of 2021, with an equity ratio of 55.8 per cent, compared with 59.8 per cent year over year.





The Orkla share

At the end of 2021, there were 996,578,096 shares outstanding, and Orkla owned 4,852,874 treasury shares. The number of shareholders was 49,579, compared with 41,585 at the end of 2020. The proportion of shares held by foreign investors decreased by 4 percentage points to 47 per cent. The Orkla share was priced at NOK 88.36 at the end of the last trading day in 2021. At year-end 2020, the share price was NOK 87.00. Taking into account the dividend, the return on the Orkla share was 5.0 per cent in 2021, while the return on the Orkla Stock Exchange Benchmark Index (OSEBX) was 23.4 per cent. Orkla shares were traded on the Oslo Stock Exchange for a total of NOK 33.0 billion in 2021. See page 353 for further information on shares and shareholders.

Risk management

The Board of Directors attaches importance to ensuring that risk is managed systematically in all parts of the Group, and considers this a prerequisite for long-term value creation for shareholders, employees and society at large. Orkla has adopted a structured approach to identifying risk factors and taking action to mitigate risk. In accordance with the Group's Risk Management instructions, risk assessments must be carried out routinely in all units, and presented to and discussed by the internal boards of directors as part of the budget process. When important decisions are to be made on matters such as acquisitions, disposals and major investments, the same requirement applies to risk assessment as in connection with routine risk management.

The units' risk assessments are consolidated to create an overall risk picture for Orkla, which also includes a longer-term, systematic risk assessment. Orkla's overall risk picture is reviewed by the Group Executive Board and the Board's Audit Committee and discussed by the Board of Directors. Orkla has a diversified company and product portfolio, which reduces the risk of significant profit fluctuations.

In 2021, there was greater uncertainty and growing volatility related to the supply of certain input factors and raw materials. The COVID-19 pandemic has led to global bottlenecks and value chain disruptions which, combined with strong demand, have resulted in substantially higher market prices for several major raw material categories. Due to the global value chain disruptions, freight rates have increased, and there have been delays and long delivery times for selected goods. In the longer term, there might also be greater risk related to availability of raw materials, and the quality and prices of several of Orkla's input factors due to the current climate changes. The risk of scarcity of raw materials and resources, as well as cost increases, is mitigated by means of close follow-up of suppliers, inventory build-up in certain areas, increased resource efficiency, and approval of use of alternative raw materials. There is also risk related to currency fluctuations, but Orkla companies do a substantial share of their sourcing in local currencies, thereby reducing the overall risk.

Climate changes can cause floods, earthquakes and other natural disasters, and there is considered to be risk related to whether Orkla's factories are located in exposed areas. Orkla makes assessments of both new and existing locations and the extent of their exposure to natural disasters. The risk is considered to be low.

In 2022, Orkla will move its existing biscuit production operations in Kungälv in Sweden and Riga in Latvia to a new biscuit factory outside Riga. The start-up of production in a new factory is generally considered to entail a certain risk. On account of the relocation and the size of the project, this process is being followed up closely by dedicated staff and management at central level.

Orkla has an ambition of growing in channels with higher growth than the traditional grocery sector. In the past few years, the grocery market has undergone changes, including increased competition from new sales channels. However, the outbreak of the COVID-19 pandemic in 2020 led to strong market growth in the grocery sector, including online shopping, and a decline in Out of Home channels. This trend continued into 2021. During spring 2021, markets in several countries reopened after long periods of stringent infection control restrictions, resulting in gradual improvement for Out of Home channels such as restaurants, canteens and other food service facilities. On the other hand, the outbreak of new COVID-19 variants during 2021 led to growing uncertainty as regards to future growth in the various sales channels.

There is still a risk of production disruptions due to major local infection outbreaks, and this applies to the entire value chain as well as to Orkla's suppliers. Developments are closely monitored by the companies and the Group's central staff, in addition to which good infection control procedures have been put in place at Orkla's factories and detailed plans have been drawn up for a variety of scenarios.

There is high customer concentration in Orkla's main geographical markets, and the proportion of the retail trade's private labels is growing. To maintain volume and margins in the grocery market, priority is given to close follow-up of customers, joint projects with customers and collaboration across business areas in Orkla, as well as strong focus on integrating consumer insight in innovation processes and other measures to spur growth in existing product categories and market positions.

Changing consumer preferences and trends pose a risk if Orkla fails to keep close track of developments and make necessary adjustments. There is substantial growth in demand for plant-based food, locally produced food, products that offer proven health benefits and climate-friendly products. Sustainability is an issue that matters increasingly to consumers. To reduce risk, Orkla emphasises the importance of good consumer insight, experience-sharing and consumer testing, as well as close follow-up of customers. Orkla has intensified its focus on plant-based products, climate-friendly products and sustainable packaging solutions.

Inadequate food safety can potentially have significant consequences for consumers, and major changes in legislation regulating the content of food can potentially have consequences for Orkla. Orkla's central food safety team works continuously to ensure improvements and conduct audits at Orkla's factories, carry out supplier audits, and stay abreast of potential new regulations.

Orkla is increasingly dependent on IT systems and the proper handling of information. The IT threat landscape continually evolves due to the fact that both attackers and defenders are constantly adopting innovative tactics based on new technologies and techniques. Increased use of remote working, digital tools and need for IT access have led to a change in the risk picture. The duration and possible financial consequences of a cyber attack vary depending on which business functions have been compromised and the duration of interrupted service. The primary risk-mitigating measures include emergency preparedness plans, employee training and awareness-raising, mapping of the Group's IT infrastructure and updating of older IT infrastructure.

There is an inherent risk of fire, occupational accidents or other serious incidents in Orkla's production environments. Occupational safety is monitored through routine audits, and sickness absence is measured and followed up. Production units make active efforts to prevent and avoid production interruptions, and Group staff at central level follow up on supply chain and insurance matters. Webinars and e-learning courses are held on a variety of important topics.

Comments on the profit performance of the individual business areas

Orkla is a leading supplier of branded consumer goods and concept solutions to the consumer, food service and bakery markets in the Nordics, Baltics and selected countries in Central Europe and India. The Group also holds strong positions in selected product categories in other markets. The Branded Consumer Goods business consists of five business areas: Orkla Foods, Orkla Confectionery & Snacks, Orkla Care, Orkla Food Ingredients and Orkla Consumer & Financial Investments. Orkla Consumer & Financial Investments comprises the two areas Orkla Consumer Investments, which is part of Orkla's Branded Consumer Goods business, and Industrial & Financial Investments which comprises investments outside Branded Consumer Goods, including Orkla's ownership interest in Jotun. For a further description of the individual business areas in Branded Consumer Goods, and Orkla Industrial & Financial Investments, see Note 7. Associates consist primarily of Jotun (42.6 per cent interest); see Note 6.

The financial statements of the holding company Orkla ASA cover all activities at Orkla Headquarters. These activities include the Group's executive management and the following shared and centralised functions:

- Group Functions
  - Group HR
  - Compensation & Benefits
  - Corporate Communications & Corporate Affairs
  - Orkla Services
  - Internal Audit
  - Legal & Compliance
  - Environment, Health & Safety (EHS)
- Group Finance
- Strategy & M&A
- Group Sales
- Digital Sales & Amazon Lead Team
- Orkla Marketing & Innovation
- Orkla Group Procurement

The departments carry out parent-company responsibilities within the Group, and perform assignments and provide support for the Group's operational companies and charge them for these services. The activities and shared functions at Orkla Headquarters also include Orkla IT.

Branded Consumer Goods incl. Headquarters

Amounts in NOK million	Operating revenues 2021	Δ (%)	Organic Growth (%) 2021	EBIT (adj.) 2021	Δ (%)	EBIT (adj.)-margin (%) 2021	Δ (bps)
Orkla Foods	18 760	2.5	1.8	2 471	-6.4	13.2	-120
Orkla Confectionery & Snacks	7 337	2.3	3.4	1 113	-7.5	15.2	-160
Orkla Care	7 389	7.0	2.3	1 066	4.6	14.4	-40
Orkla Food Ingredients	12 012	12.3	10.4	646	29.2	5.4	70
Orkla Consumer Investments	4 205	9.3	4.8	498	23.3	11.8	130
Orkla Headquarters				-361	-10.4		
Total Branded Consumer Goods *	**49 204**	**5.8**	**4.3**	**5 433**	**-0.1**	**11.0**	**-70**

Operating revenues, change as %	FX	Structure	Organic growth	Total
Branded Consumer Goods	**-3.7**	**5.2**	**4.3**	**5.8**

* EBIT (adj.) and EBIT (adj.) margin include Headquarters. Intercompany sales between business areas have been eliminated.

Branded Consumer Goods

Operating revenues for Branded Consumer Goods increased by 5.8 per cent due to organic growth and acquisitions, partly counteracted by negative currency translation effects. The business area had organic growth of 4.3 per cent in 2021. Growth in the grocery sector was generally good, but performance for Orkla's categories and in different geographical markets was mixed. As a result of the reopening of society in several markets and easing of COVID-19-related restrictions, there was good growth in the Out of Home sector.

Orkla is exposed to a broad range of raw material categories. The COVID-19 pandemic has led to global bottlenecks and value chain disruptions and, combined with strong demand, this has resulted in a substantial increase in the market prices of key raw materials. Increases have been particularly high in the prices of vegetable oil, sugar, dairy products and meat, according to the FAO Food Price Index[1]. However, the index cannot be seen in direct conjunction with the rise in Orkla's sourcing costs, as the categories of raw material sourced by Orkla are broader than those covered by the index, and prices differ to some extent due to European and Norwegian agricultural policies and associated import regulation. In addition, Branded Consumer Goods saw increases in packaging and energy costs. The strengthening of the Norwegian krone against the euro by 8.8 per cent, compared with 2020, made a positive contribution to sourcing costs for Orkla's Norwegian businesses.

EBIT (adj.) growth for Branded Consumer Goods incl. Headquarters declined by -0.1 per cent in 2021, chiefly because top-line growth and structural growth were counteracted by higher costs and negative currency translation effects. The EBIT (adj.) margin for Branded Consumer Goods incl. Headquarters was 11.0 per cent in 2021, compared with 11.7 per cent the year before. The profit margin was negatively affected by high cost growth, including increased prices for key input factors, and higher advertising spend.

Orkla Foods

Operating revenues for Orkla Foods grew by 2.5 per cent in 2021, negatively impacted by currency consolidation effects. Organic growth was 1.8 per cent, driven by improvement in most markets. Much of the growth came from the food service, convenience store and petrol station segments, spurred by the reopening of society after the gradual easing of anti-pandemic restrictions. Sales of plant-based products continued to grow in line with Orkla Foods' strategic focus on this area. Grocery sales declined slightly for the year as a whole, compared with a strong year in 2020 that was positively affected by higher pandemic-driven demand. Profit fell in 2021, significantly impacted by implementation costs related to a new ERP system in Orkla Foods Sverige. At the same time, prices of raw materials, packaging, transport and energy rose sharply, especially in the second half of the year. Price increases were implemented in all markets and have gradually taken effect, but the situation will necessitate further price increases in 2022. The EBIT (adj.) margin was 13.2 per cent (14.4 per cent).

Orkla Confectionery & Snacks

Operating revenues for Orkla Confectionery & Snacks increased by 2.3 per cent in 2021. Organic growth was 3.4 per cent. Sales growth was driven by good market growth, especially in Norway, and by relisting by a major customer in Denmark. In the Baltics, demand was still affected by the COVID-19 pandemic but recovered towards the end of the year. Growth

1 The FAO Food Price Index measures the change in some international commodity prices. The index consists of the average of five commodity price indices, and is published by the United Nations (UN) its organization for food safety and nutrition

in market share was mixed during the year, but improved towards the end of the year. EBIT (adj.) was 7.5 per cent lower than in 2020, partly due to currency translation effects. Substantially higher raw material, energy and transport prices impacted negatively on profit, particularly in the second half of 2021. Price increases were gradually implemented during the fourth quarter of 2021 to offset the higher costs, and will continue in 2022. The EBIT (adj.) margin was 15.2 per cent (16.8 per cent).

Orkla Care

Orkla Care had sales growth of 7.0 per cent in 2021, positively affected by structural acquisitions. Organic growth for the year was 2.3 per cent, driven by the consumer health categories. Orkla Health continued to see strong sales of Omega-3 products and vitamins, and Wound Care reported broad sales growth after a 2020 impacted by falling demand due to pandemic related lockdowns. HSNG saw a year of solid sales growth in the fitness market, partly offset by a sales decline in its own online stores in the fourth quarter. Orkla Home & Personal Care experienced lower sales in 2021. The COVID-19 pandemic resulted in strong market growth in the grocery sector for several of the business area’s categories in 2020. In 2021, these effects were largely reversed in the second half of the year. The business area also saw a downturn in sales from the pandemic-driven high sales of alcogel hand sanitizer in 2020, in addition to a decline in global industry sales due to lockdowns in end markets. The EBIT (adj.) margin was 14.4 per cent. The decline in profit was a result of higher raw material prices, as well as higher costs and increased advertising spend, partly offset by positive currency effects.

Orkla Food Ingredients

Operating revenues for Orkla Food Ingredients rose by 12.3 per cent in 2021. Organic growth was 10.4 per cent. Acquisitions made a positive contribution, but this was counteracted to some extent by negative currency translation effects. Sales growth was broad-based across business areas and geographical markets, and was positively affected by the reduction in COVID-19 restrictions and the related positive impact on demand in the Out of Home market compared with 2020. 2021 continued to be affected by COVID-19 restrictions to varying degrees, but the impact on turnover and profit was lower than in 2020. The segment for sales of ice cream ingredients was particularly negatively impacted at the start of the season in March and April, especially in markets outside the Nordic region.

The summer in the same markets was unusually rainy and cold, which had a further dampening effect on sales for the segment. Profit growth for Orkla Food Ingredients is chiefly ascribable to higher sales volume, which was counteracted to some extent by higher raw material, freight and energy costs, in addition to challenges related to the supply of certain input factors. The EBIT (adj.) margin was 5.4 per cent, a year-over-year improvement of 0.7 percentage points.

Orkla Consumer Investments

Operating revenues for Orkla Consumer Investments increased by 9.3 per cent in 2021, boosted by the acquisition of New York Pizza and the related additional investments in Germany in the second half. The stronger Norwegian krone led to negative currency translation effects. Organic growth was 4.8 per cent, mainly driven by strong growth in Kotipizza, but all businesses contributed to growth in 2021. Sales of painting tools for Orkla House Care increased from the already high level in 2020, primarily due to the strong first half of 2021. Reported EBIT (adj.) for the business area increased by 23.3 per cent, positively affected by the acquisition of New York Pizza. All businesses achieved profit growth, except for the textile business which continued to be negatively impacted by the COVID-19 pandemic. The EBIT (adj.) margin was 11.8 per cent, compared with 10.5 per cent the previous year.

Orkla Headquarters

EBIT (adj.) from Headquarters amounted to NOK -361 million in 2021, compared with NOK -327 million in 2020. The somewhat more negative result, year over year, is mainly due to higher project and IT costs, and a provision for post-termination pay for former members of the Group Executive Board. This was partly offset by lower costs due to the completion of a restructuring project at Orkla Headquarters in 2020.

Industrial & Financial Investments

Jotun (42.6 per cent interest)

Amounts in NOK million	2021	2020
Operating revenues (100%)	22 809	21 070
EBIT (100%)	3 138	3 489
Contribution to profit	851	970

Jotun achieved record-high turnover in 2021, driven by growth in all regions and in three out of four segments. Sales of Marine Coatings were stable in 2021, impacted by the cyclical decline in the marine newbuildings industry. However, high activity in the ship maintenance and repair market offset the negative effect.

The decline in operating profit is mainly due to lower gross margins as a result of higher raw material costs. Negative currency translation effects, due to the stronger Norwegian krone, also affected profit in 2021.

Hydro Power

Amounts in NOK million	2021	2020
Volume (GWh)	2 065	2 884
Price (øre/kWh)	75.7	9.8
Operating revenues	1 177	519
EBIT (adj.)	702	42

The increase in profit was chiefly due to substantially higher power prices. A winter with little snow and a dry summer resulted in insufficient resources (snow and water) which, in combination with record-high prices for fossil fuels (gas, coal and CO2), and periods with little wind, led to very high power prices in Southern Norway. The power price in Southern Norway (NO1) in 2021 was 75.7 øre/kWh, compared with 9.8 øre/kWh in 2020. Power production in 2021 totalled 2,065 GWh, compared with 2,884 GWh in 2020. Operating costs were somewhat higher than in 2020, due to planned increases in large maintenance projects.

Reservoir levels for the Glomma and Laagen rivers were at 69 per cent of the normal level. The reservoir level in Sauda was a little higher than normal at year end, while snowpack levels were significantly lower than normal at year end.

Financial Investments

EBIT (adj.) for Financial Investments amounted to NOK 10 million in 2021, unchanged from the previous year. There were no transactions in the period that affect EBIT (adj.).

Research and development (innovation)

Innovation is one of Orkla's primary tools for creating organic growth and therefore a key aspect of day-to-day operations. Orkla's innovation work is based on a cross-functional approach, spanning from insight to idea, development and ultimately to launch. Consumer, customer and market insights are combined with technological expertise to develop products and solutions that delight consumers and better meet their needs.

Orkla's strength lies in its local presence, which gives in-depth insight into local consumer needs and how this knowledge can be translated into powerful innovations. Orkla applies this consumer insight, brand understanding and product development capacity across the Group. At the core of all innovation work lies the actual user experience, ranging from taste and functional properties to how intuitive and simple a product is to use. Good examples of innovations in 2021 where taste has been a decisive driver are the launch of the Nidar Favoritter large chocolate tablet that combines three tastes in a single tablet, and JOY dietary supplements for young adults.

Local consumer insight is an important area of focus that is fundamental to launches such as Lypsyl Repair+, a lip balm for extra cold conditions, and Proson Cool, a professional baking improver agent that ensures greater flexibility and less night work. These are both examples of innovations that respond to the aspiration of "Winning locally".

Consumers' increased focus on health and sustainability has given rise to strong innovations in 2021, under new brands, but also under the well-established brands in the portfolio. The launch of NATURLI'® burgers in Norway and of Felix Veggie Delikatessbullar and Cheez Doodles Vegan, as well as the launch of Fun Light dilutable fruit drink in 100 per cent recyclable packaging are examples of such innovations and show how a broad range of Orkla's brands are delivering on the aspirations "Embracing change" and "Building tomorrow". In 2021, Orkla's strong branded products again played a critical role for success in new areas and with new target groups. Examples include Dr Greve Mann products for men and L300 Vitamin C which are attracting younger target groups to the brand.

In the years ahead, continuous efforts will be made to ensure that Orkla's local brands are consumers' first choice by making them a better, simpler and more sustainable part of everyday living. New channels and digital transformation are also high on the agenda. The Klar brand's recently launched online store, where consumers among other things can choose own scents, is an example of the latter.

Competence

Learning and development are a fundamental part of Orkla's strategy and culture. Continuous human resource development strengthens the Group's competitiveness, attractiveness an employer and its employees' engagement. To ensure that skills-building at Orkla is sufficiently targeted and relevant, learning takes place in an interplay between global and local programmes with particular focus on the possibility of applying the knowledge and skills acquired directly on the job.

Every year, Orkla carries out a systematic evaluation of its own academies and portfolio of courses, making adjustments and introducing new measures on an ongoing basis. In addition, further insight was gained in 2021 from an extensive employee opinion survey conducted across the Group. The survey showed that as many as 75 per cent of the employees think that their immediate manager gives them the support they need for learning and development. At the same time, the survey indicated that only 62 per cent think they have good opportunities to learn and develop in Orkla. A deeper analysis of these results showed that white-collar workers are significantly more satisfied than factory workers and that the younger employees are more positive than the older ones. In 2022, Orkla will take a closer look at the need to strengthen skills-building among factory employees and at which initiatives would be most appropriate based on the survey results.

Orkla's global competence-building programmes include specialised academies, management training programmes, corporate culture and compliance training and a variety of other courses. The overall range of programmes is steadily expanded and adapted to the world of which Orkla is a part and, not least, to Orkla's Aspirations 2030. There is continuous, active focus on developing instructive, high-quality and cost-effective educational methods, content and technology. Classroom instruction is largely provided virtually, but is also combined with physical gatherings when the pandemic permits. The essential element is that the learning process takes place digitally prior to the gatherings, and that the time together is spent on reflecting on, practicing and training in what the participants have learned. Thus, human resource development is carried out as a combination of individual preparations, formal courses, social dialogue and on-the-job application.

The fact that courses and programmes are now more digital makes it possible to reach larger, broader sections of the Group's employees more effectively. Development of e-learning courses and the distribution of these courses was also stepped up in 2021, following the introduction of new, more user-friendly technology.

To support Orkla's senior executives and the strategy work aimed at achieving Orkla's Aspirations 2030, Orkla initiated a programme for senior executives designed to provide the Group's top leaders and management teams with solid leadership training and updated industry insights into market trends and the competitive situation. Three main areas of the programme are sustainability, digitalisation and consumer-driven strategic innovation.

Sustainability and corporate responsibility

Responsible business practices

As a business, Orkla has a responsibility to exercise due diligence and promote responsible business practices throughout its value chain. In 2021, Orkla's Responsible Employer and Human Rights Policy was updated to ensure that it reflects good practice and meets the requirements for due diligence assessments as specified in the new (Norwegian) Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) and new EU legislation. Orkla companies prepare an annual assessment of the risk of non-compliance with this policy and a plan for further efforts to safeguard human rights. In 2021, close to 100 per cent of Orkla's business units carried out this work.

Orkla has established common policies, standards and guidelines specifying how the companies in the Group must address important responsibility topics such as environment, health and safety (EHS), food safety, responsible sourcing and employer responsibility. In all these areas, efforts must be based on the precautionary principle and emphasis on continuous improvement Awareness-raising, risk mapping, improvement plans, monitoring and reporting are therefore key elements of this work.

Orkla's sustainability strategy

Orkla wants to contribute to sustainable development by offering products and solutions that promote a healthy, sustainable lifestyle. This includes targeted efforts to reduce greenhouse gas emissions, develop packaging solutions that increase recycling and contribute to sustainable agriculture, fisheries and other raw material production. In addition, the companies in the Group actively engage in innovation activities to develop food products with a favourable nutrition profile, increase consumption of plant-based food and use recycled materials and raw materials from renewable sources. Diversity, inclusion and upgrading of skills are key topics in efforts to further develop Orkla as an organisation. Sustainability work is pivotal to Orkla's ability to create growth, trust and competitive operations, and entails both living up to Orkla's formal responsibility as a company and effectively managing sustainability-related, commercial risk. Orkla has adopted general sustainability targets for 2025 that apply to the entire Group and cover the following main topics: environmental engagement, sustainable sourcing, nutrition and wellness, safe products and care for people and society.

An in-depth account of the progress made in sustainability work is provided in Orkla's Sustainability Report, which is included in this Annual Report. Orkla is subject to reporting requirements regarding corporate responsibility and selected responsibility topics pursuant to sections 3-3a and 3-3c of the Norwegian Accounting Act. The Group's work relating to these topics in 2021 is described in the following chapters:

- "Orkla's sustainability work", page 104 (corporate responsibility)
- "Environmental engagement", page 111 (environment)
- "Sustainable sourcing", page 132 (human rights, workers' rights, social conditions and environment in the supply chain)
- "Care for people and society", pages 180 (human and workers' rights in own company, equality and non-discrimination, working environment, injuries, accidents, sickness absence, anti-corruption, social conditions)

Governance procedures for corporate responsibility

The CEO of each Orkla company is responsible for implementing the Group's directive and drawing up action plans based on Orkla's sustainability targets for 2025. In 2021, all business units have formulated goals and action plans for sustainability work for the 2022-2024 strategy period.

Orkla's governing documents are accessible to all the companies through the Group's web-based governance portal. To ensure that employees are familiar with Orkla's directive, internal training is provided by both the Group and the companies. The training has created greater awareness and knowledge of corporate responsibility and sustainability issues, promoted more active engagement and ensured a more uniform approach to efforts in these areas.

Orkla monitors the companies' corporate responsibility and sustainability work by means of annual internal status reports. Sickness absence and injuries are monitored monthly, and status as regards food safety is tracked quarterly. Orkla has internal sustainability, EHS, food safety and procurement networks that are used to promote learning, experience sharing, collaboration and reporting. Orkla's Sustainability Committee consists of specialist management personnel at Group and business area level, and is tasked with facilitating close coordination of sustainability work across business areas and functions, initiating joint development activities and providing support for Orkla's Group Executive Board. Country-based sustainability networks have also been established in Norway, Sweden and Denmark. The purpose of these networks is to discuss important issues, initiate joint activities and coordinate stakeholder dialogue, communication activities and development projects.

Orkla's Board of Directors monitors the Group's efforts by means of an annual assessment of progress in sustainability work, quarterly reviews 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, Group Functions has administrative responsibility for Orkla's sustainability work, and determines which matters are to be submitted to the Board of Directors. The Board also discusses Orkla's annual sustainability reporting.

Orkla's whistleblowing function enables employees to alert the Group's governing bodies to possible breaches of the Orkla Code of Conduct. The whistleblowing function is administered by Orkla's internal audit staff on behalf of Orkla's Audit Committee and is independent of Orkla's line management. Employees can report concerns anonymously and in their mother tongue. Orkla's chief audit officer heads an internal network of experts at central level who are involved when necessary to discuss whistleblowing matters.

Personnel and administration

At the end of 2021, the Group had 21,423 (18,110) employees. Of these, 2,968 (2,946) worked in Norway, 6,185 (5,870) in other Nordic countries and 12,271 (9,294) in countries outside the Nordic region. Collaboration between management and the employee organisations functions well and makes a valuable contribution to finding constructive solutions to the challenges faced by the Group and the individual companies.

Kenneth Haavet has resigned from his position as CEO of Orkla Consumer & Financial Investments. Thomas Ljungqvist has been appointed interim Executive Vice President and CEO of the business area as of 16 February 2022. He will be a member of Orkla's Group Executive Board.

Effective 14 January 2021, Orkla President and CEO Jaan Ivar Semlitsch made the following changes in Orkla's Group Executive Board:

- Atle Vidar Nagel Johansen took up the position of CEO of the Orkla Foods business area. He previously held the position of CEO of Orkla Care. Ann-Beth Freuchen, who headed Orkla Foods Nordics & Baltics, left the Group. Johan Wilhelmsson stepped down from the Group Executive Board, but continues to serve as CEO of Orkla Foods International.
- Hege Holter Brekke was appointed CEO of the Orkla Care business area. She was previously CEO of the Orkla Health business unit.
- Ingvill T. Berg took up the position of CEO of the Orkla Confectionery & Snacks business area. Ingvill T. Berg previously served in the role of CEO of the Orkla Confectionery & Snacks Norge business unit. She succeeded Jeanette Hauan Fladby, who left the Group.

At Orkla's Annual General Meeting in April 2021, Stein Erik Hagen, Ingrid Jonasson Blank, Nils K. Selte, Liselott Kilaas, Peter Agnefjäll, Anna Mossberg and Anders Kristiansen were re-elected as shareholder-elected members of Orkla's Board of Directors. Stein Erik Hagen was re-elected as Chairman of the Board. Caroline Hagen Kjos was re-elected as personal deputy for Stein Erik Hagen and Nils K. Selte. All the shareholder-elected Board members were elected for a term of one year, i.e. until the 2022 Annual General Meeting.
Of a total of seven shareholder-elected members of Orkla's Board of Directors, three are women and four are men. Among the employee-elected Board members 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.

Orkla has signed a global Directors and Officers (D&O) liability insurance for members of the Board of Directors, CEOs and senior executives in Orkla ASA and its subsidiaries. The insurance covers the individuals' financial liability in connection with claims from third parties or relevant Orkla enterprises.

The Board of Directors wishes to thank all employees for their efforts and for the results achieved in 2021.

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 are largely aligned with applicable international guidelines on good corporate governance. An overall statement of policy on corporate governance at Orkla may be found on page 51 of this Annual Report. The statement of policy will be an item of business for discussion at the 2022 Annual General Meeting.

Salary and other remuneration of senior executives

The Board of Directors has a separate Compensation Committee, which deals with all material matters related to salary and other remuneration to 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 report on the salary and other remuneration to the executives management, which is included in Chapter 2 of Annual Report on page 64. This report will be presented and discussed at the 2022 Annual General Meeting. The report also provides details of remuneration and contractual arrangements.

Accounting principles

The consolidated financial statements for 2021 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 policies in Notes 1-4 and in respective notes describes important matters relating to accounting treatment under IFRS. The consolidated financial statements have been prepared and presented on the basis of the going concern assumption, and in accordance with section 3-3 of the Accounting Act the Board of Directors confirms that use of the going concern assumption is appropriate.

Orkla ASA

Orkla ASA is the parent company in the Orkla Group and supplies and performs services for the Group's other companies. In 2021, Orkla ASA delivered profit after tax of NOK 3,945 million (NOK 1,958 million). At year end, Orkla ASA had total assets of NOK 55,878 million (NOK 51,065 million), equivalent to a year-over-year increase of 9.4 per cent. The equity ratio was 62.0 per cent (66.0 per cent). A survey of gender pay differences has been carried out for employees of Orkla ASA, included in Chapter 3 of this Annual Report on page 197.

Disposition of the total result for the year

In 2021, Orkla ASA posted comprehensive income of NOK 4,024 million. The Board of Directors proposes the following allocation:

Proposed dividend	NOK 2,990 million
Transferred from equity	NOK 1,034 million

As at 31 December 2021, Orkla ASA had total equity of NOK 34.6 billion (NOK 33.7 billion). The Board of Directors has determined that Orkla ASA had adequate equity and liquidity at the end of 2021. The Board of Directors proposes to pay an ordinary dividend of NOK 3.00 per share for the 2021 financial year.

Outlook

Orkla will continue its efforts to achieve long-term value creation and profitable growth by strengthening its position as a leading supplier of branded consumer goods in its core markets. The main focus will be on achieving organic and structural growth in the three strategic priority areas Plant-based, Consumer Health and Out of Home. The Group will focus to a greater extent on more active portfolio management.

In the course of 2021, society in several of Orkla's biggest geographical markets was reopened for periods of time until new COVID-19 restrictions were reintroduced towards the end of the year. At the start of 2022, there is uncertainty as to the further evolution of the COVID-19 pandemic and associated restrictions.

Orkla is exposed to a broad range of raw material categories such as vegetable oils, grain, meat, vegetables and dairy products, for which prices have increased substantially. The higher prices of input factors have resulted in significant cost increases for Orkla's Branded Consumer Goods business and will lead to further cost increases in 2022. Orkla began to compensate for these increases by implementing pricing measures in the fourth quarter of 2021 and announcing price increases in the first quarter of 2022. As a result of further increases in input factor prices during the fourth quarter of 2021, Orkla will implement additional price increases. These will mainly take effect towards the end of the second quarter or start of the third quarter of 2022.

For the three-year period 2022-2024, Orkla targets long-term organic growth of a minimum of 2.5 per cent and mid-single-digit growth in EBIT (adj.) adjusted for acquisitions and currency effects for Branded Consumer Goods incl. Headquarters. Acquisitions and active portfolio management will be key components of the Group's value creation in the coming years. Orkla has also set sustainability targets for the coming three-year period, including reducing emissions from its own operations by 65 per cent, reducing emissions from the value chain outside its own operations by 30 per cent and using only 100 per cent recyclable packaging by 2025.

Orkla is well equipped financially to support future value creation. As at 31 December 2021, the Group had a net interest-bearing debt to EBITDA ratio of 1.5 (on a rolling 12- month EBITDA basis).

The war in Ukraine

Orkla's Branded Consumer Goods area has reduced its presence in Russia over time and now has limited exposure to Russia and Ukraine. In 2021, Orkla Food Ingredients sold Credin Russia LLC and wound up its third-party contract manufacturing in St. Petersburg.

Orkla has decided to cease its operations related to Hamé Foods ZAO in Russia, which manufactures long shelf life food products for the Russian market. As at 31 December 2021, the book value of the assets in the company totalled NOK 150 million. Orkla has also decided to stop its exports and imports linked to Russia and Belarus. Orkla's operating revenues in Russia and Belarus totalled approximately NOK 290 million in 2021. Total imports amounted to NOK 23 million.

Orkla has no factories in Ukraine, but has in the past made some of its purchases of tomato products and tomato paste from the region. Ukraine is one of the world's four largest exporters of important agricultural products such as wheat, barley, maize and rapeseed. Ukraine is also the world's largest producer and exporter of sunflower oil and, together with Russia, accounts for a total of 80 per cent of global sunflower oil production.

A prolonged conflict could affect both the availability and prices of a number of raw materials and other input factors. Furthermore, we see a sharp rise in energy prices from an already high level, and expect the conflict to create greater uncertainty and imbalance in the global flow of goods. All these elements are expected to affect Orkla in 2022, but the extent of their impact and the consequences are still unclear.

Oslo, 15 March 2022
Orkla's Board of Directors

Stein Erik Hagen Chairman of the Board	Ingrid Jonasson Blank	Nils K. Selte	Liselott Kilaas
Peter Agnefjäll	Anna Mossberg	Anders Kristiansen	Terje Utstrand
Sverre Josvanger	Karin Hansson	Roger Vangen	Jaan Ivar Semlitsch President & CEO

(This translation of the Board of Directors' report from Norwegian has been made for information purposes only)

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. Openness, transparency, accountability and equal treatment underpin confidence in the Orkla Group, both internally and externally, and constitute key elements in Orkla's efforts to foster a sound corporate business culture.

1. Statement of policy on corporate governance
Orkla is required to report on corporate governance under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (www.nues.no). This statement of policy will be an item of business at Orkla's Annual General Meeting on 20 April 2022. 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 342.

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. The topic of good governance is an integral part of the decision-making process in matters dealt with by the Board. Furthermore, the Board assesses and discusses the principles annually, and 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 how Orkla complies with the Code requirements.

2. Activities
Orkla's objectives, as defined in its Articles of Association, are as follows:

"The company's activities consist of owning, operating, investing and trading in industry, real estate, commerce and consumer-related activities, services, securities and any other activity connected with the aforementioned activities. The activities are conducted by the company itself or by its subsidiaries, and by investing in or in collaboration with other enterprises, in both cases in Norway and/or abroad."

In accordance with our objects clause, we operate in several areas. Our core business is branded consumer goods, but we also have activities in the energy, real estate and financial investments sectors.

Orkla's vision is to be "Your friend in everyday life", our core values are "brave", "trustworthy" and "inspiring", and our mission is "Improving everyday life with sustainable and enjoyable local brands." We aim to outperform and create greater value than our competitors and other comparable companies.

We at Orkla are committed to promoting sustainable social development by operating in compliance with responsible business principles, systematically improving our operations and investing in profitable business projects that can generate positive ripple effects for society.

Orkla´s sustainability strategy covers five main topics: environmental engagement, sustainable sourcing, nutrition and wellness, safe products and care for people and society. These are areas in which Orkla by virtue of its activities have a major impact and a responsibility, and where our efforts will be important for the Group's future growth and profitability. What themes which are considered significant for Orkla, the group's sustainability goals and the approach to the work, is described in more detail in the sustainability report, which is included in the Annual Report and is available on Orkla's website.

Orkla's strategy process is dynamic and covers a period of three years (STP). Every three years, a new three-year plan is adopted that sets our strategic direction and defines goals for the Group, business areas and individual companies. During the STP, annual evaluations of goals, strategies and risk profiles are carried out.

3. Equity and dividends
The Board of Directors ensures that Orkla has a capital structure adapted to its goals, strategy and risk profile, and evaluates this structure annually. As at 31 December 2021, Group equity totalled NOK 39.4 billion. An ordinary dividend of NOK 2.75 per share was paid out for the 2020 financial year.

Over time, Orkla shareholders shall receive a competitive return on their investment through a combination of dividends and an increase in the value of their shares. We have pursued a consistent shareholder and dividend policy for many years. On our Capital Markets Day in November 2021, the executive management announced that Orkla aims to increase its dividend from the current level of NOK 2.75 per share, normally within 50–70 per cent of earnings per share. The Board of Directors has proposed that a dividend of NOK 3 per share be paid out for the 2021 financial year. The dividend will be paid out on 3 May 2022 to shareholders of record on the date of the Annual General Meeting.

Authorisations empowering the Board of Directors to undertake share buybacks are limited to specific purposes and are valid 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 2021, 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 per cent of its share capital. It is a requirement that shares acquired under this authorisation must be cancelled or used in connection with employee incentive programmes, including the Group's employee share purchase programme. As at 31 December 2021, Orkla had not purchased any of its own shares under the current authorisation. As at 31 December 2021, Orkla held 4,852,874 treasury shares.

Questions concerning increases in share capital must be submitted to the General Meeting for decision.

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. We have provided further information on voting rights at general meetings under point 6, General Meetings. The company's policy is to not dilute the shareholdings of existing shareholders. In accordance with this policy, we have not carried out any 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.

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.

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 4 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 per cent 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 our website.

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.

Orkla holds our Annual General Meeting every year before the end of May. Information on shareholders' right to submit items of business for consideration at the general meeting is posted on Orkla's website. Notices of general meetings and related documents are made available on the website no later than 21 days prior to the date of the meeting. The final date for giving notice of attendance is no later than five days prior to the general meeting (notice of attendance date). The right to attend and vote at the general meeting may only be exercised for shares entered in the shareholder register no later than on the fifth business day prior to the general meeting (record date). 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 and members of the Board of Directors and Nomination Committee are present at general meetings.

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 by the record date in order for the shareholder to be able to vote the shares. Every year, we provide more detailed information regarding this requirement in the notice of the general meeting and on our website.

Shareholders who are unable to attend the general meeting may vote by proxy. Orkla will appoint the Board Chair or chair of the general meeting to vote for the shareholders. The proxy form is designed in such a way that voting instructions can be given for each item of business that is to be considered. Shareholders who were unable to attend the Annual General Meeting in 2021 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 again cast such direct advance votes in 2022. Both the notice of the general meeting and Orkla's website provide further information regarding use of proxies, advance voting and shareholders’ right to submit items of business for consideration at general meetings.

Under Article 8, third 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 ask to be sent documents pertaining to items of business to be considered at the general meeting. 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 prior to the general meeting.

The general meeting is led by an independent chair proposed by the Board of Directors; this person will normally be the Chair of the Nomination Committee. 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, we have 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. 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 of the Board of Directors (for this purpose, the Nomination Committee is supplemented by a representative appointed by the employee representatives on the Board)

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 Committee. On page 384, information is provided regarding the composition of the Nomination Committee and the number of Orkla ASA shares owned by each Committee member as at 31 December 2021.

8. 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 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 5 of Orkla’s Articles of Association, the 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.

In 2017, the General Meeting introduced an arrangement whereby part of the fee paid to the shareholder-elected Board members must be used to purchase Orkla shares. The purpose of this arrangement is to strengthen 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 and term of service, whether they are independent, how long they have been an Orkla Board member, how many Board meetings they have attended, and whether they have any material functions in other companies and organisations is provided on page 361.

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. The composition of the company’s governing bodies is described on page 384.

9. The work 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 Procedure 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 that the guidelines for preparing matters for Board consideration are followed. Other instructions to the Board and clarification of its duties, authorisations and responsibilities in respect of the executive management are provided through routine communication. The Rules of Procedure for the Board of Directors may be found on Orkla's website.

The Rules of Procedure further establish that no Board member may 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 may need to recuse themselves from dealing with or if they may have a conflict of interest in connection with a matter, and must not take part in considering such matters.

To avoid any detriment to the Group's reputation, we consider 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. 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 General Manager in consultation with another Board member. Further information on transactions between related parties is provided in Note 36 to the consolidated financial statements. In the event of non-immaterial transactions between the company and a shareholder, a shareholder's parent company, a Board member, 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 Board of Directors adopts an annual meeting and activity plan that covers strategic planning, business issues and oversight activities. In 2021, eight meetings were held in accordance with the Board's activity plan, and three extraordinary meetings. In addition, the Board dealt with four items in writing. A total of 88 items were dealt with by the Board. 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 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 Liselott Kilaas and its other members are Stein Erik Hagen and Terje Utstrand. The Executive Vice President, Group Functions 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 three committee members are considered to be independent of the 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 conditions, employment contracts and the like for senior Orkla executives
- prepare the annual evaluation of the Board of Directors

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 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

Evaluation of the Board of Directors

Every year, the Board of Directors evaluates its own activities and competence and discusses possible improvements in the organisation and conduct of Board work, both at individual level and as a group, in light of the goals set for the work. The result is made available to the Nomination Committee. At regular intervals, an external partner is used to carry out the Board 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 our ability to achieve these goals. To ensure ongoing risk monitoring in individual companies, we update the risk picture of each operating company every 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, which are compiled in The Orkla Way web portal and available through Orkla´s intranet, to clarifying the standards that apply to Orkla's businesses, and who is responsible for monitoring compliance with the various standards.

Orkla has a dedicated compliance function. The compliance staff have a special responsibility for ensuring follow-up and compliance in the fields of personal data protection, anti-corruption and business ethics and sanctions. The compliance staff are also tasked with helping to coordinate and prioritise other compliance-related work in collaboration with compliance officers in the various companies and Group functions.

Risk management at Orkla

The Group's risk management lies within the remit of the finance functions and is intended to ensure that all risk of significance for Orkla's value creation is identified, analysed and effectively dealt with by business areas and specialised staffs. This entails, among other things, continuously monitoring key risk indicators in order to reassess the Group's level of risk and associated risk mitigation measures, if necessary, and ensuring that Orkla's risk management is in compliance with relevant regulatory requirements and reasonably satisfactory to Orkla's stakeholders. Designated risk management experts carry out detailed risk assessments in certain specialised fields and are responsible for selected measures to mitigate risk at Group level. The Central Finance staff are responsible for Orkla's risk management model, including:

- presenting Orkla's consolidated risk profile to the Group Executive Board, the Board of Directors and the Board's Audit Committee
- updating instructions and guidelines for risk management and reporting.

The risk management programme is a matter we review on a regular basis in the Group.

EHS

Risk identification is also an important tool in preventive environment, health and safety (EHS) work, and the Senior Vice President EHS ensures the systematic, continuous follow-up of these efforts. All companies and businesses report their main EHS risk factors and associated risk mitigation measures twice a year through Orkla's central risk management model.

The internal audit function

The purpose of Orkla's internal audit function is to help ensure that the Board of Directors receives confirmation of the status of the Group's governance mechanisms, risk management and internal control systems.

The responsibilities of the Internal Audit Department are as follows:

- carry out risk-based, customised, value-creating audit projects, with emphasis on operations
- carry out follow-up audits to ensure that prior recommendations have been implemented
- conduct an audit of all newly acquired companies approximately one year after acquisition
- ensure professional, confidential management and investigation of matters reported through Orkla's whistle-blowing channel
- monitor the external auditor to ensure compliance with the engagement agreement and world-wide agreement
- report annually to the Board of Directors and the Board's Audit Committee on the overall results of the Internal Audit function's activities in the last calendar year
- serve as secretariat to the Board of Directors' Audit Committee
- serve as observer on the Finance and Tax Committees
- quality assure and approve CEO-related costs on behalf of the Board Chair
- provide advisory services to the line organisation when possible based on an assessment of independence, capacity and competence, and prioritisation of tasks.

Sustainability

At Orkla, we work systematically to promote sustainability. We refer to our account of these efforts in our Sustainability Report.

The financial reporting process

The Orkla Group prepares and presents its financial statements in accordance with current International Financial Reporting Standards (IFRS). Orkla's governing documents are compiled in The Orkla Way and contain requirements and procedures for the preparation and presentation of interim reports and year-end reports. Orkla has also drawn up a set of Orkla accounting standards, in which Orkla's 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) system. 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 in the year-end process is expanded to meet various requirements for supplementary information. Financial data are consolidated and checked at several levels in the business areas.

11. Remuneration of the Board of Directors

All remuneration of the Board of Directors are disclosed in the Executive Remuneration Report for 2021 for Orkla ASA. The report 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. Salary and other remuneration of the executive management

The Board of Directors draws up guidelines for the salary of and other remuneration senior executives, which are approved by the General Meeting. These guidelines may be found in a separate document on Orkla's website. 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, are intended to support the company’s business strategy, long-term interests and financial capacity. A ceiling has been set on performance-related remuneration. The Board of Directors’ executive remuneration report is included in this Annual Report and 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

Our goal at Orkla is to ensure that our accounting and financial reporting inspires investor confidence. Orkla's accounting procedures are highly transparent, and since 2005 Orkla has prepared and presented the 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 annual and quarterly reports contain extensive information on the various aspects of the company’s activities. Quarterly presentations are webcast directly and may be found on Orkla's website, along with the quarterly and annual reports under “Investor Relations”. In 2021, Orkla's Annual General Meeting was also webcast directly and simultaneously interpreted to English. Moreover, Orkla holds a Capital Markets Day at regular intervals, most recently on 23 November 2021. On the Capital Markets Day, the market is given an in-depth review of the Group’s strategic direction and operational development. The Capital Markets Day presentations are broadcast directly on Orkla's website.

All shareholdes and other financial market players are treated equally when it comes to access to financial information. The Group’s Investor Relations Department maintains regular contact with company shareholders, potential investors, analysts and other financial market stakeholders, and the Board receives regular information on this activity. The financial calendar for 2022 is available on Orkla's website.

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 the basis of this valuation, the Board will either recommend that shareholders accept the bid or advise them against doing so.

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 that the external auditor shall report regularly to the Board. Every year, 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.

The Board of Directors ensures that relevant matters may be discussed with the external auditor without the presence of the company management. The external auditor and the President and CEO are invited to all meetings of the Board's Audit Committee. For information regarding the work of the internal auditor, we refer 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, and comments specifically on these services in his annual report to the Audit Committee and the Board of Directors. We have provided information on the company's use and remuneration of the external auditor in Note 2 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.


Göteborgs Kex
VARIANT
VARIANT
SÆTRE
Selga
Classic

Executive Remuneration Report

2021 was a year of continued improvement for Orkla despite the uncertainty arising from the COVID-19 pandemic. This indicates that the company has largely succeeded in generating growth and creating value by rapidly adapting to meet the challenges posed by the pandemic.

Important priorities have been to create value by protecting our employees and minimising the risk of infection and the negative consequences of the pandemic. It has also been important to secure access to goods and deliveries to customers and consumers and to maintain a stable cash flow. This has been achieved by means of clear prioritising, collaboration across the value chain and management involvement, and the strong contributions from and responsibilities assumed by our employees.

The challenges in 2021 have shown clearly how important it is that Orkla maintains its foundation for good leadership. Leadership at Orkla entails creating value by working with and through others. As a leader at Orkla, you succeed through the results achieved by your employees, by building strong, engaged teams and inspiring them to deliver a good performance.

Orkla's "winning leadership" concept is centred on our core values: brave, trustworthy and inspiring. Our ambition is to ensure that management makes it possible for employees to succeed and grow by involving them, promoting diversity and inclusion and supporting value-based behaviour. Being a leader at Orkla means mastering several aspects of the role and being able to constantly adapt to changing commercial realities. Among other things, a leader must define goals and ensure competitive operations, develop the organisation and the employees and be a strong team player. These are leadership capabilities that are important for Orkla to develop, strengthen and incentivise.

Overall remuneration is in accordance with the Guidelines for Remuneration of Senior Executives and the company's results

Orkla's Guidelines for Remuneration of Senior Executives, which were adopted by the General Meeting in 2021, determine the framework conditions for remuneration of the Board of Directors, the President and CEO and the Group Executive Board. The guidelines may be found on Orkla´s website.

This Executive Remuneration Report for 2021 has been drawn up in compliance with the guidelines adopted in 2021, and applicable legislation. The remuneration which was actually paid out in 2021, and which is reported here, is fully in accordance with the framework conditions and the principles laid down in the guidelines. No departure has been made from the guidelines.

Orkla's remuneration policy has a guiding principle of a performance-based salary where STP plan targets and long-term aspirations are key factors.

This principle underlies both Orkla's short-term and long-term incentive programmes.

The remuneration actually paid to the President and CEO and the Group Executive Board in 2021 correlates closely with the company's performance development, as shown later in this report.

Senior executives at Orkla and changes during the year

In this report Orkla has chosen to deal with the remuneration of members of the Board of Directors, including employee-elected Board members, as well as the current Group Executive Board and former members of the Group Executive Board, limited to members in the past five years.

The current President and CEO, Jaan Ivar Semlitsch, took up his post on 1 August 2019. Several of the Group Executive Board members assumed their positions in 2019, 2020 and 2021, and information on the historical remuneration of many of the members will therefore be limited.

The work of the Compensation Committee in 2021

The Compensation Committee consists of three members who are appointed by and from among the Board of Directors' members. The Board appoints the committee chair.

The committee's terms of reference include the following:

- assess the performance of the President and CEO and propose to the Board remuneration based thereon
- recommend guidelines for remuneration of other senior executives
- prepare matters regarding remuneration for Board consideration
- prepare the Executive Remuneration Report for Board consideration

The committee has no independent decision-making authority unless the Board of Directors assigns it a special responsibility.

The Compensation Committee was chaired by Liselott Kilaas in 2021. The other members of the committee were Stein Erik Hagen and Terje Utstrand (employee-elected). The committee normally holds four to six meetings per year. In 2021 six meetings were held.

The main matters dealt with by the committee in 2021 were to

- prepare a draft of the Guidelines for Remuneration of Senior Executives
- determine framework conditions for adjustment of senior executive remuneration
- propose a basic salary adjustment procedure for the President and CEO and approve the President and CEO's proposal for salary adjustment for the Group Executive Board
- evaluate the performance of the President and CEO and the other Group Executive Board members and determine an individual bonus based thereon
- approve the individual targets of the President and CEO for the year
- prepare the Executive Remuneration Report and notes to the Annual Report
- consider and discuss various general issues, including evaluation of the Board of Directors, promotion of gender balance and equal pay, and general evaluation of types of reward

Remuneration of the Board of Directors

Every year, the Nomination Committee proposes a fee for members of the Board of Directors, after which the proposal is considered and decided by the General Meeting. Orkla has usually adjusted the Board members' fees in accordance with general wage growth, unless special circumstances dictate otherwise. The Nomination Committee wishes this general principle to remain a basic rule.

In 2020, the Nomination Committee recommended that fees remain unchanged, a recommendation that was adopted by the General Meeting. The Nomination Committee therefore proposed that the fees be adjusted in 2021 in accordance with general wage growth in the past two years to ensure that the fees are competitive.

These fee rates, which were adopted by the General Meeting, are shown on the next page.

Fee rates 2020

Figures in NOK Function	Board of Directors	Audit Committee	Compensation Committee
Chair	843 000	181 000	144 000
Shareholder-elected member	537 000	121 000	108 000
Employee-elected member	442 000	121 000	108 000
Deputy member	27 500 per meeting		

Fee rates 2021

Figures in NOK Function	Board of Directors	Audit Committee	Compensation Committee
Chair	880 000	191 000	152 000
Shareholder-elected member	570 000	128 000	112 000
Employee-elected member	460 000	128 000	112 000
Deputy member	30 000 per meeting		

Remuneration of Board members 2021

Board members	Role	Audit Committee	Compensation Committee	Board fee	Committee fee	Total fee
Stein Erik Hagen	Chairman		Member	867 666	110 667	978 333
Ingrid Jonasson Blank	Member	Member		558 002	125 665	683 667
Nils K. Selte	Member	Chair		559 000	187 665	746 665
Liselott Kilaas	Member		Chair	559 000	149 333	708 333
Peter Agnefjäll	Member			559 000		559 000
Anna Mossberg	Member			559 000		559 000
Anders Kristiansen	Member			559 000		559 000
Caroline Marie Hagen Kjos	Deputy member*			-		-
Employee-elected:						
Terje Utstrand	Member		Member	454 000	110 667	564 667
Sverre Josvanger	Member	Member		454 000	125 665	579 665
Karin Hansson	Member			454 000		454 000
Roger Vangen	Member			454 000		454 000

* Personal deputy member for Stein Erik Hagen and Nils K. Selte

Orkla shareholders

Board members	Role	Shareholding 31.12.20	Purchases 2021	Sales 2021	Shareholding 31.12.21
Stein Erik Hagen	Chairman	250 100 000	287 581	0	250 387 581
Ingrid Jonasson Blank	Member	9 000		0	9 000
Nils K. Selte	Member	27 000	80 000	0	107 000
Liselott Kilaas	Member	10 000	2 500	0	12 500
Peter Agnefjäll	Member	20 000		0	20 000
Anna Mossberg	Member	2 034	1 291	0	3 325
Anders Kristiansen	Member	33 900		0	33 900
Employee-elected:					
Terje Utstrand	Member	7 465	2 944	0	10 409
Sverre Josvanger	Member	20 278	344	0	20 622
Karin Hansson	Member	1 821	172	0	1 993
Roger Vangen	Member	9 239	619	0	10 208

All figures show total shareholdings including shares owned by related parties.

Remuneration of the Group Executive Board in 2021

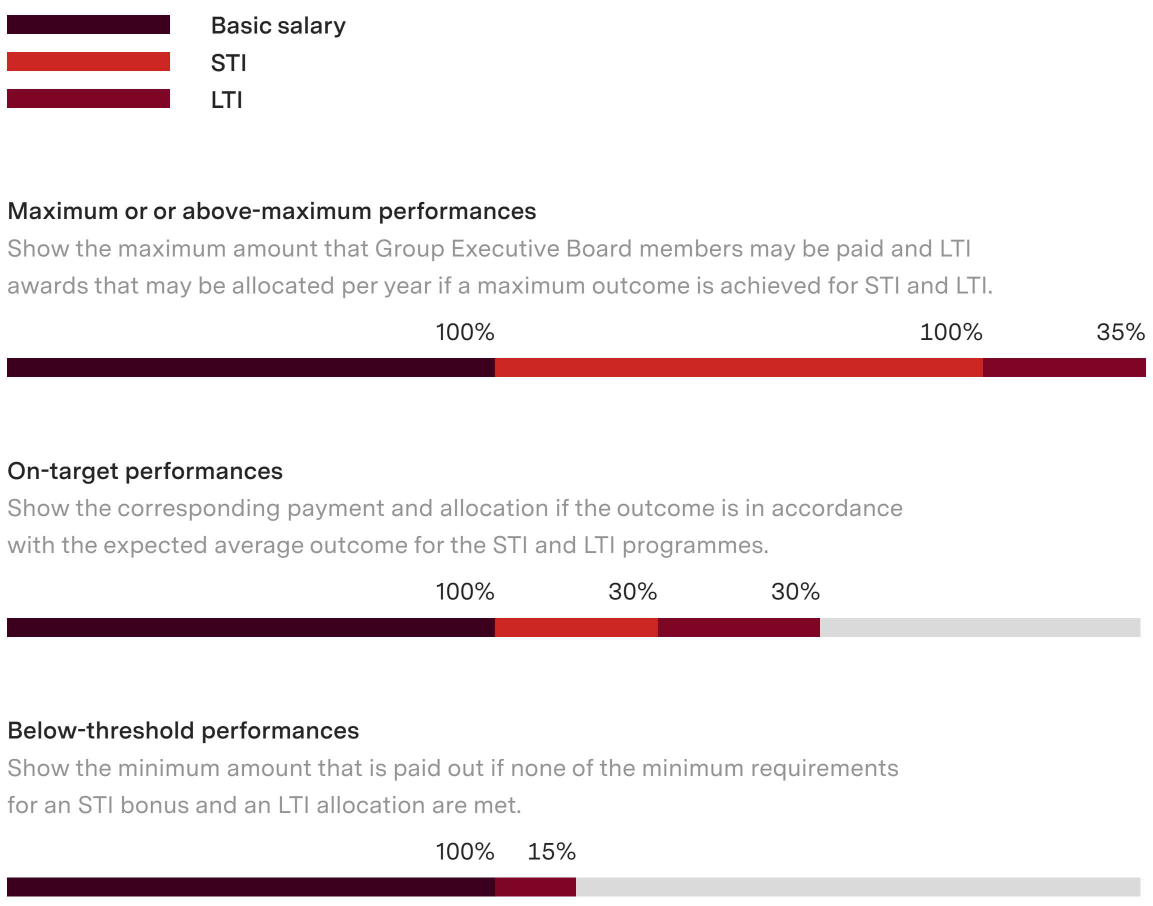
According to Orkla's Guidelines for Remuneration of Senior Executives, the basic salary must be in line with the market median and reflect the position criteria with regard to qualifications, responsibilities and complexity, and the extent to which the position contributes to the achievement of Orkla's overarching business objectives.

Orkla uses internationally recognised job evaluation systems to determine the right level of remuneration for the positions offered, and the basic salary offered must preferably lie within a salary range of +/- 20 per cent relative to the market median. The senior executive's responsibilities, results achieved and performance determines where he or she is placed on the salary scale. Individual performances must be reflected in the basic salary, which must consequently be set on an individual, differentiated basis. In accordance with the guidelines, the level of basic cash remuneration, including the basic salary, must be evaluated regularly, normally annually.

The Group Executive Board also participates in Orkla's annual central bonus programme, the Short-Term Incentive Programme (STI), and in the Long-Term Incentive Programme (LTI). According to the guidelines, these variable remuneration elements may exceed the market median.

Variable remuneration must be linked to predefined, ambitious and measurable criteria, as well as to Orkla's business strategy, commercial objectives and long-term interests.

Total remuneration as a percentage of basic salary



The comparison includes only basic salary, STI and LTI

Itemised remuneration of Group Executive Board in 2021

Amounts in NOK 1 000 Group Executive Board	Annual salary 31.12.2020	Salary increase 2021	Annual salary 31.12.2021	Salary and holiday pay paid 2021	Annual bonus paid (earned in 2020)	Paid from bonus bank (LTI)	Benefits in kind (incl. car allowance)	Total salary and other remuneration paid 2021
Jaan Ivar Semlitsch	8 000	171	8 171	8 504	3 671	0	199	12 374
Harald Ullevoldsæter	3 100	88	3 188	3 264	1 353	0	202	4 819
Christer Grönberg[2]	3 125	64	3 183	3 538	1 361	816	147	5 863
Kenneth Haavet	2 950	60	3 010	3 068	1 379	0	203	4 650
Atle Vidar Nagel Johansen	3 930	113	4 043	4 508	2 583	867	201	8 159
Hege Holter Brekke[1]	2 429	New position	3 020	3 081	1 863	554	195	5 693
Sverre Prytz	2 950	60	3 010	3 082	1 288	0	201	4 571
Ingvill T. Berg[1]	1 906	New position	2 900	2 940	1 029	404	197	4 570
Johan Clarin[2]	3 450	93	3 515	3 783	769	816	211	5 578

1 Member of Group Executive Board from 1 March 2021
2 Salary agreed in SEK but translated to NOK at average annual exchange rate

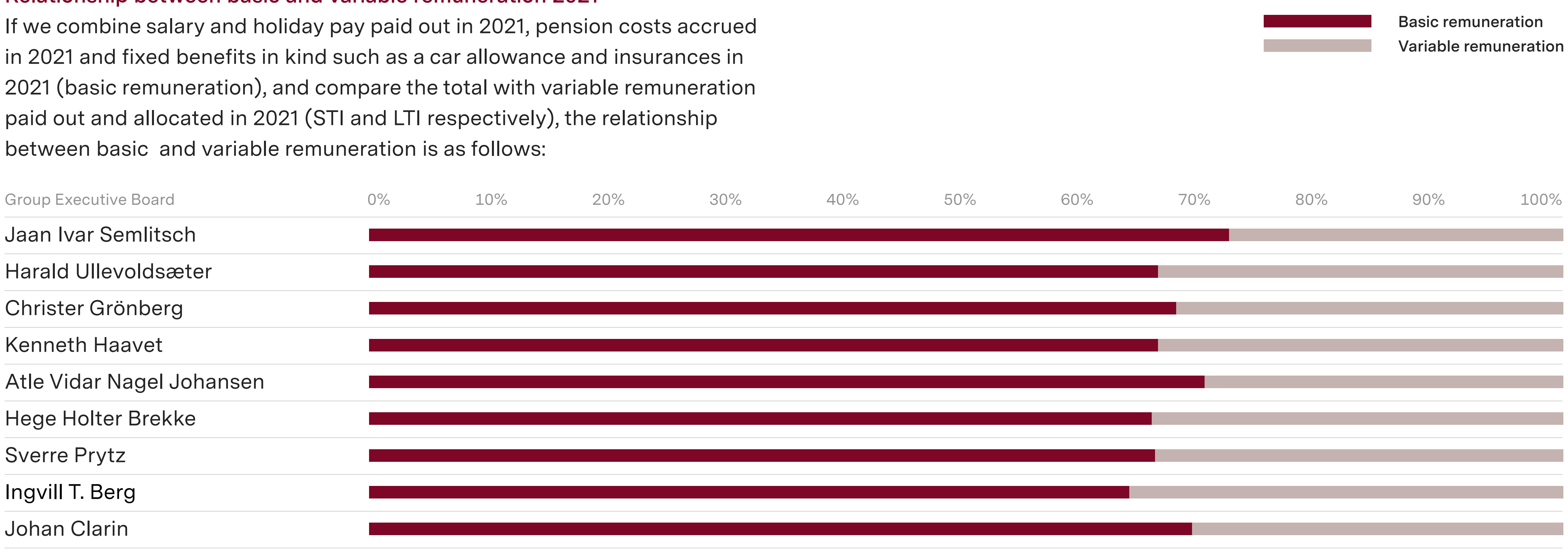
Remuneration earned, but not paid in 2021

Amount in NOK 1 000 Group Executive Board	Annual bonus earned for 2021	Allocated long-term incentive (LTI)[2]	Earned pension cost	Total earned and allocated	Balance bonus bank (LTI) 31.12.2021[3]
Jaan Ivar Semlitsch	2 999	2 451	1 757	7 207	2 460
Harald Ullevoldsæter	1 170	956	617	2 743	2 460
Christer Grönberg[4]	3 125	955	993	3 058	1 848
Kenneth Haavet	1 667	903	561	3 131	907
Atle Vidar Nagel Johansen	1 051	1 213	1 131	3 395	2 340
Hege Holter Brekke	785	906	584	2 275	1 629
Sverre Prytz	1 105	903	571	2 579	907
Ingvill T. Berg	879	870	548	2 296	1 113
Johan Clarin[4]	3 450	1 054	927	3 919	2 023

1 Annual bonus earned for 2021 paid out in 2022
2 Allocated LTI in 2021 consists of share options valued using Black Scholes model
3 Stated balance is based on closing price of the Orkla share 31.12.2021
4 Amount originally determined in SEK has been translated to NOK at average annual exchange rate

Relationship between basic and variable remuneration 2021

If we combine salary and holiday pay paid out in 2021, pension costs accrued in 2021 and fixed benefits in kind such as a car allowance and insurances in 2021 (basic remuneration), and compare the total with variable remuneration paid out and allocated in 2021 (STI and LTI respectively), the relationship between basic and variable remuneration is as follows:



Annual bonus programme (STI programme)

The annual bonus programme is differentiated according to different roles and functions. The programme for 2021 is as follows:

STI programme for Branded Consumer Goods

- Quantitative financial targets (80 per cent weight):
  - Organic growth for "own level" (40 per cent weight for business areas' management teams, 25 per cent for company management staff)
  - Organic growth for "level above" (0 per cent weight for business areas' management teams, 20 per cent for company management staff)
  - EBIT-achievement (adjusted) for "own level" (40 per cent weight for business areas' management teams, 35 per cent for company management staff)
- Individual targets (20 per cent weight):
  - With regard to individual targets, two to four targets must be defined for each participant. The individual targets must be designed so as to reflect each participant's possibilities of contributing to Orkla's development and growth. The targets can either be commercial (with an indication of effect and outcome), or behavioural (how to act in accordance with Orkla's leadership principles and/or values), or a combination of the two. The Orkla Board of Directors approves these targets for the President and CEO, while the targets for the other participants are approved by each participant's manager.

STI programme for the Consumer & Financial Investments business area

- For the companies in this business area:
  - EBIT-achievement (adjusted) for "own level" (50 per cent weight)
  - quantitative financial and/or operational elements (30 per cent weight): Here different elements can be defined for the various companies. For each element, ambitious targets must be defined linked to bonus achievement.
  - individual targets (20 per cent weight)
- For the management team in this business area:
  - EBIT achievement (adjusted) for "own level" (50 per cent weight)
  - portfolio growth and structural agenda – qualitative elements (30 per cent weight)
  - individual targets (20 per cent weight)

The bonus outcome is calculated on the basis that achievement of a predefined, ambitious target entitles the individual to half of the maximum bonus for the financial and quantitative bonus element in question. The outcome range will be equal both below and above the defined target.

After the initial calculation of the bonus based on the quantitative financial targets and the achievement of individual targets, each manager must make a final discretionary assessment of employees' overall bonus achievement. The initial calculation is assessed in relation to the overall annual performance of the company in which the person is employed. As a result of this final assessment, the final bonus may either increase or be reduced in relation to the initial calculation.

STI programme for Corporate Functions

- The annual bonus programme for Corporate Functions (including the President and CEO) consists of the following elements:
  - Quantitative financial targets (50 per cent weight)
  - organic growth for Branded Consumer Goods (25 per cent weight)
  - EBIT achievement (adjusted) for Branded Consumer Goods (25 per cent weight)
- An element linked to the return on the Orkla share (25 per cent weight):
  - To calculate this element, a basic amount equivalent to 5 per cent of the executive's annual salary is added to the return on the Orkla share for the year. A supplement for the return is calculated by comparing the average share price in the fourth quarter with the average share price in the fourth quarter of the previous year, and then making an adjustment for any dividend paid out. The return on the Orkla share is multiplied by a factor of 1 for members of the Group Executive Board and by a factor of 0.5 for other senior executives in Corporate Functions. The bonus outcome for this element, measured as a percentage of annual salary, is thus calculated as follows: 5 per cent is added to the return (which may be positive or negative) and multiplied by the above-mentioned factors. This bonus element may not exceed a maximum of 25 per cent of annual salary.
- Individual targets (25 per cent weight):
  - Individual targets are handled in the same way as for Branded Consumer Goods (see above).

Changes in the STI programme for 2022:

Orkla's Board of Directors has adopted some minor changes in the STI programme for 2022. For Branded Consumer Goods and Corporate Functions, the financial targets will be the same as for 2021, i.e. organic growth and EBIT achievement (adjusted) will remain key elements. For the Consumer & Financial Investments business area, a slightly greater degree of flexibility has been introduced, since the underlying companies are at different stages which necessitate different approaches.

For 2022, Consumer & Financial Investments will have the following bonus model:

- For the companies in this business area:
  - quantitative financial and/or operational elements (80 per cent weight):
    In this connection, different elements can be defined for the different companies. For each element, ambitious targets linked to bonus achievement must be defined.
  - Individual targets (20 per cent weight)
- For the management team of this business area:
  - portfolio growth and structural agenda – qualitative elements (80 per cent weight)
  - individual targets (20 per cent weight)

The calculation of the bonus outcome has changed

The bonus outcome for 2021 was calculated on the basis that achievement of the predefined, ambitious target entitled the participant to half of the maximum bonus for the relevant financial and quantitative bonus element. The outcome range was equal below and above the defined target. Because the target for the aggregate bonus is in the order of 30–35 per cent of salary, this method made it necessary to define such ambitious targets that they were normally not attained. For 2022, this method has been changed: The defined targets are somewhat less ambitious and are now closer to what are defined as budget and STP targets. At the same time, the quantification of the bonus has been changed. Achievement of targets now results in a bonus equivalent to 30 per cent of salary. The outcome range below and above the defined target will be the same as in 2021, but the bonus outcome will increase slightly more for performances that exceed the defined target than for below-target performances (broken curve).

STI-bonus for Group Executive Board for 2020 (paid out in 2021):

STI programme for Corporate Functions

Name	Criteria	Maximum achievable	Achieved 2020	Total bonus incl. individual assessments	Basic salary 31.12.2020	Bonus 2020 in NOK 1 000
Semlitsch, Jaan Ivar	Organic growth BCG area	25.0%	6.9%	51.4%	8 000	4 112
	EBIT (adj.) BCG area	25.0%	10.4%			
	Orkla share price performance	25.0%	9.1%			
	Improvement in current capital	10.0%	10.0%			
Ullevoldsæter, Harald	Organic growth BCG area	25.0%	6.9%	48.9%	3 100	1 516
	EBIT (adj.) BCG area	25.0%	10.4%			
	Orkla share price performance	25.0%	9.1%			
	Improvement in current capital	10.0%	10.0%			
Grönberg, Christer	Organic growth BCG area	25.0%	6.9%	48.9%	3 119	1 525
	EBIT (adj.) BCG area	25.0%	10.4%			
	Orkla share price performance	25.0%	9.1%			
	Improvement in current capital	10.0%	10.0%			
Prytz, Sverre	Organic growth BCG area	25.0%	6.9%	48.9%	2 950	1 443
	EBIT (adj.) BCG area	25.0%	10.4%			
	Orkla share price performance	25.0%	9.1%			
	Improvement in current capital	10.0%	10.0%			

STI programme for BCG area

Name	Criteria	Maximum achievable	Achieved 2020	Total bonus incl. individual assessments	Basic salary 31.12.2020	Bonus 2020 in NOK 1 000
Freuchen, Ann-Beth Nina J.	Organic growth BCG area	40.0%	24.0%	59.9%	3 520	2 108
	EBIT (adj.) BCG area	20.0%	15.4%			
	Orkla share price performance	20.0%	8.0%			
	Improvement in current capital	10.0%	10.0%			
Nagel Johansen, Atle Vidar	Organic growth BCG area	40.0%	40.0%	73.6%	3 930	2 892
	EBIT (adj.) BCG area	20.0%	18.6%			
	Orkla share price performance	20.0%	0.0%			
	Improvement in current capital	10.0%	10.0%			
Hauan Fladby, Jeanette	Organic growth BCG area	40.0%	5.0%	28.0%	3 022	846
	EBIT (adj.) BCG area	20.0%	6.0%			
	Orkla share price performance	20.0%	2.0%			
	Improvement in current capital	10.0%	10.0%			
Clarin, Johan	Organic growth BCG area	40.0%	0.0%	25.0%	3 444	861
	EBIT (adj.) BCG area	20.0%	0.0%			
	Orkla share price performance	20.0%	1.0%			
	Improvement in current capital	10.0%	9.0%			

STI programme for Consumer & Financial Investments

Name	Criteria	Maximum achievable	Achieved 2020	Total bonus incl. individual assessments	Basic salary 31.12.2020	Bonus 2020 in NOK 1 000
Haavet, Kenneth	Performance Care Development	30.0%	24.0%	57.1%	2 950	1 544
	Performance Out of Home	20.0%	15.4%			
	Financial investments	10.0%	8.0%			
	Improvement in current capital	10.0%	10.0%			

STI-bonus for Group Executive Board for 2021 (to be paid out in 2022):

STI programme for Corporate Functions

Name	Criteria	Maximum achievable	Achieved 2020	Total bonus incl. individual assessments	Basic salary 31.12.2020	Bonus 2021 in NOK 1 000
Semlitsch, Jaan Ivar	Organic growth BCG area	25.0%	15.5%	36.7%	8 171	2 999
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	2.2%			
Ullevoldsæter, Harald	Organic growth BCG area	25.0%	15.5%	36.7%	3 189	1 170
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	2.2%			
Grönberg, Christer	Organic growth BCG area	25.0%	15.5%	36.7%	3 189	1 170
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	2.2%			
Prytz, Sverre	Organic growth BCG area	25.0%	15.5%	36.7%	3 010	1 105
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	2.2%			

STI programme for BCG area

Name	Criteria	Maximum achievable	Achieved 2021	Total bonus incl. individual assessments	Basic salary 31.12.2021	Bonus 2020 in NOK 1 000
Brekke, Hege Holter	Organic growth own area	40.0%	6.0%	26.0%	3 020	785
	EBIT (adj.) own area	40.0%	0.0%			
Nagel Johansen, Atle Vidar	Organic growth own area	40.0%	6.0%	26.0%	4 043	1 051
	EBIT (adj.) own area	20.0%	0.0%			
T. Berg, Ingvill	Organic growth own area	40.0%	15.3%	30.3%	2 900	879
	EBIT (adj.) own area	20.0%	0.0%			
Clarin, Johan	Organic growth own area	40.0%	40.0%	55.0%	3 521	1 937
	EBIT (adj.) own area	20.0%	0.0%			

STI programme for Consumer & Financial Investments

Name	Criteria	Maximum achievable	Achieved 2021	Total bonus incl. individual assessments	Basic salary 31.12.2021	Bonus 2021 in NOK 1 000
Haavet, Kenneth	EBIT (adj.) Consumer Portf.	50.0%	30.4%	55.4%	3 010	1 667
	Defined qualitative targets	30.0%	12.5%			

Long-term incentive programme (LTI programme)

In 2020 Orkla introduced a share option-based LTI programme that replaced the previous cash-based LTI programme.

Options are allocated partly on the basis of position (estimated option value equivalent to 15 per cent of basic salary), partly on the basis of a discretionary assessment of the achievement of predefined long-term targets (maximum estimated option value equivalent to 15 per cent of basic salary), and a discretionary assessment of the achievement of targets linked to sustainability (maximum estimated option value equivalent to 5 per cent of basic salary). Targets linked to sustainability are set and evaluated by the Board of Directors. On this basis, the outcome for participants will be an option value ranging from 15 to 35 per cent of basic salary, depending on performance. The option value will be calculated in accordance with the Black-Scholes model).

Predefined long-term targets shall preferably be linked to

- profitable organic growth
- innovation and increased market shares
- sustainability as a growth factor
- structural growth in prioritised categories and geographical areas
- establishment of a cost-effective organisation and realisation of synergies
- development of staff and collaborative relationships

Options are allocated once a year. The first allocation was made in 2021. Allocations are based on the share price on the day after the Annual General Meeting. Every year, the Board of Directors decides how many share options are to be allocated to each member of the Group Executive Board. Options allocated to the Group Executive Board may not be exercised until three years after the allocation date, and allocated options must be exercised no later than five years after the allocation date. After five years, the options expire.

The exercise price is set at the market price on the allocation date, plus 3 per cent per year during the vesting period. The exercise price is adjusted to take account of dividends. All unexercised options expire in the event of an employee's resignation.

The gain on options allocated in a given year may not exceed six times the value of allocated options on the allocation date, calculated in accordance with the Black-Scholes model. If a participant is allocated options with an estimated option value equivalent to 30 per cent of his or her basic salary, the maximum gain in such case cannot exceed 180 per cent of his or her basic salary.

The Group Executive Board must use 25 per cent of the gross gain from exercising options to purchase Orkla shares. Purchased shares are subject to a three-year lock-in period. Other participants are expected to use part of their gross gain to purchase Orkla shares.

Payouts from the LTI programme in 2021 were made in accordance with the previous cash-based programme. Allocations were last made to participants in the previous programme in May 2020. Payouts from these allocations will be made as follows: 1/3 in 2022, 1/3 in 2023 and 1/3 in 2024. The amount allocated will be adjusted in accordance with the Orkla share price performance from the date after the Annual General Meeting in 2020 until the payout dates.

Options allocated in 2021 and total options

Position	Name	Allocation	Salary	Value of allocation	Value per share option	Number of options allocated	Allocation date	First exercise date	Expiry date	Strike price for options
President & CEO	Jaan Ivar Semlitsch	30%	8 171 000	2 451 300	13.5642	180 718	16.4.2021	16.4.2024	16.4.2026	kr 89.67
EVP Orkla Care	Atle Vidar Nagel Johansen	30%	4 042 900	1 212 870	13.5642	89 416	16.4.2021	16.4.2024	16.4.2026	kr 89.67
EVP Group Functions	Christer Grönberg	30%	3 182 600	954 780	13.5642	70 389	16.4.2021	16.4.2024	16.4.2026	kr 89.67
EVP & CFO	Harald Ullevoldsæter	30%	3 188 000	956 400	13.5642	70 509	16.4.2021	16.4.2024	16.4.2026	kr 89.67
EVP Orkla Care	Hege Holter Brekke	30%	3 020 000	906 000	13.5642	66 793	16.4.2021	16.4.2024	16.4.2026	kr 89.67
EVP & CEO OCS	Ingvill T. Berg	30%	2 900 000	870 000	13.5642	64 139	16.4.2021	16.4.2024	16.4.2026	kr 89.67
EVP & CEO OFI	Johan Clarin	30%	3 514 800	1 054 440	13.5642	77 736	16.4.2021	16.4.2024	16.4.2026	kr 89.67
CEO Orkla Investments	Kenneth Haavet	30%	3 009 900	902 970	13.5642	66 570	16.4.2021	16.4.2024	16.4.2026	kr 89.67
EVP M&A & Strategy	Sverre Prytz	30%	3 009 900	902 970	13.5642	66 570	16.4.2021	16.4.2024	16.4.2026	kr 89.67
Total				**10 211 730**		**752 840**				

Position	Name	Number of options at start of year	Number vested for exercise 1.1.2021	Options allocated in 2021	Number vested for exercise 31.12.2021	Number of options allocated as at 31.12.2021
President & CEO	Jaan Ivar Semlitsch	0	0	180 718	0	180 718
EVP Orkla Care	Atle Vidar Nagel Johansen	0	0	89 416	0	89 416
EVP Group Functions	Christer Grönberg	0	0	70 389	0	70 389
EVP & CFO	Harald Ullevoldsæter	0	0	70 509	0	70 509
EVP Orkla Care	Hege Holter Brekke	0	0	66 793	0	66 793
EVP & CEO OCS	Ingvill T. Berg	0	0	64 139	0	64 139
EVP & CEO OFI	Johan Clarin	0	0	77 736	0	77 736
CEO Orkla Investments	Kenneth Haavet	0	0	66 570	0	66 570
EVP M&A & Strategy	Sverre Prytz	0	0	66 570	0	66 570
Total				**752 840**		**752 840**

Annual changes in Group Executive Board remuneration and the company's results for the last five financial years

Group Executive Board			2021			2020			2019			2018			2017		
Name	Position	Period on Group Executive Board	Total remuneration[1]	Annual change[2]	Variable portion	Total remuneration	Annual change	Variable portion	Total remuneration	Annual change	Variable portion	Total remuneration	Annual change	Variable portion	Total remuneration	Annual change	Variable portion
Jaan Ivar Semlitsch	President and CEO	15.8.2019 - 31.12.2021	15 910	-4.9%	34.3%	16 721	11.1%	40.4%	5 645	-	32.3%						
Harald Ullevoldsæter	CFO	1.3.2020 - 31.12.2021	6 209	0.2%	34.2%	6 194	-	41.0%									
Christer Grönberg	EVP Group Functions	1.10.2018 - 31.12.2021	6 743	-1.7%	30.6%	6 859	5.4%	38.1%	6 506	23.7%	36.5%	5 260	-	24.6%			
Kenneth Haavet	EVP Cons. & Fin. Inv.	1.2.2020 - 31.12.2021	6 402	-0.6%	40.1%	5 905	-	42.6%									
Atle Vidar Nagel Johansen	EVP Orkla Foods	1.6.2012 - 31.12.2021	8 468	-13.1%	31.0%	9 742	15.6%	43.0%	8 428	20.0%	35.1%	7 021	-1.4%	22.4%	7 121		-23.4%
Hege Holter Brekke	EVP Orkla Care	14.1.2021 - 31.12.2021	5 551	-	30.5%												
Sverre Prytz	EVP Strategy & M&A	1.12.2019 - 31.12.2021	5 862	-4.6%	34.3%	6 128	26.7%	39.4%	403	-	23.8%						
Ingvill T. Berg	EVP Orkla Conf. & Snacks	14.1.2021 - 31.12.2021	5 570	-	33.8%												
Johan Clarin	EVP Orkla Food Ingredients	1.9.2013 - 31.12.2021	7 144	8.4%	31.1%	6 593	-2.9%	31.0%	6 792	16.7%	34.5%	5 822	-0.8%	24.5%	5 866	-	29.6%
Former members:																	
Terje Andersen (period 1)	CFO/EVP Financial Investments	1.1.2005 - 30.9.2018										6 420	Final settlement		7 085	-	35.4%
Terje Andersen (period 2)	Interim President and CEO	7.5.2019 - 1.2.2020				6 916	Final settlement		7 676	-	30.2%						
Ann-Beth Freuchen	EVP Orkla Foods N&B / Conf.& S.	1.7.2015 - 14.1.2021	10 458	Final settlement		8 083	14.3%	40.5%	7 071	6.4%	33.4%	6 645	-1.6%	34.4%	6 752	-	40.8%
Jeanette Hauan Fladby	EVP Orkla Conf. & Snacks	1.10.2018 - 14.1.2021	7 597	Final settlement		5 892	-4.5%	31.3%	6 171	39.6%	38.7%	4 422	-	27.9%			
Jens Staff	CFO	1.6.2014 - 29.2.2020				4 419	Final settlement		6 501	17.8%	32.9%	5 520	-5.8%	23.6%	5 862	-	29.1%
Peter A. Ruzicka	President and CEO	1.2.2014 - 7.5.2019				6 871	Final settlement		16 456	Final settlement							
Johan Wilhelmsson	EVP Orkla Foods International	1.10.2018 - 14.1.2021				7 405	28.2%	43.6%	5 775	1.1%	32.7%	5 712	-	37.6%			
Karl Otto Tveter	EVP Group Functions & Legal	1.2.2012 - 30.11.2019							5 260	Final settlement		5 829	-5.7%	23.9%	6 184	-	29.9%
Stig Ebert Nilssen	EVP Orkla Care	1.4.2013 - 1.2.2019										6 308	-5.9%	23.6%	6 705	-	32.6%
Pål Eikeland	EVP Orkla Food Ingredients	1.6.2012 - 3.4.2018										5 689	Final settlement		4 935	-	14.7%

Financial results	2021	2020	2019	2018	2017
Organic growth	4.3%	1.6%	1.3%	-0.2%	1.6%
EBIT (adj.) (mill. NOK)	6 145	5 492	5 088	4 777	4 635
Earnings per share (NOK)	4.82	4.37	3,84	3,24	8.43
Annual change in earnings per share	**10.5%**	**13.8%**	**18.5%**	**-61.6%**	**99.8%**

Average remuneration of Orkla ASA employees	2021	2021	2019	2019	2017
Average number of full-time employees throughout year	20 074	17 656	17 622	17 667	17 705
Average personnel cost (1000 NOK)	454	508	465	438	427
Annual change in average remuneration in Orkla ASA	**-10.6%**	**9.2%**	**6.3%**	**2.4%**	**-**

1 Total remuneration means the sum total of salary and holiday pay paid, earned pension for the year, earned STI for the year, earned LTI for the year and benefits in kind. Figures stated for actual period of employment at Orkla.

2 Annual change is calculated on the basis of recalculated figures for the full year if the executive was employed at Orkla for parts of the year.

The Group Executive Board's holdings of Orkla shares

The Group Executive Board participates in Orkla's employee share purchase programme, which is offered to most Orkla employees on a global basis. In 2021, the employees were offered three different purchase options (before discount): NOK 30 000, NOK 15 000 and NOK 10 000. The discount was 25 per cent, and the shares were subject to a three-year lock-in period.

All members of the Group Executive Board chose the highest purchase amount. Based on the closing price on the last day of the order period, this meant a purchase of 344 Orkla shares.

Holdings of Orkla shares

Position	Name	Shareholding 31.12.2020	Purchases 2021	Sales 2021	Shareholding 31.12.2021
President & CEO	Jaan Ivar Semlitsch	52 827	32 344	0	85 171
EVP Orkla Care	Atle Vidar Nagel Johansen	28 106	344	0	28 450
EVP Group Functions	Christer Grönberg	8 626	7 844	0	16 470
EVP and CFO	Harald Ullevoldsæter	1 208	344	0	1 552
EVP Orkla Care	Hege Holter Brekke	4 621	2 444	0	7 065
EVP & CEO OCS	Ingvill T. Berg	821	1 544	0	2 365
EVP & CEO OFI	Johan Clarin	4 397	1 844	0	6 241
CEO Orkla Investments	Kenneth Haavet	327	6 844	0	7 171
EVP M&A and Strategy	Sverre Prytz	327	344	0	671

Remuneration of employee-elected Board representatives

Employee-elected Board representatives

Amounts in NOK	Salary and holiday pay paid 2021	Board fee	Benefits in kind	Pension costs	Total remuneration
Terje Utstrand	727	565	6	34	1 332
Roger Vangen	581	454	6	31	1 072
Sverre Josvanger	643	580	6	29	1 257
Karin Hansson[1]	388	454	4	29	875

1 Salary, benefits in kind and pension agreed in SEK, but translated to NOK based on average annual rate of exchange.

Right to claim repayment of variable remuneration

There were no grounds to claim repayment of variable remuneration in 2021, so Orkla has had no need to apply any repayment provisions in connection with the STI or LTI programmes.

Departures from the guidelines

In 2021 we found no reason to depart from the applicable conditions set out in the guidelines adopted by the General Meeting in 2021. The decision-making processes for establishment, approval and implementation, which are described in the adopted guidelines, have been followed.

Independent auditor's assurance report on report on salary and other remuneration to directors

To the General Meeting of Orkla ASA

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Orkla ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31. December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 16 March 2022
Ernst & Young AS

Petter Larsen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

3. Sustainability

Highlights in 2021

Transition to low-carbon operations

We have set science-based climate targets and in the period 2014-2021 achieved a 65 per cent reduction in greenhouse gas emissions from our own operations relative to revenue. Measured in absolute figures, the change was 56 per cent. In 2021, 47 per cent of the energy that Orkla used came from renewable sources, and we scored an A- in CDP reporting for our climate work.

Sustainable growth

Developing products that promote sustainable consumption is a priority for Orkla, and in 2021 16 per cent of our revenue derived from products defined as "most sustainable"[1], compared with 15 per cent in 2020. Plant-based food produced by Orkla generated a total turnover of NOK 1 047 million in 2021, an increase of 23 per cent from 2020. Orkla's most important plant-based brands are NATURLI'®, Anamma, Felix Veggie, Frankful, Beauvais Veggie and Lecora Green Line.

Healthier products

Orkla is continuing its efforts to reduce salt and sugar, and in the period 2015-2021 we cut Orkla's consumption of salt by 4.7[2] per cent and sugar by 10[2]. The measures we implemented in 2021 resulted in a reduction of 1602 tonnes of sugar and 62 tonnes of salt. We have continued to expand our portfolio to include plant-based products as replacements for animal protein, and a number of new vegetarian and vegan products were launched under well-known brands.

Sustainable raw materials

In 2021 we continued our long-term efforts to promote responsible business practices in the supply chain and participated actively in industry initiatives to address environmental and human rights challenges. Our goal is to ensure that all priority raw materials are produced in accordance with quality standards that, at a minimum, meet the Silver-level requirements in the Farm Sustainability Assessment (FSA) framework. In 2021, we therefore made active efforts to secure access to raw materials that satisfy Silver-level criteria.

More women in management positions

Orkla aims for 50 per cent of management positions at all levels to be held by women by 2025 and works systematically to reach this target by means of inclusive recruitment and systems for long-term leadership development. The percentage of women at executive management level[3] continues to increase, rising from 35.9 per cent in 2020 to 38 per cent in 2021.

Circular packaging value chains

By launching innovative new packaging solutions and participating in external collaboration, we took new steps in 2021 towards circular value chains for plastic and other packaging. In 2021, 96 per cent of Orkla's packaging was recyclable and 54 per cent was based on recycled materials.

1 To be assessed as one of Orkla's most sustainable products, the product must satisfy the criteria in at least two of the following three categories: Sustainable raw materials, sustainable packaging and products that promote a healthier lifestyle.
2 Applies to the Orkla Foods, Orkla Confectionery & Snacks and Orkla Food Ingredients business areas.
3 Members of management teams at group, business area and business unit level.

Sustainability leadership

Navigation

The UN Global Compact and the global Sustainable Development Goals

Orkla has been affiliated with the UN Global Compact since 2005, and we actively support the organisation's ten principles for human and workers' rights, the environment and anti-corruption. Through this worldwide network of companies and organisations, we participate in a global mobilisation to attain the 2030 Sustainable Development Goals (SDGs), which were launched by the United Nations in 2015.

SDG 12 is at the core of Orkla's sustainability work. We want to make the transition to sustainable production and consumption by engaging in sustainable raw material production, developing packaging solutions which are recyclable and based on recycled or renewable materials, reducing the climate footprint of our products and developing products for a healthy lifestyle.

- Sustainable production of food raw materials

- Health innovation
- Salt and sugar reduction
- Inspire people to live healthily

- Diversity and gender balance

- Respect for human rights in the workplace and supply chain

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

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

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

- Active stakeholder dialogue and partnerships for sustainable production and consumption

Material sustainability issues

We want to create sustainable growth. As a manufacturer of food and other consumer goods, we can contribute to sustainable development by addressing environmental and social challenges in the value chains of which we ourselves are a part. UN Sustainable Development Goal 12 – sustainable consumption and production – is therefore at the very core of our sustainability work.

In 2021, we assessed the impact that Orkla's activities and products have on people, the environment and society throughout our value chain, and the risk that sustainability challenges pose for us as a company. The assessments were prepared by Orkla's central sustainability team with the assistance of the audit and consulting firm EY, on the basis of the concept of double materiality. Furthermore, the assessments were based on secondary data and discussions and workshops with key personnel in various specialised areas in the Group. As part of this process, we analysed the expectations that key stakeholder groups have of us, based on available reports and other information material. The impact and risk assessments were presented to Orkla's Group Executive Board and Board of Directors, who endorse our assessment of which issues are material for Orkla, and which tasks we should prioritise in 2022.

Our impact

The impact assessment shows that our footprint is particularly big in our supply chain, which is where more than 90 per cent of Orkla's greenhouse gas emissions take place. Our food manufacturing operations make us one of the biggest purchasers of agricultural and fish raw materials in the Nordic region, thereby giving us a huge opportunity to help develop sustainable food systems. The production of food raw materials can give rise to a risk of biodiversity loss and is often a cause of high water consumption and food waste. Furthermore, we know that there are social challenges and a risk of human and workers' rights violations in several supply chains. We can contribute to solving the sustainability challenges in our value chains by carrying out due diligence assessments, monitoring our suppliers and carrying out targeted improvement work. In this way we can create a positive impact.

As a manufacturer of consumer goods, we use large amounts of packaging, which causes greenhouse gas emissions and packaging waste. However, in collaboration with packaging suppliers, the waste management sector and other players in the packaging value chain, we are developing recyclable packaging made from renewable raw materials. In this way, we contribute to increased recycling of plastic and other packaging waste, while also reducing our use of non-renewable resources.

Other areas in which we have a major impact include food safety and public health. Changes in diet are crucial to reducing the occurrence of lifestyle-related diseases. We can therefore contribute to improving public health by reducing salt, sugar and saturated fat in our food products, promoting increased use of plant-based food products and developing grain products with a high fibre content. We can also develop other products and services that foster a healthy lifestyle.

We have a presence in almost 30 countries, thereby creating indirect economic ripple effects for local communities in the form of jobs, tax revenues and procurement contracts with local suppliers. Orkla is a major employer, and by investing in human resource development and working systematically to ensure a good working environment, we help to provide job satisfaction and personal development for our employees.

Orkla's impact on people, the environment and society through its value chain

Figure 1

	Impact	Upstream: Supply chain	Own operations: Management and product development	Own operations: Production and logistics	Downstream: Customers/consumers	Downstream: Final handling
Planet	H	• Greenhouse gas emissions • Loss and restoration of nature • Water consumption • Renewable / recycled materials • Raw material waste	• Products with a small environmental footprint (incl. packaging)	• Raw material and product waste	• Food waste • Environmentally conscious consumption	• Recycling of packaging waste
Planet	M	• Loss of marine resources • Local pollution of soil, water and air • Animal welfare	• Products and services for environmentally efficient production through B2B cooperation	• Greenhouse gas emissions • Energy consumption • Waste management • Water consumption • Water pollution • Air pollution (NOx, particles)	• Sorting of waste	• Greenhouse gas emissions from waste treatment • Pollution from waste to land and fresh water
Planet	L	• Local waste management and treatment	• Pension savings and equity in green funds	• Loss and restoration of nature		• Marine pollution
People	H	• Health and safety • Responsible working conditions and terms • Competence development	• Products for health and wellness • Allergy- and lifestyle-adapted products • Responsible marketing and product labeling	• Safe food production • Health and safety • Responsible working conditions and terms	• Diet and lifestyle	
People	M	• Safe raw materials and finished goods produced by third party • Diversity, equality and inclusion	• Preparedness for new risk factors • Products and services for increased food security through B2B collaboration • Nutritional content of food products • Diversity, equality and inclusion	• Competence development	• Safe cooking	
Governance	H	• Responsible business practices • Traceability and transparency	• Responsible business practices • Sustainable transition • Quality and risk management • Transparency and stakeholder involvement	• Traceability, reporting and verification	• Responsible business practices	
Governance	M			• Information security and privacy	• Information security and privacy	
Prosperity	H	• Local value creation and jobs	• Research and development	• Local tax payment, value creation and jobs	• Social and environmental commitment	• Contribution to circular value chains

Risks and opportunities related to sustainability

Production processes, value chains and consumption need to be changed if we are to reduce global warming, prevent pollution and biodiversity loss and solve social challenges related to human rights, public health and welfare. The global sustainability challenges affect Orkla's activities, and switching to sustainable production practices and consumption patterns introduces new risks.

In the past few years, extreme weather has impacted on the production of some of the agricultural raw materials we purchase, and has at times affected the price and availability of these commodities. In the coming years, we expect continued volatility in raw material prices and delivery problems for certain raw materials and products due to extreme weather, drought, lack of pollination and other challenges related to agriculture and fishing. We also anticipate a rise in the costs of securing sustainable raw materials and supporting the transition to future farming systems. Moreover, we expect the switch from fossil to renewable energy sources to result in volatile energy costs. Other factors that will bring higher costs in the short and medium term are increased fees for packaging waste management in compliance with EU requirements linked to producer responsibility and potential new climate-related taxes. We will also see higher costs when new requirements for product labelling, documentation and reporting are introduced, in connection with issues such as nutritional content, carbon footprint and supply chain responsibility.

At the same time, our sustainability work offers important opportunities for us in terms of building brand loyalty and turnover growth. The global sustainability challenges are giving rise to changes in consumer preferences and customer requirements. According to the Orkla Sustainable Life Barometer 2021 survey, around six out of ten consumers across the Nordic and Baltic countries state that they prefer to choose products they perceive to be sustainable. In most of the markets where we are present, there is rising demand for locally produced food, plant-based food and products that promote better health. If we are to achieve further growth, we must offer products and services that make it easier for consumers to live healthily and sustainably. We are responding to the increasingly high expectations of society, customers and consumers and are strengthening our long-term competitiveness by focusing our efforts on several areas: We are developing recyclable packaging solutions based on recycled and renewable materials, reducing the climate impact of our products and contributing to the sustainable production of the raw materials we use.

We have provided a more detailed description of important risk factors in the Report of the Board of Directors and in a separate report on climate-related risk posted on Orkla's website.

The impact and risk assessments carried out in 2021 have confirmed that our sustainability strategy is still highly relevant. The strategy covers five main topics: environmental engagement, sustainable sourcing, nutrition and wellness, safe products and care for people and society. In light of the impact assessment, we have nonetheless made a few adjustments with regard to the sub-topics that we consider to be of material importance for us; see Figure 2. The topics are essentially the same as before, but we have highlighted “impact on nature”, “circular processes”, “human rights due diligence assessments” and “zero deforestation” as separate topics, thereby assigning them a more distinct role. We have structured this Sustainability Report according to these topics.

Material sustainability topics

Figure 2

Sustainability management

Create business value in a sustainable way

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

Environmental engagement

Innovate to protect the environment

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

Sustainable sourcing

Deliver products with sustainable raw materials

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

Nutrition & wellness

Make healthy living easier

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

Safe products

Be prepared to handle emerging risks

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

Care for people & society

Be the change we want to see

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

Orkla´s sustainability targets for 2025

Figure 3

Environmental engagement

Innovate to protect the environment

- > 60% renewable energy
- 65% reduction in greenhouse gas emissions from own operations (80% reduction by 2040) [1,2]
- 30% reduction in greenhouse gas emissions in the value chain, outside own operations (75% reduction by 2040) [1,3]
- 30% reduction in energy and water consumption
- 50% reduction in food waste

Sustainable sourcing

Deliver products with sustainable raw materials

- Ensure respect for workers' rights
- Achieve verified sustainable production of key raw materials [4]
- Promote sustainable farming and fishing
- 100% recyclable packaging
- 75% packaging made of recycled materials
- 50% plastic packaging made of recycled or renewable materials

Nutrition and wellness

Making it easier to live healthy

- Double consumption of products and services that contribute to a healthier lifestyle
- 15% less salt and sugar [5]
- Inspire people to adopt a healthier lifestyle

Safe products

Be prepared to handle emerging risks

- 100% food manufacturing facilities at green level[6]
- 100% approved suppliers[6]
- Continue to ensure that all products are safe

Care for people and society

Be the change we want to see

- Create strong local engagement for sustainability
- 100% compliance with Orkla's human rights policy
- Create healthy workplaces with zero injuries
- Women in 50% of leadership positions at all levels
- Create a culture of integrity everywhere

1 Targets for greenhouse gas reduction have been validated by the Science-based Targets initiative.
2 Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol. Base year 2014.
3 Scope 3 in accordance with the Greenhouse Gas Protocol. Base year 2014.
4 The assessment of importance is based on the risk related to and scope of the Group's sourcing
5 Reduction in overall consumption of salt and sugar from Orkla's food products. Base year 2015.
6 In accordance with the Orkla Food Safety Standard

Sustainable value creation

At Orkla we mobilise across companies and countries to develop sustainable products and solutions. This is both part of our corporate social responsibility and pivotal to our success as a company. Sustainable growth is one of the main topics of our business strategy, and we want to play an active role in driving the transition to sustainable production and consumption. Through dialogue and collaboration with others, Orkla companies seek to promote responsible production practices in every part of the value chain and to contribute to solving the global challenges with respect to climate, the environment, human rights and consumer health.

Orkla's overarching sustainability targets for 2025 were launched in 2018. In connection with our Capital Markets Day in 2021, we emphasised three of these targets: a 65 per cent reduction in greenhouse gas emissions from own activities (scope 1 and 2, base year 2014), a 30 per cent reduction in greenhouse gas emissions from our value chain (scope 3) and 100 per cent recyclable packaging. The three targets have special priority in our sustainability efforts across all our business areas and companies. On our Capital Markets Day, we also presented Orkla's strategy for creating growth related to consumer health and plant-based products.

As a group, we have come a long way in integrating sustainability work into our business plans, decision-making processes and day-to-day activities. All our business areas have stepped up their efforts in the past few years, and this work is generating positive results in all areas. In 2021, for example, our companies continued to focus on sustainable innovation and product improvements, and they have carried out a number of important growth initiatives. Plant-based foods produced by Orkla had an aggregate turnover of NOK 1,047 million in 2021 and growth of 23 per cent compared with 2020.

Orkla's most important plant-based brands are NATURLI'®, Anamma, Felix Veggie, Frankful, Beauvais Veggie and Lecora Green line.. In 2021, Orkla Alternative Proteins (OAP) was established as a separate company to coordinate and strengthen our investment in plant-based food. OAP supports Orkla companies' efforts to develop best possible products along important dimensions such as texture, taste, health and sustainability. Orkla Ocean was also established as a separate limited company. The company will concentrate on building specialised expertise in developing and commercialising products made from seaweed, and its goal is to exploit the high growth potential inherent in seaweed by using this sustainable raw material in both existing branded products and new concepts.

Our companies have also launched a number of products with new packaging solutions that help to increase recycling of packaging waste, products with a smaller climate footprint and healthier food products, snacks and bakery goods. The share of Orkla's branded goods turnover derived from products considered to be "most sustainable" was 16 per cent in 2021, compared with 15 per cent in 2020.[1] Our goal is to double the percentage of our most sustainable products in the period 2022 – 2024.

1 In our 2020 Annual Report, we reported that 71 per cent of Orkla's turnover from Branded Consumer Goods derived from classified products and that the percentage of classified turnover from products assessed as "most sustainable" was 19 per cent. Converted to the figure for 2021 covers Orkla Foods, Orkla Confectionery & Snacks, Orkla Care and Orkla Food Ingredients.

In 2021, we continued our extensive preparedness work in response to the COVID-19 pandemic in order to protect the health and safety of our employees across countries and companies and to ensure stable operations with high supply security. We are treating the pandemic as a Class 1 emergency, which is the most serious category. In 2021, our central preparedness team had weekly meetings, and the Group Executive Board and Board of Directors received monthly reports on its work. In addition, representatives of the Group Executive Board met with key Orkla elected employee representatives every two weeks to ensure good information flow and discuss measures.

Due to the preparedness work, we have given lower priority to or postponed some sustainability projects. Nonetheless, we have achieved good results within the scope of all five main topics: environmental engagement, sustainable sourcing, nutrition and wellness, safe products and care for people and society.

In the period from 2014 to 2021, we reduced greenhouse gas emissions from our own activities by 65 per cent (relative to turnover).[2] A total of 47 per cent of our energy now comes from renewable sources. We are well on our way to reaching our target of a 65 per cent reduction in greenhouse gas emissions by 2025 and an 80 per cent reduction by 2040[2] for Orkla's own activities. We are transitioning to renewable energy by phasing out fossil fuels, increasing use of energy from renewable sources and purchasing certificates of origin for renewable energy. In 2021, moreover, we introduced more systematic efforts to reduce greenhouse gas emissions in our supply chain as well.

Food safety is subject to close control in Orkla and, in accordance with our preparedness procedures, we have dealt effectively with the risk factors that arose in 2021. Due to travel restrictions, we were unable to carry out physical audits to the extent we would have liked, but we have improved training of key internal personnel by increasing the use of digital courses.

At our factories we have good procedures for preventing emissions and other undesirable environmental impacts. We are also making good progress on reducing energy use, water consumption and food waste from our production activities. Furthermore, we are making good headway in our efforts to monitor suppliers to ensure that the raw materials they use are sustainably produced. As regards the percentage of certified raw materials, there has been improvement on the whole, but the challenges in this area are complex. We will therefore need to intensify our efforts in the coming years to reach our target of sustainable raw material production and accelerate our transition to sustainable agriculture and fishing.

Achieving our targets of recovering and using recycled and renewable packaging materials is a challenging process, but in 2021 we saw an improvement in this area as well. Our companies are involved in a variety of exciting development projects in collaboration with suppliers, external centres of expertise and other players in the value chain, resulting in a steady stream of launches of new products in recoverable, recycled or renewable packaging.

2 Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol. Base year 2014.
3 These are science-based targets for reducing greenhouse gas emissions in accordance with the Paris Agreement. The targets have been validated by the Science Based Targets initiative (SBTi).

Products that promote a healthier diet accounted for around 16 per cent of turnover in Orkla Foods, Orkla Confectionery & Snacks and Orkla Food Ingredients in 2021. The companies have continued their long-term efforts to reduce the use of salt and sugar in their products: Through a range of effective measures we have managed to cut Orkla's total consumption of sugar by 10[4] per cent, and we have reduced use of salt by 4.7[4] per cent since 2015. However, the total reduction of salt since 2015 is lower than reported in our 2020 Annual Report, due to changes in the product portfolio and some errors in previously reported figures. Despite our broad-based efforts over many years, we see that it will be difficult to reach our target of reducing our overall contribution to salt and sugar consumption by 15 per cent in the ten-year period 2015 – 2025. In 2022, we will consider ways of stepping up our plans in this area and will continue to focus on improving our reporting procedures.

We have described the results of our sustainability work in 2021 and the targets for our future efforts in greater detail in separate chapters for each main topic.

Criteria for sustainable products

In 2019, we defined internal criteria specifying what characterises sustainable food and grocery products, and began work on classifying all our products in accordance with the new criteria. The criteria are linked to our sustainability targets for 2025. To be considered one of Orkla's most sustainable products, the product must satisfy the criteria in at least two of the following three categories: sustainable raw materials, sustainable packaging and products that promote a healthy lifestyle. This classification is a useful management tool that makes it easier to monitor the progress of the work being done. In 2021, we reviewed the criteria with a view to improving them and have introduced stricter requirements for classification as most sustainable.

The Orkla Sustainable Life Barometer

In 2021, for the third year in a row, we conducted a survey in the Nordic and Baltic countries on people's needs and attitudes with regard to important sustainability topics. Just as in the two preceding years, the survey showed that the sustainability topics about which most people were most concerned are ocean plastic pollution, global warming, waste management and deforestation. Around six out of ten respondents say that they try to buy products that they perceive as being sustainable. At the same time, 62 per cent find it difficult to know whether or not a product is sustainable. The responses from the Orkla Sustainable Life Barometer provide valuable input when we determine which topics and activities to prioritise in our sustainability work. The 2021 survey was conducted by Ipsos on behalf of Orkla among 7000 respondents in Norway, Sweden, Denmark, Finland, Estonia, Latvia and Lithuania.

4 There is some uncertainty associated with the figures due to changes in measurement methods across companies and over time.

Our corporate responsibility

We define corporate responsibility as conducting responsible operations with respect for people, the environment and society. Orkla's Group directives on corporate responsibility describe the general principles for our companies' efforts to promote respect for human and workers' rights, the external environment, the working environment, health and safety, anti-corruption and other key areas of responsibility. These directives are based on the UN Global Compact's ten principles, the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The directives have been adopted by Orkla's Board of Directors and apply to the entire Group, including wholly-owned subsidiaries.

More information about our governance procedures for corporate responsibility is included in the Group's Directors' Report on page 43-44 of this report.

Respect for human rights

Orkla's Human and Labour Rights Policy is based on the UN Guiding Principles for Business and Human Rights and sets out the main principles for the way we deal with the human and workers' rights that are most relevant for our day-to-day operations. In 2021, we updated the policy to ensure that it reflects good practice and meets the requirements for due diligence assessments as specified in the new (Norwegian) Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act), new EU legislation and a guidance document drawn up by Ethical Trade Norway. In our updated policy, we have described in greater detail the way we wish to carry out due diligence assessments and promote improvements both in our own businesses and in the supply chain. Furthermore, we have defined in clearer terms the Group's stance regarding important topics such as child labour, forced labour, a living wage, diversity and inclusion. We have also described more explicitly our expectations of the Group companies with regard to ensuring that the policy is implemented effectively.

Every year, our companies analyse the risk of non-compliance with the policy. At the same time, they draw up a plan for further efforts to safeguard human rights. More information about the risk assessment work is given on page 192. We have given an account of our work on supply chain due diligence on page 135.

Responsible business practices

We have established common policies, standards and guidelines specifying how the companies in our Group must deal with important responsibility topics, including environment, health and safety (EHS), food safety, responsible sourcing and employer responsibility. In all these areas, efforts must be based on the precautionary principle and emphasis on continuous improvement. Key elements of this work are therefore awareness-raising, risk mapping, improvement plans, monitoring and reporting. We have provided further details of the way we address various responsibility topics in the Sustainability Management Approach document on our website.

Everyone who works at Orkla must adhere to our ethical guidelines. These guidelines set out our requirements and expectations of each manager and employee and each member of the Board of Directors with regard to important topics such as respect and tolerance, business ethics, the environment and anti-corruption. More information on our efforts to ensure that we comply with legislation and promote good ethical judgement is given on page 204.

Adherence to external principles

Orkla has been affiliated with the UN Global Compact since 2005 and supports its ten principles in the areas of human and workers' rights, the environment and anti-corruption. Moreover, through our sustainability work we contribute actively to attaining a number of the 2030 Sustainable Development Goals, which were launched by the UN in 2015. We want to contribute to developing sustainable food systems, and in 2021 Orkla was one of the first companies in Europe to sign the EU's Code of Conduct on Responsible Food Business and Marketing Practices. In connection with signing the Code of Conduct, we drew up internal pledges endorsing all seven objectives defined by the EU in the code. We have also been a member of Ethical Trade Norway since 2012 and have committed to working actively to realise their goals of promoting and collaborating on trade that takes into account human rights, workers' rights, development and the environment.

Our targets for reducing greenhouse gas emissions have been validated by the Science Based Targets initiative. We have also committed to setting a net-zero emissions target in accordance with a new framework developed by SBTi. In connection with our commitment to set net-zero targets we are participating in the Business Ambition for 1.5°C and the Race to Zero campaigns. Furthermore, we have signed the UN's New York Declaration on Forests.

Stakeholder dialogue

We are engaged in an ongoing dialogue with various stakeholder groups to obtain input for our own work and discuss issues related to our business and our products. We are aware that we need to respect the rights and interests of others if we are to gain trust and realise our long-term ambitions. Orkla's primary stakeholders are employees, customers and consumers, investors, government authorities, local communities, organisations and suppliers. When assessing which stakeholders are particularly important, we attach weight to the impact that we could have, our formal corporate responsibility and the stakeholders' significance for our ability to succeed. We reassess these factors in connection with strategy processes and materiality assessments.

Our dialogue with stakeholders takes place through meetings and other forms of direct communication, surveys, participation in networks and industry organisations and joint projects. Table 1 shows the main forms of dialogue. In 2021, we engaged in an active stakeholder dialogue on a broad range of topics. The most important of these include issues related to the pandemic, sustainable food production, circular business models, farming of the future, climate impact labelling, nutrition and health and recycling of plastic packaging. Consumers are increasingly concerned about the environment and sustainability, and we see that our companies' consumer service departments are now receiving more inquiries about this topic than before. Our Investor Relations team, for their part, frequently receives questions from analysts and investors about environmental, social and business ethical issues. Sustainability was also a key topic at Orkla's Capital Markets Day in autumn 2021. During the year, moreover, we continued to pursue a dialogue with authorities and politicians at the local and national level and in the EU on business policy framework conditions and other matters of relevance for our activities. Further details regarding our stakeholder dialogue in 2021 are provided in each chapter of this report.

Orkla´s dialogue with important stakeholders

Employees

- We have a central corporate democracy system and local channels for employee participation in the form of employee representation on the Board of Directors and other formal collaborative bodies.
- The Orkla Junior Board is an advisory body for the Group Executive Board consisting of young employees from a broad range of companies and countries.
- We conduct an employee opinion survey every three years, the results of which are followed up in a uniform process for all our companies. When necessary, the various companies carry out their own surveys.
- We require companies to conduct performance appraisal reviews with all permanent employees at least once a year.
- The President and CEO holds a number of town hall meetings for all employees as a supplement to the companies' own town hall meetings.
- We have a shared intranet and shared solutions for digital collaboration.

Consumers and customers

- Our companies have consumer and customer service staffs who answer questions and deal with complaints.
- We conduct annual surveys on attitudes regarding sustainability in seven Nordic and Baltic countries.
- Our companies carry out consumer surveys to identify product-related needs.
- The companies engage in an ongoing dialogue with retailers and other professional customers through meetings and other types of direct contact.

Organisations

- We conduct a dialogue with a number of special-interest organisations at both group and company level. This communication takes place either by organisations contacting us with questions concerning specific issues, or by inviting organisations ourselves to seminars or meetings to provide information on and obtain input for our work regarding topics such as climate impact labelling, plastic pollution and consumer behaviour.
- We are a member of trade organisations, multi-party initiatives and producer responsibility organisations in order to learn about and collaborate on key sustainability topics.

Authorities

- We provide input for consultative processes on topics of particular importance for us, either through direct contact or through the trade and special interest organisations of which we are a member.
- In several of the countries where we are present, we participate in partnerships between government authorities and the food industry, especially in connection with nutrition-related issues.

Local communities

- Our companies engage in dialogue with local supervisory authorities on food safety and other matters related to our operations.
- The companies also have procedures for responding to inquiries from individuals, organisations and businesses in the local communities in which production takes place.

Investors

- Our Investor Relations team has a continuous dialogue with investors and analysts through meetings and other types of direct contact. Every three years we hold a Capital Markets Day to provide information on our long-term strategy and important individual topics.

Suppliers

- We require all our suppliers to meet ethical standards that are set out in our contracts.
- Our central procurement staffs and our companies' procurement departments have a dialogue with suppliers regarding relevant sustainability topics when entering into contracts, and through ethical audits and meetings when necessary.

Sustainability reporting

We strive to build trust with our investors and other key stakeholders by reporting openly on matters related to our activities that are important for Orkla's value creation in a broad sense. Orkla's Sustainability reporting for 2021 has been prepared in accordance with the Oslo Stock Exchange's guidance on corporate responsibility reporting. This year, to promote good, uniform global sustainability reporting, we have started reporting according to the new metrics for sustainable value creation, Common Metrics, launched by the World Economic Forum (WEF) in 2020. For 2021, we have reported on most of the core metrics and a number of extended metrics. We are also continuing to report on various other metrics defined in the GRI Standards. We will carry out a new, overall assessment of how we should continue to develop our sustainability reporting in the coming years, when we see the final reporting requirements for food companies in the GRI Universal Standards 2021 and the requirements in the new reporting framework which the EU plans to launch in 2022.

Orkla's Sustainability Report for 2021 is included as a separate section of our Annual Report. In addition, we have reported on certain matters in other parts of the Annual Report. We have also prepared a separate report on climate risk, based on the recommendations of the Task Force on Climate-Related Financial Disclosures. On our website, we have posted an overview of the GRI Standards and WEF metrics on which we are reporting for 2021. As a Norwegian listed company, Orkla is not subject to the reporting requirements in the EU Taxonomy for the 2021 financial year. In 2022, we will make the necessary changes in our internal reporting procedures to enable us to report on the proportion of Orkla's turnover, operating expenses (OPEX) and investments (CAPEX) that is aligned with the taxonomy criteria for the two environmental objectives "climate change mitigation" and "climate change adaptation".

We have reported to the investor initiative CDP on our environmental work for many years. In 2021, we scored an A- (leadership level) in the areas of climate and water. We were given a B (management level) for our efforts to prevent deforestation in connection with the four raw materials palm oil, soya, meat and timber. We also report to the member-based organisation Ethical Trade Norway on our work to promote sustainable sourcing.

Orkla's Sustainability Report for 2021 has been approved by the Group Executive Board and the Board of Directors. Unless otherwise stated, the key figures in the Sustainability Report cover all the businesses in which we owned more than a 50 per cent ownership interest as of 31 December 2021. Our climate accounts have been prepared in accordance with the GHG protocol and verified by the audit and consulting firm EY. As regards the sustainability work carried out by our associate Jotun, we refer to Jotun's own reporting.

Under sections 3-3a and 3-3c of the Norwegian Accounting Act, we are required to report on corporate responsibility and selected responsibility topics. We have given an account of the Group's work related to the relevant topics in these chapters:

Sales of healthy and sustainable products

References		Unit	2021	2020	2019
WEF Prosperity	Estimated share of revenues from products classified as «most sustainable products»[1]	%	16	15	13
Self-defined	Estimated share of revenues from vegan products[2, 3]	%	26	28	25
Self-defined	Estimated share of revenues from vegan and lacto-ovo vegetarian product[2, 4]	%	50	49	46
Self-defined	Estimated share of revenues from products which contribute to a healthier diet[5, 6]	%	16	17	19
Self-defined	Estimated share of revenues from products with a balanced nutrient profile[5]	%	37	39	39
Self-defined	Estimated share of revenues from indulgence products[5]	%	47	44	42
WEF Prosperity	Estimated share of revenues from eco-labelled products[7] (Nordic Swan Ecolabelling, Good Environmental Choice, GOTS, MSC, EU Ecolabel and more)	%	16	11	-
WEF Prosperity	Estimated share of revenues from products wholly or partly made from recycled materials[7]	%	2	-	-
WEF Prosperity	Estimated share of revenues from certified organic products[8]	%	2	2	-
WEF Prosperity	Estimated share of revenues from keyhole products or other labelling schemes for health and wellness[2]	%	3	3	-

1 Share of total revenues in Orkla Foods, Orkla Confectionery & Snacks, Orkla Care and Orkla Food Ingredients. In the annual report for 2020 we reported the revenues from "most sustainable products" as share of classified revenues. Previously reported figures have been corrected to make them comparable. The classification criteria for 2021 are stricter than those used for previous years.
2 Applies to total revenues in Orkla Foods, Orkla Confectionery & Snacks and Orkla Food Ingredients. Previously reported figures have been corrected to include the same selection of companies
3 Products suitable for vegan diet as defined by Food Drink Europe
4 Products suitable for vegetarian diets as defined by Food Drink Europe. May contain egg and dairy ingredients
5 Applies to classified revenues in Orkla Foods, Orkla Confectionery & Snacks and Orkla Food Ingredients. 87% of revenue is classified according to criteria for health and wellness in 2021. Previously reported figures have been corrected to include the same selection of companies and products
6 Includes foods with less salt, sugar and saturated fat, healthier lacto-ovo vegetarian and vegan products, products with more than 50% of whole-grain cereals, official nutrition labelling and products with specific health benefits.
7 Applies to revenues in the non-food companies Orkla Home & Personal Care, Orkla Wound Care, Lilleborg, Pierre Robert Group and Orkla House Care
8 Applies to total revenues in Orkla Branded Consumer Goods

Environmental engagement

Navigation

Climate impact
Efficient resource utilisation
Environmentally targeted product development
Impact on nature
Circular processes

The big picture

Climate change is one of the biggest challenges of our time. The UN Intergovernmental Panel on Climate Change (IPCC) presses home the fact that people and nature all over the world have already been affected by these changes. The IPCC has also concluded that most of the global warming is man-made, and that urgent action is needed to slow the pace of change. The changes that we are experiencing will affect people's basis for existence with regard to food production, access to water, health and the environment. To limit global warming to 1.5 degrees, which is the target, a major adjustment will have to be made in almost every sector.

According to the IPCC, it is crucial that biodiversity and natural resources be sustainably managed if humanity is to have the ability and possibility to adapt to the anticipated climate changes and reduce the impact of the increasing greenhouse gas emissions. Well-functioning ecosystems mitigate the effect of extreme weather and contribute to a greater uptake of greenhouse gases. Moreover, climate-sensitive species have a better chance of survival in areas where biological diversity is sustainably managed. However, nature is under threat in more and more parts of the world, and there are fewer and fewer natural carbon stores.

We will take our share of responsibility for addressing the challenges related to climate change and biological diversity. For example, we are working in a long-term perspective based on the objectives set by the Paris Agreement to reduce greenhouse gas emissions. From a commercial standpoint, there are growth opportunities for us in consumers' growing interest in a climate-friendly diet and sustainable consumption.

Our impact

The environmental impact of Orkla's own operations is limited. The greatest impact comes from raw material production and at the consumption stage. We therefore work to reduce emissions and environmental impacts in every part of our value chain. We have ambitious goals for transitioning to low-carbon operations by focusing on product innovation, investing in renewable energy and reducing energy use and waste. These efforts include important measures in the form of collaboration and joint initiatives in the supply chain, such as the Sustainable Agriculture Initiative Platform (SAI Platform). We have written more about the environmental work being carried out in the supply chain in the chapter on sustainable sourcing. As more and more of our factories make the switch to renewable energy, the climate impact of our products will be reduced.

We have few factories in areas where there is a high risk of flooding or water shortage, but drought and extreme weather can nonetheless result in higher raw material, clean water and energy costs. Good access to these important input factors is essential to our operations, and a scarcity of these resources due to climate change and environmental degradation will consequently affect Orkla. Changes in regulatory frameworks or political framework conditions can also entail increased costs.

Our approach

We have adopted a systematic, coherent approach to climate work and other key environmental factors, such as use of natural resources (raw materials, energy, water) and waste management. In autumn 2021, we held a

Capital Markets Day where we presented our higher climate targets. To ensure that we steer and improve the environmental work being done in our own businesses, we have drawn up an Orkla EHS standard. This standard defines the requirements and expectations that must be met by our businesses with regard to the external environment. It also specifies what is required to ensure a good, safe working environment. We conduct regular audits to monitor the companies' efforts to implement the standard. The purpose of the audits is to ensure that the businesses are operating in compliance with laws and regulations, and that they have systems and procedures in place to control and reduce the risk of serious incidents.

A detailed description of targets, procedures and work processes may be found on our website under Sustainability Management Approach.

Our environmental work contributes to the achievement of UN Sustainable Development Goals 12, 13, 14, 15 and 17.

Orkla's sustainability targets for 2025

- More than 60 per cent renewable energy in own operations
- 65 per cent reduction in greenhouse gas emissions from our own operations (Scope 1 and Scope 2)[1]
- 30 per cent reduction in greenhouse gas emissions in the value chain (Scope 3)[1]
- 30 per cent reduction in energy and water consumption in our own operations
- 50 per cent reduction in food waste from our own operations

1 The targets for greenhouse gas reduction have been validated by the Science Based Targets initiative. Base year 2014. Greenhouse gas emissions have been calculated according to the Greenhouse Gas Protocol.

Our climate impact

To reach our target of net zero emissions by 2050 at the latest, we must first understand our current climate impact. We are therefore working systematically to measure our overall carbon footprint.

Research reports leave no doubt: as a society we must curb global warming. In 2018, to assume responsibility for our share of the emission reductions necessary to achieve the 1.5°C target, we set science-based targets for reducing our emissions. The targets were validated by the international organisation, the Science Based Targets initiative (SBTi).[5] We have also committed to setting net-zero emission targets in line with the new SBTi framework, launched in November 2021.

Orkla's climate impact primarily stems from the production of raw materials, and we therefore give priority to reducing greenhouse gas emissions in every part of our value chain. This approach is aligned with the Greenhouse Gas Protocol[6] guidelines for monitoring greenhouse gas emissions. In 2021, we continued our work on calculation models and data quality in the raw material chain (Scope 3). To calculate greenhouse gas emissions from raw materials, we mainly use climate data from the RISE[7] Research Institutes of Sweden. We consider these climate data in conjunction with our procurement in specific purchasing categories, before breaking the data down to a relevant level that gives us an insight into which raw materials have the largest climate impact.

We had previously developed a proprietary tool for calculating the carbon footprint of our products. In 2021, we refined this tool to make it easier for our companies to use calculations to improve their products. Thanks to this tool, we can provide consumers with information on the climate footprint of a growing number of products. You can read more about our climate impact labelling on page 185.

Through our pledge to set a target of net zero emissions, we support the Business Ambition for 1.5°C and Race to Zero campaigns. Through Business Ambition for 1.5°C we – and a broad coalition of companies, UN organisations and industry leaders – have committed to setting science-based targets aimed at preventing temperatures from rising above 1.5°C. Race to Zero is a global campaign in which a number of cities, regions, investors, business and industry and educational institutions have pledged to reach net zero emissions by 2050 at the latest. An objective of both these campaigns is to give the world's governments a clear signal that a number of actors have joined forces to achieve the Paris Agreement targets and thereby create a more robust society. All commercial enterprises must be prepared to invest in renewable energy and sustainable solutions. At the same time, it will be necessary to adopt a climate policy that reduces the risk attached to such investments, and that promotes green growth.

5 Science Based Targets initiative: www.sciencebasedtargets.org
6 The Greenhouse Gas Protocol (GHG Protocol) establishes comprehensive standardised frameworks for measuring and managing greenhouse gas emissions (GHG) from the private and public sectors https://ghgprotocol.org/
7 Research Institutes of Sweden, Sweden's research institute and partner in innovation for a more sustainable society https://www.ri.se/sv

We have reported on our climate work to CDP Climate Change for many years, and in 2021 we retained our status as a company that shows leadership (A- score).

In 2021, we also assessed our climate-related risk according to the Task Force on Climate-Related Financial Disclosures (TCFD) framework. In the risk assessment we considered three different scenarios for global warming – increases of +1.5°C, +2°C and >3°C – and how these would affect our operations and value chain. We assessed the risk and opportunities in respect of both climate and water. We have described the climate risk and the progress made in efforts to reduce emissions in a separate report prepared in accordance with the TCFD framework. The report may be found on Orkla's website.

Developments in 2021

We have reduced greenhouse gas emissions from our own production by 65 per cent since 2014. We have achieved this by improving our own energy efficiency and switching to renewable energy at many of our businesses. In 2021, for example, Orkla Home & Personal Care's factories in Ski and Flisa, Norway, and in Falun, Sweden, have replaced oil with biofuel in their boiler house. This switch has contributed to reducing Orkla Home & Care's greenhouse gas emissions. Orkla Foods Norge's factory in Arna has installed a new plant that recovers heat from process water. Early estimates indicate that the heat recovery will reduce the factory's annual consumption of oil and gas for heating purposes by around 750 MWh. This is equivalent to a reduction of 138 tonnes of greenhouse gas emissions. These figures will be verified in 2022.
As far as renewable electricity is concerned, we buy guarantees of origin (GOs) for all the electricity used by our companies in Europe. These guarantees are linked to our own hydropower plants. We have also bought Renewable Electricity Certificates (RECs) for our electricity consumption in Malaysia, China and India.

Analyses of our value chain show that animal-based raw materials account for a large proportion of our overall climate impact. We therefore collaborate closely with our suppliers on managing climate impact throughout our value chain. In 2021, several of our suppliers, such as dairy and meat product suppliers, set their own climate targets and took steps to reduce the emissions in their own value chain.

We regard innovation and the development of new vegetarian and plant-based foods with a smaller climate footprint as a very central part of our emission reduction strategy. Our goal is to be one of the foremost companies in Europe in plant-based food before 2030. In 2021, we therefore established Orkla Alternative Proteins (OAP) as a separate business unit to coordinate and strengthen our efforts to develop plant-based foods across our companies.

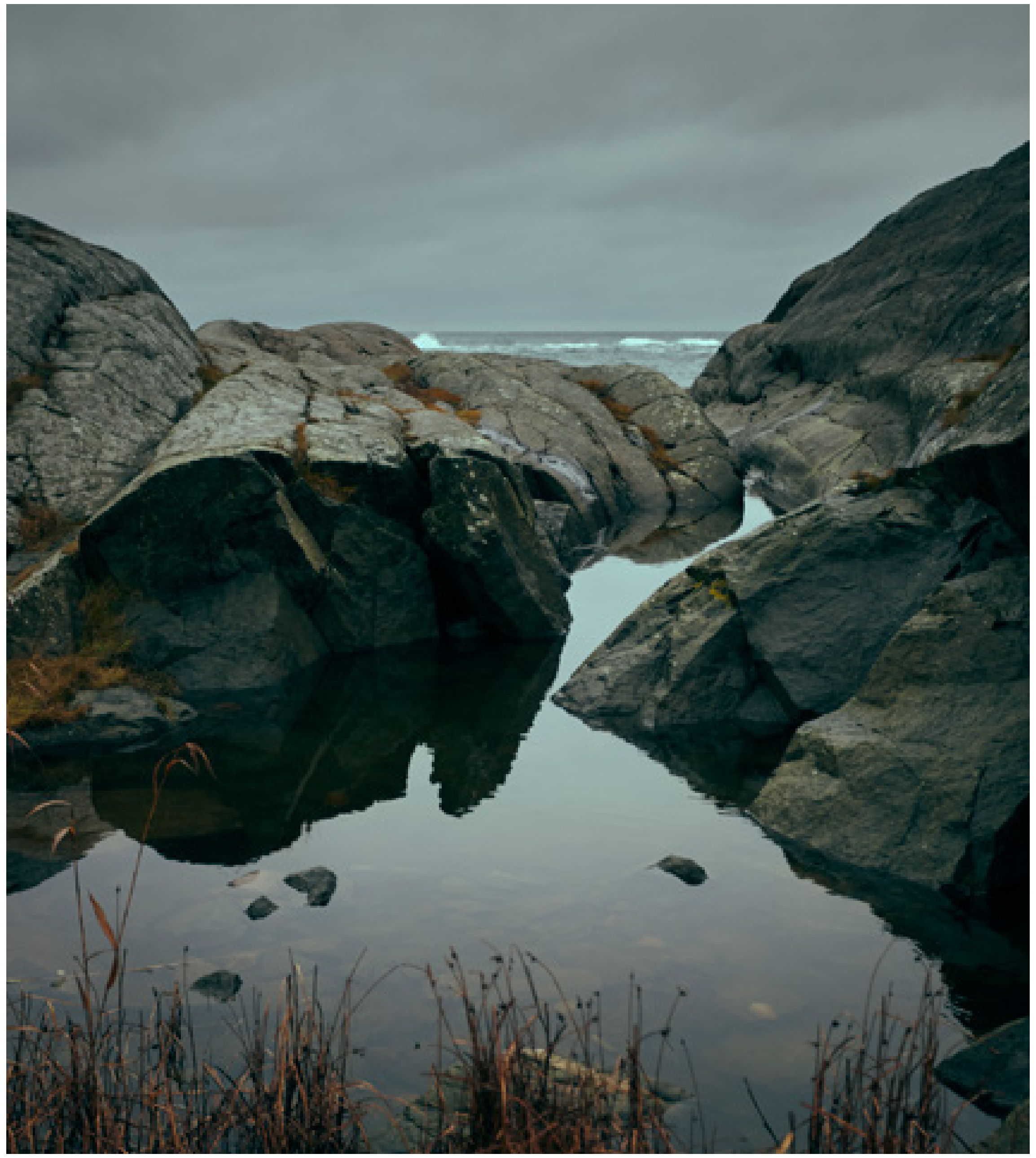
Cross-departmental efforts to reach the climate targets

The process of reaching the UN climate targets necessitates new thinking in many areas. In 2021, Orkla Foods Sverige established a cross-departmental pilot project to examine how the company can attain the targets of reducing greenhouse gas emissions in their value chains (Scope 3). In the pilot project, key innovation, purchasing, marketing and sales personnel have collaborated on identifying the most important measures. They have also entered into cooperation with suppliers, customers and external experts to obtain a clearer picture of the situation.

The project group developed a calculation model for Orkla Foods Sverige's entire product portfolio, in which all the ingredients and all the packaging were linked to climate footprint data. In this way, they were able to analyse the climate impact, identify problem areas and prioritise measures. They have documented that the biggest climate impact comes from the production of primary agricultural raw materials, while packaging and the manufacturing process each account for around 10 per cent of emissions.

To reach the climate targets, extensive measures must be implemented to cut emissions, and this requires close collaboration with suppliers. At the same time, the transition to more climate-smart food must be accelerated, a process in which innovation and communication play an essential role.

A cross-departmental approach is therefore necessary to put climate impact on the agenda in the value chain.



Efficient resource utilisation

We focus purposefully and systematically on using less energy across our entire business. For example, our factories are switching to renewable energy, while also reducing their water use, food waste and other waste.

In the period up to 2025 we will continue our work to phase out fossil-based energy and halve food waste. We will also step up our efforts to develop products and packaging made from renewable, recycled materials.

Developments in 2021

Energy

To reduce our energy use, we introduced a growing number of energy-efficiency projects in all our business areas in 2021. Companies and factories now also share their experiences more quickly than before. We installed solar panels at some of our factories, including Orkla Česko a Slovensko and Felix Austria, resulting in more efficient heating and cooling of office premises.

In 2021, several of our companies improved their processes, thereby reducing energy consumption in their factories. For example, the Laima factory in Orkla Confectionery & Snacks Latvija cut its energy use by 4 per cent by increasing the efficiency of ventilation and cooling systems. A number of companies have introduced measures to capture surplus heat from production. Orkla Confectionery & Snacks Danmark installed a new system whereby the use of surplus heat from production has increased energy efficiency by 40 per cent.

Furthermore, several factories have installed LED lights to reduce energy use for lighting and invested in new, more energy-efficient manufacturing equipment. All in all, Orkla has reduced its energy use by 19 per cent since 2014.[8]

Water

Most of our businesses are located in areas with a low or medium risk of water shortage. Nonetheless, we see the importance of reducing our water use for environmental reasons. In 2021, we carried out a number of process improvements, as a result of which less water is required for production. For example, Orkla Latvija has reduced use of water in its manufacture of chocolate by more than 60 per cent since opening a new chocolate factory in 2021. Several factories have invested in new, more efficient washing machines and automated the washing process, thereby reducing both water and energy use. In addition, a number of companies report that their employees are receiving training in minimising the use of water in washing processes.

Credin Portugal has installed a new treatment plant for wastewater from production in which water is recycled, and expects to reduce the amount of wastewater sent for external treatment by 70 per cent by the end of 2021. Through two projects, Orkla Foods Norge's factory in Arna succeeded in reducing its annual use of process water by 18 000 m3 and cooling by 27 000 m3. This is equivalent to annual reductions of 11 and 16 per cent, respectively, of total use. Overall, Orkla's water consumption has been cut by 28 per cent since 2014.

8 The percentage has been adjusted for acquisitions and disposals and an increase in turnover. Base year 2014.

We mainly use water supplied by municipal waterworks, and wastewater is treated internally or in municipal water treatment plants. We do not use water from rivers, lakes or wetland areas, which could have potential consequences for biodiversity. No serious emission incidents occurred in 2021. We report on the progress made in our work with water through CDP Water, and in 2021 improved our performance score to A-.

The greatest possibilities for reducing water use in connection with our products lie in the raw materials value chain or consumer water consumption. Water shortage is a relevant risk factor in the production of food raw materials that we purchase for our own manufacturing operations. Agricultural drought can lead to raw material scarcity and thereby higher purchasing costs.

To gain a better understanding of the risk picture associated with water, we carried out a detailed risk mapping process in 2021. In the risk assessment we identified the following risks and possibilities. Drought and water shortage are a physical risk that can cause delays from suppliers, higher prices and reduced availability of some raw materials. If our factories' supply of water is reduced, it could cause production delays and higher operating costs. Other physical risk factors that could affect our logistics are a rise in ocean levels, storms and low-lying factory sites. If our production sites are flooded, it could result in delays in the delivery of goods to our customers. Increased regulation of water consumption is a transitional risk that could give our companies higher costs and reduced access to water. However, we can reduce our dependence on water by recycling water and collaborating with other actors in the value chain on other types of improvement measures. This will be an important area of focus for us in the time to come to reduce our vulnerability to water-related risks.

Waste

We work systematically and on a long-term basis to reduce food waste and other waste across our businesses in close to 30 countries, and have lowered the amount of organic waste by 20 per cent since 2014. We are also participating in industry initiatives to cut food waste in Norway, Sweden and Denmark. Moreover, a number of our companies also donate surplus food to worthy causes through various organisations in several countries. Many of our companies also have factory outlets or deliver goods to stores where they sell products with minor defects at reduced prices.

Five years ago, we established an internal network between our snacks factories aimed at reducing food waste. We have also begun to analyse food waste in our chocolate and biscuit factories and our pizza production facilities in Vansbro and Stranda.

Transport

Our product life cycle analyses show that transport-related emissions account for a minor share of our climate impact. Nonetheless, our goal is to optimise every aspect of our product transport procedures, an objective that has also been incorporated into company practices. In 2021, our companies carried out various measures to reduce the environmental impact of transport. For instance, they have provided driver training programmes in environmental driving, including information on which transport generates the lowest possible emissions. Several companies have optimised transport by improving their methods of using and stacking pallets, and choosing more efficient routes. We also initiated a dialogue with and follow up on carriers, at both central and local level, to track their emissions and encourage them to make improvements. In 2021, we entered into agreements on the use of fossil-free fuel with a large number of our transport service providers, primarily in Sweden and Finland. We estimate that this will result in a total annual CO2 reduction of 3400 tonnes.

Fossil-fuel free potato transport

Every week, Orkla Confectionery & Snacks Sverige moves 550 tonnes of potatoes from its potato warehouse in Nöbbelöv to its factory in Filipstad. Since March 2021, the potatoes have been transported using fossil-free fuel from waste (HVO100), which means a reduction in CO2 emissions of around 300 tonnes per year. Fossil fuel-free potato transport is a targeted effort to reduce the carbon footprint, with the goal of a fossil-free snacks factory: "Fossil-free Filipstad."

The way forward

Making more efficient use of our resources is fundamental to addressing the world's climate challenges. The replacement of fossil fuel by renewable energy and reducing food waste in the value chain are the most important factors for success.

We will therefore continue our efforts to ensure that all energy used in our own operations is fossil-free. We will also increase our use of fossil-free transport solutions and encourage our transport suppliers to choose vehicles that run on renewable fuels such as biogas, hydrogen or the like. At the same time, we will work closely with our suppliers to ensure measures that promote fossil-free supplier chains.

In the past few years, our companies have taken steps to reduce water consumption in their factories, but to reach our target of cutting water use by 30 per cent by 2025 (compared with 2014), we will need to implement more measures and do more to increase awareness of this problem. Furthermore, we will give priority to developing our collaboration with key suppliers of agricultural raw materials to find solutions that minimise water consumption, or that require less water to produce the raw materials.

Reducing food waste in our own production is an essential part of our efforts to improve resource use. We will continue this work and intensify cooperation across factories and companies to share lessons learned and effective solutions. To optimise resource use, it is also essential that we have a dialogue with local waste disposal facilities on waste sorting. In this area, too, we will strengthen our collaboration with suppliers to avoid wasting valuable raw materials.

Environmentally targeted product development

We make targeted efforts to reduce the climate and environmental impact of our products and explore possibilities for circular solutions.

As a leading branded consumer goods company, Orkla has the possibility of influencing consumers to make more environmentally friendly choices in everyday life. At the same time, we consider it important for our competitiveness to be able to offer products with a low climate and environmental impact. According to the Orkla Sustainable Life Barometer survey for 2021, 54 per cent of respondents want to choose brands and products that they perceive to be sustainable. Moreover, almost one out of three say that they are willing to stop buying products from brands that are not environmentally friendly. However, seven out of ten Norwegian consumers find it difficult to know whether or not a product is sustainable.

A growing number of consumers state that they want to eat more climate-friendly food, but only three out of ten Norwegian consumers are happy with the selection of products available. Thus there appears to be an unmet potential for developing products in this area. We will therefore maintain our strong focus on plant-based food, which represents a major growth opportunity for us.

Developments in 2021

In 2021, we established Orkla Alternative Proteins (OAP) as a separate business unit. The company's goal is to develop a general strategy for alternative proteins in Orkla and to strengthen our long-term competitiveness. Our goal is to be one of Europe's leading suppliers of alternative proteins by 2030.

The company Orkla Ocean has continued to pursue several research and business development activities aimed at exploring how seaweed can be used as an ingredient in food, packaging and personal hygiene products. Production of seaweed-based aromatics has commenced at the TORO factory in Arna and will be introduced through the NATURLI'® burgers made at our factory in Fredrikstad. Seaweed is called the rainforest of the sea since the algae capture large quantities of CO2. Seaweed can therefore help to mitigate climate challenges, while also making an important contribution to increasing global food production. Moreover, the algae are naturally rich in beneficial nutrients.

Orkla Foods Sverige is participating in a research project in which bio coal produced from agriculture and forestry residues is to be tested in the cultivation of potatoes, among other things, that are used in our products. The bio coal captures CO2 which the plants take up over a long period of time, and the soil functions as a carbon storage. Bio coal has also proved to have other positive environmental effects, such as reduced leaching of nutrients and less need for watering.

In 2021, our detergent factory in Ski opened a new production line that manufactures refill soap in a neutral cardboard container. The cardboard container is intended to replace the refill pouch made of laminated plastic that has been produced at this facility for the past 25 years. Klar hand soap and Klar liquid laundry detergent will be the first products manufactured on this new line, in addition to a refill for the Swedish and Finnish brands Grumme and Lumme. Production capacity will be approximately 19 million consumer packages per year.

The way forward

We will continue to work to make our product portfolio more sustainable, and will offer products that make it easier for consumers to reduce their climate impact. Our focus on plant-based food, seaweed and other innovations that reduce products' environmental impact will be important contributions to strengthening our future competitiveness.

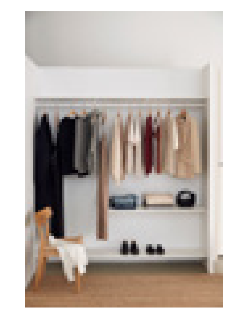
Product launches

In 2021, we launched a number of products that will make it possible for consumers to make more sustainable choices in everyday life.

Orkla Foods Sverige
Launched several products under the Anamma brand with a lower climate footprint, including Pirog, Bowl, Pizza, Pie, Nuggets, Burger and Sausages.

Naturli'
Has a general goal of motivating consumers to eat more plant-based, climate-smart food. In 2021-2022, the company will launch around 50 new vegan products

Orkla Confectionery & Snacks Sverige
Launched a vegan variant of Cheez Doodles in 2021, which has a 50 per cent lower climate impact than ordinary Cheez Doodles.



Pierre Robert
In 2021 Pierre Robert launched the KAPSEL clothing concept, consisting of timeless basic garments: tops, bottoms and accessories made of merino wool. Pierre Robert believes that as a manufacturer they need to see what they can do to reduce clothing consumption. The solution lies in quality clothing that does not become outdated, made of fabrics with a smaller environmental footprint, and is highly versatile. The company's ambition is to offer clothing that you can use in many different ways, often and for a long time.

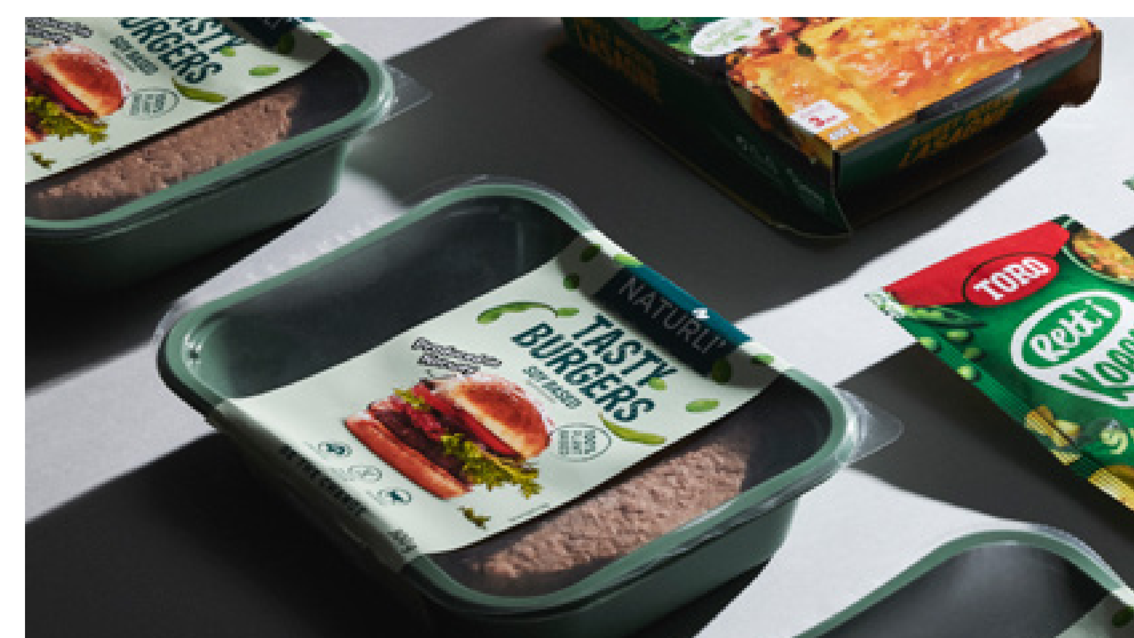
Investing in alternative proteins

Our goal is to be one of Europe's leading players in alternative proteins by 2030. That is why we established Orkla Alternative Proteins (OAP) as a separate business unit in 2021.

The UN estimates that around 15 per cent of global CO2 emissions can be attributed to animal husbandry for food production, and at the current rate of growth in food consumption, meat production will have to double by 2050. It is not possible to close this gap without finding considerably more sustainable methods of producing proteins.

Alternative proteins are still not widely used by the population at large, and our goal is to achieve strong growth in plant-based food in the coming years. Plant-based food produced by Orkla had an aggregate turnover of NOK 1 047 million in 2021 and growth of 23 per cent compared with 2020. By 2025, we aim to achieve a turnover of NOK 3 billion in plant-based food. We intend to reach this target by means of a combination of organic growth and acquisitions.

OAP will collaborate closely with the various companies in Orkla Food Ingredients and Orkla Foods, which currently develop, market and sell plant-based food, and together they will develop a general strategy for alternative proteins in Orkla. We will continue to build and develop strong local positions, but OAP will also contribute to increasing our rate of growth outside our present home markets.



Nature and biological diversity

Our work to protect nature and biological diversity revolves around preventing deforestation and promoting sustainable farming, forestry and fishing.

All types of life in an area, be they animals, plants, fungi or microorganisms, constitute what we call biological diversity. These ecosystems are crucial for maintaining a natural balance, besides which they form the foundation of everything in nature that we need to survive. Well-functioning ecosystems also mitigate the effects of extreme weather and facilitate greater capture of greenhouse gases.

We want to play a leading role in contributing actively to the transition to sustainable food value chains. Orkla was one of the first companies to sign the EU's new Code of Conduct on Responsible Food Business and Marketing Practices. We have previously signed the WWF's call for a global agreement for nature and the UN's New York Declaration on Forests.

Our efforts to promote sustainable farming practices, fishing and deforestation-free supplier chains are described in the chapter on sustainable sourcing on page 132.

Developments in 2021

In 2021, we carried out a general survey of the impact we have on nature and biodiversity in every part of our value chain. This survey gives us a basis for further efforts to identify areas for improvement, analyse causality and consider actions to be taken.

It is important for building trust in our work that we set science-based targets for nature and biological diversity, and that we report on them. We are therefore participating in the development of a method and a framework for this process under the auspices of the Science Based Targets Network (SBTN). In the SBTN Corporate Engagement Program, 80 companies from 28 countries are contributing to the development of user-friendly tools for setting science-based targets for nature and biological diversity. Through these efforts, we will also gain access to knowledge from research and other companies that can help us identify and implement the best measures.

The way forward

We have an important responsibility for preventing the further reduction of biodiversity, and we wish to support the reconstruction of natural ecosystems. More specifically, we intend to continue our efforts to promote zero deforestation, support cultivation practices that increase biodiversity, such as regenerative agriculture, and consider supporting other initiatives and projects that promote biodiversity and remove CO_2 from the atmosphere. Our work to reduce greenhouse gas emissions and water consumption throughout our value chain will also help to preserve nature and biodiversity. The same applies to our efforts to promote increased consumption of plant-based food produced by sustainable agricultural methods.

Circular processes

The transition to a circular economy is crucial to reducing resource use and environmental impact in line with the UN Sustainable Development Goals.

In a circular economy, material resources flow through the economy throughout their life cycle because we recover materials and reuse, repair, renovate and improve them. The aim is to ensure that as few resources as possible are lost, so that we reduce the need to extract virgin raw materials while also mitigating the negative environmental consequences that such extraction entails.

Our approach to circular life cycles is two-pronged. First of all, we try to improve our own production processes, so that as few resources as possible are lost. At several factories, we have therefore introduced technology that recovers heat, water and other waste products. Secondly, we see that our products must be suitable for circular life cycles. This means, in particular, that the packaging we use must be recoverable or recyclable.

Developments in 2021

In 2021, our awareness of the importance of circular life cycles increased. A number of factories have implemented measures to recover heat and water and to ensure alternative uses for production waste. We have launched several products with recoverable packaging in addition to various refill and return solutions. These measures are described on page 152 and 184.

Orkla Foods Norge has joined forces with Det Bergenske Kaffeselskap to recycle all coffee grounds, totalling five tonnes, from the coffee drunk at the factory in Arna. The coffee grounds are now used in research and new business activities.

Orkla Foods Norge also collaborates with the animal feed manufacturer Bjørges Miljøfôr. Every week, dough and crusts that do not have the right shape are picked up at the pizza factory in Stranda and used in the production of liquid pig feed.

Kotipizza works with ResQ Club to reduce food waste from its pizza restaurants.

Lilleborg has developed the digital control system Lilleborg Control for the dairy and food industry. This tool is designed to optimise the washing process and ensure less use of water, energy and cleaning products. Optimising the washing process will also reduce food waste.

The way forward

As a company we have a responsibility to develop products that are suitable for a circular economy. This means that already at the idea stage of the innovation process, we must be mindful of which parts of the end product can be reused, recovered or recycled, and how. In other words, we must see the entire life cycle of the product as a whole. In future, we will increase our commitment to circular life cycles and make them a natural part of our product development.

At the same time, we are continuing our systematic efforts to introduce process improvements at our factories, with the objective of reusing as much as possible of the waste products of production.

Circular industry in Kungshamn

Our fish factory in Kungshamn on the west coast of Sweden is where we produce all our seafood products, including cod roe spread, herring, fish balls and mackerel in tomato sauce. Since January 2020, the factory has been part of a circular symbiosis centre in Sotenäs municipality, where several local actors have teamed up to create a circular industry. By-products and seafood waste from the Kungshamn factory are piped to Renahav's biogas plant next door and undergo a process of decomposition. The energy extracted as biogas is converted to electricity, heat and cooling, which is then sent back to the Kungshamn factory. The residue from this process becomes biofertiliser which is used by local farmers in the municipality. In this life cycle, one person's waste becomes another's resource.

Renahav has also established a treatment plant for surplus water from the Kungshamn factory and other factories in the immediate vicinity. Due to the treatment plant, the total amount of organic carbon (TOC), phosphorus and nitrogen in the discharge water from the factories is substantially reduced. The biogas plant has more than halved CO2 emissions from the Kungshamn factory in the past two years. The goal is to become a zero-emissions factory.

Circular processes on Åland

Our snacks factory on Åland, Finland, where Taffel snacks and Oolannin potato products are made, has gone in for renewable energy for several years, and is now part of the local circular economy. The factory recycles process water, which can then be used for watering on local farms. A total of 100 000 m3 of water is recycled every year. In addition, the factory receives all the electricity it requires for production from the windmill company Allwinds.

Since the late 1980s, the factory on Åland has had its own biogas plant where potato peelings and sludge from local farms are used to increase the efficiency of biogas production. The biogas that is produced is used as an energy source at the crisps factory, while the residue is returned to the farms as biofertiliser. This creates a life cycle that significantly reduces the overall environmental impact, both at the factory and on the farms. Through these measures, around one third of the factory's energy needs are met from renewable sources, and CO2 emissions are cut by around 50 per cent.

Climate impact[1] and emissions

References	Indicators	Unit	2021	2020	2019	Baseline year 2014
305-1	Greenhouse gas emissions from own operations, Scope 1	tCO2e	113 890	115 270	122 850	134 880
305-1	Greenhouse gas emissions from bio-energy, Scope 1	tCO2e	290	380	92	37
305-2	Indirect greenhouse gas emissions, Scope 2, location-based calculation	tCO2e	58 400	66 500	67 600	93 730
305-2	Indirect greenhouse gas emissions, Scope 2, market-based calculation[2]	tCO2e	3 150	7 270	13 440	152 530
305-3	Greenhouse gas emissions from raw materials, packaging and waste management, Scope 3[3]	tCO2e	1 816 700	1 891 200	1 860 900	1 900 400
305-4	Greenhouse gas emissions (Scope 1 and 2 market-based) per FTE[4]	tCO2e/ FTE	6.5	7.0	7.7	15.6
305-4	Greenhouse gas emissions (Scope 1 and 2 market-based) per revenue[4]	tCO2e/ NOK million	2.4	2.6	3.1	6.9
305-6	Emissions of ozone-depleting substances (ODS)[5] used in cooling media	tCFC-11e	0.002	0	0.16	0.014
305-7	Emissions of sulphur dioxide	Tonnes	7	6	9	16
305-7	Emissions of nitrogen oxide	Tonnes	105	104	109	112

1 The calculations are based on the Greenhouse Gas Protocol Initiative (GHG protocol). Includes CO2, CH4, N20, HFC, PFC, SF6 and NF3. Orkla uses standard conversion factors for various types of fuel, updated annually based on DEFRA and IEA. Historical figures have been adjusted for new information.

2 Market-based emissions take into account the effect of Guarantees of Origin for electricity.

3 Raw materials, packaging and waste management account for around 95% of emissions from Scope 3 activities. Historical figures have been adjusted for new information. Orkla mainly uses conversion factors for greenhouse gas emissions from the RISE database, as well as conversion factors for energy from DEFRA and the IEA.

4 Historical figures have been adjusted for new information. For 2021, companies integrated after June 2021, as well as Eastern Condiments, will not be included. Adjustment of turnover figures is based on note 5 in the annual accounts. A corresponding adjustment has been made for the number of man-years.

5 ODS; Ozone depleting substances.

Efficient resource use

References	Indicators	Unit	2021	2020	2019	Baseline year 2014
302-1	Electricity from internally generated hydropower, sold	GWh	2 065	2 885	2 160	2 570
302-1	Total energy usage, own operations	GWh	1 090	1 090	1 100	1 050
302-1	Total energy usage from renewable fuel sources incl. Guarantees of Origin (market-based calculation)	GWh	506	505	462	11
302-1	Energy usage – fossil fuel[6]	GWh	553	554	580	551
302-1	Energy usage – fossil-free fuel	GWh	32	35	29	11
302-1	Energy usage – purchased electricity	GWh	451	460	446	447
302-1	Energy usage – purchased thermal energy, incl. remote heating	GWh	52	41	42	41
302-3	Energy usage per FTE[7]	MWh/ FTE	60	63	62	66
302-3	Energy usage per revenue[7]	MWh/ NOK. mill	22	23	25	29
303-3	Total water withdrawal, own operations	Mill. m3	7.7	7.9	7.5	10.4
303-3	Water withdrawal from external water works (third-party)[10]	Mill. m3	4.9	5.1	4.8	7.4
303-3	Water withdrawal from groundwater[10]	Mill. m3	2.7	2.8	2.8	3.0
303-3	Water withdrawal from collected rainwater and surface water	Mill. m3	0.0	0.0	0.0	0.0
303-3	Water consumption in areas exposed to water shortage[10]	m3	149 300	171 500	163 600	165 200
303-3	Water recycled in own operations	%	7.9	8.2	10.4	0
303-4	Discharge of wastewater to seawater	Mill. m3	0	0	0	0
303-4	Discharge of effluents to external treatment plants (third-party)[10]	Mill. m3	2.5	3.2	2.9	6.2
303-4	Discharge of effluents to surface water[10]	Mill. m3	1.2	1.6	1.4	0.3
303-4	Emissions to water – BOD[9]	Tonnes	3 850	5 100	5 400	7 300
303-4	Emissions to water – COD[9]	Tonnes	6 340	9 420	8 280	9 750
303-4	Emissions to water – particles[9]	Tonnes	273	944	869	528

References	Indicators	Unit	2021	2020	2019	Baseline year 2014
303-4	Discharge of effluents in areas of water scarcity[10]	Mill. m3	0.1	0.1	0.1	-
306-3	Organic waste	Tonnes	70 350	78 920	79 050	88 180
306-3	Organic waste per revenue	Tonnes/ NOK. mill	1.4	1.7	1.8	3.0
306-3	Non-hazardous waste – sorted	Tonnes	14 710	15 680	16 100	17 880
306-3	Non-hazardous waste – mixed	Tonnes	1 670	2 870	2 320	2 290
306-3	Hazardous waste	Tonnes	373	557	263	422

Other

GRI references	Indicators	Unit	2021	2020	2019	Baseline year 2014
306-3	Spills, deviations from emission limits	Number	7	3	3	10
307-1	Material fines and sanctions for non-compliance with environmental laws and/or regulations[8]	Number	0	1	1	-
307-1	Material fines for non-compliance with environmental laws and/or regulations[8]	NOK. mill	0	0.08	0	-

6 Includes use of natural gas, propane, oil, diesel and petrol. Orkla uses standard conversion factors for various types of fuel, updated annually based on DEFRA and IEA.
7 Total energy usage in own operations, all types. Historical figures have been adjusted for new information. For 2021, companies integrated after June 2021, as well as Eastern Condiments, will not be included. Adjustment of turnover figures is based on note 5 in the annual accounts. A corresponding adjustment has been made for the number of man-years.
8 We define material fines as having a value above NOK 100 000
9 We report on the substances which are relevant for Orkla, BOD, COD and particles
10 The breakdown of water into fresh water and "other water" has not been reported

Independent accountants assurance report

Building a better working world

To the Board of Directors of Orkla ASA

Independent accountant's assurance report

We have been engaged by Orkla ASA to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Orkla ASA 's climate and environmental reporting as the Orkla ASA have defined and referred to in the Orkla ASA's GRI Index (see the document GRI 2021 Index on https://www.orkla.com/sustainability/results-and-reporting/the-gri-index/, "Environmental Engagement") (the "Subject Matter") as of 31 December 2021 for the period from 1 January 2021 to 31 December 2021.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in climate and environmental reporting, and accordingly, we do not express a conclusion on this information.

Criteria applied by Orkla ASA

In preparing the Subject Matter, Orkla ASA applied the relevant criteria from the Global Reporting Initiative (GRI) sustainability reporting standards, "Core" option (the "Criteria"). The Criteria can be accessed at globalreporting.org and are available to the public. Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the Subject Matter information may not be suitable for another purpose. We consider these reporting criteria to be relevant and appropriate to review the climate and environmental reporting.

Orkla ASA's responsibilities

The Board of Directors and Group Chief Executive Officer (management) are responsible for the selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance *Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000').* This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for

Building a better working world

Accountants. EY also applies *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Review of Orkla ASA's process for preparation and presentation of the sustainability report to develop an understanding of how the reporting is conducted within the business
- Interviewed those in charge of sustainability reporting to develop an understanding of the process for the preparation of the sustainability reporting
- Verified on a sample basis the information in the sustainability reporting against source data and other information prepared those in charge
- Assessed the overall presentation of sustainability reporting against the criteria in the GRI Standards including a review of the consistency of information against the following GRI standards;
  - EY has provided limited assurance including: 302-1, 302-3, 303-3, 303-4,305-1, 305-2, 305-3, 305-4, 305-6, 305-7, 306-3, 307-1.
  - These indicators include the reporting on Scope 1 (GRI 305-1), Scope 2 (305-2), and selected Scope 3 (GRI 305-3) greenhouse gas emissions as reported in the Annual Report on page 120.
  - EY does not provide attestation on GRI 103 for any of the above standards.

We believe that our procedures provide us with an adequate basis for our conclusion. We also performed such other procedures as we considered necessary in the circumstances.

Building a better working world

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 31 December 2021 and for the period from 1 January 2021 to 31 December 2021 in order for it to be in accordance with the Criteria.

Oslo, 15 March 2022
Ernst & Young AS

Petter Larsen
State Authorised Public Accountant

(This translation from Norwegian has been made for information purposes only.)


ULTRA
HVITT
AKTIVT DYPRENS-SYSTEM
1,17 kg
klar
Tøyvask
klar
Oppvask
PRODUKTET MÅ IKKE DRIKKES
klar
Tøyvask
PRODUKTET MÅ IKKE DRIKKES
klar
Håndsåpe
comfort

Sustainable sourcing

Navigation

The big picture

In 2021, we saw substantial increases in prices for raw materials, packaging, energy and additional increases throughout the logistics sector. In November, the Food Price Index of the UN's Food and Agriculture Organization (FAO) measured the highest price level in over ten years. One of the key reasons for the rise in prices of food raw materials is the combination of smaller crops and strong demand. We expect reduced crops to be a growing problem in the future as extreme weather caused by climate change becomes increasingly common.

Sustainable agriculture and human rights in the value chain are topics that continue to generate broad engagement and that affect both politics and business. All over the world, political processes are underway to establish more stringent requirements for responsible business practices and to evaluate the restructuring of global food systems. This trend is reinforced by consumers who are increasingly asking for more sustainable everyday products and greater traceability in the value chain.

Our impact

Our food production makes Orkla one of the biggest purchasers of agricultural and fish raw materials in the Nordic region. This gives us the opportunity to place sustainable farming and aquaculture high on the agenda and contribute to a long-term, positive development of the food industry. Orkla has more than 25 000 direct suppliers, which gives us a significant opportunity to impact the many workers in our supply chain. It is therefore very important that we set requirements for and collaborate with our suppliers to ensure that all workers are treated fairly.

Some of the raw materials that we source may be associated with social and environmental challenges, ranging from unacceptable working conditions to farming practices that are harmful to nature. Our companies seek to address challenges in the value chain and help to establish good industry practices. Our efforts to promote sustainable raw material production are important to enable us to offer products that meet the expectations of consumers, professional customers and other important stakeholders.

We are also a major purchaser of packaging and therefore take responsibility for addressing the environmental challenges posed by littering and poor waste management. Our companies work continuously to develop new packaging solutions and to increase recycling by collaborating with packaging suppliers, the waste sector and external centres of expertise.

Our approach

To work effectively with our many suppliers, we have adopted a risk-based approach to strengthen responsible business practices in our supply chain. This approach entails having procedures for risk assessment, monitoring suppliers and reporting. In 2022, we will introduce a new supplier portal that gives us a better overview of our suppliers' practices, and enables us to monitor risk factors more effectively. A detailed description of our procedures and work processes for sustainable sourcing and packaging may be found on our website under Sustainability Management Approach.

Orkla's sustainability targets for 2025

- Ensure respect for workers' rights
- Achieve verified sustainable production of important raw materials[1]
- Promote sustainable farming and fishing
- 100 per cent recoverable packaging
- 75 per cent packaging made of recycled materials
- 50 per cent plastic packaging made of recycled or renewable materials

Efforts to promote sustainable sourcing and packaging contribute to the achievement of UN Sustainable Development Goals 2, 8, 13, 14, 15 and 17.

1 The materiality assessment is based on the risk related to and scope of the Group's sourcing.

Human rights due diligence

Both the EU and individual countries are currently introducing statutory requirements for carrying out due diligence, and expectations of companies like Orkla are increasing. The Norwegian Transparency Act is one example, which imposes on companies a duty to conduct due diligence assessments to verify that they are operating responsibly with respect for human rights and decent working conditions. We have worked systematically to assess risk and monitor suppliers for several years and are well prepared to meet stricter requirements.

Developments in 2021

We purchase materials from many suppliers and prioritise the suppliers and supply chains where there is the greatest risk of non-compliance with Orkla's Supplier Code of Conduct.[2] Our ethical requirements towards suppliers are based on the UN Universal Declaration of Human Rights, the ETI Base Code and the UN Global Compact's ten principles for responsible business, and contain strict requirements regarding respect for human and workers' rights. Orkla's Supplier Code of Conduct also entails zero tolerance for child labour and forced labour and imposes requirements of respect for the right of freedom of association and collective bargaining. We carry out an annual risk screening of our suppliers based on criteria related to working conditions, EHS, the environment and ethics. High-risk suppliers undergo a more detailed risk assessment using a standardised method developed by the organisation Sedex. The method entails completion of a self-assessment questionnaire and a SMETA 4-Pillar audit if we consider it necessary. Only 66 of our suppliers underwent SMETA audits in 2021. The number was on the same, low level as in 2020 due to the ongoing pandemic, which resulted in closed factories and travel restrictions. In 2021, we saw a rise in the number of cases of non-compliance related to both environmental and social conditions. The percentage of non-compliances that have been closed was somewhat lower than in the previous year, and will be followed up in 2022.

In the case of high-risk materials, we choose suppliers who maintain high standards and have their own sustainability programmes. We often use a certification standard that includes requirements and monitoring procedures for specific risks. For example, the Child Labour Monitoring and Remediation System (CLMRS) is used in several segments of our supply chain where child labour has been identified as an inherent risk. Our efforts to ensure responsible production of raw materials are described on pages 141-150.

We make a point of maintaining a good dialogue with our suppliers to promote good practices and continuous improvement. As part of our efforts to address the challenges linked to human rights and the environment, we participate actively in industry initiatives involving companies, government authorities and expert organisations such as Ethical Trade Norway, AIM progress, Sedex and the Sustainable Agriculture Initiative Platform (SAI). Currently, we are taking part in a project run by Ethical Trade Norway to improve working conditions in the cashew nut supply chain. Through our membership in AIM-Progress, we are involved in their work on grievance

2 www.orkla.com/sustainability/procedures-and-policies/supplier-code-conduct/

mechanisms, living wages, impact measurement and other topics related to human rights and working conditions. This forum gives us the opportunity to learn from others and engage with other members to create positive change.

We have not established a separate grievance mechanism for our supply chain, but we are actively engaged in dialogue with organisations and other stakeholders at both central and company level. In accordance with our directive on corporate responsibility, all our companies must have procedures for addressing complaints from external stakeholders. Complaints may also be addressed to our central whistle-blowing function. Information on this function may be found on our website.

The way forward

We are prepared for the introduction of further legislation on due diligence in the next few years, through initiatives such as the EU Directive on Mandatory Human Rights, Environmental and Good Governance Due Diligence and the EU Sustainable Corporate Governance initiative, both of which are expected in 2022. To comply with these new requirements, we will provide in-house training and improve our processes in certain areas in the coming year. To increase the likelihood of identifying high-risk suppliers, we see a need to upgrade our procedures for mapping risk and monitoring suppliers. We will also examine how digital tools can help improve the traceability of our raw materials. In 2022, the implementation of our new supplier portal will provide us with a better overview of supplier practices and enable us to monitor risk factors more effectively.

Zero deforestation

Deforestation accounts for 10 to 15 per cent of global greenhouse gas emissions and poses a threat to biological diversity. Preventing deforestation is therefore an important means of curbing climate change. We are very pleased that a new agreement on deforestation was established at the United Nations climate summit held in Glasgow in autumn 2021. In the same year, the EU presented a new proposal aimed at ensuring that only deforestation-free products enter the European market. The proposal attaches considerable importance to traceability in the supply chain. We established a zero deforestation policy as early as 2014 and have come a long way in our efforts to ensure deforestation-free supply chains. We are now considering how we can meet future EU requirements and step up our efforts to achieveour target of verified deforestation-free raw material production.

Developments in 2021

The majority of the raw materials used by our companies come from countries where the risk of deforestation is low, but there are certain exceptions, such as cocoa and palm oil. With regard to raw materials from tropical areas, we collaborate with selected suppliers who carry out their own programmes to ensure deforestation-free raw material production. In addition, we increasingly purchase raw materials certified in accordance with reliable third-party standards that include requirements of deforestation-free production. We have signed the UN New York Declaration on Forests and report through CDP Forests on the progress made in our work. In 2021, we maintained our B score for all raw materials assessed by CDP (timber, palm oil, cattle and soya).

Despite the gradual increase that we have achieved in the percentage of certified raw materials, we did not reach our target of ensuring verified deforestation-free production by 2020 for all raw materials linked to a risk of deforestation. There are several reasons why we failed to attain our target. Among other things, it is difficult to obtain full certification for certain raw materials. In some cases, we decided to switch certification programmes because the previous certification did not meet our standards. It has also taken longer than expected to find effective methods of tracing, monitoring and verifying raw material sustainability. Although we have not reached our target, we have made good progress. Of our raw materials that entail a risk of deforestation, 91 per cent come from low-risk countries, or are covered by certification programmes. These raw materials include paper-based packaging, soya, cocoa and palm oil. The work we do with the various tropical raw materials we use is described in further detail on pages 144-150. Orkla's zero deforestation policy and a detailed description of our procedures and work processes for promoting deforestation-free supply chains may be found on our website.

The way forward

In 2022, we will continue our efforts to certifiy more raw materials. We will also continue to work for increased traceability, to enable us to obtain a better picture of the deforestation risk in our supply chains. We will use improved, digital systems to monitor the risk of deforestation related to our raw materials more effectively.

Animal welfare

Several of our products contain ingredients or components that derive from animals. As a leading food producer, we aim to make a difference by engaging actively in efforts to safeguard animal welfare in our value chain.

Orkla's animal welfare policy covers animals' welfare before, during and after their productive life. A fundamental element of the policy is the internationally recognised principle of the five freedoms for animals: freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury or disease, freedom to express normal behaviour and freedom from fear and (chronic) distress. We want these freedoms to be respected throughout our global value chain. The purpose of our animal welfare policy is to increase awareness of animal welfare, provide guidance for our suppliers and promote more responsible business practices.

Our animal welfare guidelines apply to all animal raw materials across our geographical areas of operation. Moreover, we have formulated detailed animal welfare standards that are adapted to each type of raw material in the largest categories, including beef, pork, dairy products and eggs. We are in the process of drawing up special standards for poultry (such as chickens and turkeys), but some of the companies that purchase the biggest volumes in this category have already introduced their own requirements. A more detailed description of the requirements that we set for animal welfare may be found on Orkla's website.

Developments in 2021

In 2021, we continued our efforts to improve our animal welfare standards. We published our first animal welfare progress report at the end of 2020, and in 2022 we will publish an updated report. In 2021, for the first time, Orkla was assessed in the industry comparison Business Benchmark on Farm Animal Welfare (BBFAW), where we were ranked in tier three out of six. We are focusing on improving our practices in areas linked to the parameters in the BBFAW evaluation.

Dairy products are an important category in our food production. We participate in a working group for dairy production under the auspices of the SAI Platform. The working group is part of the Sustainable Dairy Partnership. This is a partnership between producers and buyers that unites major actors in the EU dairy market, striving to promote a more sustainable dairy industry. The platform provides a broad sustainability approach to milk production and is based on the eleven parameters of the Dairy Sustainability Framework, which include animal welfare.

We have also continued to roll out our policy on **eggs from cage-free hens.** In 2021, a total of 76 per cent of the eggs used in the production of our branded products came from hens that were able to move around freely in a barn or outdoors. We see a positive trend in this area where more and more of our companies are switching to using eggs from cage-free hens. Orkla Foods Sverige has adopted a welfare standard aligned with the European Chicken Commitment (ECC). ECC standards include requirements of increased barn space for broiler chickens, a transition to breeds that grow

more slowly and improved environmental standards, such as better lighting, perch space, pecking substrates and better air quality.

In the past year, we have identified risk factors associated with **farmed fish.** Although this is a very small purchasing category for Orkla, we are committed to ensuring the welfare of the fish we buy. More than 98 per cent of the farmed fish that we purchase are of Norwegian origin, which means that the minimum standard includes limitations on stocking density, sea lice, transport and anesthetization in connection with slaughter. Moreover, around 15 per cent of the farmed fish that we purchase are certified by either ASC or Global GAP. We are working to certify higher volumes in accordance with our goals for farmed fish for 2025.

The way forward

In 2022, we will continue to apply our new animal welfare criteria to our main animal raw materials. The same applies to the new Group policy for procurement of eggs. With these measures, we have taken important steps towards our goal of ensuring that all the animal raw materials we buy come from sustainable sources.

Sustainable raw materials

The raw materials that Orkla purchases must be produced with the interests of people, the environment and animal welfare in mind. This standpoint entails promoting respect for human rights, good environmental standards and responsible business practices. It also means contributing to the transition to long-term sustainability of agriculture, fishing and other rawmaterial production.

To ensure that we purchase sustainable raw materials, the procurement department identifies our risk arising from these materials. Based on this assessment, they draw up action plans for joint implementation with the companies in the Group. We choose suppliers that have concrete, ambitious plans for making improvements in response to environmental and social challenges. In addition, external certification is one of the most effective methods we have for ensuring that a large proportion of our raw materials are produced in compliance with recognised standards for sustainable production, and that they come from audited suppliers. We also carry out our own improvement projects, often in collaboration with other important actors.

Developments in 2021

In 2021, we continued our work to achieve our sustainable raw materials targets for 2025. Our central procurement department worked closely with our companies on preparing a detailed plan to ensure steady progress, and work on this plan will be continued in 2022. We give priority to all high-risk raw materials and other strategically important raw materials where we as a company can exercise strong influence. In 2020-2021, we adopted the Farm Sustainability Assessment (FSA) tool, which is a framework developed by SAI Platform to advance sustainable production of agricultural raw materials. We have set a target for all our priority raw materials to be sustainably produced at minimum FSA Silver level or the equivalent by 2025. In 2021, we therefore made active efforts to secure access to priority raw materials that meet the FSA Silver level requirements. We have also engaged in efforts to benchmark key industry standards against the FSA criteria. An example of this work is the Norwegian standard, Quality System in Agriculture (KSL), where we have contributed to ensuring that it meets FSA Silver requirements.

In the case of raw materials for which there are currently no relevant industry certification programmes, we continue to look for other solutions. We are engaged in a number of collaborative projects to promote sustainability in the supply chain, including several projects linked to SAI Platform, Ethical Trade Norway and various forms of supplier collaboration. Our work with some of the priority raw materials is described in more detail on pages 144-150.

Sustainable farming

In the next ten years, all sectors will have to halve their greenhouse gas emissions in order to reach the 1.5 degrees target set in the Paris Agreement. Food production accounts for 25 per cent of global greenhouse gas emissions and thus plays a key role in efforts to address the world's climate challenges. The establishment of fair, healthy and environmentally friendly food systems is therefore a main topic of discussions on sustainable development within the United Nations, the EU and the food sector. Climate changes increase the risk of extreme weather, drought and floods, making it increasingly important to build resilient food systems to ensure that the growing global population receives the nutrition it requires. In recent decades, moreover, demand for agricultural products has increased, contributing to excessive use of pesticides and aggressive farming practices that cause soil degradation, deforestation and loss of biodiversity.

Farming practices that reduce carbon emissions and use the soil's ability to hold carbon play a key part in achieving climate targets. We are engaged in several pilot projects aimed at promoting regenerative agriculture, which is a relatively new area of sustainability. The purpose of regenerative agricultural practices is to create more sustainable food systems. This necessitates the adoption of common principles and methods, and in the past few years a number of joint projects have been established across industries, voluntary organisations and the academic sector. In 2021, we continued our work in the SAI Platform project to promote regenerative agriculture in collaboration with several global actors. The goal of this project is to draw up a common framework for regenerative agricultural practices. One of the sub-goals is to make regenerative farming practices an integral part of existing certification programmes, including the FSA. The main principles in the SAI Platform framework entail use of soil cover, minimisation of tillage, use of organic residues and integrated pest control, greater use of organic fertiliser and improvement of biodiversity.

Local collaborative projects

Local collaboration is crucial to ensuring that responsibly produced farming products are used across companies and countries. Our companies engage in dialogue with local authorities and organisations to assess local standards against the framework we use to promote responsible farming practices. For example, **Orkla Foods Norge and Orkla Confectionery & Snacks Norge** have a close dialogue with Stiftelsen Norsk Mat (Norwegian Food Foundation), and also participate in a collaborative initiative on sustainable food taken by the UN Global Compact.

Since 2018, **MTR Foods** in India has participated in a joint project with Uluva Yogi Horticulture Farmers Producer Company from Hubballi, Karnataka, to procure Byadgi chilli directly from farmers at a fair price. This cooperation seeks to ensure sustainable cultivation of chilli and improve farmers' productivity and total household income by 20 per cent over a five-year project period. In 2021, MTR Foods provided financial support to enable the farmers to lease a purchasing and cold storage facility for their chilli raw materials for a limited period of time. In the coming years, MTR Foods plans to increase its support to make it possible to operate the facility all year round.

Orkla Eesti works closely with about 20 local farmers in the area around our factories in Estonia. In addition to ongoing contact, Orkla Eesti has previously invited the farmers on educational visits to German and Finnish producers to enable them to learn from the producers' experiences and become acquainted with modern agrotechnical methods. The initiative has been well received and has helped the farmers to increase their crop yields substantially. Orkla Eesti will therefore continue these visits when conditions relating to the COVID-19 pandemic permit. The company also contributes mulches for vegetable beds and seeds to cucumber farmers and cucumber and pumpkin suppliers.

In the period 2022–2024 , the SAI Platform's Regenerative Agriculture Framework will be tested globally in around 22 pilot projects. We will contribute to a pilot project in the Nordic region in which **Orkla Foods Sverige** will involve some of its vegetable farmers. Pilot projects of this kind increase our knowledge of local Nordic conditions. Furthermore, we have the opportunity, through our dialogue with local farmers' associations, to contribute to the transition to regenerative farming.

The way forward

In 2022, we will continue our valuable collaboration with SAI Platform, raw material suppliers and local farmers on improvements that can promote more sustainable agriculture. We will also continue our dialogue with other companies, centres of expertise and organisations on the best way of transitioning to sustainable food systems and sustainable raw material production.

Cocoa

Cocoa is a key raw material in chocolate production and is used in our numerous strong, local chocolate brands in the Nordic and Baltic regions. Our companies purchase substantial quantities of cocoa in the form of both ingredients and finished chocolate products. The cocoa value chain is complex and comprises many links. The cocoa comes from cocoa farmers in Ghana, the Ivory Coast and other countries, before being shipped to Orkla factories via processing companies in Africa or Europe.

Challenges in the cocoa sector

The cocoa sector in West Africa, particularly the Ivory Coast, faces serious challenges in the form of poverty, low productivity, human rights violations and environmental degradation. While global consumption of chocolate has increased over the years, cocoa production is declining due to small crops, lack of farming expertise, pests and disease. Serious issues such as child labour, deforestation and soil impoverishment are linked to underlying causes such as poverty, low prices, inadequate infrastructure and weak supervisory authorities.

The COVID-19 pandemic has had an adverse impact on cocoa farmers in the form of higher costs of health services, agricultural materials and other factors, but there is also an increased short-term risk of child labour due to schools being closed. Moreover, the global market price of cocoa has fallen, driven in part by declining demand. This has had a negative effect on farmers' income.

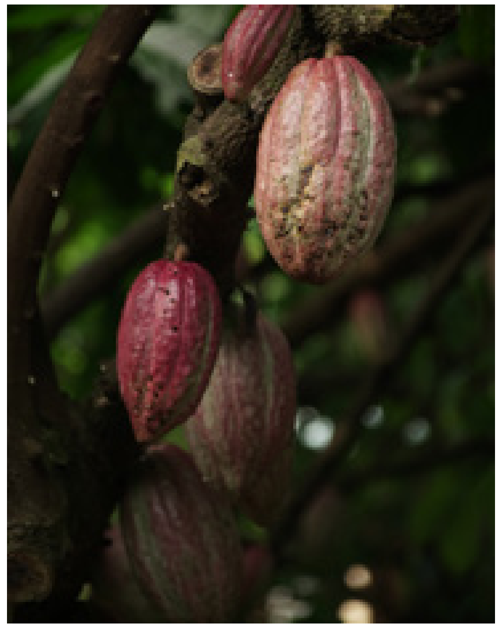
Our approach, developments in 2021 and the way forward

Our primary focus in 2021 was to introduce our new sustainable cocoa strategy, which we launched in 2020. In accordance with the updated strategy, we will intensify efforts to address challenges relating to child labour, living wages and deforestation.

We want to establish better traceability procedures as they are an important tool for dealing with many of the challenges linked to our cocoa purchases. Among other things, traceability will help to ensure deforestation-free value chains and good conditions for farmers. By tracing cocoa back to a cooperative, we can gain a better overall picture of the physical cocoa value chain. When we analyse key figures from the traceability system, we can measure the progress we have made towards our sustainability targets and plan future projects. Our target is for our cocoa ingredients supply chain to be 100 per cent traceable by 2025. In 2021, we made good progress towards achieving this target by switching to a 100 per cent traceable supply chain for cocoa butter and liquid cocoa fat in Orkla Confectionery & Snacks Norge and Orkla Suomi. Overall, 36 per cent of our supply chain for cocoa ingredients was traceable in 2021.

In addition to traceability, certification is still fundamental to our efforts to ensure sustainable cocoa. Our companies are nearing the target of certifying all cocoa under the Rainforest Alliance Certified programme (formerly UTZ). One of the main advantages of the Rainforest Alliance certification is that it has adopted a coherent approach to the cocoa sector. Certification safeguards human rights, improves agricultural practices, reduces deforestation and ensures better conditions for cocoa farmers. The Rainforest Alliance also has good processes for monitoring and following up on compliance with requirements. In 2021, 81 per cent of the cocoa we used was certified.

A concrete example of the **Rainforest Alliance programme's** contribution to improvement is that the Child Labor Monitoring and Remediation System (CLMRS) has become an integral part of the standard. CLMRS offers the industry's best practice for combating child labour in the cocoa value chain and is aligned with the UN's Guiding Principles on Business and Human Rights. CLMRS encourages groups of farmers and individuals to tackle the fundamental causes of child labour in collaboration with government authorities, civil society and supply chain actors using a proactive, comprehensive approach.



Palm oil

Our companies have engaged in active product development for several years with a view to replacing palm oil with alternative raw materials, while also working to ensure that all palm oil[3] is RSPO-certified. The companies in Orkla Foods and Orkla Confectionery & Snacks have reduced their consumption of palm oil by more than 90 per cent since 2008, and most of these companies do not use palm oil in their products today. Orkla's use of palm oil is primarily related to the companies in Orkla Food Ingredients (OFI) and the production of margarine.

Challenging

Palm oil is linked to a risk of deforestation, which leads to greenhouse gas emissions and destruction of nature's ecosystems with subsequent loss of biodiversity. There is also a risk of workers' rights violations in the palm oil value chain. Furthermore, palm oil can have negative consequences for health due to its high content of saturated fat.

Our approach, developments in 2021 and the way forward

Our companies have continued the arduous process of removing palm oil from their products, and in 2021 Orkla Suomi eliminated the remainder of its palm oil. Our companies also seek actively to ensure that the palm oil that they use is traceable and sustainably produced. We use the Roundtable on Sustainable Palm Oil (RSPO) certification scheme to reduce the risk of deforestation and other undesirable practices. In addition, our main suppliers have initiated a number of measures to monitor subcontractors, prevent and extinguish fires and promote sustainable cultivation. We continued our efforts to monitor suppliers and increase the proportion of RSPO-certified raw materials in 2021, but we have not reached our target of 100 per cent certified palm oil. In 2021, 96 per cent was certified (RSPO SG, RSPO MB and RSPO Credits). In 2021, several of the companies in Orkla Food Ingredients (OFI) increased their use of RSPO-certified palm oil and palm kernel oil. The OFI companies in the Baltics have set a target of ensuring that all their margarine products contain certified palm oil by 2024.

Palm oil and palm kernel oil are important raw materials, also for companies that manufacture household cleaning and personal hygiene products. In 2020, **Orkla Home & Personal Care** joined the Action for Sustainable Derivatives (ASD), an industry initiative targeting suppliers and manufacturers that use derivatives, not pure oil. ASD's goal is to be able to trace raw materials all the way back to plantations. Every year, ASD identifies environment-related and/or social challenges and helps to bring about improvements locally. In 2021, several ASD working groups were held to address various challenges in the palm oil industry, such as corruption and women's rights violations. ASD has established the Collective Action Fund, through which members can provide financial support for projects that contribute directly to improvements in the risk-exposed areas of the palm oil industry.

Easyfood has developed a new cinnamon bun containing no palm oil for McDonald's. It was sold in Germany in 2021 and will also be sold in France as from 2022. Palm oil has been replaced by rapeseed oil in the dough and by shea and coconut oil in the filling.

3 Palm oil is defined here as both the oil obtained from the flesh of the palm fruit and the oil extracted from the palm nut (palm kernel oil).

Plant-based proteins

Plant-based proteins play an increasingly important role in our investments in plant-based food and are used in a wide range of products under brands such as Anamma, TORO and NATURLI'®.

Challenges

Some plant-based proteins are associated with a variety of sustainability challenges. Growing demand for soya can lead to deforestation, especially in countries like Brazil, which accounts for much of the world's soya production. Deforestation causes loss of biodiversity, higher greenhouse gas emissions and the risk of violating the rights of indigenous peoples. We primarily use soya protein from countries with a low risk of deforestation in Europe and North America, but in these areas other types of challenge can arise.

Peas and rapeseed are commonly used as a replacement for soya in plant-based food. In the case of these raw materials, the risk of serious violations of human rights and environmental standards is low, but challenges may arise as a result of pesticides, fertilisers and monocultures.

Our approach, developments in 2021 and the way forward

We use several types of plant-based protein in our products and continuously seek interesting new alternatives that are better for the environment and health.

Our companies work purposefully towards having all soya certified according to recognised sustainability standards. In 2021, 15 per cent of soya was certified. Until it is possible to secure physically certified soya for all our supply chains, we will contribute to promoting production of certified soya by purchasing certificates. We have a good plan for 2022 and, in collaboration with a major supplier, we have already switched to sourcing soya with certifications that meet FSA Silver criteria or the equivalent. The results in next year's report will therefore be better.

As already mentioned, plant-based protein plays an increasingly important part in our production, and we are committed to ensuring that we use sustainable raw materials. At present, however, there are no certification schemes at the right level for all the relevant raw materials. We have made it a priority to establish such schemes in collaboration with other actors.

Nuts

Nuts are a key ingredient in many of our products. They are used in Nugatti, New Energy bars, Cuba bars, Nidar Spesial, Småsulten, Odense Marcipan, KiMs nuts, Paulúns granola and Kalev chocolate. We purchase seven types of nuts, but in 2021 focused particularly on the handling of hazelnuts and cashews.

Hazelnuts

Challenges

Turkey is the biggest producer of hazelnuts, accounting for 70 per cent of global production. The cultivation of hazelnuts can involve challenges such as low productivity, social problems related to seasonal workers' working and housing conditions during harvesting and cases of child labour. Italy has increased its production of hazelnuts in recent years, and challenges may arise there in connection with farming practices, such as excessive use of pesticides and fertilisers.

Our approach, developments in 2021 and the way forward

In 2019, breaches of employee rights were reported in connection with hazelnut farming in Turkey, and as a result our companies have intensified their efforts in this area. We monitor our suppliers through Sedex Members Ethical Trade Audits (SMETA) and continuous dialogue. SMETA audits enable us to assess suppliers with regard to working conditions and human rights.

In 2021, our companies continued to increase the proportion of hazelnuts certified by the Rainforest Alliance (formerly UTZ certified). Of the hazelnuts used by our companies, 54 per cent were certified in 2021. Certification helps to ensure that the hazelnuts are cultivated in a way that safeguards biodiversity and natural resources and that the rights of workers and their families are taken into consideration in production. In 2020, Orkla Suomi switched to Rainforest Alliance-certified hazelnuts, and in 2021 Orkla Confectionery & Snacks Sverige, Orkla Confectionery & Snacks Norge, Idun Industri and Orkla Foods Norge followed suit. Moreover, Credin Bageri Partner (CBP) and Odense Marcipan introduced Rainforest Alliance-certified hazelnuts in their product range in the professional bakery market. Through a joint project with a supplier and Rainforest Alliance, we are also helping to incorporate hazelnuts from Italy in the certification scheme. In 2022, we will continue to focus on increasing the proportion of Rainforest Alliance-certified hazelnuts across the Group.

Cashews

Challenges

Most of the cashews we use are produced in African countries and subsequently processed in Vietnam. This means low traceability and higher greenhouse gas emissions during transport. Moreover, both primary production and the initial processing take place in countries where there is a high risk of child labour and poor working conditions.

Our approach, developments in 2021 and the way forward

The process of ensuring that cashews are sustainably produced is very difficult since there is no certification system that is sufficiently comprehensive or quality assured.

We therefore participate in a joint industry project run by Ethical Trade Norway to improve working conditions in the cashew nut supply chain. The project focuses on building expertise both at farm level in African countries and in the processing of nuts in Vietnam. In 2021, we completed our social dialogue training programme for union representatives and employee representatives. However, most of the project activities planned for 2021 were postponed until 2022 due to COVID-related restrictions.

In 2022, we will continue our efforts to promote increased traceability in the cashew value chain, for instance by using digital tools that can trace raw materials back to the producers.

Marine raw materials

Fish is a key raw material for both food-related brands such as Stabbur-Makrell and Abba Sill and health-related brands such as Möller's.

Challenges

Several species of fish are threatened by overfishing, irrespective of geographical origin or species. It is extremely important to prevent overfishing, so as to maintain the natural balance in the marine ecosystem. Moreover, there is a risk of breaches of workers' rights in the value chain for marine raw materials.

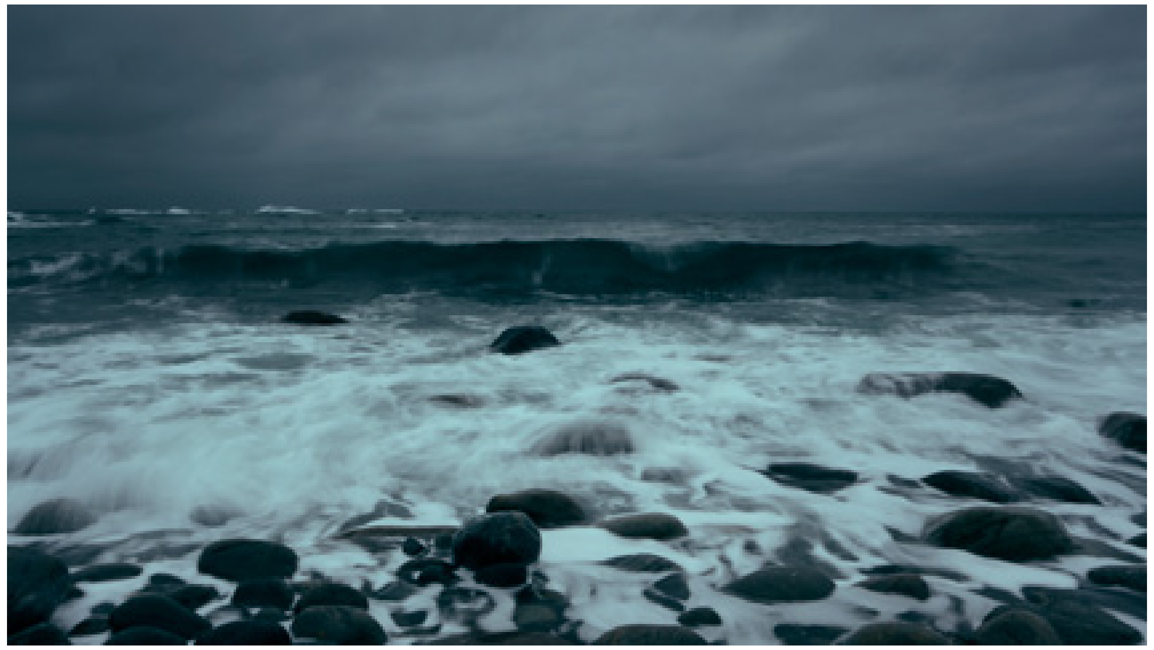
Our approach, developments in 2021 and the way forward

Certification programmes such as the Marine Stewardship Council (MSC) and KRAV standards help ensure that the fish stocks purchased by our companies are monitored and maintained at a satisfactory level. We also carry out our own analyses of changes in the stocks of the raw materials our companies purchase. Moreover, we are actively engaged in a dialogue with the industry, the authorities and external centres of expertise on how to solve the challenges related to the fish species that we buy. In 2020–2021, we participated in UN Global Compact Norway's action platform for sustainable fishing.

In 2019 and 2020, we reported that the percentage of MSC-certified fish raw materials had decreased. This decline was due to the fact that the fishing quotas for mackerel agreed on by the coastal states exceeded the recommendations of the expert organisation ICES. As a result, it was impossible to obtain certification of mackerel. The challenges posed by quota allocation have led to a further reduction in our share of MSC-certified fish, which was 52 per cent in 2021.

In 2022, we will continue our efforts to obtain MSC certification of the raw materials sourced by our companies. We will also continue to pursue an active dialogue with the authorities on sustainable fisheries management.

Reaching international political agreement on how herring and mackerel quotas are to be shared between coastal states will be essential to ensure sustainable fishing and certification of raw materials.



Textile raw materials

The Orkla company Pierre Robert Group has assumed a leading role in the textile industry with a view to reducing the industry's negative environmental and social impacts. The company consistently selects raw materials that are less harmful to the environment and chooses recognised certification programmes that ensure responsible production throughout the value chain. At the same time, Pierre Robert is one of few clothing brands that address the issue of and actively work to prevent overconsumption and overproduction of clothing. Among other things, the company has taken several concrete actions to ensure that its product range and inventory does not become outmoded. Pierre Robert also works actively to ensure that garments that can no longer be reused are recycled.

Merino wool

Challenges

The challenges related to merino wool are primarily a question of animal welfare. In addition, wool may be treated with environmentally harmful chemicals and processes during production. There is also a potential risk of breaches of workers' rights, depending on the origin of the wool. Climate change also poses a challenge for wool.

Our approach, developments in 2021 and the way forward

Pierre Robert Group has zero tolerance for animal abuse, and requires that 100 per cent of the merino wool purchased by the company comes from farms with high animal welfare standards. All its merino wool is mulesing-free. Many garments from Pierre Robert Group also bear the Nordic Swan Ecolabel, which certifies that both the product and production process meet stringent environmental and social criteria. Swan-ecolabelled clothing makes a bigger contribution to reducing CO_2 emissions and water consumption than conventionally manufactured garments. Pierre Robert Group works to increase the proportion of Swan- ecolabelled wool that it uses, and in 2021 99 per cent of all merino wool garments under the Pierre Robert brand bore the Swan ecolabel. The company is also engaged in a development project under the auspices of Norad and Ethical Trade Norway that targets workers' rights and animal welfare in merino wool production in South Africa. Wool is a unique natural material with exceptional properties that cannot be replaced by other fibres. That is why wool is essential for a large porportion of the garments produced under the Pierre Robert brand.

Bomull

Challenges

Cotton is a natural, renewable fibre, but production processes are both water-intensive and require a great deal of fertiliser and pesticides. This, combined with aggressive farming practices, can lead to the degradation of natural systems and biodiversity loss. Furthermore, the chemicals used in processing can cause water pollution. In addition, the cotton value chain is associated with the risk of forced labour and child labour. Climate change also poses challenges for cotton production.

Orkla's approach, developments in 2021 and the way forward

Pierre Robert Group aims to ensure that all the cotton purchased by the company is organic, and mainly uses the Global Organic Textile Standard (GOTS) certification programme to achieve this goal. GOTS certification entails compliance with stringent requirements for water and energy efficiency and limited use of pesticides, dyes and chemicals. The programme also sets requirements regarding workers' social conditions throughout the production chain. When cotton is grown organically, CO_2 is absorbed by the soil to a greater degree than in conventional cultivation, and generates 94 per cent fewer greenhouse gas emissions. Moreover, less energy and water are needed. The entire Pierre Robert collection of cotton undergarments is made from organic cotton certified under either the GOTS or the Organic Content Standard (OCS) programme. The majority of Pierre Robert Group's other cotton products also consist of 100 per cent organic cotton. In 2021, the company increased the proportion of GOTS or OCS-certified cotton garments, including socks, from 84 to 96 per cent.

Synthetic fibres

Challenges

In some cases, it is preferable to use synthetic materials to be able to create flexible, technically functional garments. Unfortunately, however, synthetic materials pose a number of environmental challenges. First and foremost, these textiles are primarily made from oil, which is a non-renewable resource that requires extensive energy and resources to extract. In addition, synthetic garments can release microplastics during washing.

Orkla's approach, developments in 2021 and the way forward

Pierre Robert Group works systematically to replace new synthetic fibres with recycled synthetic materials, so as to reduce the use of non-renewable resources in its textile production. Among other things, the company uses recycled polyamide, which mainly comes from textile waste or old fishing nets, or recycled polyester made from recycled bottles. The recycled materials that Pierre Robert Group uses are GRS-certified. GRS stands for Global Recycled Standard, an international labelling scheme that certifies the origin and percentage of recycled materials in various textiles. To qualify for GRS certification, at least 20 per cent of the combination of materials in the product must be recycled raw materials, and various requirements relating to social conditions, chemical processes and traceability in the value chain must be met. In 2021, several new products made from recycled synthetic fibres were launched. The proportion of products made from recycled synthetic fibres was 59 per cent.

To address the challenges posed by microplastics in the ocean, Pierre Robert Group has been engaged in a research project run by SINTEF and NTNU on microplastic fibres originating from laundry. The company also works resolutely to raise consumer awareness of this problem, and the company's own online store sells special laundry bags that collect microplastic fibres in the washing machine.

Sustainable packaging

Packaging has an important function in terms of protecting products, prolonging shelf life and facilitating easy use. At the same time, the environmental challenges attributable to single-use plastic have created broad commitment right across Orkla to finding new packaging solutions.

The biggest challenge posed by packaging is that it is often not recycled or reused, leading to excessive use of resources. Poor waste management also results in unnecessary pollution. Sustainable packaging is an important dimension of Orkla's criteria for sustainable products. For us, sustainable packaging means packaging that is easy to recycle, optimised in terms of size, storage and transport, and made from recycled or renewable materials.

Around 20 per cent of the packaging we use is plastic of various types. Plastic usually comes from non-renewable resources, and we are intent on reducing the use of virgin plastic. Our companies are making concentrated efforts to use recycled or renewable plastic. This is part of the work we are doing to advance the transition to circular value chains. We are cooperating with packaging suppliers and other partners to develop new packaging solutions that minimise the use of fossil raw materials and promote more recycling.

Developments in 2021

Over the past four years, we have significantly enhanced our expertise in designs for recycling and for developing sustainable packaging solutions. Our companies are involved in a variety of development projects in cooperation with suppliers, external centres of expertise and other players in the value chain. Achieving our goals for recycling and for using recycled and renewable materials is demanding, but we are seeing positive developments in this sphere. The share of our packaging which includes recycled materials has increased from 35 per cent in 2019 to 54 per cent in 2021.

In 2021 our companies continued their efforts to optimise packaging and to design it in a manner that facilitates recycling. We continued our efforts to develop new packaging solutions based on recyclable, recycled or renewable materials. We also increased our collaboration with key suppliers, specialist communities, organisations and other companies to find effective, innovative solutions.

Packaging industry award 2021

Bård Bringsrud Svensen of Orkla Home & Personal Care won the Norwegian Packaging Association's award for packaging in 2021 for his many years of innovative work in Orkla on sustainable packaging. The jury pointed out that Bård has been a prime mover in Orkla's work to use more recycled plastic in packaging, and that he has actively shared his knowledge both within and outside Orkla.

Recycling design

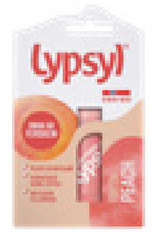
Work on recycling design continued across the whole of Orkla in 2021. Our companies focus in particular on finding good alternatives to materials that are technically difficult or costly to recycle. Among these materials are composites which cannot be separated in the recycling process. A number of companies have therefore begun using mono-material plastic packaging in recent years. This means that the packaging is made of one and the same material, and can be handled as a single waste product.

A challenge that Orkla companies encounter when they develop recyclable packaging is that local waste systems and recycling technologies are often not advanced enough to actually recycle the packaging waste. We are engaged in transnational efforts to encourage the development of better recycling systems through joint projects and dialogue with government authorities. We are also contributing to a circular economy by increasing demand for recycled plastic, which will hopefully accelerate the development of recycling systems.

Our target is for 100 per cent of our packaging to be recyclable by 2025. In 2021, 96 per cent of the packaging we used was made of materials that can be recycled.

Orkla Confectionery & Snacks Norge In 2019, Orkla Confectionery & Snacks Norge launched a new type of recyclable crisps packet of mono-material plastic for KiMs potato crisps. In the course of 2020–2021, the entire range of Norwegian KiMs products was relaunched with the new packaging solution.

Orkla Foods Sverige In 2021, Orkla Foods Sverige tested mono-material plastic on frozen Anamma products, while Orkla Foods Norge has already started using mono-material packaging for Anamma sausages.



Orkla Home & Personal Care In 2021, Orkla Home & Personal Care launched Lypsyl in new plastic-free packaging. The new cardboard packaging reduces the use of plastic by six tonnes each year, and all the packaging can be recycled.

Orkla Foods Norge Orkla Foods Norge has switched from black to transparent plastic for the containers for TORO ready meals, to enable the waste disposal system to separate out the plastic containers for recycling. This makes it possible to recycle 66 tonnes of plastic annually. For the same reason, Orkla Confectionery & Snacks Norge has switched to transparent plastic trays for Nidar Kremtopper (chocolate creams), Nidar Mokkabønner (chocolate beans) and Nidar Christmas marzipan sticks.

Cooperation on increased recycling

We aim to actively promote the development and utilisation of technologies that permit efficient sorting at source and recycling of packaging from everyday products. To this end we are taking part in a number of international and intersectoral projects.

HolyGrail

HolyGrail is an international project under the auspices of AIM, the European Brands Association. The goal of the project is to test digital watermarking for packaging which makes it possible to track the packaging through the value chain. When the type of plastic and previous uses are identified, waste packaging can be sorted more accurately, and the quality of the recycled plastic can be improved. We have been involved in the project since 2019, and in 2021 we continued testing the watermark on more products and packaging types. We will continue to use improved packaging materials on selected products in 2022, and will support the further upscaling of the HolyGrail project.

Circular Packaging Cluster

We are members of Circular Packaging Cluster, a Norwegian, inter-industry collaboration that aims to create the world's most efficient circular packaging value chain. Members of and partners in the collaboration are large and small industries, start-ups, R&D facilities, universities, NGOs, financial institutions and the public sector, working together for a sustainable, circular future.


Dr.Greve
pharma +
PROVITAMIN B5
klar
Håndkrem
DEFINE
STRENGTH
& VOLUME
SHAMPOO
Dr.Greve
DEFINE
STRENGTH
& VOLUME
BALSAM

Packaging from recycled and renewable materials

Our companies are making active efforts to use more recycled materials in our packaging. In 2021 the proportion of recycled materials was about 54 per cent. For plastic packaging the share of recycled or renewable materials was 10 per cent. Our target for 2025 is for 75 per cent of all packaging and 50 per cent of plastic packaging to be made of recycled or renewable materials. This is a challenging goal because availability of such materials is limited, and because recycled plastic often does not meet food safety requirements.

The goal of Orkla Home & Personal Care is to replace all the new plastic in its products and associated packaging with recycled or biobased plastic by 2025. In 2021 the company increased the proportion of recycled plastic to over 20 per cent. For example, half of all its toothbrushes are now made of recycled plastic. This measure will save 160 tonnes of virgin plastic annually. In 2021 the company also launched Jordan Green Clean toothpicks with associated packaging, which is a 100 per cent plastic-free product. Both the toothpicks and the packaging are FSC-certified, which is a guarantee that the material comes from sustainably managed forests. In 2021, Orkla Home & Personal Care opened a new production line at the detergents factory at Ski, which produces refill soap in a certified carbon-neutral cardboard carton from renewable raw materials.

In Felix Austria, all mayonnaise tubes have been replaced with 100 per cent recyclable tubes. Orkla Health is in the process of introducing recycled packaging for Vitaminbjørner vitamin tablets and Sana-Sol vitamin supplement, and aims to introduce 100 per cent recycled packaging for these products in the course of 2022. Orkla Foods Sverige switched to 100 per cent biobased plastic for frozen ready meals in its Felix and Paulúns brands, which resulted in a 50 per cent reduction in CO2 emissions from the packaging. The proportion of recycled material has increased to 70 per cent in the packaging for toffees and hard confectionery from Orkla Eesti, 80 per cent for NATURLI'® Tasty burgers, 100 per cent in Fun Light cordial bottles, 80 per cent in the packaging for KnusPerli porridge and müesli, 50 per cent in Sterilan deodorant bottles, 75 per cent in Jif scouring cream bottles and 100 per cent in the bottles for the new Bliw hand and shower soaps.

Did you know that?

- Sales of **Jordan's** new washing up brush alone, which contains an increased proportion of recycled plastic, result in savings of 60 tonnes of plastic annually.
- Packaging made with pine oil instead of fossil oil is used in the majority of snacks products manufactured at Orkla's Filipstad factory. Because of the pine oil, the packaging generates 50 per cent less CO2 emissions than conventional plastic packaging.
- According to the 2021 Orkla Sustainable Life Barometer survey, as many as 69 per cent of those asked say that they are worried about the negative consequences of using plastic packaging. 62 per cent say it is important to them that the products they buy have recyclable packaging. Roughly as many report that they find it hard to tell whether the packaging is recyclable, however.

Reduced use of materials

Our companies are searching for creative ways to reduce the amount of material in packaging. Cutting down on weight and bulk, for example, results in more effective use of resources and helps to optimise transportation. In 2021, several companies collaborated with two suppliers on a project to develop a more sustainable alternative to barrier paper. This innermost layer of packaging is designed to prevent changes in the taste and aroma of the product, among other things. Orkla Home & Personal Care has reduced the packet size of Sun dishwasher tablets and removed the inner plastic barrier packaging. The company has also reduced the quantity of plastic in the caps of OMO, Blenda and Milo products by 52 per cent. This measure alone reduces plastic consumption by 25 tonnes each year. Orkla Confectionery & Snacks' Totenflak crisps have been relaunched in a new, smaller bag that requires 12 tonnes less plastic per year. Pierre Robert Group replaced the plastic packaging of all their products with cardboard packaging in 2021, resulting in a saving of about 33 tonnes of plastic per year. Orkla Foods Romania has replaced the outer packaging of mustard and ketchup, thereby cutting their energy consumption by 460 Mwh per year.

The way forward

Sustainable packaging will continue to be one of our main priorities in 2022. We want to contribute to creating a market for recycled materials. We will do that by demanding alternatives of this kind and by developing alternatives to fossil-based plastic that satisfy our food safety and product quality requirements. A number of our companies are studying options for utilising renewable materials, and several brands are expected to launch them in 2022. We will also continue to engage actively in collaborative projects with suppliers, relevant centres of expertise and other companies to develop recyclable packaging and increase the use of recycled and renewable materials.

Less packaging for consumers of Klar products

In 2021 Orkla Home & Personal Care launched the concept of Klar bars, a series of non-liquid shampoos, balsams and shower soaps. A bar of soap or shampoo is equivalent to two ordinary bottles, while a balsam bar is equivalent to as much as four ordinary bottles. The products are vegan and come in recycled cardboard packaging. The Klar range was also expanded to include refill in cardboard cartons for Klar hand soap and Klar liquid laundry detergents. The refill carton consists of 90 per cent carbon-neutral packaging, and both cartons and caps can be recycled with cardboard and paper.

Did you know that?

We are involved in several collaborative projects aimed at developing the expertise and solutions necessary for realising our vision of circular packaging chains. The following are some examples of what we achieved in 2021:

Since 2019, **Orkla Home & Personal Care** has developed the digital service På(fyll), a new circular service for distributing everyday products entirely without generating waste. The service provides consumers with seamless delivery of everyday products at the door in user-friendly recyclable containers. Our ambition is to make it easy for consumers to live waste-free. The service is intended to make everyday life simpler, tidier and more environmentally friendly for the majority of people. På(fyll) has been developed jointly by Orkla Home & Personal Care, Bakken & Bæck and Æra Strategic Innovation and was launched at the beginning of 2022.

We continued our involvement in the Forum for Circular Plastic Packaging. In 2019 the forum launched a roadmap for ways in which players in the packaging value chain in Norway can contribute to realising the European strategy for plastic in a circular economy. Forum members work together on initiatives designed to make this happen. We are also taking part in the EU-supported Circular Packaging Alliance, which is working towards the same goal.

Kotipizza continued its participation in a research project run by the Finnish research centre VTT, which aims to invent, design and introduce new circular models by reusing packaging materials from customers. The project is funded by the Finnish government, will run for three years, and involves major players in the Finnish food industry.

Orkla Foods Norge continued its work on the Green Opportunities 2 project, which aims to achieve the most circular packaging economy possible in Orkla Foods Norge without increasing food waste. The project is being funded by the Research Council of Norway until 2023.

Orkla House Care has engaged the Swedish research institute RISE to provide support for their work to determine how Orkla House Care products can be managed as waste in the most sustainable manner possible.

Responsible sourcing procedures

References	Indicators	Unit	2021	2020	2019
308-1	Percentage of new suppliers screened for environmental risk	%	100	100	100
308-2	Suppliers screened for environmental risk through audit or self-assessment	Number	66	65	104[1]
308-2	Suppliers with identified environmental non-compliances	Number	11	1	5
308-2	Percentage of suppliers with environmental non-compliances where improvement has been agreed	%	100	100	100
308-2	Percentage of environmental non-compliances that have been remedied	%	71	0	63
308-2	Percentage of suppliers with environmental non-compliances where the agreement has been terminated	%	0	0	0
414-1	Percentage of new suppliers screened using social criteria	%	100	100	100
414-2	Suppliers screened using social criteria through audit or self-assessment	Number	66	65	104
414-2	Suppliers with identified social non-compliances	Number	52	30	46
414-2	Percentage of suppliers with social non-compliances where improvement has been agreed	%	100	100	100
414-2	Percentage of social non-compliances that have been remedied	%	66	76	78
414-2	Percentage of suppliers with social non-compliances where the agreement has been terminated	%	0	0	0
204-1	Percentage of sourcing from local suppliers[2]	%	56	56	56

1 Including food safety audits
2 Suppliers located in the same country as Orkla's receiving business

Sustainable raw materials

References	Indicators	Unit	2021	2020	2019
301-1	Consumption of raw materials[3]	Tonn	886 899	875 350	884 000
301-1	Percentage of renewable raw materials[4]	%	95	93	96
Self-defined	Percentage of certified cocoa (UTZ Certified or Fairtrade) of total volume purchased	%	81	84	77
	- Segregated	%	36		
	- Mass Balance	%	45		
Self-defined	Percentage of certified marine raw materials (MSC or ASC) of total volume purchased	%	52	66	57
Self-defined	Percentage of certified palm oil and palm kernel oil of total volume purchased	%	96	92[5]	87
	- RSPO SG	%	44	36[5]	38
	- RSPO MB	%	21	25[5]	18
	- RSPO Credits	%	31	31[5]	31
Self-defined	Percentage of certified soya (RTRS - Roundtable on Responsible Soy, ProTerra)	%	15	11	55
Self-defined	Percentage of certified hazelnuts of total purchased volume (Rainforest Alliance)	%	54	2	-
Self-defined	Percentage of revenues from textile products with environmental product labelling (Nordic Swan, GRS, Modal)	%	24	19	-
Self-defined	Percentage of cotton purchase value from certified organic cotton (GOTS, OCS)	%	96	84	57
Self-defined	Percentage of verified mulesing-free merino wool of total volume purchased	%	100	100	100

3 Raw materials used for own production ex. finished goods purchases
4 Includes raw materials from agriculture, share of total raw materials (purchase value)
5 Previously reported figures have been adjusted due to new information

Sustainable packaging

References	Indicators	Unit	2021	2020	2019
301-1	Percentage of packaging made from renewable materials[6]	%	36	35	29
301-2	Percentage of total packaging containing recycled materials	%	54	47	35
Self-defined	Percentage of total packaging that is recyclable	%	96	95	94
301-1	Packaging consumption, all types[7]	Tonnes	163 342	156 717	151 742
301-1	Plastic packaging consumption[7, 8]	Tonnes	33 596	32 332	29 750
301-2	Percentage of plastic packaging from renewable or recycled materials[8]	%	10	9	6
301-1	Consumption of packaging per revenue, all types	Tonnes/mill. NOK	3.3	3.3	3.5
301-1	Consumption of plastic packaging per revenue[8]	Tonnes/mill. NOK	0.68	0.69	-

6 Includes paper-based materials and biobased plastics.
7 Improved reporting means that the data volume for 2020 and 2021 is larger than before
8 Includes both pure plastic packaging and composite materials

Nutrition and wellness

Navigation

The big picture

Food, health and climate are interconnected. Many national authorities recommend that we reduce our meat consumption in order to improve public health, and the UN Intergovernmental Panel on Climate Change estimates that we need to halve meat consumption worldwide in order to reach our climate targets. A growing number of consumers want to eat in a healthy, sustainable manner, and grocery chains and other professional customers increasingly demand plant-based food and healthier products. For us, this trend represents opportunities for innovation – and to make a difference.

Lifestyle diseases due to obesity are a major global health challenge, and the authorities in many countries want to improve the population's diet. Labelling systems and other initiatives to accelerate the transition to a healthy, sustainable diet are under discussion as part of the work on the EU's Farm to Fork Strategy.

Our influence

We in Orkla wish to help improve public health both by developing new, healthier products and by making existing popular favourites healthier. Our companies are reducing the content of salt, sugar and saturated fat in a growing number of foods that are part of consumers' daily diet.

Healthy food is increasingly popular, and we are providing more and more healthy options for snacks, snack meals and products tailored to various needs. For example, Orkla Food Ingredients offers an innovative portfolio of healthy, whole grain bakery products to the bakery industry.

Our approach

We take local needs and tastes as the starting point for our work on product development and innovation. Our food product companies work systematically to improve the nutritional profile of our products and focus actively on product development to reduce the content of salt, sugar and saturated fat. A description of our procedures and work processes in connection with nutrition and wellness is available on Orkla's website.

Orkla's sustainability targets for 2025

- Double consumption of products and services that promote a healthier lifestyle [1]
- 15% less salt and sugar [1, 2]
- Inspire people to adopt a healthier lifestyle

1 Baseline year 2015
2 Reduction in overall consumption of salt and sugar in Orkla's food products

Our nutrition and wellness work is consistent with UN Sustainable Development Goal 2 on access to safe, nutritious food and Goal 3 on good health and well-being.

Products for a healthier lifestyle

We are committed to promoting a healthy diet for consumers. This is a social responsibility and important for ensuring trust in Orkla as a company. The development of healthier food products is therefore high on our agenda.

As a leading manufacturer of food products we have the opportunity to influence people's diets in a positive direction. Even small changes in products that are eaten and drunk daily can contribute to boosting public health. We believe that healthy food is not healthy until someone eats it, and food therefore has to taste good. We never compromise on taste in our efforts to reduce the amount of salt, sugar and saturated fat in our products, or when we increase the content of healthier ingredients, such as whole grain.

Our companies have a long-term perspective in their work towards the target of reducing the total amount of sugar and salt in their product portfolio by 15 per cent in the period 2015–2025. In order to successfully develop new products without compromising on taste or food safety, the companies team up with external centres of expertise. In the last 15 years, our companies have achieved a substantial reduction in saturated fat, among other things by replacing palm oil with healthier oils. In some markets, this has reduced our overall input of saturated fat by around 50 per cent. We are also launching more and more whole grain food products and more vegetables. Our range of fish products is also undergoing constant development. Good, clear, fact-based information is essential for enabling consumers to make conscious choices in the store. We are intent on making it simple for our customers and consumers to know what our products contain.

Developments in 2021

Our focus on healthier food products has resulted in several launches and product improvements in 2021. The share of turnover that is attributable to products that foster a healthier diet increased in Orkla Foods from 20.9 per cent in 2020 to 21.6 per cent in 2021, but for the three business areas Orkla Foods, Orkla Confectionery & Snacks and Orkla Food Ingredients in total, the share declined from 17 per cent in 2020 to 16 per cent in 2021.

Reduction of sugar, salt and saturated fat

In 2021 several Orkla companies contributed to public health by relaunching existing products and launching new ones. The companies in Orkla Foods, Orkla Confectionery & Snacks and Orkla Food Ingredients continued their work to reduce salt, sugar and saturated fat.

Our total consumption of sugar and salt has been reduced by 10 per cent and 4.7 per cent, respectively, since 2015.[1] In 2021 our companies reduced the sugar content of product categories such as cordials, biscuits, rice porridge, pizza, non-alcoholic mulled wine, marzipan and chocolate. Felix Austria launched Knusperli organic porridge without added sugar. MTR Foods in India reduced the sugar content of its HDMmix by 20 per cent. Orkla Foods Norge reduced the sugar content of Tomtegløgg non-alcoholic

1 The figures are uncertain due to the low quality of historic data, changes in measurement methods over time and structural changes in the business

Healthier bakery products

The companies in Orkla Food Ingredients continued to focus on healthier bread and bakery products in 2021. The work on healthier bakery products has been an important strategic field for this business area for several years, and has resulted in several exciting new launches. Sonneveld launched VegaSon, a bread improver which yields a bread containing up to 50 per cent vegetables. Credin Portugal launched Naturpan Protect, a new bread concept associated with positive effects on the immune defence system. The companies in Orkla Food Ingredients Baltics launched several cakes and confectionery products without added sugar but retaining the same good taste. CPB in Denmark launched Agrain Maskmel, a whole grain flour made of biproducts from local oil and whisky production. The flour has probiotic properties and a high fibre and protein content. Credin Poland launched Credi Prebiotic, a concentrate containing probiotic inulin from chicory which produces bread with a high fibre and protein content.

mulled wine and TORO Pizzafyll pizza topping with tomato and herbs. Orkla Confectionery & Snacks Latvija reduced the sugar content of the chocolate paste for its chocolate-filled confectionery. In 2021, Orkla Confectionery & Snacks Norge changed its entire portfolio of DOC throat pastilles from sugar-containing to sugar-free, resulting in a sugar reduction of about 400 tonnes.

We reduced the salt content of ready meals, ketchup, rice porridge, potato crisps, biscuits, sauces and dressings. Orkla Eesti reduced the salt and sugar contents of its ready meals by 9.5 per cent and 13.6 per cent, respectively. Orkla Foods Norge reduced the salt content of Spaghetti à la Capri and Trondhjems Sodd stew. Orkla Suomi reduced the salt content of its mayonnaise and of Felix salad dressing. They also reduced the salt content of two types of Taffel lentil chips by 30 per cent. Orkla Foods Danmark reduced the salt content of its ketchup and of five tinned meals from Beauvais. The overall effect of this work is 1602 tonnes less sugar and 64 tonnes less salt used by our food companies in 2021. However, the reduction in salt since 2015 is lower than reported in our annual report for 2020. The discrepancy is due to changes in our product portfolio and some previously reported errors.

Plant-based food

We are constantly expanding our portfolio of plant-based products, many of which are healthier alternatives to food products based on meat and dairy raw materials. A well-balanced vegetarian diet is nutritionally complete and can have positive health effects in terms of preventing and treating several diseases, according to the Norwegian Directorate of Health. A vegetarian diet, including a vegan diet, is associated with a lower risk of chronic diseases such as cardiovascular disease, diabetes and obesity compared with a traditional diet.

The companies in our two business areas Orkla Foods and Orkla Food Ingredients manufacture several plant-based products that replace animal protein. The plant proteins are based on oats, almonds, soya, peas and rice, among other things. A number of new vegetarian and vegan products were launched in 2021 under the brands TORO, Felix, Anamma, NATURLI'®, Frankful, Hamé and Risifrutti. In the case of NATURLI'®, more than 50 new vegan products will be launched in the period 2021–2022. Credin launched several new vegan products under the brand name Credi, and Idun launched vegan brownies.

Plant-based substitutes are often processed. We are concerned with choosing good raw materials and strive constantly to improve our processes. In 2021, Orkla Alternative Proteins (OAP) was established as a separate

company to coordinate and strengthen our focus on plant-based food. OAP is busy determining how to support our companies in their work of developing the best possible products along important dimensions such as texture, taste, health and sustainability.

Dietary supplements

Orkla Health is steadily developing new products that promote consumer health. Launches in 2021 included plant-based Maxim bars, bread mixes under the brand name HUSK with the Keyhole symbol and a high fibre content and a new variety of Möller's cod liver oil with properties that are particularly favourable for eye health.

The way forward

Our strong focus on plant-based foods will continue in the years ahead through innovation and consumer advocacy. Our companies are planning to release a number of new products under the NATURLI'®, Anamma and other brand names. These products will be healthy alternatives to products based on meat and dairy raw materials. The Orkla Foods companies are also planning to launch new, healthy food products under the Paulúns and Bare Bra brands. At the same time we will increase our concentration on consumer health through innovation, acquisitions and marketing.
Although we have invested effort on a broad front for many years, we see that it will be difficult to achieve our goal of reducing our overall contribution to people's sugar consumption, and above all, salt consumption, by 15 per cent in the decade 2015–2025. In 2022 we will continue to reduce the salt and sugar content of our products while also considering how we can step up our plans in this area. We will also continue the process of establishing consistent reporting procedures to to ensure high reduction data quality.

Joining forces for better public health

We cooperate closely with government authorities and the food industry in several countries, and we are a driving force for new initiatives.

Interest in health and healthy food has long been a strong trend – not just in the Nordic countries, but also in the Baltics and Central Europe. We have been working resolutely for several years to make our products healthier and to develop food products with less salt, sugar and saturated fat, and to increase the proportions of whole grain, fruit and vegetables. To shift the population's taste preferences in a healthier direction, changes must take place gradually, and the industry and authorities must work as a team.

Developments in 2021

Driving change in industry practices

We want to contribute actively to establishing joint initiatives between the food industry and the authorities in markets for our products. In Norway, we committed ourselves in 2016 to the agreement of intent to promote healthier food, which is a joint initiative between Norwegian authorities and the industry. Our aim is to make it simpler for consumers to make healthier choices. A key element of this collaboration is the Salt Partnership, the goal of which is to reduce the proportion of salt in food products and foods served in restaurants and canteens. Although the total salt reduction in our product portfolio is lower than the target we had set, the collaboration has generated positive results: we have lowered the salt content in both new launches and many existing products. We have also used experience gained from the Norwegian Salt Partnership in our work to reduce salt in our other markets.

In order for the same type of change in consumer preferences to take place in other countries, however, it is essential that the entire industry makes a concerted effort to lower the salt and sugar content of their products. In 2020 the Swedish Food Agency was tasked by the Swedish government with creating a favourable climate for reaching agreement in the food industry on reducing salt and sugar in food products. In 2021, Orkla Foods Sverige contributed to the Agency's work by taking part in a project aimed at reducing the salt content of vegetarian products. The company has also participated in several other projects that investigate new, innovative methods of reducing salt.

Orkla Danmark is a partner in the Food Partnership between trade associations, organisations, schools and research institutions which aims to promote healthy, sustainable food products to the Danish people. Through this partnership, Orkla Danmark contributed in 2021 to several research projects linked to healthy food products. The company has also been involved in work to change the green Keyhole criteria for ready meals.

We also want to be a prime mover in changing industry practices through dialogue and collaboration with customers. Several Orkla companies are now intensifying their efforts to provide courses, guidance and other initiatives to make it easier for public institutions and professional kitchens to serve healthy meals. If we are to reach our targets by 2025, it is important that we cooperate on a broad front and invest in research.

Seaweed

One of our focal sustainability areas with a long-term perspective is finding new and innovative ways of using seaweed. In 2021 we established

Orkla Ocean AS, which has cutting edge expertise on developing and commercialising seaweed for the European market, and which backs up our other companies in their innovation work. Orkla Ocean collaborates closely with and is co-owner of Arctic Seaweed, which cultivates seaweed. The company also works closely with the top research communities in Norway and the Nordic countries. This area has huge potential. By using the ocean as our larder, we can reduce the strain on the Earth's resources. Seaweed binds CO2, and can make a strong contribution to resolving the environmental and climate challenges we are facing. Algae are moreover rich in nutrients, and a natural source of many nutrients like iodine that under normal circumstances may be difficult to cover in our diets. Seaweed is also a natural taste enhancer and salt substitute, and algae can be used to develop new and exciting tastes. There is currently seaweed in the TORO ready meal Spicy Noodle Wok, and we have used seaweed to develop an aroma that is used in NATURLI'® burgers. More products are under development.

Green Keyhole-labelled products

We launched the first Keyhole-labelled products in Norway in 2010, and the number of products has risen every year since then. The Green Keyhole is a Nordic labelling system that denotes healthier products, and is used in Sweden, Norway, Denmark and Lithuania in particular. In total, Orkla had 263 Keyhole-labelled products in 2021, an increase of 25 per cent on 2020. Turnover from these products in 2021 is estimated at around NOK 725 million. Our target is for sales of our Keyhole products to reach NOK 1 billion by 2025. Important product categories are vegan products and breakfast cereals. Among Orkla's most important Keyhole products we find Stabbur-Makrell (tinned mackerel), Mors flatbrød (crispbread), Picnic tinned ham and Anamma vegan products.

The Cod Liver Oil Study

In 2021, Norwegian researchers at Oslo University Hospital (OUS) conducted a study of whether cod liver oil prevents COVID-19. The background to the study is findings in the big Norwegian Coronavirus Disease Study, which shows that persons who take cod liver oil were more seldom infected with COVID-19, and that those who were infected experienced a milder disease course. Through the study, researchers at OUS will find out whether there is a direct correlation between the use of cod liver oil and a lower incidence of COVID-19, or whether there are other reasons for the causal link, such as users of cod liver oil having a healthier lifestyle. Orkla is part-funding the study. This funding is a contribution in the battle against the pandemic, and at the same time offers an opportunity for new insight into the positive effects of taking cod liver oil. Cod liver oil contains both vitamin D and omega-3 fatty acids. The cod liver oil used in the research project is Möller's Tran, and the results are expected to be published in the first quarter of 2022. Over 34 000 people took part, making the study one of the biggest clinical trials ever conducted in Norway.

Orkla Suomi offers food products labelled according to the Finnish labelling system “Sydänmerkki” (Heart Label). Several of our companies offer whole grain products labelled according to the “Brødskalaen” (Bread Label) and other, similar labels.

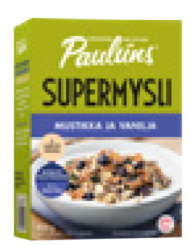
The way forward

Our companies will continue to work together with local research communities to build expertise and meet the challenges of developing healthier food and snack products and food raw materials. In order to advance the knowledge and efforts of the industry to promote a healthy diet, we will also continue our active dialogue with the authorities and other actors in the food value chain at both corporate and group level. Moreover, we will continue to focus on the Keyhole label and other nutrition-related labels.

Important launches in 2021

Thin crust Grandiosa
Orkla Foods Norge is working to reduce the fat content of pizza. In thin crust Grandiosa with mozzarella, the fat content was reduced from 5.6 to 4.5 grammes. The fat content of the pepperoni variety was reduced from 5.1 to 3.8 grammes.

NATURLI'® organic crispbread
NATURLI'® in Denmark has launched two types of crisp-bread: one with oats and sea salt and one with oats and sesame seed. The crispbreads are plant-based, organic and gluten-free.



Paulúns Supermüsli
Orkla Suomi has launched a new muesli with a high content of whole grain, fibre and and a source to protein.

Taffel Kartanon lentil chips
Orkla Suomi has launched vegan chips with substantially less fat than other chips thanks to a new production technology. The product contains 11 per cent fat, which is 30 per cent less than other lentil chips and about 60 per cent less than standard potato chips.

Bähncke remoulade sauce and mayonnaise
Orkla Foods Danmark has launched vegan versions of remoulade sauce and mayonnaise under the brand name Bähncke. The vegan varieties have 60 per cent less fat and a higher fibre and protein content. The bottles are moreover made of 50 per cent biobased plastic.

TORO "Helt vegetar" (totally vegetarian)
Orkla Foods Norway launched vegetarian alterna-tives of popular favourites such as lasagne, spaghetti bolognese and chili con carne.

TORO tomato soup
Orkla Foods Norway launched this classic with whole grain macaroni.

Reduction of salt, saturated fat and sugar[1]

References	Indicators	Unit	2021	2020	2019
Self-defined	Decrease in salt due to reduction activities	Kg	62 000	168 100	83 600
		%	0.5	1.7	0.8
Self-defined	Consumption of salt (own production) per revenue	Kg/mill. NOK	321	280	325
Self-defined	Decrease in saturated fat due to reduction activities	Kg	1 142 000	808 800	607 000
		%	2.3	2.0	-
Self-defined	Decrease in sugar due to reduction activities	Kg	1 602 000	2 233 700	1 825 000
		%	1.7	2.2	2.1
Self-defined	Consumption of sugar (own production) per revenue	Kg/mill. NOK	2 713	2 856	2 660

1 Concerns Orkla Foods, Orkla Confectionery & Snacks and Orkla Food Ingredients. Historical figures have not been adjusted for subsequent changes in corporate structure. The figures are associated with uncertainty due to variations in the calculation method

Safe products

Navigation

[Food safety](#)
[Safe products (non-food)](#)
[Contingency planning](#)

The big picture

Consumers are taking a growing interest in what they eat, where the food comes from and how it is made. In Orkla we take high quality, safe food seriously. We set strict requirements through our own Food Safety Standard for how our raw materials are cultivated, produced and transported. The guidelines we follow ensure that ingredients, packaging and the product itself are safe to use.

The same applies to our household products, also called non-food products. It is an absolute requirement that they are safe to use. Our customers and consumers must know that they receive the same high quality every time they choose one of our household cleaning, personal hygiene, textile and wound care products.

Our impact

As a branded consumer goods company, we are dependent on trust. This is why the Orkla logo on packaging is a guarantee that our products satisfy the exacting requirements we set for food and product safety. By adopting common standards and systems we ensure sound, cost-effective control of food safety risk throughout the value chain. We have many raw materials, manufacturing sites and suppliers, which results in a complex risk picture. However, the gradual transition to fewer, larger factories and common suppliers across the Group companies is helping to reduce this complexity. When we acquire new companies, we place emphasis on introducing systems promptly. We also start early to develop employee skills to pave the way for a strong food safety culture.

Our approach

A detailed description of our food safety procedures and work processes may be found on our website under Sustainability Management Approach.

Orkla's sustainability targets for 2025

- 100 per cent food-producing factories at green level[1]
- 100 per cent approved suppliers[1]
- Continue to ensure that all our products are safe

1 In accordance with the Orkla Food Safety Standard.

We have worked for many years with the goal of ensuring food and product safety. Our efforts are contributing to the achievement of UN Sustainable Development Goals 2, 12 and 17.

Food safety

Ensuring that food is safe is a fundamental imperative for us. Ensuring safe food in every part of the value chain, from the cultivation of the raw materials to the product's arrival on the shelves, is therefore one of our main priorities. Our goal is to match the best companies in the world when it comes to food safety.

The COVID-19 pandemic impacted our work for safe food in 2021. Audits and courses were carried out digitally, but we succeeded in maintaining high standards for our suppliers and clear traceability throughout the value chain.

Developments in 2021

Ensuring good monitoring of food safety
Food safety in our own operations is subject to close control. All factories and warehouses in the Group that handle food and drink are regularly audited in accordance with the strict requirements of the Orkla Food Safety Standard (OFFS). In the years immediately prior to the pandemic, we substantially increased the number of audits as we made more acquisitions than previously. We make stringent demands of our suppliers, and have a well established system with dedicated supplier auditors to approve and monitor them. In 2021, as in the previous year, we conducted considerably fewer audits, of both Orkla's own operations and those of our suppliers, due to the COVID-19 pandemic and travel restrictions. The pandemic has resulted in longer intervals than usual between audits. However, despite the challenges associated with the pandemic, it has been important for us to monitor our suppliers and our own operations. In 2020 we therefore introduced digital audits, which are conducted without the auditors actually visiting the factory or warehouse in question. We continued this system in 2021. The digital audits have functioned as the best possible solution, but not actually entering the factory premises detracts from their value. Digital audits function well with regard to reviewing documentation, but the inspectors lose the benefit of talking to operators and viewing the equipment and manufacturing process. Our central food safety team is involved in all acquisition processes in the Group so that risk can be identified at an early stage.

Skills-building strengthened through digital courses

We attach importance to having a strong quality culture and the expertise to identify and deal with risk factors in the value chain at an early stage. We therefore believe that sending our employees on courses is very important. Priority areas for skills development are HACCP (identification and management of critical control points for food safety in production), root cause analysis, allergen management, internal audits, supplier monitoring and our Food Safety Standard.

We continued to hold digital courses in 2021. This option was established as a consequence of the pandemic, and has been a substitute for courses at which employees are physically present. It has proved highly effective and successful; we have had positive feedback on the courses and sessions have been full. Our central food safety team held 30 courses in 2021, twice as many as the physical courses held in 2019. Because it is possible for more people to participate digitally, and because this type of course does not impact quality, Orkla will continue to provide this training.

Sharing best practice

We have established a common policy and common standards for food safety and quality across our companies, which means that we have common systems and working methods. Acquired companies are quickly introduced to our standards and working methods. We also share our expertise through internal quality networks and conferences.

Communication campaign on food safety

Our Food Safety and Quality Week was held in June. In this initiative, our companies presented the Golden Rules for Food Safety and Quality through clear communication materials, events and other creative activities. The Food Safety and Quality Week served as a reminder of an important message and spurred active engagement at our factories. During the week, Orkla Foods Česko a Slovensko and Orkla Food Ingredients companies in the Baltic region were singled out as positive contributors.

The way forward

We will continue our efforts to ensure sound, cost-effective control of food safety risk. Greater emphasis will also be placed on cyber security in our quality systems. At the same time, we will pay increased attention to quality-linked risk. We are including this topic in the HACCP manual, with a view to reducing the number of claims. We are currently in a phase of growth and expansion, so we will continue to give priority to thorough integration of newly acquired companies. Among other things, this means introducing them promptly to our systems and working methods. A growing number of common solutions are being developed in various areas.

Safe household products

Environmental and safety assessments hold a central place in all product development. Those of our companies that manufacture household products adhere to stringent product safety guidelines throughout the value chain.

Taking the precautionary principle and duty of substitution as their starting point, our companies in the household cleaning, personal hygiene, wound care, painting equipment and textile sectors work systematically to replace ingredients with a potential negative impact on health and the environment. The companies keep close track of relevant external research in order to stay abreast of potential health and environmental hazards, and have procedures for assessing product safety in connection with product development projects and changes in manufacturing processes.

Developments in 2021

All products manufactured by Orkla Home & Personal Care, Orkla Wound Care, Lilleborg and Pierre Robert Group undergo routine assessment of factors of relevance to consumer health and safety. In 2021 Orkla House Care prepared to introduce a new and better quality management framework which includes systematic mapping of product-related risk to health. This framework will be introduced in 2022, and internal training will be provided. In our non-food companies there were no cases in 2021 associated with breaches of the product safety regulations.

Orkla Home & Personal Care conducts extensive research in its own laboratories. The company uses only well-documented ingredients and has made active use of the Nordic Swan Ecolabel since 1983. In 2021 the company assessed and tightened up its criteria for raw materials and product approval, with special emphasis on the degradability of the raw materials. Orkla Home & Personal Care works continuously to replace raw materials as they receive new health and safety information. Allergens are an important area, and in 2021 a raw material for liquid detergent that was preserved with an allergen was replaced.

Lilleborg develops effective, sustainable hygiene and cleaning systems for the professional market. In 2021 the company continued to focus on products, equipment and guidance that ensure safer cleaning and promote better consumer health.

- The Uniq Rengjøringsvogn (cleaning trolley) was developed to improve the ergonomic working conditions of cleaning personnel.
- The SpaceVac Innovative High-Level Cleaning System provides a safe and effective method for cleaning at heights of up to 20 metres.

In 2021 Lilleborg continued its courses for customers and partners in hygiene, food safety and EHS to ensure optimal use of its products.

The way forward

Our non-food companies will continue their systematic efforts for product safety, improvements and innovation. Lilleborg is continuing its work on

packaging, raw materials and environmental labelling to further raise the environmental profile of its products. The company will also maintain focus on new cleaning methods. Optimising the cleaning process will enable customers to reduce their consumption of water, energy and chemicals.
In 2022, Orkla Home & Personal Care will start using a new digital system for product development which will offer an even better overview of our portfolio and make it possible to make rapid changes. The company will also continue to replace ingredients to ensure that our products satisfy the new requirements that are coming in 2022 in categories such as hair care and oral hygiene. Orkla House Care works with a focus on reducing the environmental footprint of all the big product groups by using recycled or more sustainable materials. In 2022 the company will improve the set of criteria used when they develop new products. They will also clarify what sort of materials are optimal from the perspective of sustainability and quality.

Contingency work

It is crucial for us to be prepared for new hazards. Our companies must have sufficient knowledge and be prepared to tackle a variety of situations, so that necessary action can be taken to ensure that all products are safe to use and to prevent Orkla from suffering adverse commercial effects.

Contingency planning expertise can be obtained through our own in-house resources or through access to external experts who can provide assistance. We have chosen a combination of the two.

Developments in 2021

All food products we launch undergo a thorough risk assessment as part of the work of identifying and controlling potential health hazards associated with packaging, ingredients and use. Our companies monitor changes in the risk picture in dialogue with our central food safety team and external partners.

We saw a substantial reduction in Class 2 and 3 emergencies in 2021. This tendency started in 2021 because a number of infection mitigation measures were introduced in response to the COVID-19 pandemic. Infection control measures, optimal hygiene, supplementary training and employee vigilance led to fewer errors and accidents at supplier facilities and our factories.

However, there was a Class 1 emergency associated with food safety in 2021. Suspected salmonella in dietary supplements and natural remedies under the HUSK label led to the recall of natural remedies and dietary supplements in several countries. This was a serious matter which constituted a health hazard, and was costly. Extensive work was required to get the products back on the market. The incident led to the development of a new heat treatment process to eliminate salmonella in close cooperation with specialist communities.

Another serious incident concerned the banned substance ethylene oxide which was discovered in locust bean gum. The findings of ethylene oxide were very small, less than 0.1 per cent, but it should not be there at all, and led to some products being recalled from the market. In 2020 ethylene oxide was found in sesame seeds from India. The ethylene oxide problem has affected almost every country in Europe in the last couple of years, prompting extensive analyses and the withdrawal of products from the market.

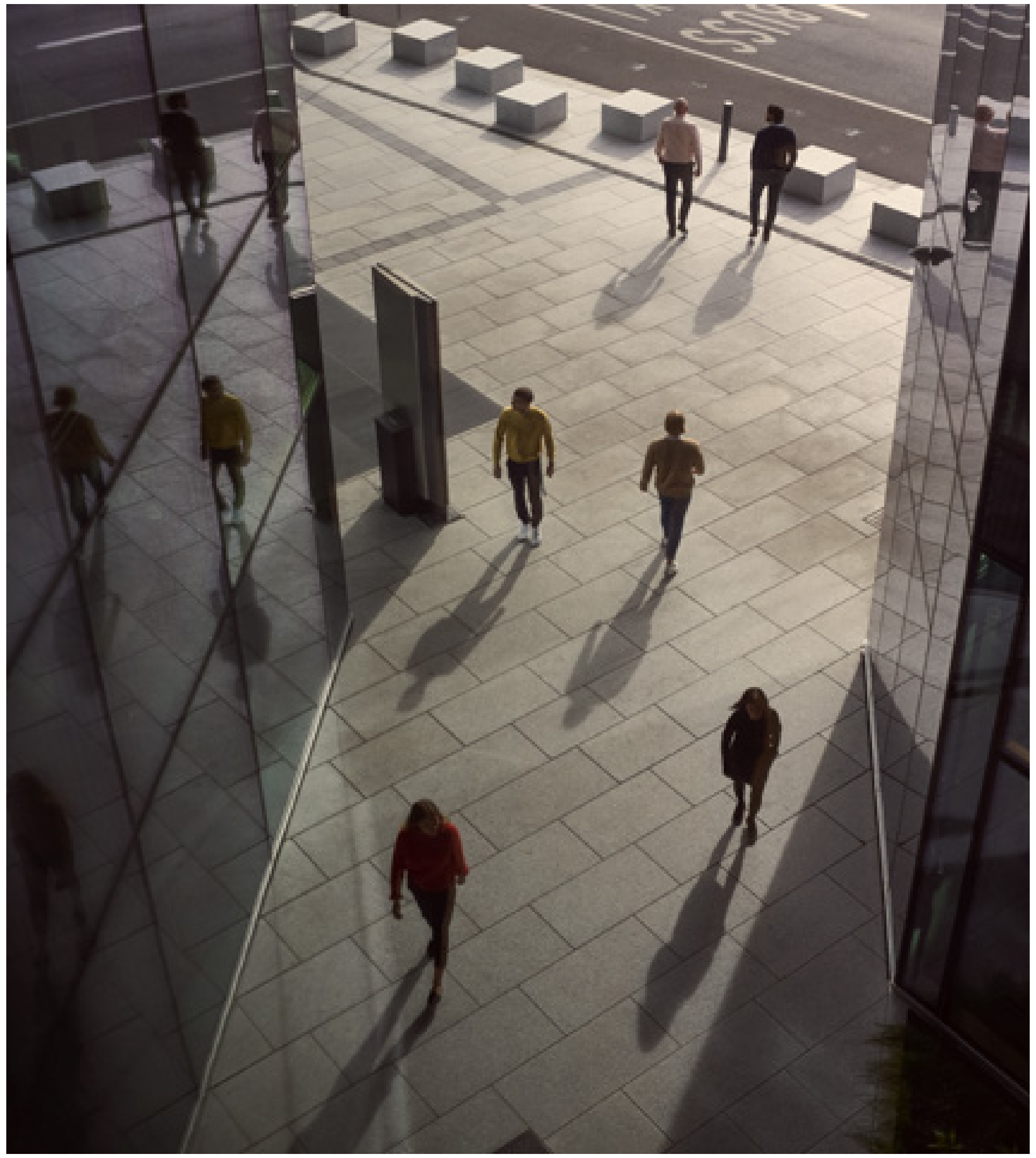
The EU is considering introducing more stringent statutory requirements regarding the content of the potentially carcinogenic substance acrylamide, which can be formed through heat treatment of starch-rich food. We have been making concentrated efforts to reduce acrylamide levels since the substance was detected in food in 2002. We have achieved good results by altering our manufacturing processes and replacing raw materials, so this approach will be continued. We believe that the current regulations, with guidance levels for acrylamide in food products, are more conducive to reducing consumers' exposure to the substance than the proposed maximum limits. The EU Commission's proposal does not take account of the natural variation in raw materials, and we risk a substantial increase in food waste if manufactured finished products have to be scrapped after analyses of individual samples.

In 2021 we continued our emergency preparedness work in response to the COVID-19 pandemic; see page 202.

The way forward

There is still a need to increase efforts to reduce the number of emergencies associated with quality and food safety. We place great emphasis on learning from actual cases and therefore conduct systematic root cause analyses, following up the results in audits of the affected companies.

We constantly strive for improvement, focusing on particular areas and causes that are common to several emergency cases and companies. We will continue our work on digitalisation and efficiency improvement, and in autumn 2021 started a project to develop a common supplier portal. At present we approve suppliers through several different systems, whereas the new system offers a one-source solution which will provide a full overview and good control of all suppliers and the risk associated with them. The new portal will raise the quality of our supplier approval system and make the associated processes more efficient. We will be installing the system in all our companies in the course of 2022.



Safe food production[1]

References	Indicators	Unit	2021	2020	2019
Self-defined	Share of production volume manufactured in compliance with the Orkla Food Safety Standard[2]	%	100	100	100
Self-defined	Factories audited according to the Orkla Food Safety Standard	Number	45[3]	32[3]	89
Self-defined	Share of food manufacturing sites certified by independent third party	%	68	63	56
416-2	Incidents of non-compliance concerning food safety, risk level 1 (life threatening health hazard)	Number	1[4]	0	0
416-2	Incidents of non-compliance concerning food safety, risk level 2 (serious health hazard or serious quality deviation)	Number	9	10	24

Safe deliveries of raw materials

References	Indicators	Unit	2021	2020	2019
Self-defined	Risk assessment of suppliers: Self-assessments	Number	1 776	1 311	1 668
Self-defined	Risk assessment of suppliers: Assessments carried out by Orkla	Number	1 815	1 409	1 434
Self-defined	Risk assessment of suppliers: Supplier audits	Number	150	119	264

Food safety training

References	IIndicators	Unitt	2021	2020	2019
Self-defined	Participants in courses run by Orkla's Food Safety Team	Number	867	353	256
Self-defined	Extent of courses run by Orkla's Food Safety Team	Hours	6 919	3 094	3 900
Self-defined	Participants in courses run by Orkla factories	Number	8 587	8 294	7 430
Self-defined	Extent of courses run by Orkla factories	Hours	23 117	18 716	18 570

1 Concerns companies with food production
2 Newly acquired companies are in an integration process in which the Orkla Food Safety Standard is being implemented
3 The scope of audits was somewhat reduced due to the COVID-19 pandemic and the related emergency preparedness work related to this
4 One incident linked to possible salmonella contamination of product

Care for people and society

Navigation

The big picture

The world has ten years to achieve the global Sustainable Development Goals on which 193 countries reached agreement in 2015. If we are to succeed, all players in society must assume responsibility.

People are pivotal to a sustainable future. Because it is people who make choices when they buy products, it is important that we guide consumers into making more sustainable choices. People are also the driving force behind Orkla, and it is essential that we take good care of our employees.

Collaborations and new partnerships between business and industry, government authorities and other key societal actors will be crucial to creating growth that is economically, environmentally and socially sustainable. We want to use our presence in many countries and sectors to make a significant difference by engaging actively in the transition to sustainable production and consumption.

Our impact

We want to help achieve effective local solutions for addressing the major global challenges. Our companies' most important contribution to sustainable development is to offer products with a smaller climate footprint and to tackle the social and environmental challenges related to the products' raw materials and packaging. With some 21 500 employees in almost 30 countries, it is also important for us to be an attractive employer that offers good working conditions and fair and competitive terms. We wish to make a positive contribution to our employees' well-being and personal development by investing in skills development and working systematically to provide a good and safe working environment. Moreover, our companies create economic ripple effects for local communities in the form of jobs, tax revenues and purchases from local suppliers.

Our approach

As a Group, we have a consistent and systematic approach to care for people and society based on the precautionary principle and emphasis on continuous improvement. Our principal goals include creating value locally, promoting healthy and sustainable consumption, being a responsible and inclusive employer, promoting integrity and ensuring a safe working environment. A detailed description of the procedures and work processes we adhere to may be found on our website under Sustainability Management Approach.

Orkla's sustainability targets for 2025

- Create strong local commitment to sustainability
- 100% compliance with Orkla's human rights policy
- Create healthy workplaces with zero injuries
- Women in 50% of leadership positions at all levels
- Create a culture of integrity throughout

Our work to create value locally and to promote sustainable consumption contributes to the achievement of UN Sustainable Development Goals 12 and 17. Efforts to promote good workplaces with emphasis on diversity and inclusion, a safe working environment and respect for workers' rights contribute to the achievement of UN Sustainable Development Goals 5 and 8.

Promote healthy and sustainable consumption

We in Orkla are committed to making sustainability an integral part of our operations and an increasingly important source of innovation and growth. All our companies strive on a daily basis to make their consumption and production more sustainable.

UN Sustainable Development Goal 12 – responsible consumption and production – is at the heart of Orkla's sustainability work. Our companies wish to help consumers make more sustainable choices, by making it easier for them to understand the impact of what they buy and offering new and more sustainable alternatives to this end.

As the biggest manufacturer of consumer goods in the Nordic region, we have both the opportunity and a responsibility to influence consumer preferences in the right direction by nudging consumers to make conscious choices.

The key to success is openness and transparency. We attempt to communicate in an open and factual manner about how our products are manufactured and about their impact. Our companies are increasingly using certification and labelling systems that create trust and make it easier for consumers to compare products.

Developments in 2021

In 2021, our companies launched several new products that make it easier to make good environmental choices in everyday life (read more on page 122). They also conducted various campaigns and initiatives intended to inspire consumers to adopt healthier, more sustainable consumption habits. In total, the companies made contributions of around NOK 26 million to external projects and campaigns to develop healthier, more sustainable products and promote more sustainable consumption. The following are examples:

Credin Poland supports the campaign of the Association of Bread Producers, which teaches consumers more about how bread is made, and why it is an important part of a balanced diet.

In 2021 **Orkla Foods Norge** joined forces with a number of other players in the food industry and research communities in a major new R&D project. The aim of the project, which has been given the name NewTools, is to provide manufacturers and users with a better knowledge of the nutritional quality and impact on climate and the environment of our food. New Tools is designed to spur a shift to a food sector and food consumption that are both more sustainable. As part of the project, two scoring systems are to be developed for food products: one that assigns a score for nutritional quality, and one that scores for the environmental burden of the individual food product. The purpose of New Tools is to define common indicators that are relevant and accurate, and that can be used as a guideline in product and policy development and procurement systems in addition to being a useful tool for consumers. The project will place great emphasis on covering uniquely Norwegian production conditions and the Norwegian food culture, but at the same time participants will endeavour to make the result flexible and applicable across countries. The Norwegian Institute of Public Health is heading the project, which also involves research partners and representatives from the entire value chain.

Orkla Home & Personal Care is taking part in a collaborative project called Care4YoungTeeth<3, which is being funded by the Research Council of Norway and aims to improve oral health in youngsters aged 12-18 years. Many youngsters get the first cavities in their teeth at this age, and the aim of the project is to find the reason for it, and what can be done to prevent cavities. The outcome of the project may be new services, insight into how to reach the target group, and physical and digital products. Orkla Home & Personal Care is contributing a workshop on co-creation with the target group and product and service development.

In 2021 **Orkla Foods Norge** entered into a collaboration with Frisk mat, an organisation that promotes healthy and sustainable food in the public sector. The company contributes by publishing healthy, sustainable recipes on Frisk mat's website, arranging events on different sustainability-related topics and inspiring the public sector to engage in more sustainable and healthy consumption.

Pierre Robert Group is a member of Circular Textiles, a network that works to promote sustainable solutions and new business models in the textile industry. The network aims to increase the collecting of textiles and to achieve more recycling through innovative solutions in cases where reuse is not possible. Circular Textiles consists of several key actors in the Norwegian business and public sectors.

In collaboration with Bergans, **Pierre Robert Group** has started a signature campaign for industrialists and other stakeholders in which they demand incentives from the authorities to make it more attractive for textile manu-

facturers to engage in sustainable production and to make more sustainable consumption more attractive for consumers.

Encouraging reuse of packaging

Packaging is one of the most important areas in our sustainability work, and more and more of our products are presented in new and more sustainable packaging solutions. However, our responsibility does not stop there: our companies also work with commitment to encourage reuse and recycling.

Orkla Foods Sverige teams up with a scan app company

Orkla Foods Sverige has entered into a collaboration with Bower, a company whose app allows consumers to scan and sort their packaging. Any type of packaging that has a bar code can be scanned with the app, and consumers win points if they scan and sort their packaging. The points can be cashed in or donated. With effect from 1 January 2022, Orkla Foods Sverige is collaborating with Bower on the brands Felix, Anamma, Frankful, Abba, Grandiosa, Risifrutti, BOB and Havrefras. When Orkla Foods Sverige partners with Bower, they can place an environmental label on the packaging to guide more consumers into recycling. Pierre Robert Group is also in the process of entering into a collaboration with Bower.

Klar tests refills in cartons and in stores

In 2021, Klar began testing a new refill solution for two of its best-selling products, hand soap and laundry detergents in cartons. The carton can be folded after use and sorted with other cardboard as paper waste. It therefore represents an important step in reducing use of plastic. Klar is additionally testing refill in supermarkets. In a pilot that will run for several months in 2021/2022, consumers have the possibility of filling Klar soap from larger containers into packaging they bring with them and paying as usual at the checkout.

Making it easier to recycle packaging

FELIX Austria has attached a “Please recycle me” label to its ketchup and sauce bottles to remind consumers that the bottles can be recycled. In the UK, Orkla Sweets Ingredients has started using an On-Pack Recycling Label (OPRL) on several of its products. The labelling scheme is well known in the UK and guides consumers on how to recycle their packaging.

Climate impact labelling

Over the past few years, several of our companies have introduced climate impact labelling of food. In 2019, Orkla Foods Norge launched its "Klode-merket" (Planet Label) for TORO soups. The label is based on a climate impact scale developed in cooperation with RISE Research Institutes of Sweden. Products are ranked according to whether they have a high, medium, low or very low climate impact. TORO has calculated the climate footprint per portion on the basis of the preparation method printed on the packet. Suggested added ingredients are also included in the calculation. For a product to qualify for the Planet Label, the greenhouse gas emissions associated with the meal must be at "low" or "very low" level, i.e. 0.8 kg CO2 equivalent or less, which is compliant with UN recommendations for limiting global warming to a maximum of 1.5°C.

In the course of 2021, several Orkla Foods Norge products began to use the Planet Label, including several under the brands TORO, Grandiosa, Bare Bra and NATURLI'®. Orkla Foods Sverige has launched a similar climate impact labelling system for several products from Felix, Paulúns and Abba, and Orkla Foods Česko a Slovensko has introduced climate impact labelling for Vitana soups in the Czech Republic and Slovakia.

Good, responsible marketing

We consider it important to conduct responsible consumer marketing on all communication platforms on which we have a presence. In recent years we have boosted our employees' knowledge of the global sustainability challenges and the importance of effective communication on sustainability through our internal sustainability network and internal "master classes" in communication on sustainability.

In 2020, several of our companies were among the first to sign the Guide Against Greenwashing, an initiative to prevent greenwashing in marketing developed by SKIFT – Business Climate Leaders in collaboration with the Zero Emission Resource Organization, the World Wide Fund for Nature and the Future in Our Hands. The guide provides useful guidelines and has helped to increase awareness of greenwashing in companies. To follow up the signing, over 100 of our employees took part in a course on effective communication of sustainability to avoid greenwashing in 2021.

Our companies also take particular care in their marketing of unhealthy products to prevent untoward impact on children and young people. As a Group, we support the principles set out in the EU Pledge, and our companies have procedures to ensure that food and drink are marketed in accordance with these principles. We are represented on the Board of the Food and Drink Industry Professional Practices Committee (MFU), and in 2021 the committee continued its work of promoting responsible marketing to children and young people. The committee has tightened its guidelines on marketing to young adults and is initiating measures to make the scheme better known among consumers.

We are also active on the Professional Committee for Influencer Marketing (FIM), which promotes good, responsible market practices for players engaged in influencer marketing. The committee's aim is to address body image issues and pressures among children and adolescents.

Our companies work systematically and consciously across countries to select market influencers. The influencers are selected on the basis of a thorough overall assessment, which includes the content they publish and the age of their target group. It is important to us that the influencers marketing Orkla products also promote values that are important to our brands, such as a healthy lifestyle and body positivity. In recent years we have carried out relatively extensive training of some of our influencers that should make them well-equipped to uphold our marketing principles. We are also making a conscious effort across our brands to ensure that influencers, models and actors involved in marketing Orkla products represent the broadest possible diversity in terms of background, ethnicity and body shape.

In 2021, six decisions were reported in cases under the regulatory framework for marketing and product labelling. The Swedish Advertising Ombudsman concluded that Orkla Foods Sverige's use of the statement "We're eating tacos to save the climate" in an advertising film for Frankful was misleading because the film lacked explanatory information. The Danish Veterinary and Food Administration concluded that NutraQ made incorrect use of a health claim for its VitaePro product. The Norwegian Consumer Authority has ordered Orkla Home & Personal Care to change or provide supplementary information in its marketing with respect to claims that we use energy from renewable sources. The three companies have taken these matters seriously and amended their marketing. A customer complained to the Danish Consumer Ombudsman that NutraQ's telemarketing department had contacted them without permission, but the company was able to substantiate that this was not the case. In addition, Felix Austria and Orkla Foods Česko a Slovensko have both been ordered, by the Austrian and Slovenian supervisory authorities, respectively, to change the labelling on two products because the font size was too small.

The way forward

Our companies will continue to provide guidance and inspire consumers and professional customers to make healthy and climate-friendly purchasing decisions through product marketing and communication campaigns and by participating in external collaboration projects.

Local value creation

Our decentralised structure with five business areas, 114 factories and more than 300 local brands makes us an important player for the local communities of which we form a part.

Many of our companies are cornerstone enterprises and important employers in their local communities. By developing profitable businesses, we create positive ripple effects for communities in the form of skills development and jobs with suppliers and in the public sector. In addition, we pay taxes. Our companies also help to support socially useful projects by working with local authorities, schools and organisations.

Developments in 2021

Our companies partner with external centres of expertise, government authorities, schools and organisations to make a positive contribution to the community and were involved in a wide range of projects in 2021. We contributed a total of NOK 8.5 million in funding for various types of socially beneficial projects. Here are some examples of our social engagement:

Laima Charity House
For ten consecutive years, Orkla Latvija has opened the doors of Laima Charity House in the period leading up to Christmas. The employees invite the local community to donate gifts for families in need. Orkla Latvija hangs up children's Christmas wishes in the charity house, so that donor families can come to the house and make a gift that is on someone's wish list. The gift is sent to Orkla Latvija, which packs it, adds sweets and sends it to the child in question. The Charity House is a collaborative project with local social services, and in 2021 delivered gifts to 1200 children in eight regions. Over a ten-year period, Laima has fulfilled over 10 700 Christmas wishes.

The Norwegian Women's Public Health Association
In 2020 Orkla entered into a partnership with the Norwegian Women's Public Health Association to support their work during the COVID-19 epidemic. The association is one of Norway's largest humanitarian organisations and reaches a great many people who are isolated or in other ways affected by the pandemic. Orkla provides financial support and donates products to families in difficulties. Because the pandemic situation is still serious, in 2021 we extended our partnership with the association for a further two years. Our continued contribution will consist mainly of donating products in connection with major holidays, which are found difficult by vulnerable families with children.

Pandemic assistance in India
Through our Indian companies, Orkla provided MTR Foods and Eastern Condiments with NOK 3 million for local pandemic measures in the states of Kerala and Karnataka in summer 2021. The contribution has gone to medical equipment, support for local health care, distribution of ready meals and drinks as well as other needs.

The Hospital Clowns
Orkla Health continued its collaboration of many years with the Hospital Clowns and their work to spread joy and support children in hospitals. By earmarking some of its revenues from sales of Vitaminbjørner vitamin pills for the Hospital Clowns, Orkla Health has supported the organisation to the tune of NOK 3.7 million since 2015.

Maskrosbarn
Orkla Confectionery & Snacks Sverige gives financial aid to Maskrosbarn, an organisation that supports children whose parents have a dependence problem or mental disorder.

Donation of trees
On the occasion of the Kalev factory's 215th anniversary, Orkla Eesti in Estonia donated 215 oak trees to the municipality in which the factory is located.

Bake for Life
Orkla Sonneveld has made cash donations for several years to to Bake for Life, a baking school for children with disabilities in children's homes in Uganda. A knowledge of the art of traditional baking gives disadvantaged children a possibility of earning a decent wage and creating a life for themselves in the future.

Tornado victims
Orkla Foods Česko a Slovensko donated food to people who were affected by the tornado in Moravia in June 2021. The tornado took six human lives and inflicted damage on 1400 households. Orkla Česko a Slovensko also contributed financial and physical aid to employees who were living in the affected area.

The Swedish Childhood Cancer Fund
Orkla Wound Care and Orkla Credin Sverige give financial aid to the Swedish Childhood Cancer Fund.

Restructuring and social impact

In 2021 we invested in new companies, production improvements and some major restructuring projects with a view to creating a business that is competitive in the long term. In 2021 Orkla Confectionery & Snacks Danmark and Orkla Foods Danmark were merged into one company, which caused redundancies. The integration of Norgesplaster into Orkla Wound Care resulted in fewer jobs at the Vennesla factory. Our increased investment in pizza restaurants led to the acquisition of the chain New York Pizza, which has increased our employee numbers.

Orkla Foods carried out a major project to establish a long-term, efficient production structure in Central Europe. This entailed the closure of a factory in Mařatice, in the Czech Republic. At the same time we stepped up our activities at the production sites in Babice and Bzenec in the Czech Republic and in Mattersburg in Austria. There are also other places in which we have conducted restructuring projects that have resulted in staff cuts: the operations of Credin Danmark in Hosby, Orkla Home & Personal Care in Falun, Orkla House Care in the UK, NutraQ in Strömstad, Sweden, Orkla Foods Romania in Caracal, Orchard Valley in the UK and My Bakery in Ullensaker, Norway.

Our investments in new companies and production facilities are generating positive ripple effects in the form of jobs and purchasing contracts with local suppliers. At the same time, the restructurings in 2021 resulted in redundancy for around 210 employees. Through long-term planning and active work placement facilitation, about a third of these persons were offered other jobs within Orkla. Employees who lost their jobs have received support in finding new work outside Orkla. Some employees were temporarily or partially laid off for some time in 2021 due to the COVID-19 situation.

The elected employee representatives at both central and local level have been involved in the restructuring projects through regular consultation meetings.

Complaints and dialogue with local communities

We make a point of maintaining a good dialogue with the neighbours around our factories on how our operations affect the local community. Four of our factories received complaints from neighbours in 2021 about noise from operations. Several Orkla factories invited neighbours and local people to information meetings and engaged in dialogue with local supervisory authorities on operations-related matters.

The way forward

In 2021 we strengthened our role as a local player through our engagement in local communities. Our companies will continue this active involvement in 2022, among other things through dialogue with local authorities. Our companies will also partner with local players in social and environment-related initiatives that can contribute to robust local communities. The pandemic has given us an opportunity to contribute to society, but it has also presented a challenge to many of our companies. Our efforts to ensure that the COVID-19 situation at Orkla is dealt with effectively will continue in 2022.

Responsible and inclusive employer

In 2021 we continued our efforts to develop good workplaces characterised by respect and consideration for others, human resource development, equal opportunities and fair working conditions.

People are Orkla's driving force, and we work systematically to ensure that our employees have a safe, fair and stimulating workday, across countries, companies and functions. We will respect human rights in every part of the Group, and we will be a diversified and inclusive workplace that guarantees equal opportunities for all. All employees must be represented in important processes and actively involved in their own development. Our efforts to be an attractive employer include investing in skills development and internal career development.

In 2021, Orkla's Group Executive Board took the initiative for a project to illustrate more clearly our three core values: brave, trustworthy and inspiring. The new value platform that was drawn up defines us as a company, what we wish to achieve, and the values that are to shape our conduct.

Developments in 2021

Active employee participation

We are committed to promoting a corporate culture based on respect and consideration. In addition, we wish to create favourable conditions for the active involvement of our employees in matters of importance for our operations and for the individual's work. We have a central corporate democracy scheme and want this to be supplemented by local consultation channels, either through employee representation on the Board of Directors or through other formal liaison bodies.

In 2021, the health, well-being and safety of our employees during the pandemic constituted the most important topic in the dialogue between management and employee representatives. Representatives of the Group Executive Board and the employees held regular fortnightly meetings to ensure open exchange of information and to discuss measures in connection with the pandemic. Other topics covered in the dialogue were wage negotiations, occupational health and safety, our employee questionnaire survey and restructuring projects. When we implement changes that affect employees, the employee representatives must be involved at an early stage, in accordance with guidelines agreed with elected employee representatives at central level.

In 2021 we conducted a global employee survey (MyVoice), and we see a great deal of positive feedback which expresses a high level of engagement and belief in the strategy of the company and the line management. As many as 75 per cent of the employees feel that their line manager gives them the necessary support for learning and development. At the same time, the survey indicates that 62 per cent believe they have plenty of opportunity for learning and development in Orkla, but there is potential here for attaining a higher percentage, and active efforts are being made to achieve this. Points with a potential for improvement relate primarily to work processes not being regarded as efficient enough, and to many employees finding their working day hectic. The greatest benefit of such a survey ensues from discussing the results with the employees, in order to arrive at action plans for making improvements.

Our goal is that all our employees should feel that their line managers involve themselves and ensure that these plans progress. We have accordingly made preparations for pulse surveys, which measure developments in results over a period of time.

Orkla Junior Advisory Board had its first year of operation in 2021. This internal body is intended to function as an advisory forum for the Group Executive Board, particularly on topics such as sustainability, digitalisation, innovation and talent nurturing. Orkla Junior Advisory Board has already provided valuable input to the Group Executive Board: The members have shared views on selected ongoing processes and projects and have of their own initiative pointed out important potential in the Group. The members of this advisory board are young Orkla employees from a broad range of companies and countries, thereby ensuring a diversity of perspectives. Orkla Junior Advisory Board is a positive initiative, both from a business perspective and for Orkla as employer.

Respect for human rights

Efforts to ensure that all the companies in the Group comply with the principles set out in Orkla's Human and Labour Rights Policy continued in 2021. Almost every company in all the countries in which we have a presence updated its annual assessment of risk of non-compliance in the areas covered by the policy. We have also introduced the policy and assessed risk in recently acquired companies.

The risk assessment for 2021 shows that none of our companies carries high risk with regard to any of the topics in the policy, but in some areas the risk of undesirable conditions is assessed as medium. One of these areas is the right to health and safety at the workplace, and here the pandemic has created new challenges in terms of avoiding infection and adjusting to new ways of working. Infection control and support for work from a home office were among our main EHS priorities in the period 2020–2021, and we will use risk mapping as input for further work. The risk assessment also shows that we should focus on the right to skills development, as time is a factor in short supply in all parts of our value chain.

We in Orkla are committed to ensuring fair, competitive conditions, and we set wages through collective bargaining for employees who are covered by collective bargaining agreements. Wage-setting for other employees is largely driven by competitive factors and benchmarking against other companies, primarily by means of external benchmarking tools. In 2021 around 50[1] per cent of our permanent employees were covered by collective agreements. In our risk mapping in 2021 we focused in particular on the subject of a living wage, to ensure that employees at all levels and in all parts of the Group have a wage that meets their basic needs. None of our companies offer a wage that is lower than the national minimum wage; the starting salary in most of our companies is significantly higher. In a few companies we have nonetheless detected a risk that the starting salary for some positions may be lower than what is regarded as the national level for a living wage. We are monitoring these companies to ensure that there are adequate action plans in place to remedy this.

The vast majority of permanent employees in our companies are covered by either government pension plans or the companies' own pension plans. None of our companies have employees under the age of 15, and most of

1 Estimate based on a selection of companies representing 64 per cent of all employees

them have a minimum age limit of 18 for employment. All our companies consider that the risk of breaches of children's rights or of workers' right of organisation and collective bargaining in their own operations is low, and there are no cases of child labour or forced labour. In connection with the risk assessment in 2021, the companies identified improvement measures relevant to the goal of being a responsible employer.

Learning and development

Learning and development play an important part in our employees' engagement, and we are therefore intent on offering plenty of opportunities for development to employees at all levels in the Group. Skills development takes place in an interplay between global and local programmes, and emphasis is placed on it being possible to apply what is learnt directly in everyday working life.

To a greater extent, skills development now takes the form of learning and developing through a combination of formal courses, social dialogue and practical assignments to be completed in day-to-day work over an extended period of time. The great majority of our global academies are designed in this way. When the participants take part in a longer, more varied learning journey, the lessons learnt prove to be more effective and relevant for them. In recent years we have digitalised large parts of our academies and our course portfolio. In 2021, classroom instruction has largely been virtual, but in combination with physical gatherings when the pandemic allowed it. Digital courses and programmes now enable us to reach our employees more effectively and on a broader front than previously, and after we switched to a new and user-friendly platform, the scope of our e-learning courses increased through 2021. Among them we find a new mandatory GDPR course for all employees, local onboarding courses and an updated course on pensions.

Among other new initiatives in 2021, we launched a global academy devoted to communication. In addition we introduced team-building concepts that managers can use in their respective teams. We also initiated an executive management programme, the main topics of which are sustainability, digitalisation and consumer-driven strategic innovation. In addition, our companies carried out extensive local training in work-related topics such as environment, health and safety, and food safety.

Performance appraisal interviews

Orkla's goal is to have procedures that ensure that all employees have regular performance appraisal interviews. The proportion has been around 60 per cent in recent years, thus leaving room for improvement, although we saw a positive increase in 2021. A good deal of work remains to be done in new companies in particular and in companies with a large proportion of factory workers. Procedures for individual performance appraisal interviews are often not equally well established in these companies. In 2021 we updated Orkla's policy on performance appraisal interviews, making it clear what our procedures entail and what we expect of our companies. We have a smoothly functioning technological system underpinning interviews for office employees and will check that this system is used actively in our business areas. A pilot project is in progress to establish a uniform interview question form and uniform process and thereby strengthen the procedures for individual performance appraisal interviews for operators. We attach great importance to the feedback we receive from both managers and employees through our employee opinion surveys.

Attractive employer

In 2021 we established a special People Strategy which encompasses our pledge for a good employee experience (A home to grow), our values and our overarching business ambitions (Aspirations 2030). The purpose of the strategy is to select a direction for the development of our employees and organisation that is consistent with our goals. A clear direction is important to permit concrete measures to be defined in specific areas, such as leadership, learning and development, diversity and inclusion, and our attractiveness as an employer. Each year we measure our own ability to develop leaders internally. We also measure the extent to which we give our talents opportunities, and succeed in retaining them. The key figures show favourable developments in this area, but we need to work continuously to be competitive in a demanding labour market.

In 2021 we had over 1400 applications for our summer programme, O-Life Summer Internship. As many as 57 students were employed, distributed among our businesses in Poland, Estonia, Sweden, Denmark and Norway. The students worked in a number of areas, such as marketing, finance, IR, supply chain, HR and IT. The programme lasts for eight weeks, from mid-June to mid-August, and the students work on specific projects where they are employed.

Universum ranks the attractiveness of employers within several categories twice a year. Students in the finance and accounting category ranked Orkla number 18 in Norway, 112 in Sweden and 84 in Denmark. Experienced employees ranked Orkla number 8 in Norway in the same category.

Diversity, equal opportunities and inclusion at the workplace

The goal of having an equal proportion of women in leading positions is being closely followed up in various HR processes across the Group. All our companies are asked to report the proportion of women at management and senior management level as part of the annual Leadership and Organisation Process (LOP), and we are seeing a positive overall trend (42 per cent women in 2021). There is an increased awareness and a will to improve in this respect in our companies and in various business areas. When recruiting to the management team at company or business area level, we have a requirement that there must always be at least one woman candidate. There must also be at least one woman on the interview panel during the recruitment process.

It is gratifying to see that roughly as many women as men participated in our global training programmes in 2021. Several of the programmes, including our leadership courses, actually had more women.

However, the My Voice survey reveals that we have more to do to ensure that employees feel that everyone has the same opportunity for development in Orkla. We are therefore working strategically to promote relevant diversity, both at Group level and down through the organisation. One important measure is the introduction of inclusion as a specific measurement variable. We also wish to establish a common internal training programme on diversity and inclusion that directs attention at the breadth of diversity, not merely at gender. In 2021 several companies took steps to increase awareness about diversity and unconscious discrimination. The feedback from the participants was positive, which confirms that it is right and important to increase knowledge in this area and make a concerted effort. We have introduced digital tools to prevent unconscious discrimination in recruitment which are offered to all our companies.

Gender pay gap review

We have formal, harmonised procedures for recruitment and for setting pay, and we work actively and systematically to prevent discrimination. In 2020, new statutory requirements entered into force in Norway which require employers to review gender differences in several areas, including pay and involuntary part-time employment. In response to this we conducted a detailed pay review based on data as of 31 December 2020. The review covered 32 companies in 12 countries, and the distribution among the various business areas is intended to provide a representative picture of the whole Group. The selected companies account for just under 90 per cent of the total number of Group employees. The survey only covers management staff and white-collar workers, however. Factory workers were not included, since wages for this group are chiefly determined by collective agreements, which means that the risk of gender-related wage disparities is low. As a result of this limitation, the review covers around 23 per cent of the Group's total number of employees, or 4880 employees, as shown in the table below.

At the overall level, the pay difference between men and women in the selection is weighted by the total number of Group employees, so that it provides a representative picture. The weighting is based on the assumption that the relative gender-related differences for employees in commercial and staff functions are the same, and that there are no gender-related differences in pay for employees who are covered by a collective bargaining agreement. The figures for each level in Table 2 reflect only the companies that are covered by the review, and only managers and employees in commercial and staff functions are included.

Table 2: Review of gender-related pay differences

Position levels 1-7*	Number of women & men	Number of women	Number of men	Proportion of women, in %	Proportion of men, in %
Level 1	45	11	34	24%	N/A
Level 2	216	85	131	39%	84%
Level 3	321	128	193	40%	92%
Level 4	875	372	503	43%	97%
Level 5	1 028	417	611	41%	94%
Level 6	1 705	995	710	58%	96%
Level 7	690	382	308	55%	100%
Total	**4 880**	**2 390**	**2 490**	**49%**	**94%****

* Level 1: Group Executive Board and CEO of each business unit
Level 2: company management teams and those who report to the Group Executive Board
Level 3: senior managers
Level 4: managers
Level 5: senior employees
Level 6: employees
Level 7: administrative employees

** Weighted figures

In 2021 we collected data on seven different position levels to facilitate comparison of wages between genders for the same positions. The survey shows that at the overall level, the average salary of women in 2020 was 94 per cent of the average salary of men. As level 1 consists only of the CEO of each company (and the Group Executive Board), the figures for this level are not relevant with respect to gender differences. Level 1 is nonetheless included in the overall figures for all the companies. Among the other position levels, the difference was greatest for the management teams, level 2, and least at employee level, level 7. The difference at the overall level is largely attributable to the fact that Orkla has a higher percentage of men than women at senior management level. At the same time, the results of the analysis show that there are larger differences between the genders in our Baltic and central European companies, and that there are smaller differences in the Norwegian, and to some extent the Nordic companies.
The industry in question also appears to be a factor contributing to the differences, with substantially smaller gender differences in businesses like health and clothing.

The results of the gender pay gap review will be analysed further to ascertain whether there is a real difference in pay between equivalent positions. If we find this to be the case, the issue will be raised with the management of the relevant companies, who will consider actions to neutralise any differences. We have regularly carried out surveys of gender differences in compensation for senior executives in the Group, focusing on differences between men and women in comparable job categories. A review of managerial salaries conducted in 2020 revealed, for example, that there were some examples of different pay for men and women at the same level. However, our analyses of this type show that there are substantially smaller differences between the genders than the more general gender pay reviews show. At the same time, our analyses show that there has been a general reduction in gender-related pay differences in recent years.

In 2021, to remedy the discrepancies revealed between men and women, we focused on women's pay and made wage adjustments exceeding the Group's adopted wage regulation frameworks. In the managerial wage settlement the adjustment to women's pay was on average about 2 per cent higher than men's. The extra investment to neutralise the differences will also apply to 2022 – and if needed to 2023.

In addition to pay we have surveyed and analysed bonus payments at the same position levels. We have concentrated on the Norwegian businesses in these analyses because we lack sufficiently reliable data for our businesses outside Norway. We will continue our work to improve and expand our underlying data.

In some of our Norwegian businesses we see relatively large gender differences in bonus payments. One reason is that men are in the majority in positions where bonuses are largely common, such as in sales and in positions with more direct responsibility for performance.

We have also considered the parental leave offered in the different countries covered by the pay review. Orkla's goal is to offer reasonable and fair conditions for taking parental leave irrespective of gender, despite the fact that there are large differences in the regulatory frameworks of the different countries. Some companies offer parental leave benefits in excess of the statutory requirement. We will be looking more closely at this area going forward.

Gender pay gap review – Orkla ASA

Pursuant to amendments to the Norwegian Gender Equality Act, gender pay gaps in Norwegian companies with more than 50 employees must be reported with effect from the 2021 financial year. In addition to reporting for the Orkla Group as a whole, we are therefore also providing a specific report for Orkla ASA as a company. The reporting is based on pay data as of 31 December 2020, and is based on the Directorate for Children, Youth and Family Affairs' guidance on the duty of employers to promote and report on gender equality. The review was conducted among all Orkla ASA employees who receive a monthly salary.

Table 3: Review of gender pay differences in cash benefits Orkla ASA

	Gender distribution for different position levels / groups **		Pay differences ** Women's pay as a proportion of men's pay, per cent	
			Cash benefits	Payments in kind
	Women	Men	Total cash benefits	Total taxable payments in kind
Total	**139**	**112**	**54.2%**	**50.9%**
Level 1	2	7	-	-
Level 2	12	26	69.7%	97.4%
Level 3	13	15	74.0%	86.8%
Level 4	6	1	-	-
Level 5	25	27	81.0%	57.3%
Level 6	57	20	87.9%	102.1%
Level/group 7	24	16	87.9%	102.6%

* Level 1: Group Executive Board and CEO, Level 2: those who report to the Group Executive Board, Level 3: senior managers, Level 4: managers, Level 5: senior employees, Level 6: employees, Level 7: administrative employees

** Total cash benefits comprise salary, irregular supplements, bonuses and overtime pay.

In calculating pay differences, we looked at basic salary and various supplements, bonuses and benefits for the 2020 financial year. We also assessed equal work and work of equal value by classifying positions into different levels. The definition of the position levels is based on existing job categories in the company and an assessment of which jobs are included in the different levels. Orkla ASA uses Mercer's position evaluation tool to classify and group the positions in the company. The employee representatives at central level have participated in our planning, conducting and evaluation of the pay gap review. In cases where there are five or fewer of each gender at each level, figures are not reported (-), but they are nonetheless included in the total figures.

The review shows that at the overall level, cash benefits for women in 2020 amounted to 54.2 per cent of cash benefits for men. The general explanation is that men are overrepresented in higher positions in Orkla ASA and women are in the majority in lower positions. This is reinforced by the fact that relatively more bonus is paid to higher positions than to lower ones. The difference for the various levels was largest for level 2, at 69.7 per cent, and least for levels 6 and 7, where the average pay for women was 87.9 per cent of the equivalent for men.

The results of the review will be analysed further by the company to ascertain whether there is a difference, and if so where, in pay between equivalent positions. To the extent that such a gap is identified, the company will take action to neutralise any differences.

As part of the review, figures for temporary employees, parental leave and voluntary/involuntary part-time employment were also compiled and analysed. The review shows that the percentage of employees in temporary positions (9.9 per cent) and part-time positions (2 per cent) is low. The gender differences among those in temporary positions are small: women, 4 per cent and men, 6 per cent.

The extent of involuntary part-time work among women and men is to be reviewed every second year. We refer to our 2020 review in this respect. Orkla ASA wishes to make it easier for all parents to be able to take parental leave, regardless of gender. The review shows that men took about 24 per cent of the amount of parental leave that women did. A partial explanation is probably that, as mentioned above, there are more men in higher positions who only take the statutory portion of their parental leave.

Table 4: Review of gender differences in respect of temporary employees, parental leave and part-time work

Gender balance		Temporary employees		Parental leave taken		Part-time work			
Number of women	Number of men	Temporary employees, women	Temporary employees, men	Parental leave taken, women (average number of weeks)	Parental leave taken, men (average number of weeks)	Voluntary part-time, women	Voluntary part-time, men	Involuntary part-time, women	Involuntary part-time, men
139	112	16	9	14[2]	9	2	3	0	0

2 Applies to the calendar year 2020, and the figures therefore do not show the full length of leave in cases where the leave extends over two calendar years.

The way forward

In 2022 we will follow up companies where there is a risk of undesirable practice associated with pay conditions, and also acquire a better basis for analysing bonus payments and parental leave schemes. We will also continue the work of developing and ensuring compliance with procedures for regular performance appraisal interviews, so that the proportion of interviews increases. In early 2022 we will introduce our employees to and teach them about our updated value platform and management model through active workshops, e-learning and internal communication. Our aim is to contribute to a common culture and promote conduct that we believe will yield the results we want. We will also consider how to boost skills development among our factory employees in order to follow up the need for improvements identified through the 2021 employee survey. We want to promote diversity in more areas than gender, and in 2022 we intend to be more conscious of including our existing diversity.

Occupational health and safety

We set the same requirements for occupational health and safety in every place that we have operations. Orkla’s vision is zero injuries.

A safe, healthy working environment is a fundamental right for all employees and essential to ensuring stable, efficient operations. We want to create a strong occupational health and safety culture and are intent on involving employees in all parts of our operations in order to attain our vision of zero injuries. We believe that good training and risk management are crucial for preventing injuries and occupational illnesses.

It is absolutely fundamental to work in this area that all our employees understand the actual and potential risk associated with our operations and their own workplace. All our companies must conduct risk assessments regularly, and where possible reduce risk through preventive measures. In most of our companies a significant part of the risk is associated with ergonomics, use of machines, work at different heights and on slippery floors, storage and handling of chemicals and the psychosocial working environment. We require all our companies to establish principles for health-promoting workplaces, adapting the principles to conditions in the individual country.

Work in our companies for safe and healthy workplaces is based on the requirements and guidelines in the Orkla EHS standard, which also includes requirements about reducing the impact of our operations on the external environment.

We follow up measures to ensure control and improvements associated with occupational health and safety at company and business area level by reporting to the management teams, the Group Executive Board and the Board of Directors. Our companies, factories and warehouses will undergo regular audits based on our EHS standard, and companies that do not comply with our requirements will have closer monitoring. All companies we acquire are promptly introduced to our standard, and are assisted in understanding the requirements and expectations they encounter. The purpose of the audits is to ensure that the businesses are working in compliance with laws and regulations, and that they have systems and procedures in place to reduce the risk of serious incidents. In addition, the audits are intended to contribute to training and sharing of best practice among our companies.

Developments in 2021

In 2021 we mainly conducted digital audits of our companies, factories and warehouses because of the pandemic. The audits were conducted in accordance with the plan that was agreed upon at the beginning of the year.

In 2021, for the fourth consecutive year, an EHS Week was held across the entire Group. The purpose of this week is to strengthen internal commitment and involve everyone in developing the culture to achieve our vision of zero injuries. The main themes of this year's EHS Week were machine safety, investigation of accidents and health-promoting workplaces. Companies were asked to organise some joint activities and relevant local activities. During the week, many employees took part in local courses and webinars based on the three main themes. We also offered fire drills, first-aid courses and talks on mental health and volunteering in the local community. A major effort was made in 2021 once again to adapt activities to the current COVID-19 restrictions. Companies were encouraged to share their activities through photos or videos, and three companies received an award for having shared good examples and activities.

Injuries

The Lost Work Day Rate (LWDR) in 2021 was 3,8, the same level as in 2020. Around two thirds of our companies reported no injuries resulting in absence in 2021. Most injuries were of a less serious nature, such as cuts, blows or crushing injuries. An accident in connection with the starting up of a machine at one of our factories in the Czech Republic in spring 2021 caused the death of a contractor. The accident resulted in an extensive investigation, and the robot systems in all our companies were reviewed.

All injuries are followed up in the respective companies. Reporting and investigation of EHS incidents provide important information for preventing future accidents and incidents, and we therefore share injury reports across our companies. The reports contribute to a greater understanding and awareness of risk among the employees. In 2021 our companies worked to prevent and deal with all types of injuries, not only injuries resulting in absence. This enables incidents with a high potential for injury to be identified and shared with others. The companies took a variety of steps to prevent injuries in 2021. For example, they conducted extensive training and improved internal procedures; several companies held first aid and fire safety courses. The companies also implemented various types of safety measures, such as increased use of protective equipment, better labelling and replacement of old equipment. Many companies also report that in 2021 they carried out training in the EHS Dialogue. This is a structured dialogue between a manager and an employee that places emphasis on working environment and safety.

Work to promote health

Registered sickness absence across our operations was 4.4 per cent in 2021, which is a slight decrease on 2020. Sickness absence is affected by a multitude of factors and is a complex field. There are significant variations across countries and companies, and we focus continuously on improvements, including following up on absences and carrying out preventive activities. In 2021 the pandemic situation affected sickness absence to varying degrees, depending on the infection situation and local restrictions.

Preventive measures are important for avoiding future sickness absence, and we assess risk to health and measure physical influences in the working environment in order to take appropriate action. We see an increasing degree of sickness absence linked to psychosocial risk, not least because of the pandemic. A work environment survey, “My Voice”, which is conducted throughout Orkla, enables us to ask specific questions and obtain important input regarding factors associated with occupational health. We will use the answers as a basis for implementing general measures in the Group, or specific local measures at a factory.

Covid-19 preparedness

In 2021 there was again a high level of preparedness in all our companies in connection with the pandemic. Our paramount priority was to safeguard employees and prevent infection. In order for all our employees to be safe at work, we introduced extraordinary hygiene and cleaning procedures in the period 2020–2021. We also performed impact analyses and emergency action plans in response to the pandemic to prevent and cope with infection. Factory premises were divided into zones, and work shifts were reorganised to enable physical distancing to be maintained as far as possible. Many office employees in our companies worked from home for much of 2021, which represented a major change in the working environment. We worked systematically to support employees and cater for their work situation. We shared information on how employees should use digital tools, and many companies implemented a variety of measures to encourage physical activity, social contact and relaxation in a demanding workday.

The way forward

In our continuing work to prevent injuries and promote health, we will place emphasis on the key principles described in our EHS standard. In addition to training and risk mapping, the companies will consider which new measures must be introduced to ensure that good progress is made towards the goal of zero injuries. This means that companies must increase awareness of safety behaviour, and that there must be a good dialogue between managers and employees. The EHS dialogue will be an important platform in the work of reducing sickness absence and injuries, engaging employees and building our EHS culture.

The digital audits have yielded new knowledge and new ideas on how to conduct future audits. For the time being, audits planned for 2022 will be carried out digitally. We will subsequently establish a mode of working that combines digital tools and physical reviews on site at companies.

We will also maintain the high state of preparedness associated with Covid-19 in 2022, our most important priority being to safeguard our employees and prevent infection.

Integrity

We seek to foster a corporate culture based on integrity and good business practices. In 2021 we continued our efforts to promote sound judgement and prevent ethical risk.

Corruption and other unethical business practices limit opportunities for economic development and hamper competition on equal terms. We have zero tolerance for corruption, price-fixing agreements, market sharing or other measures that place restrictions on free competition. Orkla's anti-corruption programme, competition law manual and Code of Conduct describe our standards and guidelines in this area.

Developments in 2021

In 2021, we continued our long-term efforts to ensure strong awareness of our Code of Conduct and to prevent undesirable behaviour. At the beginning of the year, our updated Code of Conduct was introduced to all Group employees. Employees in need of advice on what is correct conduct can contact their local compliance coordinator or our central Legal and Compliance department.

Orkla's Internal Audit function is responsible for dealing with our whistleblower system. Internal Audit is also required to scrutinise and deal with cases that are reported. Our employees use a whistleblowing channel that enables employees to report matters anonymously in their mother tongue, and that ensures that we are in compliance with personal data protection and information security rules. In the course of the year, 44 cases were reported of possible breaches in our Code of Conduct. The cases varied in scope and nature. All matters reported through the whistleblowing channel are dealt with in accordance with internal and external guidelines for handling whistleblowing cases. Most of the matters in 2021 proved not to constitute a breach of the Code.

Anti-corruption and competition law

In 2021 we put a great deal of effort into renewing and refining our anti-corruption programme. We have brought greater clarity to roles and responsibilities for ensuring compliance with the programme. A compliance network, with a compliance coordinator for each company, has been established to back up the introduction and follow up the work. Our ongoing e-learning programme on anti-corruption and competition law has also continued. In addition, we initiated digital risk-based dilemma training for companies in regions that are exposed to corruption or with employees in positions exposed to such risk. Through Orkla's Supplier Code of Conduct, companies require suppliers to have zero tolerance for corruption, and we conduct risk-based monitoring of suppliers.

When making acquisitions and major investments we assess the risk of being involved in breaches of the rules and regulations on corruption and competition law. Where we consider the risk to be significant, we take steps to mitigate it.

Our efforts to strengthen third-party risk management continued in 2021. During the year we worked on developing a digital portal for suppliers and other external partners to strengthen our risk assessment, approval and monitoring of third parties. We and third parties are both able to enter data in the system, which permits a more efficient, automated and standardised process across the Group. This system will also include risk-based integrity surveys and management of third-party sanction risk. According to plan, the portal will be in use in the first quarter of 2022.

In 2019 the Norwegian Competition Authority started a review of the Orkla-owned Lilleborg AS (now Orkla Home & Personal Care AS) on the grounds of a possible breach of competition law. The investigation was concluded in the summer of 2021 because the authority found no grounds for taking the matter further.

Protection of privacy

We continue to ensure good internal control regarding the management of personal data in all our companies. One important measure is to increase awareness among our managers and employees. In 2021 we therefore launched new courses in addition to various campaigns to increase awareness in relevant subject areas. With regard to protection of personal data, we set strict requirements based on the principles in the European General Data Protection Regulation (GDPR). Thus we have stringent guidelines for protection of privacy for all parties in contact with our companies, and we constantly implement improvements where they are needed. In addition, we follow closely changes in the regulatory framework and recommendations from the EU Commission and other relevant authorities with respect to protection of privacy, and we adjust our processes on an ongoing basis.

The way forward

Internal training programmes and our focus on raising awareness of ethical issues will continue in 2022. We will continue our work on the new risk-based, anti-corruption dilemma training. The digital portal for third-party management will also be important this year. We will continue to monitor our companies to ensure that their procedures for managing personal data are fit for purpose.

Stakeholder dialogue and social engagement

References	Indicators	Unit	2021	2020	2019
203-1	Support for external organisations and projects				
	- Investment in local infrastructure	NOK mill.	0.5	0.1	0
	- Financial support for external projects and activities	NOK mill.	32.4	46.9	14.4
	- Financial support for social projects and activities[1]	NOK mill.	6.6	-	-
	- Financial support for actions for healthier and more sustainable consumption[2]	NOK mill.	25.8	-	-
	- Value of products and work (pro-bono)	NOK mill.	7.4	16.5	11.1
415-1	Financial support received from government during the year				
	- Subsidies for operational, energy investments, innovation, labour and environmental measures	NOK mill.	43.5	107.7	51.9
	- Raw material price compensation	NOK mill.	132.7	160.2	159.3
202-2	Percentage of management team members recruited from the country where the business is located[3]	%	93	86	93
415-1	Total value of political contributions	NOK mill.	0	0	0
417-2	Formal complaints and matters related to product labelling laws and regulations	Number	2	0	2
417-3	Formal complaints and matters related to marketing laws and regulations	Number	4	3	2

Responsible employer

References	Indicators	Unit	2021	2020	2019
405-1,	Employee diversity				
WEF People	- Total number of employees	Number	21 423	18 109	18 348
	- Total percentage of women employees	%	47.0	43.9	47.3
	- Percentage of employees in commercial and staff functions	%	46.2	43.1	44.3
	- Percentage of women	%	51.4	50.0	51.5
	- Under 30 years old[4]	%	12.3	-	-
	- 30-50 years old[4]	%	59.5	-	-
	- Over 50 years old[4]	%	28.3	-	-
	- Percentage of employees within production, maintenance and warehouse (not managers)	%	53.8	56.2	55.7
	- Percentage of women	%	43.2	40.7	44.0
	- Under 30 years[4]	%	16.4	-	-
	- 30-50 years[4]	%	46.3	-	-
	- Over 50 years[4]	%	37.3	-	-
	- Percentage of employees under 30 years old	%	14.5	13.3	13.4
	- Percentage of employees 30-50 years old	%	52.4	52.3	53.0
	- Percentage of employees over 50 years old	%	33.1	33.5	33.6
405-1	Diversity in management				
	- Total number of managers at all levels	Number	2 535	2 167	2 082
	- Total percentage of women in management	%	41.8	41.5	39.9
	- Total percentage of managers under 30 years old	%	3.4	2.6	2.5
	- Total percentage of managers 30-50 years old	%	63.0	65.1	67.2
	- Total percentage of managers over 50 years old	%	33.6	36.1	30.3
	- Managers on Orkla's Group Executive Board	Number	9	10	10
	- Percentage of women on Orkla's Group Executive Board	%	22	20	20
	- Managers in management teams at Group, business area and business unit level	Number	363[5]	422	391
	- Percentage of women in management teams at Group, business area and business unit level	%	38.0	35.9	35.5

References	Indicators	Unit	2021	2020	2019
405-1,	Workforce changes				
WEF Prosperity	- Number of new employee hires	Number	2 076	2 332	1 909
	- Under 30 years[4]	%	36.1	-	-
	- 30-50 years[4]	%	48.4	-	-
	- Over 50 years[4]	%	15.5	-	-
	- Percentage of women[4]	%	51.8	-	-
	- Total employees who have left the company[4]	Number	2 952	-	-
	- Under 30 years[4]	%	27.8	-	-
	- 30-50 years[4]	%	43.9	-	-
	- Over 50 years[4]	%	28.2	-	-
	- Percentage of women[4]	%	51.9	-	-
	- Percentage of employee hires (new employees/total number of employees)	%	10.4	13	10
	- Employee turnover (employees left/total number of employees)	%	14.8	-	-
WEF People	Lowest entry level wage compared to local minimum wage[6]				
	- Baltics	Ratio	1.5	-	-
	- Other Europe	Ratio	1.2	-	-
	- Asia	Ratio	4.4	-	-
WEF People	The CEO's financial compensation related to the average compensation for the group's other employees	Ratio	28.3	19.2	-
	Average hours of organised training per employee				
	- Total	Hours	9.6	8.6	8.5
	- Women[7]	%	53.1	-	-
WEF People	Average training cost per employee	NOK	750	-	-
412-1	Human rights risk assessment				
	- Number of business units that have carried out risk assessment during the year	Number	64[8]	41	41
	- Percentage of business units that have carried out risk assessment during the year	%	91	93	93
412-2	Employee training on human rights issues				
	- Total number of hours of training	Hours	22 653	23 427	42 000
	- Percentage of employees who have received training during the year (unique individuals not registered)	%	77	81	100

References	Indicators	Unit	2021	2020	2019
404-3	Percentage of employees covered by procedures for regular performance appraisal				
	- Total	%	60	59	60
	- Managers	%	88	93	89
	- Administrative employees	%	83	80	77
	- Sales personnel	%	95	79	87
	- Employees within production, maintenance and warehouse (not managers)	%	46	40	46
406-1	Formal complaints or cases related to breaches of anti-discrimination regulation	Number	0	0	1
WEF People	Costs of any losses (fines, compensation or legal costs) as a result of legal proceedings related to discrimination cases	NOK	0	0	-

1 Applies to support for external projects and organisations linked to health, welfare and charity. Comparable figures for 2019 and 2020 are not available.
2 Applies to participation in external collaborative projects and campaigns to develop and promote healthier and more sustainable products and consumption. Comparable figures for 2019 and 2020 are not available.
3 For companies with operations in only one country, close to 100% of the management team members come from this country. For companies with operations in several countries, the management teams have a composition that reflects this.
4 Corresponding figures for 2019 and 2020 are not available.
5 The reduction in total number of managers from 2020 to 2021 is due to changes in the level definition criteria.
6 Lowest entry level wage for production employees for Orkla's operations in relation to the national minimum wage in the countries in question. The Nordic countries are not included since wages are determined through national collective bargaining agreements.
7 Percentage of women who have participated in centrally organized training. Corresponding figures for 2019 and 2020 are not available.
8 The grouping of reporting units was changed in 2021, this results in a higher total number of business units than before.

Occupational health and safety

References	Indicators	Unit	2021	2020	2019
403-10	Sickness absence				
	- Sickness absence, total	%	4.4	4.6	4.4
	- Sickness absence, Norway	%	5.4	5.0	5.1
	- Sickness absence, Nordics (excl. Norway) and Baltics	%	4.9	4.1	3.8
	- Sickness absence, rest of world	%	3.8	4.9	4.8
403-9	Injuries				
	- Lost Workday Rate[7] (LDWR), total		3.8	3.8	3.7
	- Lost Workday Rate[7], Norway		1.5	3.1	1.9
	- Lost Workday Rate[7], Nordics (excl. Norway) and Baltics		6.2	5.4	5.1
	- Lost Workday Rate[7], rest of world		2.8	2.6	3.1
	- Total Recordable Rate[8] (TRR), total		8.3	7.5	7.2
	- Total Recordable Rate[8] (TRR), Norway		5.0	7.0	5.6
	- Total Recordable Rate[8], Nordics (excl. Norway and Baltics)		15.0	12.6	11.0
	- Total Recordable Rate[8], rest of world		4.5	3.3	4.5
	- Work-related fatalities		0	0	0
WEF People	Number of employees who have participated in programs for good health and lifestyle	Number	5 270	-	-

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

Integrity

References	Indicators	Unit	2021	2020	2019
205-2	Anti-corruption training				
	- Number of employees trained during the year	Number	3 830	1 733	887
	- Percentage of employees trained during the year	%	17.9	9.6	4.8
205-3	Formal complaints and cases related to breaches of anti-corruption laws/regulations	Number	0	0	0
206-1	Formal complaints and cases related to breaches of competition law/regulations	Number	0	1	1
418-1	Formal complaints and cases related to breaches of privacy regulation (GDPR)	Number	0	0	0
419-1,	Non-compliance with laws and regulations in the social and economic area				
WEF Governance	- Value of significant fines	Mill. NOK	0.4	0	0
	- Costs related to legal processes	Mill. NOK	0.5	-	-
	- Number of non-monetary sanctions	Number	5	0	0
	- Number of cases brought through dispute resolution mechanisms	Number	4	4	6
GRI 102-17, WEF Governance	Number of notification cases related to potential breaches of legal requirements or Orkla's ethical guidelines	Number	44	47	-

4. Financial Statements

Annual Financial Statements Orkla Group

Income statement, earnings per share and statement of comprehensive income

Income statement

Amounts in NOK million	Note	2021	2020
Sales revenues	7, 9	50 208	46 962
Other operating revenues	7, 9	233	175
Operating revenues	7, 9	**50 441**	**47 137**
Cost of materials	10	(25 171)	(23 430)
Payroll expenses	11, 12	(9 123)	(8 971)
Other operating expenses	13	(7 915)	(7 300)
Depreciation	7, 19, 20, 21	(2 087)	(1 944)
Operating profit before other income and expenses (EBIT adj.)	7	**6 145**	**5 492**
Other income	7, 14	171	145
Other expenses	7, 14	(586)	(1 075)
Operating profit	7	**5 730**	**4 562**
Profit/loss from associates and joint ventures	6	855	1 000
Interest income	15	30	20
Interest costs	15, 21	(196)	(182)
Other financial income	15	4	9
Other financial costs	15	(57)	(61)
Profit/loss before taxes		**6 366**	**5 348**
Taxes	16	(1 468)	(926)
Profit/loss for the year		**4 898**	**4 422**
Profit/loss attributable to non-controlling interests	33	90	51
Profit/loss attributable to owners of the parent		4 808	4 371

Earnings per share

Amount in NOK	Note	2021	2020
Earnings per share	17	4.82	4.37
Earnings per share, diluted	17	4.82	4.37

Statement of comprehensive income

Amounts in NOK million	Note	2021	2020
Profit/loss for the year		**4 898**	**4 422**
Other items in comprehensive income			
Actuarial gains and losses pensions	12, 16	54	(16)
Changes in fair value shares		38	42
Items not to be reclassified to profit/loss in subsequent periods		**92**	**26**
Change in hedging reserve	16, 31	152	(107)
Items charged to equity in associates and joint ventures	6	(32)	(91)
Translation effects		(977)	1 260
Hedging of net investment in foreign operations	31	216	(146)
Items after tax to be reclassified to profit/loss in subsequent periods		**(641)**	**916**
Comprehensive income		**4 349**	**5 364**
Comprehensive income attributable to non-controlling interests	33	78	62
Comprehensive income attributable to owners of the parent		4 271	5 302

Statement of financial position

Assets

Amounts in NOK million	Note	2021	2020
Property, plant and equipment	7, 20, 21	17 458	16 274
Intangible assets	7, 19	30 554	24 209
Deferred tax assets	16	129	125
Investments in associates and joint ventures	6, 7	5 332	4 799
Other financial assets	22	647	569
Total non-current assets		**54 120**	**45 976**
Inventories	23	7 314	6 530
Inventory of development property	23	220	96
Trade receivables	24	6 528	6 256
Other receivables and financial assets	24	1 255	936
Cash and cash equivalents	25	1 127	3 213
Total current assets		**16 444**	**17 031**
Total assets		**70 564**	**63 007**

Equity and liabilities

Amounts in NOK million	Note	2021	2020
Paid-in equity	32	1 967	1 972
Retained earnings		36 474	35 270
Non-controlling interests	33	910	462
Total equity		**39 351**	**37 704**
Interest-bearing liabilities	21, 28, 29	10 731	9 359
Deferred tax	16	2 084	1 681
Provisions and other liabilities	26	3 175	3 390
Total non-current liabilities		**15 990**	**14 430**
Interest-bearing liabilities	21, 28, 29	3 603	664
Income tax payable	16	990	380
Trade payables	27	7 286	6 526
Other liabilities	27	3 344	3 303
Total current liabilities		**15 223**	**10 873**
Total equity and liabilities		**70 564**	**63 007**

Statement of cash flow

Amounts in NOK million	Note	2021	2020
Profit before taxes		6 366	5 348
Depreciation and write-downs	19, 20, 21	2 092	2 454
Changes in net working capital, etc.		(645)	672
Profit/loss from associates and joint ventures	6	(855)	(1 000)
Dividends received from associates and joint ventures	6	255	233
Financial items without cash flow effect	15	47	43
Taxes paid	16	(907)	(1 152)
Cash flow from operating activities		**6 353**	**6 598**
Sale of property, plant and equipment	8	81	161
Investments in property, plant and equipment and intangible assets	8	(2 687)	(2 607)
Sold companies	5, 6	0	193
Acquired companies	5, 6	(5 811)	(700)
Other capital transactions		56	29
Cash flow from investing activities		**(8 361)**	**(2 924)**

Amounts in NOK million	Note	2021	2020
Dividends paid		(2 784)	(2 666)
Sale of treasury shares		57	57
Acquisition treasury shares		(403)	0
Paid to shareholders	32	**(3 130)**	**(2 609)**
Proceeds from borrowings		3 832	1 462
Repayments of borrowings		(2 014)	(27)
Repayments of lease liabilities	21	(543)	(529)
Net change in current liabilities		1 847	(517)
Net change in interest-bearing receivables		(23)	(65)
Cash flow from financing activities excluding payments to shareholders	7, 29	**3 099**	**324**
Cash flow from financing activities		**(31)**	**(2 285)**
Currency effect on cash and cash equivalents		(47)	155
Change in cash and cash equivalents		**(2 086)**	**1 544**
Cash and cash equivalents 1 January		3 213	1 669
Cash and cash equivalents 31 December	25	1 127	3 213

Statement of changes in equity

Amounts in NOK million	Share capital	Treasury shares	Premium fund	**Total paid-in equity**	Hedging reserve[1]	Items charged to equity in AC and JV[2]	Net translation effects	Other retained equity	**Total Group**	Non-controlling interests	**Total equity**
Equity 1 January 2020	1 252	(1)	721	**1 972**	(100)	253	1 425	30 902	**34 452**	460	**34 912**
Profit/loss for the year	-	-	-	**-**	-	-	-	4 371	**4 371**	51	**4 422**
Items in comprehensive income	-	-	-	**-**	(107)	(91)	1 103	26	**931**	11	**942**
Group comprehensive income	-	-	-	**-**	(107)	(91)	1 103	4 397	**5 302**	62	**5 364**
Dividends paid	-	-	-	**-**	-	-	-	(2 598)	**(2 598)**	(68)	**(2 666)**
Net sale of treasury shares	-	-	-	**-**	-	-	-	57	**57**	-	**57**
Change in non-controlling interests (see Note 33)	-	-	-	**-**	-	-	-	29	**29**	8	**37**
Equity 31 December 2020	1 252	(1)	721	**1 972**	(207)	162	2 528	32 787	**37 242**	462	**37 704**
Profit/loss for the year	-	-	-	**-**	-	-	-	4 808	**4 808**	90	**4 898**
Items in comprehensive income	-	-	-	**-**	152	(32)	(749)	92	**(537)**	(12)	**(549)**
Group comprehensive income	-	-	-	**-**	152	(32)	(749)	4 900	**4 271**	78	**4 349**
Dividends paid	-	-	-	**-**	-	-	-	(2 739)	**(2 739)**	(45)	**(2 784)**
Net purchase of treasury shares	-	(5)	-	**(5)**	-	-	-	(341)	**(346)**	-	**(346)**
Option costs	-	-	-	**-**	-	-	-	13	**13**	-	**13**
Change in non-controlling interests (see Note 33)	-	-	-	**-**	-	-	-	-	**-**	415	**415**
Equity 31 December 2021	1 252	(6)	721	**1 967**	(55)	130	1 779	34 620	**38 441**	910	**39 351**

1 See Note 31 for hedging reserves before tax.
2 Items charged to equity in associated companies (AC) and joint ventures (JV).

Oslo, 15 March 2022
The Board of Directors of Orkla ASA

Stein Erik Hagen Chairman of the Board	Ingrid Jonasson Blank	Nils K. Selte	Liselott Kilaas
Peter Agnefjäll	Anna Mossberg	Anders Kristiansen	Terje Utstrand
Sverre Josvanger	Karin Hansson	Roger Vangen	Jaan Ivar Semlitsch President and CEO

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

Notes Group

Note 1 General information

General

The consolidated financial statements for Orkla ASA, including notes, for the year 2021 were approved by the Board of Directors of Orkla ASA on 15 March 2022. Orkla ASA is a public limited company and its offices are located at Drammensveien 149, Oslo (Norway). Orkla ASA's organisation number is NO 910 747 711. 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. The business areas are described in the segment information in Note 7.

The financial statements for 2021 have been prepared and presented in full compliance with applicable International Financial Reporting Standards (IFRS), as adopted by the EU.

Information on accounting policies and estimate uncertainty is largely incorporated into the individual notes. The accounting policies have been highlighted with a "P" and estimate uncertainty is marked with an "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. In addition, certain sustainability elements have been presented in relevant notes and marked with an "S".

The Group has made no changes in presentation or accounting policies nor applied any new standards that materially affect its financial reporting or comparisons with previous periods. For information regarding future changes in accounting standards, see Note 4.

Alternative performance measures (APM)

Orkla uses EBIT (adj.) in both the income statement and in its presentation of segment results. EBIT (adj.) is defined as "Operating profit or loss before other income and expenses". "Other income" and "Other expenses" are items that require special explanation and only to a limited degree are reliable measures of the Group's ongoing profitability. Items presented on these two financial statement lines are disclosed in Note 14.

Earnings per share (adj.) show earnings per share adjusted for "Other income" and "Other expenses" after estimated tax. If other items of a special nature arise under the company's operating profit/loss, adjustments will also be made for them. See Note 17 for further information on earnings per share (adj.).

Orkla uses the terms "Organic growth", "Changes in underlying EBIT (adj.)" and "Underlying EBIT (adj.) margin growth" to explain changes in operating revenues and EBIT (adj.). These are not accounting terms, but are used in the Report of the Board of Directors and the segment information in Note 7. Organic and underlying growth have been adjusted for currency translation effects, acquisitions and disposals.

With regard to investment decisions, the Group differentiates between "Replacement investments" and "Expansion investments". These terms are used in Note 7 "Segments".

Net interest-bearing liabilities are the Group's primary management parameter for financing and capital allocation, which is used actively in the Group's financial risk management strategy; see Note 29. The statement of cash flows in Orkla format therefore shows the change in net interest-bearing liabilities at Group level, and is presented in Note 7 on segment reporting.

The definitions of the various alternative performance measures (APM) may be found on page 349.

Sales and purchases of companies
Acquisitions and disposals of companies are presented in Note 5. Orkla has made several large acquisitions, and in 2021 companies were purchased for a total of NOK 7,030 million at enterprise value. The biggest acquisitions were the purchases of NutraQ (Norway), Eastern Condiments (India) and New York Pizza (Netherlands/Germany).

Comments on the year 2021
2021 was a year of extensive acquisition activity, in addition to which the COVID-19 pandemic continued to impact on Orkla during this financial year. The situation has at times been challenging for some Orkla companies. The pandemic has led to global bottlenecks and value chain disruptions and combined with strong demand, this has resulted in substantially higher market prices for several of the big raw material categories. In the second half of 2021, society reopened in several of Orkla's markets, spurring a positive change in the activity level in the Out of Home sector, combined with continued good growth in the grocery channel. Sales improved for all Orkla's business areas in 2021. There was particularly good improvement for Orkla Food Ingredients, which was positively affected by higher Out of Home activity after many periods of lockdown in 2020. In terms of profit, Orkla's businesses have been both positively and negatively affected by the COVID-19 pandemic. The pandemic's impact on the various businesses is described in further detail in the Group's Board of Directors' Report.

The Group's "Other expenses" amounted to NOK 586 million in 2021. The high level of "Other expenses" which amounted to NOK 1,075 million in 2020 was largely linked to write-downs and recognised expenses related to ERP projects, and write-downs related to PRG Finland and Gorm's. In 2021, too, costs of NOK 123 million were recognised in connection with the Group's ERP projects. As a result of high acquisition activity in the Group in 2021, aquisition and integration costs totalling NOK 161 million were incurred. In addition, several improvement and restructuring projects were carried out. See also Note 14 for information on "Other income" and "Other expenses".

Orkla has worked resolutely to achieve sustainable value creation, by focusing on both sustainable production and consumption. The development of plant-based and environmentally friendly products has been a key area of innovation work in 2021 and will remain an important platform going forward.

The Norwegian krone strengthened against the EUR, SEK and DKK in 2021. This resulted in the recognition in equity of a net total of NOK -761 million in positive translation differences.

Other matters
Orkla has no loan agreements containing financial covenants.

Sustainability

A good dialogue with stakeholders is essential to 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 wishes to provide insight into the way the Group deals with matters of importance for the Group's operations and key stakeholder groups. Orkla reports on the progress made in its efforts to address environmental and social issues in a Sustainability Report, which is included as a separate section in Orkla's Annual Report. Further information on the reporting criteria may be found on page 102.

Note 2 Basis for preparing the consolidated financial statements

The assets in the statement of financial position are recognised on the basis of the purchase cost, and this will largely determine their further accounting treatment. Normally, the purchase cost will be the highest value at which an asset may be recognised. However, this does not apply to the treatment of financial assets and accounting hedges, which are reported at fair value on an ongoing basis. 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 going concern assumption. In general, the latter can be justified by Orkla's financial strength with an equity ratio of 55.8% as at 31 December 2021 and financial reserves that more than cover the Group's liabilities in the next 12 months; see Note 29.

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 consists of cash or cash equivalents on the statement of financial position date or when the entity concerned does not have an unconditional right to defer payment for at least 12 months. Other items are non-current. A dividend does not become a liability until it has been formally approved by the General Meeting.

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.

Consolidation of companies in the Group

The consolidated financial statements show the overall financial results and the overall financial position when the parent company Orkla ASA and companies in which the Group has sole control (subsidiaries) are presented as a single economic entity. All the companies that are consolidated have applied consistent accounting policies and all intercompany matters have been eliminated. In addition, associates and joint ventures are presented using the equity method, while any minor assets in other companies are presented at fair value, with changes in value reported in the comprehensive income statement.

Interests in companies in which the Group alone has controlling interest (subsidiaries) have been consolidated, line by line, on a 100% basis 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 can affect the amount of the returns in the subsidiary. If the Group has control, but owns less than 100% of the subsidiaries, the companies are still consolidated, line by line, on a 100% basis, while 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 2021, no companies were consolidated in the Group based on the rules regarding de facto control, i.e. that the Group has < 50% ownership, but by virtue of the ownership composition nonetheless in fact has control.

Profit or loss from associates and joint ventures is presented on an ongoing basis as part of the Group's profit or loss. These are both presented using the equity method. This applies to interests in companies in which the Group together with others has controlling interest (joint ventures) and interests in companies where the Group has significant influence (associates). Both these categories are disclosed in Note 6.

Small ownership interests in other companies are disclosed in Note 22. These financial investments are capitalised at fair value and both changes in value and any gains or losses are recognised as “Other items in comprehensive income”.

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 substantial asset. Consequently, all other figures are presented exclusive of the “Discontinued operations”. The comparative figures in the income statement are restated and aggregated with the “Discontinued operations” 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.

Policies 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 translation differencs are 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 arise from two different situations. The first is when an income statement with a different functional currency than that of the parent company is translated at the average monthly exchange rate, while the statement of changes in equity is translated at the closing rate. The second is when the opening and closing rates of the statement of changes in equity differ. When the average exchange rate in the income statement and the opening rate in the statement of changes in equity differ from the closing rate, translation differences arise in the explanation of changes in equity. Translation differences are recognised as “Other items in comprehensive income”.

Translation differences related to borrowing and lending in another functional currency, identified as net investment, are also reported as "Other items in comprehensive income". This is shown as a separate item.

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	
	2021	2020	2021	2020
EUR	10.16	10.73	9.99	10.47
SEK	1.00	1.02	0.97	1.04
DKK	1.37	1.44	1.34	1.41

Transactions in foreign currencies are recognised at the exchange rate on the date of the transaction. Financial receivables and liabilities in foreign currencies are measured 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

As stated in Note 1, the disclosure of accounting policies has been presented in 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.

The financial statements
The complete set of financial statements consists of an income statement, a statement of comprehensive income, a statement of financial position, a statement of cash flows and a statement of changes in equity. The financial statements present one comparative year.

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

The statement of comprehensive income is based on the Group's profit or loss for the year and presents items that are recognised in equity, but not included in profit or loss for the period. Actuarial gains and losses on pensions and gains or losses and changes in the value of share investments are recognised in comprehensive income with permanent effect. Other items are recognised in comprehensive income 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 begins with non-current assets and ends with cash and cash equivalents in the assets section. 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 notes. In the equity and liabilities section, a distinction is made between equity, interest-bearing and non-interest-bearing non-current and current 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 in the Report of the Board of Directors and in Note 7. The bottom line of the statement shows the change in net interest-bearing liabilities. Segment information refers to this statement, as the Group's cash flows are reported and managed in this way.

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.

Note 4 Use of estimates and assumptions in preparing the consolidated financial statements

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	Book value
Goodwill	18, 19	Net present value future cash flows/NSV[1]	22 086
Trademarks with indefinite life	18, 19	Net present value future cash flows/NSV[1]	7 418
Property, plant and equipment	18, 20	Net present value future cash flows/NSV[1]	15 734
Leases	21	Lease period, renewal options and net present value future cash flows	1 724
Discounts, reduction in prices of seasonal goods, etc.	9, 27	Estimated need for provision in line with agreements	1 539
Provisions for liabilities and other non-current liabilities	26	Estimated need for provision based on incurred liabilities and estimated exposure	656

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 policies from purchase price allocations which can subsequently be affected by a change in value. Proprietary trademarks are not capitalised and consequently do not entail any risk in relation to the statement of financial position. Some Orkla businesses have been impacted by the COVID-19 pandemic and the situation is being closely monitored with regard to indications of a need for write-downs. Global challenges posed by climate change and resource scarcity will also be an element when assessing Orkla's businesses. Assessments related to the valuation of non-current assets are disclosed in Note 18.

The valuation 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, but in a situation where a change in organisational structure 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 values and deficit values.

The Group's decision to invest in a common ERP platform for Orkla Foods, Orkla Confectionery & Snacks and Orkla Care, as well as a common ERP platform for Orkla Food Ingredients, may make it necessary to change the useful life of or write down some currently used IT systems. A valuation of the IT systems concerned will be made on the date the various companies formally confirm their investment in a new ERP system. In 2020, a total of NOK 437 million in write-downs and expenses was recognised for the ERP platforms developed. In 2021, NOK 123 million was expensed in connection with the same project; see Note 14.

In Branded Consumer Goods, discounts amount to a substantial total. The discounts do not appear directly in the financial statements. It is net turnover after discounts that is presented as the Group's operating revenues. The majority of the discounts are netted in the invoices. Provisions are made for the share of discounts that are not netted directly in the invoice. Discounts for which provisions are made are reported as a current liability and totalled NOK 1.5 billion as at 31 December 2021. Discounts for which provisions are made are related to contractual arrangements that are largely based on agreements with chains and reported sales. The 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; see Note 9 and 27.

Other sales revenue reductions such as reductions in the price 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 arrangements also entail an inherent risk of estimate variance. There have been no material variances between provisions for and actually reported sales revenue reductions in the past few years.

After the sale of its stake in Sapa in 2017, Orkla retained certain liabilities arising from its former ownership. These are primarily liabilities related to guarantees and specific indemnities given to Norsk Hydro. The remaining provision as at 31 December 2021 is deemed to be sufficient to cover Orkla's remaining liabilities; see Note 26.

Other estimates and assumptions are disclosed in various notes, and any information that is not logically included in other notes is presented in Note 37.

Looking ahead

Future events and changes in local or global operating parameters may make it necessary to change estimates and assumptions.

Orkla's partnership agreements with customers are mainly entered into for limited periods of time, as is the case for the rest of the industry. The parameters for the partnership are thus normally renegotiated at regular intervals. These negotiations can result in changes in both the conditions and positions covered by the individual partnership agreement. Agreements with individual customers are normally entered into by the Orkla companies (business units).

New standards, statements and interpretations of current standards may result in changes in the choice of accounting policies and presentation. Such changes will be recognised in the financial statements when new estimates are prepared and whenever new requirements regarding presentation are introduced.

At the time the Annual Financial Statements for 2021 were prepared and presented, there were no changes in standards or interpretations of standards issued but not yet effective, which are expected to have a material impact on the consolidated financial statements.

Exercise of judgement
The financial statements may be affected by the choice of form of presentation, accounting policies and exercise of judgement. This applies, for instance, to items that only to a limited degree are reliable measures of the Group's current earnings. These items are presented as "Other income" and "Other expenses" in the income statement. The items are included in the Group's operating profit, but not in EBIT (adj.) broken down by segment.

Assessments regarding the recognition of leases may also entail exercise of judgement. This applies, for instance, when assessing whether renewal options should be recognised as well as whether a distinction should be made between leases and service agreements; see further information in Note 21.

Profit or loss from associates and joint ventures is presented after operating profit/loss as these companies are reported as an investment.

In the case of some acquisitions of companies with minority shareholders, option agreements may have been entered into which regulate possible rights relating to the future buyout of these ownership interests. In such cases, an assessment will be made of whether Orkla has in fact purchased these interests based on the agreements entered into or whether these are ownership interests that must be presented as non-controlling interests. The purchase agreements related to Eastern Condiments and New York Pizza contain agreements whereby Orkla will in the longer term be able to acquire full ownership of both these two businesses. In both the two acquisitions mentioned, the assessment is that there is a chance that Orkla will not become 100% owner. Therefore, no provision has been made for liabilities in the statement of financial position, but non-controlling interests have been recognised in equity. See also Note 5 for further information on the two acquisitions.

Sustainability

The global challenges related to climate change, resource scarcity, nutrition and health affect Orkla's activities in the form of a risk of changes in raw material availability, costs, consumer preferences and political framework conditions. The Group monitors developments closely through an active dialogue with stakeholders and ongoing analyses. Orkla's sustainability strategy covers the topics considered particularly important for the Group based on a double materiality assessment, in which both Orkla's impact on its surroundings and the commercial risk associated with sustainability challenges are considered. Through its sustainability work, Orkla's ambition is to contribute towards achieving the global sustainability goals, ensure effective risk management and exploit sustainability-related opportunities to create growth, trust and long-term profitability. The business risk for Orkla related to the global sustainability challenges is described in greater detail in the Sustainability Report, and in a separate report on climate-related risk which may be found on Orkla's website.

Note 5 Disposals and acquisitions of companies

Accounting policies

Disposals of companies
When a business is divested, the gain is measured as the difference between the selling price and the company's booked equity, minus any remaining excess value related to the business. Any sales expenses incurred will reduce the gain/increase the loss. Accumulated translation differences and any hedging reserves related to the divested business will be recognised in the income statement as part of the gain/loss, with a corresponding contra entry in "Other items in comprehensive income". 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.

Acquisitions of companies
Business combinations are accounted for using the acquisition method. When a subsidiary is acquired, a fair value assessment is carried out, and 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, except for goodwill. 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. M&A costs and subsequent integration costs are recognised as "Other expenses".

Disposal of companies
In December 2021, Orkla Food Ingredients sold the company Credin LLC (Russia); see also Note 14.

Acquisition of companies
Orkla Health acquired 100% of the shares in NutraQ 2 AS ("NutraQ"), a leading supplier of subscription-based health and beauty products in the Nordic region. NutraQ is behind the health concept VitaePro and the beauty concept Oslo Skin Lab. NutraQ also owns the Maxulin dietary supplement brand, the Provexin hair treatment product and the Vesterålens Naturprodukter brand that offers Omega-3 products and various vitamin supplements. NutraQ was established in Norway in 2002 and has since also established operations in Denmark, Finland and Sweden. These four countries account for around 90% of turnover. The company had around 170 employees. With its subscription-based business model, NutraQ represents a new business approach for Orkla. The number of active subscriptions has on average grown organically by 13% per year in the period 2018–2020.

Orkla Foods purchased 67.8% of the shares in Easter Condiments Private Limited ("Eastern"). This acquisition will double Orkla's turnover in India. Orkla already holds a solid position in the Indian branded food market through MTR, which has increased its sales revenues five-fold since being acquired by Orkla in 2007. Eastern will be merged into the company MTR Foods Private Limited, and Orkla will have an ownership interest of 90.01% of the jointly-owned company. The merger process is expected to take around 15 months. Eastern has seven factories in four different states in India and around 3,000 employees. The purchase agreement contains a clause whereby Orkla will be able to acquire full ownership of the joint entity in the longer term.

Orkla purchased 75% of the shares in New York Pizza, one of the leading pizza chains in the Netherlands. Since 2008, the chain has averaged annual sales growth of 12%, driven by both organic growth and the establishment of new sales outlets. At the time of acquisition, New York Pizza had 232 franchised sales outlets, 229 of which are in the Netherlands where the chain holds a strong number two position in the market. A key component of New York Pizza's operating model is the pizza dough manufacturer Euro Pizza Products, which also supplies to Finland's leading pizza chain, Orkla-owned Kotipizza. New York Pizza had 75 employees. The business will be run as a stand-alone entity within the Orkla Consumer Investments business area, which already comprises Kotipizza. New York Pizza was consolidated into Orkla's financial statements as of 1 August 2021. In September and October, New York Pizza purchased the German pizza chains Stückwerk, Flying Pizza and Pizza Planet. These three chains have a total of 105 sales outlets in Germany.

Orkla Confectionery & Snacks purchased the Icelandic company Nói Síríus HF ("Nói Síríus"), the leading manufacturer of chocolate and confectionery in Iceland. Nói Síríus has several well-known chocolate brands, and over 70% of Nói Síríus's turnover derives from the company's home market. The business also distributes certain strong, global chocolate, snack and breakfast product brands. The company had around 120 employees. The agreement now entered into with the present owners covers 80% of the shares. Orkla has had a minority shareholding of 20% in the company for well over two years.

Orkla Food Ingredients purchased 100% of the shares in the companies Cake Décor Limited ("Cake Décor") and For All Baking Limited ("FAB"). Cake Décor is a well-established player in cake decorations, sprinkles and accessories for the home baking, artisan bakery and food service markets. The majority of its sales are made to consumers through the UK grocery trade. FAB is behind Cake Décor's e-commerce business that caters particularly to artisan bakeries. FAB also has growing direct-to-consumer sales. The companies had a total of 98 employees.

Orkla Food Ingredients purchased 100% of the Swiss company Hans Kaspar AG, thereby strengthening its position in confectionery and ice cream ingredients. Hans Kaspar is a leading specialist in the manufacture of ingredients for chocolate and ice cream manufacturers and had 31 employees.

Orkla Foods acquired 80% of the shares in the Finnish company Seagood Oy Fort Deli ("Fort Deli"). Fort Deli holds a strong position in the Finnish HoReCa market which accounts for around 80% of the company's revenues. The company is an established supplier of frozen products, sauces and condiments in Finland. Fort Deli had 10 employees.

Orkla Food Ingredients acquired the Polish sales and distribution company Ambasador92 Sp. z o.o. Ambasador92 is a leading player in the sale and distribution of bakery and confectionery products in areas of northern Poland, and holds a strong position in the growing Out of Home channel, which comprises bakeries, confectioners and ice cream manufacturers. The company had a turnover of PLN 138 million (approx. NOK 315 million) in 2020. The business had 128 employees. The company was consolidated into Orkla's financial statements as of 1 March 2021.

In January 2021, Orkla Care completed an agreement to purchase 100% of the shares in Proteinfabrikken AS. Orkla Care already owned 16.7% of the company after having purchased a minority shareholding in 2014. Under the

PF brand, Proteinfabrikken sells a broad range of proprietary sport nutrition products. Proteinfabrikken had seven employees. In 2019, Proteinfabrikken had a turnover of NOK 82 million. The company was consolidated into Orkla's financial statements as of 1 January 2021.

Orkla Food Ingredients purchased 100% of the company Sigurd Ecklund AS, which supplies a broad range of products to Norwegian confectioners, bakeries, restaurants and hotels. The company had a turnover of NOK 25 million in 2020 and had five employees. Sigurd Ecklund AS was consolidated into Orkla's financial statements as of 1 July 2021.

Other matters relating to purchase price allocations

Capitalised goodwill related to acquisitions comprises synergies, assets related to employees, other intangible assets that do not qualify for separate capitalisation, future excess earnings and the fact that deferred tax in accordance with IFRS is not discounted.

As regards the acquisitions completed in 2021, the purchase price allocation for Cake Décor and For All Baking, Hans Kaspar, Ambasador92, Seagood Fort Deli, Proteinfabrikken and Sigurd Ecklund have essentially been finalised. No other purchase price allocations had been finalised as at 31 December 2021, due to uncertainty attached to certain valuation factors. There are no material variable payments for any of the acquisitions completed in 2021.

The purchase price allocations for all companies acquired in 2020 were completed in 2021. No material changes were made in the purchase price allocations.

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

A total of NOK 142 million (NOK 78 million in 2020) was recognised in acquisition costs in 2021.

Orkla has entered into agreements on the acquisition and disposal of companies which had not been completed as at 31 December 2021. These acquisitions are disclosed in Note 38 "Events after the balance sheet date".

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 value will always be consistent with the purchase price paid.

Acquired companies	Acquisition			Allocation of excess and deficit values					Operating revenues		EBIT (adj.)	
Amounts in NOK million	Date of control	Interest after acquisition	Acquisition cost	Trade-marks	Property, plant and equipment	Other	Deferred tax	Goodwill	After acqui-sition date	Before acqui-sition date	After acqui-sition date	Before acqui-sition date
2021												
NutraQ, Orkla Care	July	100%	3 124	400	-	11	(90)	2 692	456	475	77	88
Eastern Condiments, Orkla Foods	April	67.8%	1 597	677	95	(84)	(193)	980	733	244	60	10
New York Pizza, Orkla Consumer Investments[1]	August	75%	1 456	212	-	(32)	(45)	1 150	356	457	44	57
Nói Síríus, Orkla Confectionery & Snacks	June	100%	321	59	(88)	-	(6)	109	162	99	12	0
Cake Décor og For All Baking, Orkla Food Ingredients	May	100%	248	-	-	-	-	201	121	59	15	5
Hans Kaspar, Orkla Food Ingredients	August	100%	100	-	-	-	-	73	53	86	6	12
Seagood Fort Deli, Orkla Foods	March	80%	78	-	-	-	-	65	76	14	8	1
Other acquisitions			96	23	-	-	(5)	53				
Acquisitions at enterprise value			**7 020**	**1 371**	**7**	**(105)**	**(339)**	**5 323**				
Purchase of other shares			10									
Acquisitions in segments, enterprise value (see Note 7)			**7 030**									
Interest-bearing liabilities acquisitions			(1 219)									
Cash flow effect acquisitions[2]			**5 811**									
2020												
Havrefras trademark, Orkla Foods	June	100%	350	-	-	-	-	-	-	-	-	-
Norgesplaster, Orkla Care	April	100%	241	32	-	-	(6)	159	114	47	11	4
Win Equipment, Orkla Food Ingredients	February	70%	38	-	-	-	-	32	48	1	3	(1)
Gortrush, Orkla Food Ingredients	December	100%	30	-	-	-	-	21	3	54	0	11
Orchard Valley Foods (remaining 15%), Orkla Food Ingredients	January	100%	46	-	-	-	-	-				
Acquisitions at enterprise value			**705**	**32**	**0**	**0**	**(6)**	**212**				
Investments in associates (see Note 6)			5									
Purchase of other shares			23									
Acquisitions in segments, enterprise value (see Note 7)			**733**									
Interest-bearing liabilities acquisitions			(33)									
Cash flow effect acquisitions[2]			**700**									

1 Also includes the acquisition of the German pizza chains Stückwerk, Flying Pizza and Pizza Planet, which were purchased in September and October.

2 Equivalent to compensation for equity adjusted for cash and cash equivalents. Cash and cash equivalents in acquisitions totalled NOK 464 million in 2021 (NOK 30 million in 2020).

Acquired companies statement of financial position - fair value

Amounts in NOK million	Total 2021	2021 NutraQ	2021 Eastern	2021 New York Pizza	Total 2020
Property, plant and equipment	878	38	251	378	15
Intangible assets	1 398	411	694	220	383
Deferred tax assets	13	10	2	0	-
Inventories	466	80	249	21	50
Receivables	876	475	193	83	55
Shares in other companies	4	0	4	-	-
Assets	**3 635**	**1 014**	**1 393**	**702**	**503**
Provisions	(399)	(105)	(215)	(45)	(7)
Non-current liabilities, non interest-bearing	(14)	-	(2)	0	24
Current liabilities, non interest-bearing	(1 118)	(477)	(263)	(231)	(47)
Non-controlling interests	(407)	-	(296)	(120)	(3)
Net assets	**1 697**	**432**	**617**	**306**	**470**
Goodwill	5 323	2 692	980	1 150	213
Payment exceeding estimated purchase price	-	-	-	-	22
Acquisition cost at enterprise value	**7 020**	**3 124**	**1 597**	**1 456**	**705**

Sustainability

In 2021, Orkla invested in companies that increase the Group's ability to promote sustainable consumption. Orkla Alternative Proteins (OAP) was established as a separate business unit to draw up a general strategy for Orkla's investment in alternative, more sustainable sources of protein and to support the companies' innovation work in the field of plant-based foods. Through the purchase of NutraQ, Orkla Health is strengthening its position in the dietary supplement market. Through the purchase of Proteinfabrikken, HSNG is strengthening its position in the sport nutrition market.

Note 6 Investments accounted for using the equity method

Accounting policies

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 influence. Both associates and joint ventures are accounted for using the equity method. The Group presents its share of the companies' results after tax and non-controlling interests on a separate line in the income statement and accumulates the results reported for the share on a single line in the statement of financial position. Any excess value that is to be depreciated is deducted from profit according to the same policies as for consolidated companies. Goodwill is not depreciated. Dividends received are reported against the ownership interest in the statement of financial position and are regarded as repayment of capital. The value presented in the statement of financial position thus represents the original cost price plus profit or loss accumulated up to the present date, minus any depreciation of excess value and accumulated dividends received. Account is also taken of the share of any translation differences and other equity transactions. Any write-downs of the value of the ownership interest are presented on the same line.

Associates and joint ventures

Orkla's 42.6% interest in Jotun is presented as an associate; see the separate section below. In addition to the companies commented on below, Orkla has some smaller associates and joint ventures.

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.

Associates and joint ventures

Amounts in NOK million	Jotun	Other	Total
Book value 1 January 2020	4 002	174	4 176
Additions/disposals	0	(62)	(62)
Share of profit/loss	970	1	971
Gain on sale	-	29	29
Dividends	(233)	-	(233)
Translation differences	0	9	9
Items charged to equity	(91)	-	(91)
Book value 31 December 2020	**4 648**	**151**	**4 799**
Additions/disposals	0	(33)	(33)
Associates in acquired business	-	4	4
Share of profit/loss	851	4	855
Dividends	(255)	-	(255)
Translation differences	-	(6)	(6)
Items charged to equity	(32)	0	(32)
Book value 31 December 2021	**5 212**	**120**	**5 332**
Ownership interest	42.6%[1]		

1 The Group has 38.4% of the voting rights in Jotun.

Jotun

Jotun is one of the world's leading manufacturers of paints and powder coatings, with 58 subsidiaries, three joint ventures and five associates. Jotun has 39 production plants distributed across all of the world's continents. Jotun's activities consist of the development, manufacture, marketing and sale of various paint systems for the residential, shipping and industrial sectors. Jotun is divided into four segments: Decorative Paints, Marine Coatings, Protective Coatings and Powder Coatings.

Jotun's carrying value using the equity method is NOK 5,212 million. Orkla's ownership interest (42.6%) serves as the basis for recognition using the equity method, while Orkla has 38.4% of the voting rights. Orkla owns 42,204 A shares and 103,446 B shares in the company. An A share carries 10 times as many votes as a B share.

Jotun is a family-controlled group, and Orkla has been an active minority shareholder in Jotun for approx. 50 years. The value of Orkla's interest in Jotun must be seen in the light of this situation. An internal valuation of Jotun substantiates that there is considerable excess value in Orkla's investment in Jotun in relation to its carrying value.

Income statement and statement of financial position Jotun (100% figures)

Amounts in NOK million	2021	2020
Operating revenues	22 809	21 070
Operating profit/loss	3 138	3 489
Profit/loss after tax and non-controlling interests	1 998	2 280
Other comprehensive income after non-controlling interests	1 913	2 044
Non-current assets	10 257	9 762
Current assets	13 175	10 812
Total assets	**23 432**	**20 574**
Non-current liabilities	3 567	3 675
Current liabilities	7 398	5 771
Total liabilities	**10 965**	**9 446**

Reconcilation of equity Jotun against Orkla's share

Amounts in NOK million	2021	2020
Equity in Jotun	12 468	11 128
Non-controlling interests	352	326
Owners of the parent's equity	12 116	10 802
Orkla's share of equity (42.6%)	5 212	4 648

Note 7 Segments

Branded Consumer Goods

Orkla Foods offers well-known local branded products to consumers in the Nordics, Baltics, Central Europe and India. The business area holds leading market positions in a number of categories, including frozen pizza, ketchup, soups, sauces, bread toppings and ready-to-eat meals. A steadily growing percentage of sales comes from plant-based, sustainable products. Orkla Foods primarily sells its products through the grocery retail trade, but also holds strong positions in the food service, convenience store and petrol station sectors. Norway and Sweden are Orkla Foods' two largest markets.

Orkla Confectionery & Snacks holds strong number one and number two positions in the confectionery, biscuits and snacks categories, with well-known local brands and tastes in the Nordic and Baltic regions. The business area also develops bran and crispbread products, as well as healthy, high-energy snack meals. Norway is its largest single market.

Orkla Care consists of business units which serve home markets in the Nordics, Baltics, Poland and Spain, in addition to making substantial export sales outside the home markets. The two largest business units are Orkla Home & Personal Care which holds leading positions in personal care and cleaning products, and Orkla Health, which has strong dietary supplement, sports nutrition and weight control brands. Orkla Care is also well positioned in several European countries with Orkla Wound Care in wound care products and first aid equipment. HSNG runs the e-commerce portals Gymgrossisten, Bodystore and Fitnessmarket, and is the biggest online player in the Nordics in the health and sports nutrition category.

Orkla Food Ingredients manufactures, sells and distributes ingredients and products to the bakery and ice cream markets, as well as products in plant-based categories, in 23 countries. The Nordic region accounts for around half of the sales. About 60% of sales are made through the Out of Home channel, while around 20% are sales directly to consumers under well-known brands. The remaining 20% are sales to industrial manufacturers that chiefly manufacture and supply products for the grocery channel. The biggest product categories are margarine and butter blends, bread and cake improvers and mixes, yeast, marzipan and ice cream ingredients.

Orkla Consumer Investments consists of Orkla's painting tool businesses (Orkla House Care), basic and wool garments (Pierre Robert Group), professional cleaning (Lilleborg) and franchised pizza sales outlets (Kotipizza Group and New York Pizza). The businesses operate primarily in the Nordic countries, but the UK is an important market for Orkla House Care, and New York Pizza primarily has sales outlets in the Netherlands and Germany. Orkla Consumer Investments is part of the Orkla Consumer & Financial Investments business area.

Headquarters (HQ)

Activities at Orkla HQ include the Group's executive management and shared and centralised functions, including Group HR, Compensation & Benefits, Corporate Communications & Corporate Affairs, Orkla Services, Internal Audit, Legal and Compliance, EHS, Group Finance, Orkla IT, Strategy and M&A, Group Sales, Digital Sales and Amazon Lead Team, Orkla Marketing & Innovation and Orkla Group Procurement. HQ is presented as a separate segment, but is shown as a sum total together with Branded Consumer Goods. Most of the activities at Orkla HQ are related to Branded Consumer Goods.

Industrial & Financial Investments

Orkla has investments outside Branded Consumer Goods, which are organised under Industrial & Financial Investments. The business area comprises Hydro Power and Financial Investments, in addition to the associate Jotun (42.6% interest); see Note 6. Industrial & Financial Investments are part of the Orkla Consumer & Financial Investments business area.

Hydro Power consists of wholly-owned power plants in Sarpsfoss and leased power plants through Orkla's 85% interest in AS Saudefaldene. The power operations in Sauda are regulated by a lease with Statkraft that runs until 31 December 2030. The energy operations produce and supply electricity to the Nordic power market and mean annual production (2012-2021) totals 2.5 TWh, of which around 1.1 TWh is a fixed delivery commitment with a net effect of zero on profit. See also Note 34.

Financial Investments consists of Orkla Eiendom and Orkla Ventures. Orkla Eiendom concentrates on investment in and development and sales of real estate properties primarily related to Orkla's activities. Orkla Eiendom also runs the Group's new headquarters which was completed in February 2019. Orkla Ventures was established in 2017 to reach out to a growing universe of entrepreneurial businesses and start-up companies. The purpose of Orkla Ventures is to invest in technology, concepts and business models that might be relevant for Orkla's businesses. Besides offering risk capital, Orkla provides both expertise and collaboration in relevant parts of the value chain. Investments will initially be made in the Nordic and Baltic regions, in line with Orkla's other core activities.

Further information on the individual business areas:

For a complete overview of Orkla companies, reference is made to page 386.

Accounting policies

Orkla's business areas constitute operating segments, which 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. See also the comments related to the Orkla Foods and Orkla Consumer & Financial Investments business areas in this note.

Sales revenues are broken down by geographical market based on the customer's location. The accounting policies on which segment reporting is based are the same as for the rest of the consolidated financial statements.

Transactions between different segments are priced on market terms. Orkla ASA provides services to the companies in the Orkla Group and charges them for these services based on the aforementioned policies.

Breakdown of segments

Orkla's business areas constitute operating segments. However, the Orkla Consumer & Financial Investments business area is split into three operating segments for reporting purposes, both internally and externally. Orkla Consumer Investments consists of branded companies that are reported as part of Branded Consumer Goods. Industrial & Financial Investments are investments outside the Branded Consumer Goods business and comprise the operating segments Hydro Power and Financial Investments. As regards other business areas, the entire business area is reported as an aggregate in both internal and external reporting.

Income statement items in the segment information

The segment information tables show sales broken down by geographical market, based on the customers' location. The products and services from which revenues are generated are specified in the description on the previous page. Orkla has three customers who each account for around 6-8% of turnover in Branded Consumer Goods.

Operating profit in the segment information is equal to the operating profit/loss in the consolidated income statement. Operating costs in the segment presentation are equal to the sum total of costs of goods sold, payroll costs and other operating costs. The Orkla Group has a centralised finance function, and the funding of the various segments does not necessary reflect the true solidity of each segment. Financial items are therefore presented for the Group as a whole. The same applies to taxes. The breakdown of non-controlling interests' share of profit/loss for the period is presented in Note 33.

Statement of financial position items in the segment information
Statement of financial position items covered by Orkla's definition of capital employed are broken down by segment in this note. Capital employed represents net capitalised working capital in the different segments. This is an important measurement parameter in Orkla with regard to the breakdown of capital between the different segments. Net working capital is closely monitored in order to reduce the funds tied up in capital in the Group companies; see also the description of financial targets on page 9.

Net working capital is defined in a separate table below.

Specification net working capital Branded Consumer Goods incl. HQ

Amounts in NOK million	2021	2020
Trade receivables	6 670	6 237
Other current receivables	842	711
Inventories	7 314	6 530
Trade payables	(7 276)	(6 512)
Value added tax, employee taxes etc.	(879)	(982)
Other current liabilities	(2 250)	(2 105)
Net working capital	**4 421**	**3 879**

Cash flow statement items in the segment information
At Group level, the bottom line of the Orkla format statement of cash flows shows the change in net interest-bearing liabilities, which is a key figure for the Group and used directly in business area management. The presentation of segment information related to cash flow therefore refers to the statement of cash flows (Orkla format). Cash flow from operations is an important management parameter in Orkla and is broken down by segment in this note.

The full cash flow 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 split into "Cash flow from operations Branded Consumer Goods incl. HQ" and "Cash flow from operations Industrial & Financial Investments", the latter aggregated on one line.

The last part of the cash flow statement shows the expansion measures that have been carried out in the form of direct expansion investments and the acquisition and disposal of companies. Direct expansion investments are defined as investments in new geographical markets or new categories or investments that represent substantial increases in capacity; see alternative performance measures (APM) on page 349. The cash flow statement is based on 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.

The Orkla format statement of cash flows is shown at the end of this note.

Segments 2021

Amounts in NOK million	Orkla Foods	Orkla Confectionery & Snacks	Orkla Care	Orkla Food Ingredients	Orkla Consumer Investments	HQ	Eliminations	Branded Consumer Goods incl. HQ	Hydro Power	Financial Investments	Eliminations	Orkla
Revenues/profit/loss												
Norway	4 856	2 201	2 418	1 226	1 305	6	-	12 012	1 138	-	-	13 150
Sweden	4 855	1 521	1 681	1 954	211	-	-	10 222	-	-	-	10 222
Denmark	1 438	713	684	1 914	98	-	-	4 847	-	-	-	4 847
Finland and Iceland	1 138	1 372	715	738	1 352	-	-	5 315	-	-	-	5 315
The Baltics	559	1 101	90	385	15	-	-	2 150	-	-	-	2 150
Rest of Europe	3 772	346	1 162	5 381	1 182	23	-	11 866	-	-	-	11 866
Rest of the world	1 976	65	472	113	22	10	-	2 658	-	-	-	2 658
Sales revenues	**18 594**	**7 319**	**7 222**	**11 711**	**4 185**	**39**	**-**	**49 070**	**1 138**	**-**	**-**	**50 208**
Other operating revenues	48	9	68	20	11	5	-	161	39	33	-	233
Intercompany sales	118	9	99	281	9	637	(1 142)	11	-	77	(88)	-
Operating revenues	**18 760**	**7 337**	**7 389**	**12 012**	**4 205**	**681**	**(1 142)**	**49 242**	**1 177**	**110**	**(88)**	**50 441**
Organic growth (Branded Consumer Goods)	*1.8%*	*3.4%*	*2.3%*	*10.4%*	*4.8%*			*4.3%*				
Operating expenses	(15 540)	(5 913)	(6 121)	(10 975)	(3 512)	(969)	1 142	(41 888)	(338)	(71)	88	(42 209)
Depreciation	(749)	(311)	(202)	(391)	(195)	(73)	-	(1 921)	(137)	(29)	-	(2 087)
EBIT (adj.)	**2 471**	**1 113**	**1 066**	**646**	**498**	**(361)**	**-**	**5 433**	**702**	**10**	**-**	**6 145**
Other income and expenses	(274)	(55)	(32)	(21)	(39)	5	-	(416)	-	1	-	(415)
Operating profit/loss	**2 197**	**1 058**	**1 034**	**625**	**459**	**(356)**	**-**	**5 017**	**702**	**11**	**-**	**5 730**
Cash flow												
Cash flow from operations	1 868	591	834	469	286	(297)	-	3 751	789	(97)	-	4 443
Of this replacement investments	(724)	(811)	(274)	(487)	(285)	(44)	-	(2 625)	(100)	(9)	-	(2 734)
Expansion investments	(231)	(23)	(37)	(179)	(16)	-	-	(486)	-	-	-	(486)
Capital employed												
Net working capital	2 061	181	959	1 199	198	(177)	-	4 421	(43)	183	-	4 561
Investments in associates and joint ventures	85	-	3	-	32	-	-	120	-	5 212	-	5 332
Intangible assets	10 896	5 206	7 660	2 625	3 700	449	-	30 536	18	-	-	30 554
Property, plant and equipment	5 742	2 894	1 220	2 727	1 009	243	-	13 835	1 935	1 688	-	17 458
Pension liabilities, net	(921)	(244)	(334)	(189)	(10)	(692)	-	(2 390)	(16)	(2)	-	(2 408)
Deferred tax, excess values	(606)	(398)	(239)	(10)	(179)	-	-	(1 432)	-	(4)	-	(1 436)
Capital employed	**17 257**	**7 639**	**9 269**	**6 352**	**4 750**	**(177)**	**-**	**45 090**	**1 894**	**7 077**	**-**	**54 061**
Key Figures												
Operating margin EBIT (adj.)	13.2%	15.2%	14.4%	5.4%	11.8%			11.0%	59.6%			12.2%
Total man-years 31 December	10 028	2 818	2 137	3 907	1 527	367	-	20 784	42	13	-	20 839

Segments 2020

Amounts in NOK million	Orkla Foods	Orkla Confectionery & Snacks	Orkla Care	Orkla Food Ingredients	Orkla Consumer Investments	HQ	Eliminations	Branded Consumer Goods incl. HQ	Hydro Power	Financial Investments	Eliminations	Orkla
Revenues/profit/loss												
Norway	4 791	2 111	2 228	1 139	1 250	7	-	**11 526**	493	-	-	**12 019**
Sweden	5 133	1 562	1 601	1 764	239	1	-	**10 300**	-	1	-	**10 301**
Denmark	1 421	651	612	1 963	150	-	-	**4 797**	-	-	-	**4 797**
Finland and Iceland	1 096	1 261	681	706	1 288	-	-	**5 032**	-	-	-	**5 032**
The Baltics	571	1 166	79	381	15	-	-	**2 212**	-	-	-	**2 212**
Rest of Europe	3 863	358	1 200	4 374	872	16	-	**10 683**	-	-	-	**10 683**
Rest of the world	1 276	50	446	126	17	3	-	**1 918**	-	-	-	**1 918**
Sales revenues	**18 151**	**7 159**	**6 847**	**10 453**	**3 831**	**27**	**-**	**46 468**	**493**	**1**	**-**	**46 962**
Other operating revenues	11	5	31	21	7	19	-	**94**	26	55	-	**175**
Intercompany sales	139	7	27	222	9	598	(982)	**20**	-	68	(88)	**-**
Operating revenues	**18 301**	**7 171**	**6 905**	**10 696**	**3 847**	**644**	**(982)**	**46 582**	**519**	**124**	**(88)**	**47 137**
Organic growth (Branded Consumer Goods)	*3.7%*	*2.0%*	*9.2%*	*-5.9%*	*2.1%*			*1.6%*				
Operating expenses	(14 943)	(5 653)	(5 714)	(9 855)	(3 272)	(904)	982	**(39 359)**	(344)	(86)	88	**(39 701)**
Depreciation	(717)	(315)	(172)	(341)	(171)	(67)	-	**(1 783)**	(133)	(28)	-	**(1 944)**
EBIT (adj.)	**2 641**	**1 203**	**1 019**	**500**	**404**	**(327)**	**-**	**5 440**	**42**	**10**	**-**	**5 492**
Other income and expenses	(214)	36	(48)	(86)	(217)	(388)	-	**(917)**	-	(13)	-	**(930)**
Operating profit/loss	**2 427**	**1 239**	**971**	**414**	**187**	**(715)**	**-**	**4 523**	**42**	**(3)**	**-**	**4 562**
Cash flow												
Cash flow from operations	2 506	1 296	1 022	709	504	(686)	-	**5 351**	88	(1)	-	**5 438**
Of this replacement investments	(759)	(433)	(262)	(511)	(139)	(147)	-	**(2 251)**	(57)	(23)	-	**(2 331)**
Expansion investments	(297)	(22)	(9)	(141)	(10)	-	-	(479)	-	-	-	**(479)**
Capital employed												
Net working capital	1 609	207	801	1 137	237	(112)	-	**3 879**	18	67	-	**3 964**
Investments in associates and joint ventures	78	-	-	-	29	37	-	**144**		4 655	-	**4 799**
Intangible assets	9 318	5 279	4 727	2 363	2 475	28	-	**24 190**	19		-	**24 209**
Property, plant and equipment	5 419	2 326	1 088	2 508	560	693	-	**12 594**	1 967	1 713	-	**16 274**
Pension liabilities, net	(1 012)	(267)	(364)	(202)	(16)	(663)	-	**(2 524)**	(17)	(3)	-	**(2 544)**
Deferred tax, excess values	(420)	(427)	(150)	(10)	(130)	-	-	**(1 137)**	-	(4)	-	**(1 141)**
Capital employed	**14 992**	**7 118**	**6 102**	**5 796**	**3 155**	**(17)**	**-**	**37 146**	**1 987**	**6 428**	**-**	**45 561**
Key Figures												
Operating margin EBIT (adj.)	14.4%	16.8%	14.8%	4.7%	10.5%			**11.7%**	8.1%			**11.7%**
Total man-years 31 December	7 468	2 711	1 927	3 650	1 228	346	-	17 330	45	13	-	17 388

Cash flow Orkla format

Amounts in NOK million	2021	2020
Cash flow from Branded Consumer Goods incl. HQ		
EBIT (adj.)	5 433	5 440
Depreciation	1 924	1 783
Changes in net working capital	(456)	670
Net replacement investments	(2 625)	(2 251)
Cash flow from operations (adj.)	**4 276**	**5 642**
Cash flow effect from “Other income” and “Other expenses” and pensions	(525)	(291)
Cash flow from operations, Branded Consumer Goods incl. HQ	**3 751**	**5 351**
Cash flow from operations, Industrial & Financial Investments	**692**	**87**
Taxes paid	(907)	(1 152)
Dividends received, financial items and other payments	139	91
Cash flow before capital transactions	**3 675**	**4 377**
Dividends paid and purchase/sale of treasury shares	(3 130)	(2 609)
Cash flow before expansion	**545**	**1 768**
Expansion investments	(486)	(479)
Sale of companies (enterprise value)	0	200
Purchase of companies (enterprise value)	(7 030)	(733)
Net cash flow	**(6 971)**	**756**
Currency effects of net interest-bearing liabilities	593	(585)
Change in net interest-bearing liabilities	**6 378**	**(171)**
Net interest-bearing liabilities	**12 758**	**6 380**

Reconciliation operating activities against Orkla format

Amounts in NOK million	2021	2020
IFRS cash flow		
Cash flow from operating activities	6 353	6 598
Sale of property, plant and equipment	81	161
Investments in property, plant and equipment and intangible assets	(2 687)	(2 607)
Other payments	56	29
Cash flow from operating activities incl. capital investments	3 803	4 181
Orkla format		
Cash flow before capital transactions	3 675	4 377
New capitalised leases (incl. in net replacement investments in Orkla format)	614	283
Expansion investments	(486)	(479)
Comparative cash flow	3 803	4 181

Reconciliation cash and cash equivalents against net interest-bearing liabilities in Orkla format

Change cash and cash equivalents IFRS cash flow	2 086	(1 544)
Change net interest-bearing liabilities IFRS cash flow	3 099	324
Net interest-bearing liabilities in acquired/sold companies	1 219	26
Interest-bearing liabilities new leases	614	283
Total currency effect net interest-bearing liabilities	(593)	585
Currency effect cash and cash equivalents	(47)	155
Change net interest-bearing liabilities Orkla format	6 378	(171)

Note 8 Geographical breakdown of capital employed, investments and number of man-years

Amounts in NOK million	Capital employed 2021	Capital employed 2020	Investments[1] 2021	Investments[1] 2020	Number of man-years 2021	Number of man-years 2020
Norway	22 127	18 247	600	651	2 854	2 784
Sweden	7 631	7 763	452	660	3 305	3 406
Denmark	5 891	5 920	522	405	1 579	1 500
Finland and Iceland	4 841	4 615	93	130	961	810
The Baltics	2 501	2 192	520	248	1 643	1 603
Nordic region and the Baltics	**42 991**	**38 737**	**2 187**	**2 094**	**10 342**	**10 103**
Rest of Europe	8 288	5 992	423	454	6 033	5 547
Rest of the world	2 782	832	59	42	4 464	1 738
Total	**54 061**	**45 561**	**2 669**	**2 590**	**20 839**	**17 388**

Link between segments and "Investments":	2021	2020
Net replacement investments, from segments (see Note 7)	2 734	2 331
Sale of property, plant and equipment (see cash flow statement)	81	80
Expansion investments (see Note 7)	486	479
New capitalised leases (see Note 7 and 21)	(614)	(283)
Changes in accounts payable investments	(18)	(17)
Total	**2 669**	**2 590**

1 Does not apply to property, plant and equipment acquired through purchases of companies.

Capital employed, investments and number of man-years are broken down by geographical markets based on the location of the companies.

Capital employed is the enterprise's net capitalised productive capital and is defined in the segment note as the net of segment assets and liabilities. Goodwill, intangible assets and property, plant and equipment constitute a large share of capital employed.

Investments are the total of replacement investments and expansion investments in owned property, plant and equipment.

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.

Sustainability

Many Orkla companies are important employers, and both employees and management are chiefly recruited from the country in which the business is located. By developing profitable workplaces, Orkla creates positive ripple effects for society in the form of skills development, new jobs at supplier companies and in the public sector, and payment of direct and indirect taxes. To ensure long-term, competitive operations, Orkla carried out several major improvement and expansion projects related to production and business systems in 2021. This resulted in substantial investments in Norway, Denmark, Latvia and Sweden.

Note 9 Revenue recognition

Accounting policies

IFRS 15 "Revenue from Contracts with Customers" establishes a theoretical framework for recognition and valuation of the Group's revenues in Branded Consumer Goods and Hydro Power. The date on which the revenue is recognised is determined through a five-step model, the main points of which are identification of a contract with the customer, identification of separate performance obligations, fixing of a transaction price, allocation of the transaction price to separate performance obligations and recognition of revenue upon fulfilment of the performance obligations. Recognition means the date on which an amount is to be taken to income and valuation means how much is to be reported in income. An enterprise fulfils a performance obligation by transferring control of the agreed product or service to the customer, and revenue is recognised at the time the performance obligation is fulfilled.

Sales revenues from Branded Consumer Goods are presented after deducting discounts, value added tax and other government charges and taxes such as the confectionery tax. The Orkla Group sells goods and services in many different markets. Sales revenues from Hydro Power consist of sales of electric power that are taken to income upon delivery.

Operating revenues from Financial Investments essentially consist of revenues from property leases. The revenues are recognised in income when earned during the lease period.

Breakdown of external operating revenues

Amounts in NOK million	2021	2020
Branded Consumer Goods	49 187	46 516
HQ	44	46
Branded Consumer Goods incl. HQ	**49 231**	**46 562**
Hydro Power	1 177	519
Financial Investments	33	56
Industrial & Financial Investments	**1 210**	**575**
Total external operating revenues	**50 441**	**47 137**

See Note 7 Segments for further breakdown of operating revenues in Branded Consumer Goods and operating revenues broken down by geographical areas.

Sales channels split of external operating revenues Branded Consumer Goods:

Amounts in NOK million	2021	2020
Grocery	26 675	26 373
Specialised Trade[1]	5 910	5 610
Industry[2]	6 084	5 573
Hotel, Restaurants and Catering	4 725	4 075
Export[3]	3 279	2 894
Other channels	2 514	1 991
Total external operating revenues Branded Consumer Goods	**49 187**	**46 516**

1 External sales where the product is sold in a specialised outlet.
2 External sales to other industrial companies or business-to-business customers.
3 External sales outside the company's home market.

A sale is chiefly defined as an isolated delivery obligation that has been fulfilled and is recognised in income when the goods are transferred to the counterparty, either when they leave the Group's factory premises or when they arrive at the customer's property. Sales are recognised in income at the expected value of the consideration after deducting benefits to customers, including estimated bonus payments, discounts and reductions in the price of seasonal goods. As at 31 December 2021, a provision of NOK 1.5 billion (NOK 1.7 billion in 2020) had been made for total discounts, presented under "Trade payables" in the statement of financial position; see Note 27. These are mainly yearly discounts that will be paid out in the following year. The Group otherwise has no material, capitalised delivery obligations related to sales revenues.

Operating revenues Industrial & Financial Investments

In Hydro Power, 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 Financial Investments rental revenues are recognised in income when earned. Payments related to housing projects for which the company has profit and loss responsibility are 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. Any sales of companies are taken to income when the agreement is completed.

E Estimate uncertainty

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

S Sustainability

Orkla strives to foster a corporate culture characterised by good judgement and the ability to comply with rules and regulations and deal with ethical challenges. The Group has zero tolerance for corruption, price-fixing agreements, market sharing or other practices that hamper free competition. Internal training is regularly provided and the Group companies are monitored to reduce the risk of non-compliance with rules.

Note 10 Cost of materials

Accounting policies

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 accrual 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 estimated and recognised through standard cost systems. Goods in inventories are counted at least once a year. Due to materiality considerations, the change in stocks of internally manufactured finished goods is presented on the line for cost of materials.

In 2021, the largest product groups were (figures in parentheses show the category ranking in 2020):

1. (1.) Packaging
2. (3.) Vegetable oils and margarine
3. (2.) Additives
4. (4.) Dairy products
5. (7.) Grain-based products
6. (6.) Animal meat
7. (5.) Vegetables
8. (8.) Fruit and berries
9. (9.) Sugar
10. (-) Marine products
11. (12.) Nuts
12. (10.) Cocoa and chocolate

Sustainability

The challenges posed by climate change and commodity scarcity entail a risk of increased raw material costs, reduced availability of certain raw materials and breaches of Orkla's Supplier Code of Conduct. Orkla helps to ensure responsible production of raw materials by monitoring suppliers, applying certification systems, participating in industry initiatives and collaborating on projects with authorities and specialised organisations. The Group works purposefully to ensure that the raw materials used in Orkla products are sustainably produced by 2025. To reduce the risk of raw material shortages, the Group has alternative suppliers for at-risk raw materials.

Orkla seeks to prevent plastic pollution and achieve efficient use of resources by contributing to circular value chains for packaging materials. This work includes increased use of recycled packaging materials, development of packaging solutions that can be recycled and collaborating with other value chain players on actions to increase recycling. Costs related to this work are considered important for the Group's ability to offer products that meet customer and consumer expectations.

Note 11 Payroll expenses

Accounting policies

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 (see below) are earned and calculated on the basis of various performance targets, and are paid in arrears. The employer's national insurance contribution is calculated and expensed for all payroll-related expenses, and is normally paid in arrears every other month. 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.

Sustainability

Orkla wants to be an attractive employer that offers good working conditions and fair and competitive conditions for all employees. Pay is determined locally, based on the Group's general guidelines and using external benchmarking tools for pay and conditions. All fulltime employees shall, as a minimum, receive pay and additional benefits that are adequate to meet their fundamental needs.

Amounts in NOK million	2021	2020
Wages	(7 279)	(7 146)
Employer's national insurance contributions	(1 266)	(1 270)
Pension costs[1]	(526)	(505)
Other remuneration etc.	(52)	(50)
Payroll expenses	**(9 123)**	**(8 971)**
Average number of man-years	**20 074**	**17 656**

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

Remuneration of senior executives

Orkla's Group Executive Board has earned the following remuneration during the year:

2021 Amounts in NOK 1 000	Paid salary and holiday pay	Paid bonus and other remuneration	Total paid salary and other remuneration	Accrued bonus	Allocations long-term incentive programme (LTI)	Accrued pension costs	Total accrued and allocated
Remuneration to President and CEO	8 504	3 870	12 374	2 999	2 451	1 757	7 207
Remuneration to other Group Executive Board members	27 264	16 639	43 903	9 764	7 760	5 932	23 456

2020 Amounts in NOK 1 000	Paid salary and holiday pay	Paid bonus and other remuneration	Total paid salary and other remuneration	Accrued bonus	Allocations long-term incentive programme (LTI)	Accrued pension costs	Total accrued and allocated
Remuneration to President and CEO	8 056	1 822	9 878	4 112	2 640	1 719	8 471
Remuneration to other Group Executive Board members	30 026	18 191	48 217	15 015	9 648	6 574	31 237

The Group Executive Board had a total of 752,840 share options in Orkla ASA as at 31 December 2021. Of these, 180,718 options were allocated to Orkla's President and CEO. The first allocation under this programme was made in June 2021. Information on the share option programme is provided under the section "Share-based incentive programmes" in this note.

NOK 18.1 million was paid out in total remuneration to members of the Group Executive Board who stepped down in 2021. In 2020, NOK 18.2 million was paid out correspondingly.

Further information on the remuneration of senior executives and members of the Board of Directors is provided in the Report on the Salary and Other Remuneration of Senior Executives in Orkla ASA in 2021 on page 64 of this report.

Share-based incentive programmes

Share option programme
In 2020, Orkla introduced a long-term incentive programme (LTI programme) based on share options, as a replacement for the previous cash-based LTI programme. Options will be allocated under this programme once a year, and the first allocation was made in June 2021. The Report on the Salary and Other Remuneration of Senior Executives in Orkla ASA for 2021 on page 64 provides further information on allocation criteria and allocations to senior executives.

The yearly allocation will be based on the share price on the day after the Annual General Meeting. Of the total options allocated for the year, 20% may be exercised after one year (tranche 1), another 20% after two years (tranche 2) and the remaining 60% after three years (tranche 3). In the case of the Group Executive Board, however, no options may be exercised until three years after they were allocated (as for tranche 3). The last date on which they may be exercised is five years after the allocation date. The exercise price will be set at the market price at the allocation date with an increase of 3% per year in the vesting period. The exercise price will be adjusted for dividends. In the event of the employee's resignation, all options that have not been exercised will expire.

Change in options outstanding in 2021

	2021 Number
Options outstanding 1 January	0
Allocations	3 957 529
Exercise	0
Terminations	(103 000)
Options outstanding 31 December	**3 854 529**
Of which options exercisable 31 December	0

All options outstanding were allocated in 2021. The weighted average expected term to exercise for options outstanding as at 31 December 2021 was 2.9 years.

The option value is calculated using the Black-Scholes model. The table below shows the assumptions on which the calculation is based. The exercise price at the exercise date must be adjusted for dividends paid out up to the exercise date.

		2021	
	Tranche 1	Tranche 2	Tranche 3
Number of options	620 338	620 338	2 613 853
Expected term to exercise (year)	2	3	4
Risk-free interest rate (%)	0.51	0.75	0.93
Volatility (%)	19.11	23.12	22.57
Exercise price at allocation (NOK)	82.06	82.06	82.06
Exercise price at first possible exercise date excl. dividend adjustment (NOK)	84.52	87.06	89.67

Options' effect on financial statements

Amounts in NOK million	2021
Vesting options	13
Change provision employer's contribution	0.3
Net option costs	13
Debt (employer's contribution)	0.3

Cash-based LTI programme (effective up until 2020)
Payments from the LTI programme in 2021 were in accordance with the previous cash-based programme. Awards were last made to the participants in the previous programme in May 2020, with 1/3 of the award to be paid out after 24 months, 1/3 after 36 months and 1/3 after 48 months. The amount awarded is adjusted in accordance with the Orkla share price performance from the day after the Annual General Meeting until the bonus is paid out.

Discounted shares for employees
For several years, the Group has implemented a programme whereby employees have been able to buy a limited number of shares at a discount on the market price. For 2021, employees were offered the possibility to purchase shares for three different amounts: NOK 30,000, 15,000 and 10,000 (amounts before discount). The discount was 25% in relation to the market price in 2021. The lock-up period for shares purchased is three years. The costs of the employee share purchase programme in 2021 totalled approximately NOK 17 million.

Share-based incentive programmes

Accounting policies

Options allocated to management staff are valued on the basis of the option's fair value at the allocation date. The Black-Scholes model is used for valuation. The cost related to the option is reported on an accrual basis over the period in which the employees earn the right to receive the options. Option costs are reported as payroll expenses and offset in equity. A provision based on the accrued amount is made for employer's social security contribution to share option programmes related to the difference between the issue price and the market price of the share at year end.

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

Orkla has previously had a Long-Term Incentive (LTI) programme in which the last awards were made at the Annual General Meeting in 2020. The costs of the programme have been expensed over the vesting period.

Note 12 Pensions

Accounting policies

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, and there is no liability to report 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 obligation 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 obligation 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 other comprehensive income in the period in which they arise. The discount effect of the pension obligation and expected return on pension assets are presented net under "Other financial costs" in the income statement.

Defined contribution plans

Most of the employees in the Orkla Group are 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 contribution rates for the companies in Norway that are aligned with the regulation-based limits for contribution rates for private company pension plans.

Defined benefit plans

The Group has some pension plans that are classified as funded defined benefit plans and some defined benefit plans that are financed from operations. A large part of the Group's defined benefit plans are in Sweden and Norway. These countries account for around 64% and 35%, 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 obligations 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 which records and calculates the companies' pension obligations. 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 executive management, 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 obligations in Sweden.

Norway
Net pension obligations in Norway mainly consist of unfunded pension plans for former key personnel, early retirement schemes for the Group Executive Board and a few other key personnel, as well as carried liabilities related to contribution-based plans for employees who earn more than twelve times the Norwegian 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 actual deposits and interest accrued in the plan are reported as at 31 December.

The AFP contractual pension scheme is a multi-employer defined benefit plan, but is recognised as a defined contribution plan, in line with guidelines issued by the Ministry of Finance. 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. In 2021, the AFP premium was 2.5% of total payments of wages between 1 and 7.1 times the average basic amount (G).

Assumptions relating to defined benefit plans
The discount rate in Norway is 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 is adjusted to the interest rate level in each country. In Norway, the discount rate varies between 1.95% and 1.97%, depending on the life of the pension.

The discount rate in Sweden is based on Swedish covered bonds and was increased to 1.7% for 2021, from 1.0% in 2020. In light of the higher interest rate, the estimate for expected inflation was also increased slightly, from 1.5% to 2.0%, and expected wage adjustment was increased from 2.2% to 2.7%. The combined effect of these changes will be slightly lower obligations with a recognised effect in other comprehensive income (OCI).

Parameters such as wage growth, increase in the basic amount (G) and inflation are determined in accordance with recommendations in the various countries.

The mortality estimate is based on mortality tables for the various countries that are as up-to-date as possible. In Norway the K2013 life table is adapted and in Sweden the DUS14, and in the UK the most recent version of the CMI_2019 mortality table has been used. The actuarial gains and losses are recognised in comprehensive income and are essentially related to changes in economic assumptions.

Sensitivity assessments
Sensitivity assessments have been carried out in connection with the

calculations in Norway and Sweden, mainly based on the same data, population and methodology used to calculate the total accrued pension obligation in Norway and Sweden.

For Norway, an increase of 0.5 percentage points in the discount rate results in a 1.3% reduction in accrued obligation. A reduction of 0.5 percentage points in the discount rate results in an increase in accrued obligation of 1.4%.

For Sweden, an increase of 0.5 percentage points in the discount rate results in a reduction of 8.6% in accrued obligation. A reduction of 0.5 percentage points results in an increase of 9.9% in accrued obligation.

Pension plan assets
The Group's pension plans with pension plan assets are essentially in the UK. Pension plan assets are mainly invested in bonds and some in shares. The estimated return will vary depending on the composition of the various asset classes. A breakdown of pension plan assets is presented in a separate table in this note. Contributions of pension plan assets in 2022 are expected to total NOK 1.5 million.

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 obligation. 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. Changes in these parameters will mainly be reported in comprehensive income. Orkla has determined parameters in line with recommendations in the individual countries.

	Norway		Sweden	
	2021	2020	2021	2020
Discount rate	1.95–1.97%	0.9–1.5%	1.70%	1.00%
Future wage adjustment	2.50%	2.00%	2.70%	2.20%
G-multiplier[1]	2.50%	2.00%	2.70%	2.20%
Adjustment of benefits	1.0%	0%	2.00%	1.50%
Personnel turnover	0–5%	0–5%	3.00%	3.00%
Expected average remaining vesting period (years)	5.8	6.0	11.7	12.2

1 As at 31 December 2021, 1G was NOK 106,399.

Breakdown of net pension costs

Amounts in NOK million	2021	2020
Contribution plans	(456)	(427)
Current service cost (incl. national insurance contributions)	(69)	(78)
Curtailments and settlements pension plans[1]	(5)	(6)
Pension costs defined as payroll expenses	(530)	(511)
Interest on pension obligations	(64)	(55)
Expected return on pension plan assets	3	9
Pension costs defined as financial costs	(61)	(46)
Net pension costs	**(591)**	**(557)**

1 Primarily concerns the conversion of the pension plan in LG Harris and is presented as "Other expenses".

Breakdown of net pension obligations as at 31 December

Amounts in NOK million	2021	2020
Present value of funded pension obligations	(616)	(553)
Pension plan assets (fair value)	616	547
Net funded pension liabilities	0	(6)
Present value of unfunded pension obligations	(2 408)	(2 538)
Capitalised net pension liabilities	(2 408)	(2 544)
Capitalised pension liabilities	(2 447)	(2 585)
Capitalised plan assets	39	41

Breakdown of gross pension obligations during the year

Amounts in NOK million	2021	2020
Pension obligations 1 January	(3 091)	(2 763)
Current service cost (incl. national insurance contributions)	(69)	(78)
Interest on pension obligations	(64)	(55)
Actuarial gains and losses reported in statement of comprehensive income	85	(143)
Acquisition/sale of companies[1]	(107)	-
Curtailments and settlements pension plans[2]	(3)	-
Benefits paid during the year	115	121
Currency translation effects	110	(173)
Pension obligations 31 December	(3 024)	(3 091)

1 Applies to pension in the company Hans Kaspar, acquired in 2021; see Note 5.

2 Primarily concerns expenses related to the conversion of the pension plan in LG Harris.

Change in pension assets during the year

Amounts in NOK million	2021	2020
Pension plan assets (fair value) 1 January	547	437
Expected return on pension plan assets	3	9
Actuarial gains and losses reported in statement of comprehensive income	(13)	97
Acquisition/sale of companies[1]	98	-
Curtailments and settlements pension plans[2]	(2)	(5)
Contributions and benefits paid during the year	(22)	(29)
Currency translation effects	7	7
Effect of asset ceiling	(2)	31
Pension plan assets (fair value) 31 December	616	547

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

	2021	2020
Cash, cash equivalents and money market investments	8%	0%
Bonds	73%	95%
Shares	10%	5%
Real estate	9%	0%
Total pension plan assets	100%	100%

Overview of net pension obligations and actuarial gains and losses in the last four years

Amounts in NOK million	2021	2020	2019	2018
Pension obligations	(3 024)	(3 091)	(2 763)	(2 425)
Pension plan assets	616	547	437	436
Net pension obligations	(2 408)	(2 544)	(2 326)	(1 989)
Actuarial gains and losses in pension obligations	85	(143)	(319)	(73)
Actuarial gains and losses in pension plan assets	(13)	97	50	(14)

Note 13 Other operating expenses

The main items in “Other operating expenses” are broken down below.

Amounts in NOK million	2021	2020
External freight costs	(1 314)	(1 118)
Energy costs (production and heating)	(883)	(739)
Advertising	(2 009)	(1 845)
Repair and maintenance costs	(600)	(578)
Consultants, legal advisors, temporary staff etc.	(640)	(565)
Operating expenses vehicles	(138)	(137)
Short-term and variable lease expenses	(102)	(102)
Other	(2 229)	(2 216)
Total other operating expenses	**(7 915)**	**(7 300)**

Expenses reported in “Other” include costs related to IT, insurance, travel, courses and conferences.

Accounting policies

Other operating expenses are recognised as and when they are incurred and are types of costs that are not classified on the lines for cost of materials, payroll expenses or depreciation and write-downs.

Sustainability

Orkla’s goal is to achieve a 30% reduction in energy consumption for the 2014–2025 period. Transfers of lessons learned and best practices between companies and factories are an important means of reducing energy use. Consumption is reduced through energy efficiency projects and improvement of production processes. Adjusted for acquisitions and increased turnover, energy consumption has been reduced by 23% since 2014.

Note 14 Other income and expenses

"Other income" and "Other expenses" are items that only to a limited degree are reliable explanations of ongoing earnings. The main purpose of these lines is to present such items separately to ensure that the changes in and comparability of the lines presented in EBIT (adj.) are more relevant to the company.

Other income and expenses

Amounts in NOK million	2021	2020
Other income		
Gain on sale	16	78
Insurance settlement	108	-
Refund of indirect taxes previous periods	27	67
Earn Out agreement at acquisition	16	-
Income related to transition from joint venture to subsidiary	4	-
Total other income	**171**	**145**

Amounts in NOK million	2021	2020
Other expenses		
M&A and integration costs	(161)	(105)
Final settlement employment relationships etc.	(69)	(136)
Loss on sale	(6)	-
Write-downs property, plant and equipment and intangible assets	(5)	(511)
Other restructuring costs and other items	(345)	(323)
Total other expenses	**(586)**	**(1 075)**
Total other income and expenses	**(415)**	**(930)**
Of this: Write-downs property, plant and equipment	(5)	(20)
Write-downs intangible assets	0	(491)

Items classified as other income and expenses belong to the following lines in the income statement:

Amounts in NOK million	2021	2020
Sales revenues	27	67
Other operating revenues	144	78
Cost of materials	-	(6)
Payroll expenses	(69)	(136)
Other operating expenses	(512)	(422)
Depreciation and write-downs	(5)	(511)
Total other income and expenses	**(415)**	**(930)**

Largest items in other income and expenses

Amounts in NOK million	2021	2020
Insurance income relating to salmonella outbreaks	85	-
Write-down and costs related to ERP project	(123)	(437)
Recall costs related to salmonella outbreaks	(85)	-
Improvement projects related to a new biscuit and chocolate factory in Latvia	(35)	-
Acquisition costs (M&A)	(142)	(78)
Write-down and disposal of Gorm's	-	(89)
Write-down goodwill and trademarks (Pierre Robert Finland)	-	(86)
Merger Hamé and Vitana (incl. IT systems)	(23)	(67)
Restructuring project at Orkla HQ	-	(65)

Sustainability

To ensure competitive operations in a long-term perspective, Orkla carried out some major restructuring projects in 2020 and 2021. The purpose was to strengthen the Group's long-term competitiveness by making more effective use of capacity, improving operational efficiency and increasing the effect of investments in production equipment. Employees who have lost their jobs have been offered other jobs within Orkla or helped to find new employment.

Accounting policies

"Other income" and "Other expenses" are presented after Group profit or loss EBIT (adj.), broken down by segment, and include items such as M&A costs (acquisition costs), restructuring and integration costs, any major gains on or write-downs of both tangible and intangible assets, and other items that only to a limited degree are reliable explanations of ongoing profitability.

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 or loss calculation and will be presented together with the latter.

Other income
NOK 108 million was recognised in income in 2021 in connection with two insurance settlements. The biggest settlement of NOK 85 million is related to the recall of Husk products (Nordic region) and Colon-C products (Poland) in Orkla Care in connection with a salmonella outbreak. Corresponding costs were recognised under "Other expenses" in connection with this outbreak. In addition, an insurance settlement related to a previously divested business was recognised in income.

In 2021, NOK 27 million was taken to income in connection with the refund of public taxes in the period 2014–2020.

In connection with the acquisition of County Confectionery Ltd. (Orkla Food Ingredients) in 2018, an earn-out agreement was entered into with the previous owners. The expected payout related to the earn-out agreement has been lower than presumed, and NOK 16 million was recognised in connection with this agreement in 2021.

A factory property in Finland (Turku) was sold at a gain of NOK 10 million. The sale concerns a property previously freed up in connection with the relocation of a factory in Orkla Foods. Property, plant and equipment and inventories were also sold in Orkla Foods related to both bottled water operations in Orkla Latvija and a small part of the Struer business (Orkla Foods Sverige). A total of NOK 7 million was recognised in "Other income" in connection with the latter two transactions in 2021.

"Other income" in 2020 was substantially impacted by a refund of NOK 67 million related to public taxes in the period 2017–2019. In addition, buildings were sold in 2020 at a total gain of NOK 53 million and NOK 21 million was recognised in income in connection with the sale of Orkla Foods brands.

Other expenses
A project has been implemented in the Group aimed at establishing a common ERP platform for Orkla Foods, Orkla Confectionery & Snacks and Orkla Care. The ERP project, entailing the construction of a common process core, or template, has been considerably more complex and time-consuming than originally anticipated when the project was started in 2017, besides which certain functionalities are no longer expected to be used. Furthermore, the COVID-19 pandemic has necessitated extensive replanning, further postponements and consequently increased resource use. Write-downs and costs related to the project were therefore expensed in 2020. No further amounts will be capitalised in the balance sheet for this ERP project, for which write-downs were taken in 2020. NOK 123 million in costs were incurred related to this project and were recognised as "Other expenses".

Several restructuring and coordination projects were carried out in the Group in 2021. The biggest projects were the relocation of production from Felix Austria to Orkla Foods Česko a Slovensko in Orkla Foods, the integration of Orkla Foods Danmark with Orkla Confectionery & Snacks Danmark, the integration of Hamé and Vitana to form Orkla Foods Česko a Slovensko (Orkla Foods) and the construction of a chocolate and a biscuit factory in Latvia (Orkla Confectionery & Snacks). In addition, the sales, marketing and product development functions in Orkla Foods Norge were restructured.

In 2021, NOK 41 million was expensed in connection with the reassessment of public taxes, most of which were CO_2 emissions taxes in Orkla Foods Sverige, for 2019 and 2020.

In the fourth quarter, Orkla Food Ingredients sold the company Credin LLC (Russia) at a loss of NOK 6 million recognised as "Other expenses".

Costs totalling NOK 161 million were incurred in connection with the acquisition and integration of companies in 2021. NOK 105 million was expensed correspondingly in 2020.

The high level of "Other expenses" in 2020 was largely attributable to write-downs and recognition of costs related to ERP projects totalling NOK 437 million. In addition, goodwill and brands in Pierre Robert Finland were written down by a total of NOK 86 million and the Danish pizza restaurant chain Gorm's was also written down by NOK 84 million. A number of restructuring projects were also carried out in 2020.

Note 15 Interest and other financial items

Accounting policies

Interest income and interest costs on loans and receivables are calculated using the effective interest method. Interest related to leases is reported as interest costs, while 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 disclosed in Note 12. Borrowing costs related to real estate under construction are recognised in the statement of financial position together with the asset. Foreign currency gains or losses arising from operating 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	2021	2020
Interest income	30	20
Interest costs	(168)	(142)
Capitalised interest costs	2	1
Change in fair value interest rate derivatives	-	(9)
Interest costs excl. leases	**(166)**	**(150)**
Interest costs, leases (see Note 21)	(30)	(32)
Total interest costs	**(196)**	**(182)**
Net interest	(166)	(162)

Financial income and financial costs

Amounts in NOK million	2021	2020
Dividends received	0	1
Net foreign currency gains	2	4
Other financial income	2	4
Total other financial income	**4**	**9**
Interest pensions incl. hedge[1]	(24)	(29)
Other financial costs	(33)	(32)
Total other financial costs	**(57)**	**(61)**
Total other financial items	**(53)**	**(52)**

1 Includes hedging of the pension plan for employees with salaries over 12G.

Reconciliation against cash flow

Amounts in NOK million	2021	2020
Interest, net	(166)	(162)
Other financial items, net	(53)	(52)
Total interest and other financial items (A)	**(219)**	**(214)**
Items that appear on other lines in the cash flow statement:		
Dividends received	0	(1)
Total items that appear on other lines in the cash flow statement (B)	**0**	**(1)**
Items without cash flow effect:		
Change in accrued interest etc.	(10)	(12)
Interest pensions excl. hedge	61	46
Change in fair value recognised as interest income/interest costs	(9)	9
Change in fair value recognised as financial income/financial costs	5	0
Total items without cash flow effect; see cash flow statement (C)	**47**	**43**
Paid financial items in cash flow statement; see Note 7 (A+B+C)	**(172)**	**(172)**

Note 16 Taxes

Accounting policies

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 rules 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 carrying amount of an asset or liability in the consolidated financial statements and their respective tax bases and tax losses carried forward. For the calculation of deferred tax assets and liabilities, the nominal tax rates expected to be applied 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 undistributed earnings in associates 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 and associates are recognised when it is probable that the temporary difference will reverse in the foreseeable future. Deferred tax liabilities or deferred tax assets are not recognised for the initial recognition of goodwill.

Deferred tax liabilities and deferred tax assets are reported net to the extent that netting is permitted under the local 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.

Tax expense

Amounts in NOK million	2021	2020
Profit/loss before taxes	6 366	5 348
Current tax expense	(1 488)	(960)
Change in deferred taxes	20	34
Total tax expense	**(1 468)**	**(926)**
Tax as % of "Profit/loss before taxes"	23.1%	17.3%
Tax as % of "Profit/loss before taxes" adjusted for associates	26.6%	21.3%

Orkla's effective tax expense adjusted for associates increased by 5.3 percentage points, from 21.3% in 2020 to 26.6% in 2021. The higher tax rate in 2021 is mainly due to a significant increase in economic rent tax.

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 22%. The main tax components are specified.

Amounts in NOK million	2021	2020
Norwegian tax rate on profit before taxes	(1 401)	(1 177)
Associates and joint ventures	188	220
Deferred tax on undistributed earnings in associates	(4)	(5)
Foreign operations with tax rates other than Norwegian tax rate	51	48
Changes in tax laws	7	10
Write-downs of shares, gains/losses and dividends within the tax exemption method	0	1
Non-deductible costs / tax free income	(4)	(27)
Non-deductible transaction expenses	(24)	(12)
Recognised deferred tax assets this year, previously unrecognised	8	2
Unrecognised deferred tax assets	(18)	(34)
Correction previous years' taxes	(2)	(3)
Write-downs of Group goodwill (Gorm's)	0	(19)
Reversal of net deferred tax liability outside Norway	0	75
Other taxes payable (economic rent tax and withholding tax)	(269)	(5)
The Group's total tax expense	**(1 468)**	**(926)**

Orkla's tax bases in Norway, Sweden, Denmark and Finland are substantial. The ordinary tax rates for companies domiciled in Norway and Sweden were reduced from 23% and 22% in 2018 to 22% and 21.4%, respectively, with effect from 2019. The company tax rate in Sweden was further reduced to 20.6% in 2021. Denmark has an ordinary tax rate of 22% and Finland 20%.

Orkla's operations in countries with tax rates other than 22% make a net contribution towards reducing total tax expense. In 2021, the effect of this contribution was a net reduction of NOK 51 million in total tax expense, of which the Baltic, Finnish and Swedish subsidiaries accounted for NOK 13 million, NOK 20 million and NOK 18 million, respectively.

Profit from associates is recognised on an after-tax basis and thus does not impact the Group's tax expense. However, a provision has been made for tax on undistributed earnings in associates, totalling NOK 37 million, of which NOK 4 million was recognised in the income statement in 2021.

The change in unrecognised deferred tax assets totalling NOK 18 million is ascribable to tax deficits in Germany, the Netherlands, Spain, Singapore, the UK and Finland. Recognition of previous years' unrecognised deferred tax assets totalling NOK 8 million relates to Orkla Food Ingredients companies in the UK and Slovakia.

The Group operates in the power industry which is subject to a special tax regime in Norway. In 2021, the economic rent tax was as much as NOK 267 million, which means that the Group had net economic rent income that accounted for 4.8 percentage points of the effective tax rate, adjusted for associates, of 26.6%.

Based on an assessment of the Group's overall tax exposure, provisions were recognised in the statement of financial position in line with expected risk in deferred tax liabilities.

Deferred tax on temporary differences

Amounts in NOK million	2021	2020
Hedging reserve in equity	(15)	(64)
Intangible assets	1 548	1 218
Property, plant and equipment	411	335
Net pension liabilities	(342)	(336)
Gain and loss tax deferral	360	394
Leases	(43)	(43)
Other non-current items	162	177
Total non-current items	**2 081**	**1 681**
Provisions and other current items	(98)	(117)
Tax losses carried forward	(144)	(137)
Net deferred tax liabilities	**1 839**	**1 427**
Deferred tax hydropower tax regime[1]	(28)	(20)
Deferred tax assets, not recognised	144	149
Net deferred tax liabilities	**1 955**	**1 556**
Change in deferred tax liabilities	(399)	36
Change in deferred tax hedging reserve taken to comprehensive income	49	(33)
Change in deferred tax actuarial gains and losses pensions taken to comprehensive income	14	(4)
Acquisition/sale of companies, reclassification etc.	295	97
Hedging of net investments in foreign operations	61	(62)
Change in deferred tax income statement	**20**	**34**

1 Deferred tax liabilities and deferred tax assets related to hydropower taxes have been recognised gross for each power plant.

Net deferred tax presented in the statement of financial position

Amounts in NOK million	2021	2020
Deferred tax liabilities	2 084	1 681
Deferred tax assets	129	125
Net deferred tax liabilities	**1 955**	**1 556**

Losses carried forward by expiry date

Tax losses carried forward totalling NOK 626 million constitute a deferred tax asset of NOK 144 million, of which NOK 25 million has been recognised. Unrecognised tax losses carried forward amount to NOK 507 million. A total of NOK 334 million of these have no expiry date, NOK 75 million expire from 2028 onwards, NOK 55 million expire in the period 2025–2027 and NOK 43 million expire in the period 2022–2024.

Amounts in NOK million	2021	2020
2021	-	30
2022	14	55
2023	16	31
2024	14	3
2025	1	12
2026	52	0
2027	18	0
2028 or later	114	85
Without expiry date	397	391
Total tax losses carried forward	**626**	**607**

Tax-deductible temporary differences with corresponding deferred tax assets

Amounts in NOK million	Tax-deductible temporary differences	Recognised deferred tax assets	Unrecognised deferred tax assets	Total deferred tax assets
Tax losses carried forward:				
Spain	197	2	48	50
Netherlands	72	1	17	18
Poland	65	0	12	12
UK	50	0	13	13
Germany	41	0	12	12
Denmark	35	5	3	8
Iceland	35	7	0	7
Finland	35	0	7	7
Eastern Europe excl. Poland	34	3	3	6
Others	62	7	4	11
Total tax losses carried forward	**626**	**25**	**119**	**144**
Other tax-deductible temporary differences	2 043	445	25	470
Total tax-deductible temporary differences	**2 669**	**470**	**144**	**614**
Netted deferred tax	(1 468)	(341)	0	(341)
Net tax-deductible temporary differences	**1 201**	**129**	**144**	**273**

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 entity recently reported a profit or because assets with excess value have been identified. If it is unlikely that future profits will be sufficient to absorb the tax-reducing temporary differences, deferred tax assets are not recognised.

The Norwegian, Swedish, Danish, Finnish, Icelandic and UK tax groups have utilised all available tax losses carried forward and were liable to tax in 2021.

Sustainability

Through its presence in many countries, Orkla contributes to society by paying a variety of direct and indirect taxes, including company income tax. Orkla's corporate tax strategy sets out important tax policies to which all the companies in the Group must adhere. These policies are based on the desire for transparency, compliance with regulatory frameworks and good risk management. Orkla companies shall pay tax in accordance with the laws and regulations in the countries in which they operate.

The table below presents the current tax expense in the income statement for Orkla's main geographical areas:

Amounts in NOK million	2021	2020
Norway	835	268
Sweden	194	244
Denmark	150	115
Finland and Iceland	121	119
Rest of world	188	214
Total current tax expense	**1 488**	**960**

Note 17 Earnings per share

Accounting policies

Earnings per share show the profit or loss for the year after non-controlling interests per share, and are calculated by dividing the profit or loss for the year after non-controlling interests by the average number of shares outstanding during the reporting period.

Earnings per share (adj.) show the profit or loss for the year after non-controlling interests per share adjusted for “Other income” and “Other expenses” after estimated tax for these two financial statement items. Items included in “Other income” and “Other expenses” are disclosed in Note 14. If other items of a special nature arise on the financial statement lines below the company’s operating profit or loss, adjustments will also be made for them.

Amounts in NOK million	2021	2020
Profit/loss attributable to owners of the parent	4 808	4 371
Adjustments in earnings per share (adj.) attributable to owners of the parent:		
Other income and expenses after tax	349	778
Gain on sale of associates and joint ventures	0	(29)
Reversal of deferred tax related to operations outside Norway	0	(75)
Adjusted profit/loss attributable to owners of the parent	**5 157**	**5 045**
Weighted average of number of shares outstanding	997 105 191	1 000 460 782
Earnings per share (NOK)	4.82	4.37
Earnings per share, diluted (NOK)	4.82	4.37
Earnings per share (adj.) (NOK)	5.17	5.04
Earnings per share (adj.), diluted (NOK)	5.17	5.04

Adjustments in earnings per share (adj.)
Earnings per share (adj.) show the profit or loss for the year after non-controlling interests per share adjusted for “Other income” and “Other expenses” after estimated tax for these two financial statement items. Effective tax related to “Other income” and “Other expenses” in 2021 and 2020 is lower than the Group’s tax rate, mainly due to non-deductible transaction costs, and the effective tax rate was 15.9% for 2021 and 16.3% for 2020.

No other adjustments were made in earnings per share (adj.) as at 31 December 2021. In 2020 an adjustment was made for a gain on the sale of the associates Andersen & Mørck AS and Alkärrsplans Utvecklings AB totalling NOK 29 million. An adjustment was also made in 2020 for the reversal of net deferred tax liability of NOK 75 million related to operations outside Norway.

Dilutive effect
In 2021 Orkla allocated share options to senior executives (see Note 11). This could have a dilutive effect for other shareholders and diluted figures are therefore presented for earnings per share and earnings per share (adj.). As at 31 December 2021 there was no dilutive effect related to the option programme.

Note 18 Impairment assessments

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).

Impairment testing and write-downs

Write-downs per business area:

Amounts in NOK million	2021	2020
Orkla Foods	-	(72)
Orkla Confectionery & Snacks	-	(5)
Orkla Care	-	(10)
Orkla Food Ingredients	-	(51)
Orkla Consumer Investments	(4)	(178)
HQ	-	(195)
Branded Consumer Goods incl. HQ	**(4)**	**(511)**
Hydro Power	-	-
Financial Investments	(1)	-
Orkla	**(5)**	**(511)**

Branded Consumer Goods incl. HQ
No material write-downs were taken in 2021.

In line with its adopted policies, the Group carried out impairment tests for all intangible assets with an indefinite useful life and for all goodwill prior to the presentation of financial statements for the third quarter 2021. The tests showed no need for write-downs in any of the Group’s assets; see also the section on “Sensitivity” in this note.

Write-downs totalling NOK 511 million were taken in 2020. The biggest write-down in 2020 was related to ERP platforms in the Group. A project was carried out in the Group to establish a common ERP platform for Orkla Foods, Orkla Confectionery & Snacks and Orkla Care. Write-downs and recognised expenses related to this project totalled NOK 386 million in 2020, of which write-downs accounted for NOK 223 million. The Orkla Food Ingredients business area also carried out a project to build a common ERP platform. This project was written down and expenses of NOK 51 million were recognised in 2020. Other IT systems were written down by NOK 27 million in 2020. See also Note 14 regarding recognition of costs under "Other costs" related to common ERP platforms in 2020 and 2021.

In 2020, goodwill and brands in Pierre Robert Finland were also written by NOK 65 million and NOK 21 million, respectively. The Danish pizza restaurant chain Gorm's was also written down in 2020 by NOK 84 million.

Other activities
An updated assessment was also carried out of the value of the Sauda power plants, and the valuation justifies the Group's investment in Saudefaldene. The WACC applied reflects lower risk than for the other Group companies.

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

The COVID-19 pandemic continued to affect Orkla in 2021, and the situation has at times been challenging for some Orkla companies. In the second half of 2021, society reopened in several of Orkla's markets, resulting in higher activity in the Out of Home sector, combined with continued good growth in the grocery channel. Businesses in Orkla that have been negatively impacted by the pandemic are monitored closely with regard to indications of a need for write-downs.

Accounting policies

Goodwill and intangible assets with an indefinite useful life are not depreciated 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. Capital employed is defined through the presentation of segments in Note 7. 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.

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 be a reported segment. None of the reported segments as at 31 December 2021 constituted a separate CGU.

Orkla Foods and Orkla Confectionery & Snacks have a CGU in each country and are thus tested on a country basis. Orkla Care, on the other hand, consists of branded companies that have operations in several countries. In both Orkla Foods and Orkla Care there are companies that have been part of the Group for a long time, and these companies therefore have low or no capitalised intangible assets. Large acquisitions like the purchase of Rieber & Søn Norge in 2013 and Cederroth in 2015 have on the whole been fully integrated into Orkla's existing operations and the excess value associated with the acquisitions is therefore justified by the new aggregated units.

Orkla Food Ingredients consists of many different bakery and ice cream ingredient units, which mainly constitute separate CGUs. These are tested individually and a total of 20 tests were carried out.

Orkla Consumer Investments consists of Orkla House Care, Lilleborg, Pierre Robert, Kotipizza and New York Pizza. Lilleborg, Kotipizza and New York Pizza constitute separate CGUs. In the case of Pierre Robert, Norway and Finland are separate CGUs. In Orkla House Care, the businesses in the UK, the Benelux countries and Norway are independent units and are tested on an individual basis.

The segments are disclosed in Note 7 and an overview of book goodwill and brands in the largest CGUs in each business area is presented in a separate table in this note.

Trademarks

In the case of trademarks, a new organisational structure will normally not change assumptions underlying the measurement of the strength of the various trademarks. The trademarks continue to exist in the new organisation. The value of a trademark will be dynamic and new products launched under a given trademark will help to maintain its value.

Assumptions

The Branded Consumer Goods business is basically relatively stable in the face 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 assumptions concerning the estimated useful life of important trademarks. Future cash flows are estimated on the basis of the budget for next year and the following four forecast years. As from year six a terminal value is calculated. The main factors on which the impairment tests are based are summarised by segment in a separate table in this note. The CGUs operate in different markets, and the table is intended to provide an overview of the primary drivers.

Discount rate

The discount rate applied is based on the Group's cost of capital, which is estimated to be 5.5% after tax (5.8% in 2020), based on a weighted average of required rates of return for the Group's equity and debt (WACC). The Group's WACC before tax is 7.0% (7.5% in 2020). 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. External information sources are used to calculate the cost of equity and the cost of debt. The discount rate is adjusted for country risk, the level of inflation and operational risk, depending on the particular value being calculated.

Sensitivity

The biggest trademark and goodwill items are related to businesses that are developing well. A comparison of the book value of capital employed in Branded Consumer Goods with an average sum-of-the-parts (SOTP) value based on analysts' valuation of the corresponding area shows substantial excess value. The excess value varies from one business area to another, but all five Branded Consumer Goods business areas show that the SOTP value is clearly higher than the respective carrying values.

There may be uncertainty attached to brands and goodwill items in recently acquired companies. Plans and anticipated growth for such companies are based on developments in markets that are relatively new for the Group. Based on the assumptions and expectations applied in both the acquisition cases and future plans, however, these businesses justify their capitalised value.

The performance of Orkla Confectionery & Snacks Latvia has been weaker than expected since the company was acquired. The company has also been negatively impacted by the COVID-19 pandemic. Based on expected cash flows, Orkla Confectionery & Snacks Latvija justifies its book value, but its future performance will be monitored closely in relation to its anticipated profit performance. In the impairment test carried out in the third quarter of 2021, a decline from 0.5% to 0.0% growth in the terminal value for Orkla Confectionery & Snacks Latvia will result in a write-down of over NOK 40 million, while an increase in WACC before tax of 0.5 percentage points will result in a write-down of approx. NOK 60 million. A fall of 1 percentage point in the terminal value for the EBIT (adj.) margin will result in a write-down of approx. NOK 90 million. This picture can quickly change as it depends on the companies' expected future profit performance.

The goodwill and trademark items in Orkla's business areas are shown in tables on the following pages.

Future risk of changes in operating parameters

The global challenges posed by climate change, resource scarcity, nutrition and health affect Orkla's activities in the form of a risk of changes in raw material availability, costs, consumer preferences and political framework conditions. The Group monitors developments closely through active dialogue with stakeholders and ongoing assessments. The challenges related to climate change and raw material availability entail a risk of higher raw material costs, reduced availability of some raw materials and breaches of Orkla's Supplier Code of Conduct. This risk is mitigated through close monitoring of suppliers, build-up of inventory in selected areas, improved resource efficiency and approval of use of alternative raw materials.

Climate changes can cause floods, earthquakes and other natural disasters, and there is considered to be risk related to whether Orkla's factories are located in exposed areas. Orkla makes assessments of both new and existing locations and the extent of their exposure to natural disasters. The risk is considered to be low.

However, these factors could affect the future development of Orkla businesses. Expected developments related to these factors are therefore elements taken into consideration both when assessing indicators of a need for a write-down and when testing for impairment.

Key assumptions for estimating future performance

	Orkla Foods (OF)					Orkla Confectionery & Snacks (OC&S)				
		Goodwill		Trademarks			Goodwill		Trademarks	
Amounts in NOK million	Units	2021	2020	2021	2020	Units	2021	2020	2021	2020
Enheter i segmentet	OF Norway	3 545	3 545	1 260	1 260	OC&S Norway	534	534	201	201
	OF Sweden	1 537	1 644	394	422	OC&S Sweden	844	904	384	411
	OF Denmark	420	440	59	62	OC&S Denmark	594	624	409	428
	OF Finland	166	107	2	2	OC&S Finland	591	619	730	766
	OF Baltics	57	62	46	45	OC&S Iceland	107	-	58	-
	MTR Foods	1 287	286	788	107	OC&S Latvia	475	498	211	221
	OF Central Europe	618	614	508	505	OC&S Estonia	-	-	55	58
	Total	**7 630**	**6 698**	**3 057**	**2 403**	**Total**	**3 145**	**3 179**	**2 048**	**2 085**
			2021		2020			2021		2020
	Total capital employed 31 Dec.		17 257		14 992	Total capital employed 31 Dec.		7 639		7 118
	EBIT (adj.)		2 471		2 641	EBIT (adj.)		1 113		1 203
Factors that affect the discount rate	Operates largely in the Nordic and Baltic markets as well as Austria, Czech Republic, Slovakia, Russia, Hungary and India; low industry risk; budgets in local currency					Operates largely in the Nordic and Baltic markets, low industry risk; budgets in local currency				
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: meat, eggs, vegetables, dairy products, fish, spices and other additives, fruits and berries, and glass, cardboard, plastic and metal packaging.					Key raw materials: sugar, potatoes, nuts, cocoa, flour, vegetable oil, spices, milk powder and packagin				
Production sites	Production is carried out in the Nordics, Baltics, Austria, Czech Republic, Slovakia, Russia and India.					Production is largely carried out in the Nordics and Baltics.				
Gross profit is based on past performance, adjusted for future expectations	Gross profit is affected by innovations, productivity, retail chain price negotiations and raw material prices which overall are expected to rise in the short term.					Gross profit is affected by innovations, productivity, retail chain price negotiations and raw material prices which overall are expected to rise in the short term.				
Customisation and ability to develop products in collaboration with customers	Orkla Foods tracks consumer trends and works continuously to seek growth and development in existing and new segments.					OC&S tracks consumer trends — 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 market trends.					Markets and turnover are expected to remain normal — OC&S is generally little affected by market trends.				
Terminal value	Growth 0.5-5%.					Growth 0.5%.				

Key assumptions for estimating future performance

	Orkla Care					Orkla Food Ingredients (OFI)				
		Goodwill		Trademark			Goodwill		Trademark	
Amounts in NOK million	Units	2021	2020	2021	2020	Units	2021	2020	2021	2020
Units in segment	Orkla Home & Personal Care	1 430	1 501	324	332	Bakery Nordic countries	606	633	-	-
	Orkla Health	1 368	1 427	543	558	Bakery Europa (ekskl. Nordic)	713	702	-	-
	NutraQ	2 692	-	400	-	Sweet Ingredients	925	652	-	-
	Orkla Wound Care	293	303	116	122	Plant based	207	215	4	4
	HSNG	284	297	118	102					
	Total	**6 067**	**3 528**	**1 501**	**1 114**	**Total**	**2 451**	**2 202**	**4**	**4**
			2021		2020			2021		2020
	Total capital employed 31 Dec.		9 269		6 102	Total capital employed 31 Dec.		6 352		5 796
	EBIT (adj.)		1 066		1 019	EBIT (adj.)		646		500

	Orkla Care	Orkla Food Ingredients (OFI)
Factors that affect the discount rate	Operates largely in the Nordic markets and the Baltics, Poland and Spain; low industry risk; budgets in local currency.	Operates in several countries; moderate industry risk; budgets in local currency.
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: crude oil, fish oil, milk protein, vitamins, plastic packaging, plastic components, cardboard and paper-based packaging and tensides.	Key raw materials: vegetable oil, butter, molasses, sugar and flour.
Production sites	Own production mainly in the Nordics and Malaysia for the part of Jordan included in Orkla Home & Personal Care (OHPC). Orkla Health has own production in Norway and Denmark. Wound care products are produced in Spain and Norway. Orkla Health, OHPC and HSNG also purchase goods for resale primarily from Europe.	Own production mainly in Scandinavia, but also in the Netherlands, Poland, the UK, Romania and at some small manufacturing units in Central and Eastern Europe.
Gross profit is based on past performance, adjusted for future expectations	Gross profit is affected by innovations, productivity, retail chain price negotiations and raw material prices that are expected to rise at start of 2022.	Gross profit 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 changes in raw material costs in customer markets.
Customisation and ability to develop products in collaboration with customers	Orkla Care tracks consumer trends — growth is expected in existing segments.	OFI tracks consumer trends and collaborates closely with its customers, who are manufacturers and suppliers of bakery and ice cream products, as well as plant-based products. In recent years, OFI has focused on sustainability, and its portfolio includes a growing share of plant-based and other products.
Economic conditions and market outlook	Markets and turnover are expected to remain normal — Orkla Care is generally little affected by market trends. The COVID-19 pandemic has affected profit performance in all units, negatively and positively. For the business area as a whole the effect is largely neutralised, but the pandemic could still have an effect in the short term.	The COVID-19 pandemic has affected markets and increased uncertainty in 2020, 2021 and at the start of 2022. Within this context, relatively safe demand is expected since the products supplied by OFI are "basic goods" in the bakery and ice cream ingredients segments, and plant-based products.
Terminal value	Growth rate 0.5%.	Growth rate 0.5%.

Key assumptions for estimating future performance

	Orkla Consumer Investments				
		Goodwill		Trademark	
Aounts in NOK million	Units	2021	2020	2021	2020
Units in segment	Pierre Robert Group[1]	39	41	17	19
	Lilleborg	18	18	-	-
	Orkla House Care	505	518	156	154
	Kotipizza	1 187	1 243	427	447
	New York Pizza	1 106	-	208	-
	Total	**2 855**	**1 820**	**808**	**620**
			2021		2020
	Total capital employed 31 Dec.		4 750		3 155
	EBIT (adj.)		498		404

Factors that affect the discount rate	Operates largely in the Nordic markets and the UK and Benelux; low industry risk; budgets in local currency.
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: plastic packaging, plastic components, chemicals, cardboard and paper-based packaging, wool and cotton, pizza crusts and pizza toppings.
Production stes	Own production mainly in the Nordics, UK and China for Orkla House Care. Pierre Robert Group mainly buys its production from Italy and Asia. Lilleborg primarily buys goods for resale from Europe, in addition to own production in Norway. Kotipizza and New York Pizza are primarily a franchisor of pizza concepts and wholesaler to its franchise network and selected external customers. New York Pizza also manufactures pizza dough for its own operations and external customers.
Gross profit is based on past performance, adjusted for future expectations	Gross profit is affected by innovations, productivity, retail chain negotiations and raw material prices. All companies in Consumer Investment have seen significant inflation in both raw material prices and freight costs that is compensated for through price increases. For the restaurant operations, gross profit is primarily driven by sales from restaurants, and innovation and operational efficiency.
Customization and ability to develop products in collaboration with customers	Orkla Consumer Investments tracks consumer trends — growth is expected in existing segments.
Economic conditions and market outlook	Orkla Consumer Investments is generally relatively little affected by market trends. The COVID-19 pandemic and related restrictions have had a strong impact on several businesses. This effect is expected to decrease as society gradually returns to normal.
Terminal Value	Growth rate 0.5-2%.

1 Carried goodwill and trademarks are mainly related to Pierre Robert Group in Finland.

Note 19 Intangible assets

Accounting policies

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 always 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 development 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 IT systems is capitalised and presented as intangible assets.

Expenditure related to internally generated trademarks, etc. (marketing) is expensed directly and will never be capitalised. This is because 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. Long-established trademarks that have a sound development at the time of acquisition have an indefinite useful life and are not depreciated. 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 depreciated over their anticipated useful life, which is normally 5–10 years. Other intangible assets will be depreciated over their useful life. Thus only trademarks that are purchased directly or indirectly through the acquisition of companies are capitalised in the consolidated financial statements, not internally generated trademarks.

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 cannot be discounted. Capitalised goodwill derives solely from acquisitions; see Note 18.

Estimate uncertainty

Considerable estimate uncertainty attaches to the value of 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 values 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.

Sustainability

Orkla expensed NOK 305 million for research and development in 2021 (NOK 343 million in 2020). This covers internal and external costs related to product development, and includes measures to reduce salt, sugar and saturated fat in foods, develop healthy products, develop new packaging solutions based on renewable, recycled materials, and use new raw materials that promote sustainable consumption.

A current project that will run for several years aims at establishing a common ERP platform for Orkla Foods, Orkla Confectionery & Snacks and Orkla Care. Write-downs and recognised expenses related to the project in 2020 and 2021 totalled NOK 509 million; see Notes 14 and 18. NOK 664 million was capitalised in connection with this ERP system as at 31 December 2021. Orkla Food Ingredients also has a project to establish a common ERP system in its own business area. Write-downs and recognised expenses related to this system totalled NOK 51 million in 2020, and the capitalised value was NOK 240 million as at 31 December 2021.

Intangible assets

Amounts in NOK million	Trademarks, not depreciable	Trademarks, depreciable	Other intangible assets	IT	Goodwill	Total
Book value 1 January 2020	5 653	9	117	415	16 533	22 727
Investments	-	-	16	94	-	110
Reclassifications[1]	(4)	-	6	391	-	393
Acquisitions of companies[2]	382	-	1	-	213	596
Sale of companies	-	-	-	-	(46)	(46)
Depreciation	-	(1)	(15)	(122)	-	(138)
Write-downs	(26)	-	-	(310)	(155)	(491)
Translation differences	221	-	10	7	820	1 058
Book value 31 December 2020	**6 226**	**8**	**135**	**475**	**17 365**	**24 209**
Investments	-	1	22	70	-	93
Reclassifications[1]	2	-	-	514	(2)	514
Acquisitions of companies[2]	1 371	-	-	27	5 323	6 721
Sale of companies	-	-	-	-	-	0
Depreciation	-	(1)	(13)	(157)	-	(171)
Write-downs	-	-	(5)	(11)	-	(16)
Translation differences	(181)	-	(5)	(10)	(600)	(796)
Book value 31 December 2021	**7 418**	**8**	**134**	**908**	**22 086**	**30 554**
Initial cost 1 January 2021	6 394	147	980	1 481	20 214	29 216
Accumulated depreciation and write-downs	(168)	(139)	(845)	(1 006)	(2 849)	(5 007)
Book value 1 January 2021	**6 226**	**8**	**135**	**475**	**17 365**	**24 209**
Initial cost 31 December 2021	7 578	149	987	2 004	24 789	35 507
Accumulated depreciation and write-downs	(160)	(141)	(853)	(1 096)	(2 703)	(4 953)
Book value 31 December 2021	**7 418**	**8**	**134**	**908**	**22 086**	**30 554**
Depreciation	-	10–20%	10–20%	10–33%	-	-

1 Net reclassifications relate to figures transferred from Note 20 and concern transferral of assets under construction.
2 See Note 5 for information about intangible assets in acquired companies.

Note 20 Property, plant and equipment

Accounting policies

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. Routine maintenance of assets is expensed under operating expenses 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 (land, 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.

Estimate uncertainty

The valuation 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 assessments made of different production facilities. The various production sites are routinely assessed based on a going concern approach, but in a situation where a change in organisational structure 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 value and deficit value.

See Note 35 for disclosures of pledged assets and mortgages related to the Group's property, plant and equipment.

Property, plant and equipment

Amounts in NOK million	Land, buildings and other property	Machinery and plants	Assets under construction	Fixtures, fittings, vehicles, IT equipment etc.	Total
Book value 1 January 2020	6 991	4 435	1 950	579	13 955
Investments	229	397	1 736	118	2 480
Disposals/scrapping	(29)	(41)	(2)	(15)	(87)
Acquisition of companies	-	6	-	4	10
Sale of companies	(27)	(7)	-	(34)	(68)
Transferred assets under construction/reclassifications	319	958	(1 800)	124	(399)[1]
Write-downs	(6)	(14)	-	-	(20)
Depreciation	(319)	(793)	-	(205)	(1 317)
Translation differences	144	204	59	22	429
Book value 31 December 2020	**7 302**	**5 145**	**1 943**	**593**	**14 983**
Investments	142	592	1 705	137	2 576
Disposals/scrapping	(7)	(67)	-	(5)	(79)
Acquisition of companies	231	206	9	77	523
Sale of companies	-	-	-	-	-
Transferred assets under construction/reclassifications	160	503	(1 570)	393	(514)
Write-downs	(5)	(3)	-	(1)	(9)
Depreciation	(330)	(823)	-	(245)	(1 398)
Translation differences	(103)	(160)	(56)	(29)	(348)
Book value 31 December 2021	**7 390**	**5 393**	**2 031**	**920**	**15 734**
Initial cost 1 January 2021	12 761	17 304	1 943	2 638	34 646
Accumulated depreciation and write-downs	(5 459)	(12 159)	-	(2 045)	(19 663)
Book value 1 January 2021	**7 302**	**5 145**	**1 943**	**593**	**14 983**
Initial cost 31 December 2021	13 001	17 460	2 031	3 072	35 564
Accumulated depreciation and write-downs	(5 611)	(12 067)	-	(2 152)	(19 830)
Book value 31 December 2021	**7 390**	**5 393**	**2 031**	**920**	**15 734**
Linear depreciation	2–4%	5–15%	-	15–25% IT-equipment: 16–33%	

1 NOK 514 million (NOK 393 million in 2020) has been transferred to intangible assets in Note 19, and NOK 6 million was transferred to leases in Note 21 in 2020.

Note 21 Leases

Accounting policies

Upon entering into a contract, an assessment will be made of whether an agreement contains a lease arrangement entitling the Group to control the use of an identified asset. If the lease is identified as such, assets and associated liabilities are recognised at the start of the lease, i.e. at the date on which the underlying asset is made available to the Group. Short-term leases of 12 months or less and leases of low value assets are not capitalised. For these leases, lease payments are recognised in the income statement directly.

Upon entering into a contract, the lease liabilities are measured at the present value of all future lease payments. Lease payments include fixed payments and any payments varying according to an index or an interest rate, but not variable lease payments depending on the use of the asset. Lease payments also include residual value guarantees, purchase options and any termination expenses. The lease liability is reduced by ongoing instalments. The discount rate is the implicit interest rate in the lease, provided this is available. If this cannot be obtained, the lessee's marginal borrowing interest rate shall be used as the basis. Lease liabilities are classified like other interest-bearing liabilities in the statement of financial position. The interest effect of the discounting is presented as interest expense.

Right-of-use assets are capitalised at the equivalent of the estimated lease liability upon entry into the lease contract. Right-of-use assets are depreciated on a straight-line basis over the lease period and assessed to determine whether a write-down is necessary if there is any indication of a value impairment. The assets are included in non-current assets in the statement of financial position.

Orkla's leases
The companies in the Orkla Group largely own their own means of production and production premises. The Group's leases mainly concern the lease of restaurants (Kotipizza and New York Pizza), office and warehouse premises and vehicles such as cars and forklifts. The leases are capitalised under "Non-current assets" in the statement of financial position.

Additionally, Orkla's leases with Statkraft, whereby AS Saudefaldene has use of all power stations until 2030, are deemed to fall within the scope of IFRS 16. The leases account for around NOK 183 million of the recognised right-of-use assets in the Group as at 31 December 2021 (NOK 175 million in 2020). Orkla has a right to terminate the leases with Statkraft at any time subject to three to four years' notice, and renewal of the leases is considered annually. Between three and four years' rent will be capitalised at all times. These leases are presented in the table as "Machinery and plants".

Key considerations
Several of the Group's leases include options for renewal of the lease. This applies in particular to leases for restaurant premises and office and warehouse premises. Only options that are reasonably certain to be exercised are recognised in the lease liability. Lease options for long-term contracts, mainly over five years, are not taken into account as there are constant changes in the Group, and it is therefore difficult to predict the likelihood of future renewals.

As regards leases of restaurant premises related to the operations of Kotipizza and New York Pizza, a decision will be made at the latest one year before the lease expires on whether the businesses will continue to operate in the sales outlets concerned. There are a total of 635 sales outlets related to Orkla Consumer Investments' pizza operations, and the associated capitalised amount is NOK 503 million. If an extra optional period for all these restaurant premises is taken into account, the capitalised amount will increase by over 60%.

Leases that fall within the definition "low-value assets" are not capitalised. This primarily applies to office equipment leases. Lease expenses related to short-term leases where the non-cancellable lease period is less than 12 months are also recognised directly in the income statement, provided that the company does not expect to use the asset after this period.

The Orkla Group has chosen to make use of the possibility offered in the standard of not applying IFRS 16 for intangible assets. In the case of Saudefaldene, this applies to waterfall rights that represent a right to use the power of the water in the Saudavassdraget river system. The liability arising from this right of use has not been recognised and thus has not been capitalised.

A review of various leases has been carried out, and the distinction between them and service agreements has been assessed. This applies, for instance, to agreements with carriers (transport agreements). The majority of the Group's transport agreements are of such a nature that no specific asset can be identified, or are of a short-term nature that does not fall within the standard's definition of a lease.

Several of the Group's leases include other services and components, such as shared costs, fuel and taxes. Non-lease components are treated separately from the lease and recognised as an operating expense in the consolidated financial statements.

Discount rate
When a lease's implicit interest rate is not available, the lessee's marginal borrowing rate is used as a basis. For most Orkla subsidiaries, this will be the internal borrowing rate in Orkla ASA. Orkla's internal borrowing rate is fixed at the floating market interest rate with a risk premium (company and country risk). This is deemed to be a good estimate of interest rate on an arm's length basis. The weighted discount rate for Orkla's lease liabilities in 2021 was 1.9% (2.0% in 2020).

E Estimate uncertainty

Recognition of leases is based on a present value calculation, in which assumptions concerning discount interest rates, lease payments, lease term and use of options are assessed and taken into account. Changes in one or more of these assumptions will impact on the estimated effects of the leases for the Group. The assessment of whether an agreement is to be regarded as a lease or service agreement will also have significant consequences for the accounting treatment of the leases.

Undiscounted lease liabilities and maturity of cash outflows

Amounts in NOK million	Offices and restaurants	Production sites and other property	Machinery and plants	Vehicles etc.	Total
Less than 1 year	275	70	98	89	532
1-2 years	218	64	94	59	435
2-3 years	173	60	93	29	355
3-4 years	128	55	91	12	286
4-5 years	76	49	1	4	130
More than 5 years	149	162	-	1	312
Total undiscounted lease liabilities at 31 December 2021	**1 019**	**460**	**377**	**194**	**2 050**

Capitalised right-of-use assets

Amounts in NOK million	Offices and restaurants	Production sites and other property	Machinery and plants	Vehicles etc.	Total
Book value 1 January 2020	579	432	250	186	1 447
Investments	133	1	61	88	283
Acquisition of companies	-	-	5	-	5
Sale of companies	(21)	-	-	(1)	(22)
Reclassifications/transferred from assets under construction[1]	-	-	-	6	6
Depreciation	(203)	(76)	(101)	(109)	(489)
Translation differences	37	8	6	10	61
Book value 31 December 2020	**525**	**365**	**221**	**180**	**1 291**
Investments	278	110	103	123	614
Acquisition of companies	353	-	-	3	356
Sale of companies	-	-	-	-	-
Reclassifications/transferred from assets under construction[1]	-	-	-	-	-
Depreciation	(222)	(73)	(94)	(109)	(498)
Translation differences	(26)	(4)	(3)	(6)	(39)
Book value 31 December 2021	**908**	**398**	**227**	**191**	**1 724**
Initial cost 1 January 2021	1 768	778	400	734	3 680
Accumulated depreciation and write-downs	(1 243)	(413)	(179)	(554)	(2 389)
Book value 1 January 2021	**525**	**365**	**221**	**180**	**1 291**
Initial cost 31 December 2021	2 373	884	500	854	4 611
Accumulated depreciation and write-downs	(1 465)	(486)	(273)	(663)	(2 887)
Book value 31 December 2021	**908**	**398**	**227**	**191**	**1 724**

1 In 2020, NOK 6 million was transferred from property, plant and equipment, Note 20.

Movement in lease liabilities

Amounts in NOK million	2021	2020
At initial application 1 January	1 487	1 656
New/changed lease liabilities recognised in the period	614	283
Lease liabilities acquired companies	372	5
Sale of companies	-	(22)
Lease payments	(543)	(529)
Interest expense on lease liabilities	30	32
Index adjustments	3	3
Translation differences	(39)	59
Total lease liabilities 31 December	**1 924**	**1 487**
Current lease liabilities	408	335
Non-current lease liabilities	1 516	1 152
Net cash flow from lease liabilities	543	529

Current leases and low-value leases

Amounts in NOK million	2021	2020
Lease payments - short-term and low value leases	(83)	(84)
Variable lease payments	(19)	(18)
Total lease expenses (other operating expenses)	**(102)**	**(102)**

Rental agreements
The Group also rents out real estate under operating leases. Rental revenues in 2021 amounted to NOK 101 million. Total future rental revenues amount to NOK 209 million, broken down into NOK 103 million in 2022 and NOK 106 million from 2023 and thereafter.

Note 22 Other financial assets (non-current)

Accounting policies

Other assets are classified as non-current when they are not part of a normal operating cycle and are not held for trading purposes or the entity has an unconditional right to defer payment for at least 12 months. Other receivables are current.

Shares and financial investments are investments of a financial nature and are recognised at fair value with both changes in value and gains/losses recognised as other items in the comprehensive income statement. Dividends received are reported in ordinary profit or loss when they are not to be regarded as a form of repayment of capital by the company. Any dividend is recognised in the income statement when it has been approved by the company paying out the dividend, which mainly coincides with the date of payment. Purchases and sales of shares are recognised on the trade date. This applies both to shares classified as non-current shares in this note and to current shares in Note 24.

Derivatives are described in Note 31. Pension assets are described in Note 12.

Amounts in NOK million	2021	2020
Share investments	206	140
Interest-bearing derivatives	0	96
Receivables interest-bearing	395	274
Receivables non-interest-bearing	7	18
Pension plan assets	39	41
Total other financial assets (non-current)	**647**	**569**

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 23 Inventories and development property

Inventories

Amounts in NOK million	2021	2020
Raw materials	2 578	2 200
Work in progress	364	331
Finished goods and merchandise	4 372	3 999
Total inventories	**7 314**	**6 530**

Inventories relating to Branded Consumer Goods

Amounts in NOK million	2021	2020
Orkla Foods	3 095	2 838
Orkla Confectionery & Snacks	708	729
Orkla Care	1 338	1 183
Orkla Food Ingredients	1 533	1 288
Orkla Consumer Investments	640	492
Branded Consumer Goods	**7 314**	**6 530**

P Accounting policies

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.

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 2021 of NOK 64 million (NOK 76 million in 2020). Inventories valued at net realisable value as at 31 December 2021 totalled NOK 52 million (NOK 62 million in 2020).

Development property
Development properties amounted to NOK 220 million as at 31 December 2021 (NOK 96 million in 2020). The properties are mainly housing projects under development/construction and primarily consist of the projects at Sandakerveien 56 in Oslo and a development project in Larvik.

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 form of uncertainty regarding either the quantity or quality of the Group's inventories.

Note 24 Receivables and financial assets (current)

Accounts receivable and other trade receivables

Amounts in NOK million	2021	2020
Accounts receivable (A - B)	6 337	6 104
Other trade receivables	189	152
Non-interest-bearing derivatives	2	-
Total trade receivables	**6 528**	**6 256**

Breakdown of accounts receivable by due date

Amounts in NOK million	2021	2020
Accounts receivable not due	5 611	5 473
Overdue receivables 1–30 days	518	466
Overdue receivables 31–60 days	134	95
Overdue receivables 61–90 days	42	39
Overdue receivables over 90 days	162	165
Accounts receivable carrying amount 31 December (A)	**6 467**	**6 238**

Change in provisions for bad debts

Amounts in NOK million	2021	2020
Provisions for bad debts 1 January	134	115
Bad debts recognised as expense	(14)	29
Provisions in acquired companies	1	3
Provisions in sold companies	1	-
Final bad debts	11	(22)
Translation differences	(3)	9
Provisions for bad debts 31 December (B)	**130**	**134**

Accounting policies

Accounts receivable and other trade receivables are receivables linked directly to the operating cycle. Accounts receivable are in principle recognised and presented at the original invoice amount and 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.

Provisions are made for anticipated losses on receivables based on relevant information available at the time of reporting, including historical, current and future information in accordance with an expected loss model. The provision will have to be based on objective criteria. If an invoice is not paid, this will be a clear indication of an increased risk of default.

The principle for assessment of financial investments is disclosed in Note 22. Derivatives are disclosed in Note 31.

Estimate uncertainty

The credit risk related to accounts receivable is assessed as relatively low. Provisions have been made for bad debts, which cover uncertain receivables to a reasonable extent. See also the breakdown of accounts receivable by due date in this note and the disclosure of credit risk in Note 30.

Derivatives are recognised at fair value in accordance with Level 2 valuation and financial assets according to Level 3 valuation; see the measurement hierarchy in Note 31.

Receivables and financial assets (current)

Amounts in NOK million	2021	2020
Non-interest-bearing derivatives	14	18
Interest-bearing derivatives	43	56
Interest-bearing receivables	11	4
Other current receivables	470	293
Total financial receivables and investments	538	371
Advance payment to suppliers/earned income	597	470
Tax receivables	120	95
Total current receivables and financial investments	**1 255**	**936**

Note 25 Cash and cash equivalents

Accounting policies

Cash and cash equivalents consist of cash, bank deposits and current deposits that have a maturity of three months or less, and an immaterial risk of a change in value. Restricted deposits are assets that only 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	2021	2020
Cash at bank and in hand[1]	716	2 829
Current deposits	201	203
Restricted deposits	210	181
Total cash and cash equivalents	**1 127**	**3 213**

1 Of "Cash at bank and in hand" as at 31 December 2021, a total of NOK 135 million (NOK 167 million in 2020) is in Orkla companies with minority shareholders and in Orkla Insurance Company. These assets are only available to a limited extent to the rest of the Group.

Restricted assets consist of security deposits for sales of hydro-electric power, margin deposits for share derivatives, as well as deposits to meet statutory solvency requirements in Orkla Insurance.

Note 26 Provisions and other non-current liabilities

Accounting policies

Provisions are recognised in the financial statements for matters such as disputes, 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; see Note 37 for further information.

Derivatives are described in Note 31. Pension obligations are described in Note 12.

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 is made and will be routinely updated as and when new information becomes available.

Provisions and other non-current liabilities

Amounts in NOK million	2021	2020
Pension liabilities	2 447	2 585
Derivatives[1]	72	175
Other non-current liabilities	175	123
Provisions for obligations	481	507
Total provisions and other non-current liabilities	**3 175**	**3 390**

1 Interest rate cash flow hedges: To hedge future interest payments (not included in the statement of financial position).

Other non-current liabilities mainly concern commitments to acquisitions of additional shares in companies.

Breakdown of provisions for obligations:

Amounts in NOK million	Branded Consumer Goods	Other business	Total
Provisions 1 January 2020	72	420	492
New provisions	78	-	78
Acquisitions of companies	-	-	0
Provisions utilised or reclassified to short-term	(30)	(34)	(64)
Translation differences	1	-	1
Provisions 31 December 2020	**121**	**386**	**507**
New provisions	28	-	28
Acquisitions of companies	20	-	20
Provisions utilised or reclassified to short-term	(56)	(14)	(70)
Translation differences	(4)	-	(4)
Provisions 31 December 2021	**109**	**372**	**481**

Provisions for obligations in Branded Consumer Goods mainly concern commitments to restructuring and minor personnel-related provisions.

As regards “Other business”, provisions for obligations concern estimated liabilities related to guarantees and indemnities issued by Orkla to Norsk Hydro in connection with the sale of Sapa, as well as compensation to property owners and demolition costs related to Saudefaldene, and provisions related to discontinued operations. Furthermore, Orkla has insured some of its exposures through a captive insurance company, Orkla Insurance Company DAC. Orkla has made provisions for these exposures. A provision of NOK 286 million remains for the indemnities issued to Norsk Hydro; see also the disclosure in Note 4. See also the information regarding the Denofa do Brasil case in Note 37.

Provisions with a maturity of less than 12 months are presented as “Other liabilities” (current).

Note 27 Current liabilities

Accounting policies

A non-interest-bearing liability is classified as current when it is part of a normal operating cycle, is held for trading purposes and falls due within 12 months. Other liabilities are non-current.

Estimate uncertainty

All types of accruals/provisions will involve a certain estimate uncertainty. Accruals/provisions are calculated on the basis of assumptions at the time the provision is made. Estimate uncertainty associated with discounts, etc. is disclosed in Note 4.

Accounts payable and other trade payables

Amounts in NOK million	2021	2020
Accounts payable	5 561	4 597
Other trade payables[1]	1 725	1 929
Total trade payables	**7 286**	**6 526**

1 Incl. discount provisions of NOK 1,539 million as at 31 December 2021 (NOK 1,745 million in 2020); see Note 4.

Other liabilities (current)

Amounts in NOK million	2021	2020
Non-interest-bearing derivatives	2	11
Non-interest-bearing current liabilities	135	146
Total financial liabilities non-interest-bearing	**137**	**157**
Value added tax, employee taxes	954	995
Accrued wages and holiday pay	1 140	1 090
Other accrued costs	1 113	1 061
Total other liabilities (current)	**3 344**	**3 303**

Note 28 Capital management and funding

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, ensures strong, long-term creditworthiness, as well as a competitive return for 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 are subject to formalised authorisation limits, and decision processes at applicable levels. External borrowing is centralised at the parent company level, and capital needs in subsidiaries are mainly covered by internal loans, or equity. The capital structure of 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. Internal loans to partly owned subsidiaries are provided subject to a separate evaluation, or external funding is established.

On January 2022, Orkla established a credit rating from Scope Ratings GmbH with a long-term issuer rating of A-, and stable outlook. The same rating was assigned for Orkla's bonds (Senior unsecured rating). Orkla aims to ensure that net interest-bearing liabilities do not exceed 2.5 x EBITDA over time. Orkla targeted a reduction in working capital, in percent of turnover for Branded Consumer Goods, of 3 percentage points during the period 2018-2021, and working capital was reduced by 3.9 percentage points (0.6 percentage points in 2021). There were no changes in Orkla's approach and objectives regarding capital management during 2021.

S Sustainability

Sustainability has become an integral part of Orkla's business model. Focus on responsible business operations and effective management of sustainability-related risk is an integral part of the Group's investment assessments. Orkla's sustainability goals and commercially attractive, sustainable business opportunities result in investments in product development and process improvements, and in some cases acquisitions of new businesses. Sustainability-related investments are assessed on the basis of Orkla's criteria for return on investment and risk management. A green bond framework for funding of qualifying investments has been established.

The Group's interest-bearing liabilities and equity consist of:

Amounts in NOK million	2021	2020
Non-current interest-bearing liabilities	(9 215)	(8 207)
Current interest-bearing liabilities	(3 195)	(329)
Non-current interest-bearing receivables	395	370
Current interest-bearing receivables	54	60
Cash and cash equivalents	1 127	3 213
Net interest-bearing liabilities, excl. leases	(10 834)	(4 893)
Lease liabilities	(1 924)	(1 487)
Net interest-bearing liabilities	(12 758)	(6 380)
Group equity[1]	39 351	37 704
Net gearing (net interest-bearing liabilities/equity)	0.32	0.17

1 The Group's equity also includes the value of cash flow hedges taken to comprehensive income.

Reconciliation of change in interest-bearing items against the Group's cash flow statement

2021

Amounts in NOK million	Interest-bearing assets	Interest-bearing liabilities	Net interest-bearing liabilities
Balance 1 January 2021	3 643	(10 023)	(6 380)
Balance 31 December 2021	1 576	(14 334)	(12 758)
Change net interest-bearing liabilities	2 067	4 311	6 378
Of this change cash and cash equivalents	(2 086)	-	(2 086)
Change net interest-bearing liabilities excluding cash and cash equivalents	(19)	4 311	4 292
Interest-bearing items from acquired and sold companies	0	(1 219)	(1 219)
Interest-bearing liabilities new leases	-	(614)	(614)
Currency effects interest-bearing items	(4)	644	640
Net cash flow from/(used in) financing acitivites	(23)	3 122	3 099

2020

Amounts in NOK million	Interest-bearing assets	Interest-bearing liabilities	Net interest-bearing liabilities
Balance 1 January 2020	2 035	(8 586)	(6 551)
Balance 31 December 2020	3 643	(10 023)	(6 380)
Change net interest-bearing liabilities	(1 608)	1 437	(171)
Of this change cash and cash equivalents	1 544	-	1 544
Change net interest-bearing liabilities excluding cash and cash equivalents	(64)	1 437	1 373
Interest-bearing items from acquired and sold companies	0	(26)	(26)
Interest-bearing liabilities new leases	-	(283)	(283)
Currency effects interest-bearing items	(1)	(739)	(740)
Net cash flow from/(used in) financing acitivites	(65)	389	324

Orkla's net interest-bearing liabilities increased by NOK 6.4 billion in 2021, affected by acquisitions totalling NOK 7.0 billion and share buy-backs of NOK 0.4 million, in addition to ordinary cash-flows and dividend payment.

As an industrial group, Orkla is not subject to any external capital requirements. The subsidiary Orkla Insurance Company DAC (Ireland) is subject to solvency requirements under applicable laws and regulations in Ireland. These requirements were met in 2021.

Funding

The primary objective 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 its funding activity is to maintain 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 committed long-term credit facilities. As at 31 December 2021 NOK 538 million was drawn on these credit facilities (undrawn as at 31 December 2020).

Orkla's main funding sources are bilateral loans from Orkla's relationship banks and loans in the Norwegian bond market. The Group Treasury also continuously evaluates other funding sources. In 2021, Orkla established a green bond framework, and bonds with a face value of NOK 1,500 million were issued under this framework.

In 2021 Orkla repaid loans, and cancelled loan agreements with credit limits totalling NOK 4.6 billion. New long-term loan agreements totalling NOK 4.0 billion were entered into, and new bonds totalling NOK 2.75 billion were issued. The remaining time to maturity of NOK 2.3 billion of the bilateral long-term credit facilities has been extended by one year.

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

Interest-bearing liabilities

Amounts in NOK million	Book value 2021	Book value 2020	Fair value[1] 2021	Fair value[1] 2020	Currency	Notional in ccy[2]	Coupon[3]	Term
Non-current interest-bearing liabilities								
Bonds								
ORK 80 (10694680)	914	952	929	970	NOK	1 000	Fixed 4.35%	2013/2024
ORK 82 (11731730)	724	724	724	727	NOK	1 500	Nibor +0.69%	2015/2022
ORK 83 (11774383)	675	675	680	682	NOK	1 000	Nibor +0.85%	2016/2023
ORK 84 (11774391)	984	1 028	999	1 038	NOK	1 000	Fixed 2.35%	2016/2026
ORK 87 (11095499)	1 000	-	1 000	-	NOK	1 500	Nibor +0.62%	2021/2027
ORK 85 (11013708)	1 000	-	996	-	NOK	1 500	Nibor +0.62%	2021/2028
ORK 88 (11095507)	243	-	244	-	NOK	1 500	Fixed 2.20%	2021/2029
ORK 86 (11013716)	490	-	492	-	NOK	1 500	Fixed 2.44%	2021/2031
Other bonds	59	60	59	60				
Total bonds	6 089	3 439	6 123	3 477				
Of this current liabilities	(728)	-	(728)	-				
Bank loans	3 739	4 677	3 739	4 677				
Other loans	100	71	100	71				
Lease liabilities	1 516	1 152	1 516	1 152				
Interest-bearing derivatives	15	20	15	20				
Total non-current interest-bearing liabilities	10 731	9 359	10 765	9 397				
Current interest-bearing liabilities								
Bonds, maturity < 1 year	728	-	728	-				
Bank loans, overdrafts	712	324	712	324				
Commercial paper	1 750	-	1 750	-				
Other loans	5	5	5	5				
Lease liabilities	408	335	408	335				
Total current interest-bearing liabilities	3 603	664	3 603	664				
Total interest-bearing liabilities	14 334	10 023	14 368	10 061				

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.

2 Of the notional amount the Group holds some of its own bonds, which have been deducted in the recognised liabilities.

3 The coupon 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 breakdown of the liabilities portfolio by currency.

Accounting policies

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.

Maturity profile interest-bearing liabilities and unutilised credit facilities

	Interest-bearing liabilities		Unutilised credit facilities	
Amounts in NOK million	2021	2020	2021	2020
Maturity < 1 year	3 701	745	691	1 148
Maturity 1–3 years	3 106	3 292	2 733	4 000
Maturity 3–5 years	2 790	3 869	3 796	2 408
Maturity > 5 years	4 737	2 117	-	-
	14 334	10 023	7 220	7 556

The Group's unutilised credit facilities are multi-currency loan agreements with floating interest rates and flexible amounts and tenors for drawdown. The facility credit limits are denominated in NOK, EUR and SEK.

As at 31 December 2021 the average remaining time to maturity of the Group's combined interest-bearing liabilities (excluding lease liabilities) and unutilised credit facilities was 3.5 years, compared with 3.2 years as at 31 December 2020.

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 each business area, 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 is 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 is responsible for 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 laid down 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

The most important risk factors within the business areas of the Group, and the management thereof, are described below. 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, Central/Eastern Europe and India. Production and sales mainly take place in local markets. A significant part of the input factors and 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 purchasing 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 34). 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.

(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 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 interest-bearing liabilities hedge the currency risk in enterprise value. The currency distribution of interest-bearing liabilities is shown in Table 2b.

In the financial statements, 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 IFRS 9. 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 2021 are shown in Table 1.

Table 1

Outstanding foreign exchange contracts[1] linked to hedging of future revenues and costs

Hedged amount in million currency

Purchase currency	Amount in currency	Sale currency	Amount in currency	Maturity
USD	7	DKK	48	2022
USD	1	DKK	5	2023
USD	6	EUR	5	2022
EUR	10	NOK	97	2022
EUR	6	GBP	5	2022

1 In currency pairs where the net total of hedges is over NOK 20 million.

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. The targeted maximum net debt level of 2.5x EBITDA limits the interest rate risk for the Group. Hedging of interest rate risk may be established if the debt substantially exceeds the maximum targeted debt level. Decisions regarding interest rate hedging are made by the Orkla Treasury Committee.

The interest risk profile of the debt portfolio is determined by the selection of interest periods for the Group's loans and the use of currency and interest rate derivatives. As at 31 December 2021, 4% (43% as at 31 December 2020) of the Group's interest-bearing liabilities (excluding lease liabilities) was at fixed interest rates for periods exceeding one year, and the average time to the next interest rate adjustment was 0.4 years (2.2 years as at 31 December 2020). 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

		2021 Next interest rate adjustment							2020 Next interest rate adjustment					
Amounts in NOK million	2021	0–3 months	3–6 months	6–12 months	1–3 years	3–5 years	> 5 years	2020	0–3 months	3–6 months	6–12 months	1–3 years	3–5 years	> 5 years
Bonds	**6 089**	3 403	55	-	914	984	733	3 439	1 459	-	-	-	952	1 028
Bank loans	**4 078**	4 016	62	-	-	-	-	4 697	4 414	283	-	-	-	-
Commercial paper	**1 750**	1 750	-	-	-	-	-	-	-	-	-	-	-	-
Overdrafts	**373**	373	-	-	-	-	-	304	304	-	-	-	-	-
Other loans	**105**	5	100	-	-	-	-	76	5	71	-	-	-	-
Interest rate swaps (fair value hedge)	**4**	2 386	250	-	(914)	(985)	(733)	-	1 635	250	-	-	(885)	(1 000)
Interest rate swaps (cash flow hedge)	**0**	(449)	-	-	-	-	449	-	(2 342)	(697)	-	-	1 825	1 214
Interest rate derivatives (other)	**11**	(110)	-	112	9	-	-	20	(717)	-	100	120	517	-
Currency derivatives	**0**	(2)	2	-	-	-	-	-	5	(3)	(2)	-	-	-
Lease liabilities	**1 924**	408	98	-	746	387	285	1 487	330	86	-	588	296	187
Interest-bearing liabilities	**14 334**	11 780	567	112	755	386	734	10 023	5 093	(10)	98	708	2 705	1 429

Table 2b

Interest-bearing liabilities by instrument and currency

							2021							2020
Amounts in NOK million	2021	NOK	SEK	EUR	USD	DKK	Other	2020	NOK	SEK	EUR	USD	DKK	Other
Bonds	**6 089**	6 030	-	-	-	26	33	3 439	3 379	-	-	-	26	34
Bank loans	**4 078**	2	1 953	1 500	538	5	80	4 697	1 000	2 092	1 573	-	12	20
Commercial paper	**1 750**	1 750	-	-	-	-	-	-	-	-	-	-	-	-
Overdrafts	**373**	(62)	6	431	41	(36)	(7)	304	-	(8)	273	(3)	43	(1)
Other loans	**105**	72	-	2	-	-	31	76	71	-	-	-	2	3
Currency derivatives	**0**	(7 560)	2 298	1 692	(614)	1 561	2 623	-	(6 509)	2 938	1 224	(50)	1 065	1 332
Interest rate derivatives	**15**	4	-	11	-	-	-	20	-	-	20	-	-	-
Lease liabilities	**1 924**	755	135	736	-	88	210	1 487	638	168	424	-	113	144
Interest-bearing liabilities	**14 334**	991	4 392	4 372	(35)	1 644	2 970	10 023	(1 421)	5 190	3 514	(53)	1 261	1 532
Interest level borrowing rate	**1.3%**	1.6%	1.0%	0.7%	0.8%	0.2%	3.3%	1.4%	1.7%	1.6%	1.3%	2.3%	0.4%	2.5%

For currency derivatives and multi-currency overdraft facilities the asset and liability components are shown separately per currency, also including those that are recognised assets.

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 undrawn long-term 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. Orkla monitors liquidity flows, short- and long-term, primarily 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

	2021						2020					
Amounts in NOK million	Book value	Contractual cash flow	< 1 year	1–3 years	3–5 years	> 5 years	Book value	Contractual cash flow	< 1 year	1–3 years	3–5 years	> 5 years
Interest-bearing loans	12 394	12 399	3 195	2 307	2 465	4 432	8 516	8 421	329	2 676	3 557	1 859
Lease liabilities	1 924	2 050	532	790	416	312	1 487	1 589	440	623	322	204
Interest payments	48	987	182	379	260	166	49	556	144	242	134	36
Accounts payable and other current financial liabilities	7 373	7 373	7 373	-	-	-	6 623	6 623	6 623	-	-	-
Subscribed, uncalled partnership capital	-	15	15	-	-	-	-	21	21	-	-	-
Net settled derivatives[1]	76	-	-	-	-	-	87	-	-	-	-	-
Inflow	-	(567)	(111)	(216)	(133)	(107)	-	(298)	(56)	(125)	(86)	(31)
Outflow	-	646	147	265	138	96	-	404	96	186	99	23
Gross settled derivatives[1]	(46)	-	-	-	-	-	(51)	-	-	-	-	-
Inflow	-	(11 830)	(11 830)	-	-	-	-	(10 111)	(10 107)	(4)	-	-
Outflow	-	11 767	11 767	-	-	-	-	10 062	10 058	4	-	-
Total	**21 769**	**22 840**	**11 270**	**3 525**	**3 146**	**4 899**	**16 711**	**17 267**	**7 548**	**3 602**	**4 026**	**2 091**

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 7.2 billion at 31 December 2021 (NOK 7.6 billion at 31 December 2020).

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. Receivables on each of the four largest customers account for 5-10% of total accounts receivable. 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 24.

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.

Maximum credit risk
The maximum credit risk 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	2021	2020
Cash and cash equivalents	1 127	3 213
Accounts receivable and other trade receivables	6 526	6 256
Other current receivables	481	297
Non-current receivables	402	292
Derivatives	59	170
Total	**8 595**	**10 228**

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 2021. 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

Amounts in NOK million	2021: Accounting effect on Income statement of:		Comprehensive income of:		2020: Accounting effect on Income statement of:		Comprehensive income of:	
	Increase[1]	Decrease	Increase[1]	Decrease	Increase[1]	Decrease	Increase[1]	Decrease
Financial instruments in hedging relationships								
Interest rate risk: 100 basis points parallel shift in interest curves all currencies	(93)	93	32	(35)	4	(5)	154	(166)
Currency risk: 10% change in FX-rate EUR	2	(2)	(317)	317	4	(4)	(332)	332
Currency risk: 10% change in FX-rate SEK	(2)	2	(168)	168	(6)	6	(102)	102
Share price risk: 10% change in share price	31	(31)	3	(3)	29	(29)	7	(7)

1 Strengthening of the respective currency.

Accounting effects of changes in market risk are classified to income statement and comprehensive income in the table 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

Accounting policies

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. 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 hedge is in line with the risk management objectives and strategy, and the instrument is expected to be highly effective in offsetting changes in the fair value or cash flow of an identified object,
(2) an economic relationship between the hedging instrument and the hedging object exists, sources of hedging inefficiency can be determined, and credit risk is not expected to dominate fair value changes in the hedging relationship,
(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 is still expected to be effective.

Fair value 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.

Cash flow hedges

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.

Net investment hedges

Foreign currency gains or losses on hedging instruments that can be allocated to the effective part of the hedging relationship are reported in 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

As far as possible, the Group seeks 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. The maturity profile for hedging instruments is shown in Note 30.

Derivatives in the statement of financial position and hedging purpose

Amounts in NOK million			2021	2020	Nominal value[3] 2021	Nominal value[3] 2020	Purpose of hedging	Hedge accountin	Classification
Assets	Non-current	i.b.[1]	-	96	-	1 885	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.	11	43	2 858	3 061	Currency forwards hedging net investments in foreign subsidiaries	Net investment hedge	Fair value through comprehensive income
Assets	Current	i.b.	32	13	8 519	5 455	Currency forwards hedging loans/deposits	-	Fair value through profit and loss
Assets	Current	n.i.b.[2]	12	6	343	365	Total return swap hedging share exposure in pension obligations/LTI	-	Fair value through profit and loss
Assets	Current	n.i.b.	4	12	331	339	Currency forwards hedging future transactions	Cash flow hedge	Fair value through comprehensive income
Liabilities	Non-current	n.i.b.	(72)	(175)	5 305	3 286	Interest rate swaps floating to fixed, hedging future interest payments	Cash flow hedge	Fair value through comprehensive income
Liabilities	Non-current	i.b.	(11)	(20)	2 669	942	Interest rate swaps floating to fixed, hedging future interest payments	-	Fair value through profit and loss
Liabilities	Non-current	i.b.	(4)	-	2 635	-	Interest rate swaps fixed to floating, against fair value changes in the hedged loans	Fair value hedge	Fair value through profit and loss
Liabilities	Current	n.i.b.	-	(2)	-	100	Interest rate swaps floating to fixed, hedging future interest payments	-	Fair value through profit and loss
Liabilities	Current	n.i.b.	(2)	(9)	-	-	Currency forwards hedging future transactions	Cash flow hedge	Fair value through comprehensive income
Total derivatives			**(30)**	**(36)**					

1 i.b. = Interest-bearing asset/liability
2 n.i.b. = Non-interest-bearing asset/liability
3 The nominal value is calculated as the sum of the absolute value of individual transactions.

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 statement of financial position date including accrued interest.
- Total return swaps are measured at fair value based on observed prices for the underlying shares/mutual funds at the statement of financial position date.

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.
- Total return swap on the Orkla share is designated as hedging instrument for the LTI incentive programme with return linked to the Orkla share price.

No effects from hedging inefficiency have been recorded in the income statement during 2021 or 2020. All expected cash flows hedged in 2021 still qualify for hedge accounting.

Changes in the equity hedging reserve

Amounts in NOK million	2021	2020
Opening balance hedging reserve before tax	(271)	(131)
Reclassified to profit/loss – operating revenues	2	0
Reclassified to profit/loss – operating costs	6	(2)
Reclassified to profit/loss – net financial items	55	70
Reclassified to statement of financial position	87	0
Fair value change during the year	51	(208)
Closing balance hedging reserve before tax	**(70)**	**(271)**
Deferred tax hedging reserve	15	64
Closing balance hedging reserve after tax	**(55)**	**(207)**

The change in the equity hedging reserve before tax in 2021 was NOK 201 million (NOK -140 million in 2020), and after tax, recognised in other comprehensive income, was NOK 152 million in 2021 (NOK -107 million in 2020).

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 2021 are expected to be recycled to the income statement as follows (before tax):

2022: NOK -23 million
After 2022: NOK -47 million

Hedges of net investments in foreign entities
When hedging the currency risk on foreign net investments, loans or currency derivatives are applied. In 2021 NOK 216 million was recorded in other comprehensive income after tax from net investment hedges (NOK -146 million in 2020).

No effects were recorded in the income statement related to net investment hedges of divested investments in 2021 or in 2020.

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. In 2021, NOK 100 million was recognised as costs in the income statement related to fair value changes in the interest rate swaps, and NOK 100 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, and a Total Return Swap for hedging of pension liabilities linked to the price development in the stock market.
- Meeting strict IFRS hedge accounting criteria is not always possible or practical. Some of the currency hedges, and interest rate swaps where the hedge has been closed out, fall into this category.

Note 32 Share capital

The 20 largest shareholders as at 31 December 2021[1]

	Shareholders		Number of shares	% of capital[2]
1	Canica AS		200 236 000	19.99%
2	Folketrygdfondet		77 267 329	7.72%
3	Tvist 5 AS		50 050 000	5.00%
4	JPMorgan Chase Bank, N.A., London	Nominee	34 999 968	3.50%
5	State Street Bank and Trust Company	Nominee	34 527 401	3.45%
6	JPMorgan Chase Bank, N.A., London	Nominee	13 968 612	1.39%
7	State Street Bank and Trust Company	Nominee	12 073 507	1.21%
8	The Bank of New York Mellon	Nominee	8 609 546	0.86%
9	The Bank of New York Mellon	Nominee	8 242 418	0.82%
10	State Street Bank and Trust Company	Nominee	8 131 245	0.81%
11	Verdipapirfondet KLP Aksjenorge		7 802 853	0.78%
12	Verdipapirfondet DNB AM Norske aksjer		7 723 257	0.77%
13	Société Générale	Nominee	7 580 995	0.76%
14	Verdipapirfond Odin Norge		6 621 102	0.66%
15	Verdipapirfondet DNB Norge		6 600 066	0.66%
16	State Street Bank and Trust Company	Nominee	6 511 269	0.65%
17	The Bank of New York Mellon SA/NV	Nominee	6 097 768	0.61%
18	HSBC Bank plc	Nominee	6 086 414	0.61%
19	J.P. Morgan Bank Luxembourg S.A.	Nominee	5 554 665	0.55%
20	Citibank, N.A.	Nominee	5 439 940	0.54%
	Total shares		**514 124 355**	**51.34%**

1 The list of shareholders is based on the Norwegian central securities depository (VPS)'s register of members at year end. For a list of grouped shareholders and nominee shareholders, see "Share information" on page 353.

2 Of total shares issued.

Changes in share capital

Date/year	Number of shares	Nominal value (NOK)	Type of change	Amounts (NOK million)	Share capital (NOK million)
31.12.2011	1 028 930 970	1.25			1 286.2
2012	1 018 930 970	1.25	amortisation	(12.5)	1 273.7
31.12.2012	1 018 930 970	1.25			1 273.7
31.12.2013	1 018 930 970	1.25			1 273.7
31.12.2014	1 018 930 970	1.25			1 273.7
31.12.2015	1 018 930 970	1.25			1 273.7
31.12.2016	1 018 930 970	1.25			1 273.7
31.12.2017	1 018 930 970	1.25			1 273.7
31.12.2018	1 018 930 970	1.25			1 273.7
2019	1 001 430 970	1.25	amortisation	(21.9)	1 251.8
31.12.2019	1 001 430 970	1.25			1 251.8
31.12.2020	1 001 430 970	1.25			1 251.8
31.12.2021	1 001 430 970	1.25			1 251.8

Treasury shares at at 31 December 2021

	Nominal value (NOK)	Number of shares	Fair value (NOK million)
Shares owned by Orkla ASA	6 066 093	4 852 874	429

Accounting policies

Treasury shares have been deducted from Group equity at cost. The nominal value of the shares has been deducted from paid-in equity.

Treasury shares

The following changes took place in Orkla's holding of treasury shares in 2021:

	2021	2020
Total as at 1 January	501 800	1 125 182
External purchases of treasury shares	5 000 000	-
Orkla employee share purchase programme	(648 926)	(623 382)
Total as at 31 December	**4 852 874**	**501 800**

Options

In 2020, Orkla introduced a long-term incentive programme (LTI programme) based on share options, which replaced the previous cash-based LTI programme; see also Note 11.

See the Corporate Governance section on page 51 regarding the authorisations granted by the General Meeting concerning share capital.

Dividend

The Board of Directors proposes that an ordinary dividend of NOK 3.00 per share be paid out, totalling NOK 2,990 million for the 2021 financial year.

Under Norwegian law, the equity 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

Companies with non-controlling interests are consolidated on a 100% basis in the income statement, statement of financial position and statement of cash flows. On the other hand, the non-controlling interests' share of the Group's annual profit or loss and equity are reported on separate lines.

Amounts in NOK million	2021	2020
Non-controlling interests' share of:		
Depreciation and write-downs	62	45
Operating profit	154	66
Profit/loss before taxes[1]	149	59
Taxes[1]	(56)	(8)

1 Variances are due to non-controlling interests' share of depreciation of excess value.

Amounts in NOK million	2021	2020
Changes in non-controlling interests:		
Non-controlling interests 1 January	462	460
Non-controlling interests' share of profit/loss	90	51
Increase due to acquisitions and capital increases in companies with non-controlling interests	416	3
Increase non-controlling interest due to sale to non-controlling interest	-	6
Decrease due to sale of companies with non-controlling interest	(1)	(1)
Dividends to non-controlling interests	(45)	(68)
Translation differences	(12)	11
Non-controlling interests 31 December	**910**	**462**

Amounts in NOK million	2021	2020
Breakdown of non-controlling interests' share of profit/loss:		
Orkla Food Ingredients	65	49
Hydro Power	12	4
Orkla Consumer Investments	1	-
Orkla Foods	14	-
Financial Investments	(2)	(2)
Total non-controlling interests' share of profit/loss	**90**	**51**

Amounts in NOK million	2021	2020
Breakdown of non-controlling interests:		
Orkla Food Ingredients	293	276
Hydro Power	190	186
Orkla Consumer Investments	117	-
Orkla Foods	303	-
Financial Investments	7	0
Total non-controlling interests	**910**	**462**

Accounting policies

If the Group has control, but owns less than 100% of the subsidiaries and their subsidiaries, the companies are still recognised in the financial statements line by line on a 100% basis, but 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, except for goodwill which is only calculated on the Group's share. Transactions with non-controlling interests that do not entail loss of control will be recognised in equity.

In 2021, Orkla purchased businesses with minority shareholders. This applies to the India company Eastern Condiments, in which Orkla has a 67.8% ownership interest, and the Netherlands pizza chain New York Pizza, in which Orkla has a 75% ownership interest. See Note 6 for further information.

Orkla Food Ingredients has several companies with 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 ownership interest in the parent company. Orkla Food Ingredients also has external ownership interests in Kanakis Group (Greece) and NIC (Netherlands).

The non-controlling interests in Hydro Power consist of a 15% interest in AS Saudefaldene, which is owned by Sunnhordaland Kraftlag.

Note 34 Power and power contracts

The Group both owns and leases power plants, all located in Norway. The table below shows power plants, annual production, ownership status and key financial terms and conditions.

Plant, type, locations/contract	Actual median annual production/contact volume	Ownership, status and remaining utilisation period/contract duration	Key financial items and conditions
Power plants			
Saudefaldene[2]			AS Saudefaldene[1] has an annual concession power commitment of 134 GWh. In addition, the company has an annual delivery commitment to Eramet 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 ASA 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 lease agreement with Statkraft.
Storlivatn power plant		Operation started 1970	
Svartkulp power plant		Operation started November 2001	
Dalvatn power plant		Operation started December 2006	
Sønnå Høy power plant		Operation started August 2008	
Sønnå Lav power plant	1 873 GWh	Operation started October 2008	
Storli mini power plant		Operation started February 2009	
Kleiva small power plant		Operation started November 2009	
Hydropower reservoir, Rogaland		Under lease agreements with Statkraft, AS Saudefaldene[1] has the use of all plants until 2030.	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	279 GWh	100% ownership, infinite licence period.	
Sarp power plant[2] Hydropower run-of-river, Sarpsfossen in Glomma, Sarpsborg	239 GWh	50% ownership, infinite licence period. The other ownership interest owned by E-CO Energi AS (45%) and Svartisen Holding (5%).	E-CO Energi AS has operational responsibility.
Trælandsfos power plant[2] Hydropower run-of-river, Kvinesdal, Agder	31 GWh	100% ownership, infinite licence period.	
Mossefossen power plant[2] Hydropower run-of-river, Moss, Viken	13 GWh	100% ownership, partly infinite licence period.	
Power contracts			
SiraKvina replacement power Agder	35 GWh	Infinite	Replacement for lost production in Trælandsfos.

1 Orkla owns 85% of AS Saudefaldene.
2 Actual median annual production (2012–2021) at current capacities.

Note 35 Pledges and guarantees

Amounts in NOK million	2021	2020
Liabilities secured by pledges	62	74

Pledged assets

Amounts in NOK million	2021	2020
Machinery, vehicles etc.	1	1
Buildings and plants	196	185
Accounts receivables	2	2
Total book value	**199**	**188**

"Liabilities secured by pledges" and "Pledged assets" are mainly security for loans in partly-owned companies.

Guarantees

Amounts in NOK million	2021	2020
Subscribed, uncalled limited partnership capital	15	20
Other guarantee commitments	110	89
Total guarantee commitments	**125**	**109**

Accounting policies

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. The Group's most important loan agreements are based on a negative pledge, and the Group may therefore only to a limited extent pledge its assets to secure its liabilities.

Note 36 Related parties

Orkla ASA is a parent company and has direct and indirect control of around 275 companies in various parts of the world. Directly-owned subsidiaries are presented in Note 9 to Orkla ASA's financial statements, while other important companies are presented in the Group Directory (last pages of the Annual Report). 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 had no material outstanding balances with associates or joint ventures as at 31 December 2021. There were no special material transactions between associates and joint ventures and the Group in 2021.

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 owned 250,387,581 shares in Orkla (equivalent to 25.003% of shares issued) through the Canica system as at 31 December 2021. The Orkla Group sells to companies in the Canica system. These sales are agreed on market conditions and total around NOK 24 million.

Apart from what is disclosed in this note, there were no material transactions with related parties.

Accounting policies

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. All transactions with related parties must be carried out on market terms and conditions.

Note 37 Contingent liabilities and other matters

Agreement with Unilever. Orkla ASA (Orkla Home & Personal Care) and Unilever have had a production and supply agreement relating to certain products in OHPC's product portfolio under brands such as Sun, OMO and Jif. The agreement has not been renewed, and terminated with effect from 1 July 2021. Orkla owns these brands in Norway and has established new means of production and supply for the products that were covered by the agreement with Unilever.

Distribution agreement with PepsiCo. Orkla has a distribution agreement with PepsiCo regarding the sale of Tropicana, Naked, Quaker, Lays & Doritos products through Orkla Foods Sverige, Orkla Foods Norge, Orkla Foods Danmark, Orkla Soumi, Orkla Confectionery & Snacks Sverige and Orkla Confectionery & Snacks Norge. The agreement was originally entered into in 2015 for the juice category and was subsequently expanded to cover snacks and cereals in 2016. An extension of the agreement was negotiated in 2020, and the new extended agreement entered into force in 2021.

Norwegian Competition Authority case. In 2019, the Norwegian Competition Authority opened an investigation of Orkla-owned Lilleborg AS based on suspicions of a possible breach of the Competition Act. On 16 June 2021, the Norwegian Competition Authority informed Orkla that they were closing the investigation proceedings against Orkla. The Competition Authority has concluded that there are no grounds to pursue this matter any further.

The Non-Annex 1 raw material price compensation agreement (RÅK). Through the EEA Agreement, Norway has regulated trade in processed agricultural products. The agreement ensures free movement of goods, but customs duties and compensation 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 processed agricultural products (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 all the soybean shipments actually were exported to Norway. The second lawsuit concerns a claim from the estate of a local bank, Banco Santos, that declared bankruptcy. The claim is based on Denofa do Brasil's lending of securities related to claims on soybean crops in 2004, in which Denofa do Brasil was swindled. The company has lost both cases in the lower courts. Orkla's legal advisers in Brazil consider the decisions to be erroneous. The Banco Santos case has been appealed to the Supreme Court, and a request has been submitted to have the VAT claim invalidated. The appeal to the Supreme Court has been allowed in the Banco Santos case, while the case concerning invalidation of the VAT claim is being considered by the first legal instance. Denofa do Brasil has only limited funds to pay the claims if one of the opposite parties should nonetheless win. Orkla has made a provision in the consolidated financial statements equivalent to the assets in Brazil and is not prepared to inject new 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 purchase of goods and services and distribution agreements, such as purchasing agreements for potatoes, vegetables and fish. 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 commercial 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 insignificant amount in government grants.

Dragsbæk. Under Orkla's shareholder agreement with its partner in Dragsbæk, Orkla has an obligation to purchase the remaining shares at the partner's request. Orkla acquired 50% of the company for approx. NOK 45 million in 1989 and has subsequently purchased an additional 17%. The potential purchase of the remaining shares will be priced on the basis of the original price adjusted for inflation and earnings in the past three years. The adjustment for earnings is limited to +/-25%.

Acquisition agreements. The purchase agreements related to Eastern Condiments and New York Pizza contain agreements whereby Orkla will be able, in the longer term, to acquire full ownership of both businesses. See also Note 5 for further information regarding the two acquisitions.

Note 38 Events after the balance sheet date

The war in Ukraine
Orkla's Branded Consumer Goods area has reduced its presence in Russia over time and now has limited exposure to Russia and Ukraine. In 2021, Orkla Food Ingredients sold Credin Russia LLC and wound up its third-party contract manufacturing in St. Petersburg.

Orkla has decided to cease its operations related to Hamé Foods ZAO in Russia, which manufactures long shelf life food products for the Russian market. As at 31 December 2021, the book value of the assets in the company totalled NOK 150 million. Orkla has also decided to stop its exports and imports linked to Russia and Belarus. Orkla's operating revenues in Russia and Belarus totalled approximately NOK 290 million in 2021. Total imports amounted to NOK 23 million.

Orkla has no factories in Ukraine, but has in the past made some of its purchases of tomato products and tomato paste from the region. Ukraine is one of the world's four largest exporters of important agricultural products such as wheat, barley, maize and rapeseed. Ukraine is also the world's largest producer and exporter of sunflower oil and, together with Russia, accounts for a total of 80 per cent of global sunflower oil production.
A prolonged conflict could affect both the availability and prices of a number of raw materials and other input factors.

Furthermore, we see a sharp rise in energy prices from an already high level, and expect the conflict to create greater uncertainty and imbalance in the global flow of goods. All these elements are expected to affect Orkla in 2022, but the extent of their impact and the consequences are still unclear.

Orkla's associate Jotun (42.6% interest) has one factory in Russia and the headquarters of its Russian business is in St. Petersburg. Jotun has around 300 employees in Russia and its turnover accounts for 2-3% of Jotun's overall operating revenues. Jotun has decided to suspend its operations in Russia.

Acquisitions
Orkla Health has acquired 100% of the shares in Healthspan Group Limited, a leading supplier of dietary supplements in the UK market. Healthspan was established in 1996 and has since built up a strong brand and a broad range of dietary supplements and skin care products. A total of 92% of the company's sales are made directly to consumers and the company has around half a million active customers. Healthspan has a strong portfolio of over 400 different products, most of which are sold under the Healthspan brand. Healthspan has 170 employees, the business is based in Guernsey and has product distributed from centres in Great Britain, Ireland and New Zealand. The parties have agreed on a purchase price of GBP 65 million on a cash and debt free basis. In addition, the agreement includes the possibility of up to GBP 20 million of additional purchase price depending on the company's results (EBITDA) in the next two financial years. In 2021, Healthspan had a turnover of GBP 50.0 million and normalised profit of GBP 4.7 million (EBITDA). Most of the turnover comes from Great Britain. The company will be consolidated into Orkla's financial statements as of 1 March 2022. A preliminary analysis shows that the excess value over book value of assets in the company is primarily related to goodwill and trademarks and amounts to approx. GBP 50 million.

In January 2022, Orkla Health purchased 95% of the shares in Vesterålen Marine Olje AS, which produces various raw materials from white fish for use in the manufacture of cod liver oil and other products. Vesterålen Marine Olje has long been an important supplier of raw materials for Möller's Tran. Vesterålen Marine Olje also comprises the subsidiaries Vesterålen Marine Proteiner AS and Vesterålen Marine Ingredienser AS, in addition to a 30% interest in Vesterålen Marine Seaweed AS. In 2020, Vesterålen Marine Olje and its subsidiaries had a total turnover of NOK 60 million. The company was consolidated into Orkla's financial statements as of 1 January 2022.

Other matters
No other events have taken place after the balance sheet date that would have had a material effect on the financial statements or any assessments carried out.

Annual Financial Statements Orkla ASA

Income statement

Amounts in NOK million	Note	2021	2020
Operating revenues		9	20
Operating revenues Group	1	712	775
Total operating revenues		721	795
Payroll expenses	2	(494)	(542)
Other operating expenses		(603)	(559)
Depreciation and write-downs	7, 8	(116)	(318)
Operating loss		**(492)**	**(624)**
Dividends and contributions from Group		4 531	3 229
Write-downs subsidiaries		(1)	(250)
Interest income/costs from Group	5	176	159
Other financial costs	6	86	(440)
Profit before taxes		**4 300**	**2 074**
Taxes	10	(355)	(116)
Profit after tax		**3 945**	**1 958**

Statement of comprehensive income

Amounts in NOK million	Note	2021	2020
Profit after tax		3 945	1 958
Changes in fair value shares		-	-
Change in hedging reserve after tax		79	(36)
Change in actuarial gains and losses pensions		-	(8)
Comprehensive income		**4 024**	**1 914**
Proposed dividend (not provided for)		(2 990)	(2 753)

Statement of financial position - Assets

Amounts in NOK million	Note	2021	2020
Intangible assets	8	514	110
Deferred tax asset	10	212	237
Property, plant and equipment	7	721	1 189
Shares in subsidiaries	9	37 837	34 059
Loans to Group companies, interest-bearing		13 734	10 712
Other financial assets		23	154
Non-current assets		**53 041**	**46 461**
Receivables external		174	168
Receivables Group, non-interest-bearing		273	369
Receivables Group contribution		1 775	1 400
Cash and cash equivalents		615	2 667
Current assets		**2 837**	**4 604**
Total assets		**55 878**	**51 065**

Statement of financial position - Equity and liabilities

Amounts in NOK million	Note	2021	2020
Paid-in equity		1 967	1 972
Retained earnings		32 672	31 715
Equity		**34 639**	**33 687**
Pension liabilities	2	681	656
Non-current interest-bearing liabilities		9 356	8 463
Non-current non-interest-bearing liabilities		72	175
Non-current liabilities		**10 109**	**9 294**
Liabilities to Group, interest-bearing		7 486	7 335
Liabilities to Group, non-interest-bearing		106	113
Tax payable	10	358	188
Other current liabilities		3 180	448
Current liabilities		**11 130**	**8 084**
Equity and liabilities		**55 878**	**51 065**

Statement of cash flows

Amounts in NOK million	2021	2020
Profit/loss before tax	4 300	2 074
Depreciation and write-downs	116	318
Write-downs subsidiaries	1	250
Changes in net working capital etc.	(30)	(175)
Transfer of profit items to other activities	(556)	172
Taxes paid	(188)	(167)
Cash flow from operating activities	**3 643**	**2 472**
Net replacement investments	(52)	(186)
Sold companies	1	62
Investments in subsidiaries/partly owned companies	(3 742)	(135)
Net purchase/sale shares, dividends and financial assets	0	1
Cash flow from investing activities	**(3 793)**	**(258)**
Dividends paid	(2 739)	(2 598)
Net sale/purchase of treasury shares	(346)	57
Net paid to shareholders	**(3 085)**	**(2 541)**
Proceeds from borrowings	3 752	1 462
Repayments of borrowings	(2 002)	0
Repayments of lease liabilities	(63)	(83)
Net change in current liabilities	4 482	(1 006)
Net change in current interest-bearing receivables	(4 986)	1 663
Net cash flow from/(used in) financing activities	1 183	2 036
Cash flow from financing activities	**(1 902)**	**(505)**
Change in cash and cash equivalents	**(2 052)**	**1 709**
Cash and cash equivalents 1 January	2 667	958
Cash and cash equivalents 31 December	615	2 667
Change in cash and cash equivalents	(2 052)	1 709

Statement of changes in equity

Amounts in NOK million	Share capital	Treasury shares	Premium fund	Total paid-in equity	Retained earnings	Total Orkla ASA
Equity 1 January 2020	1 252	(1)	721	1 972	32 342	34 314
Comprehensive income Orkla ASA	-	-	-	-	1 914	1 914
Dividends paid	-	-	-	-	(2 598)	(2 598)
Net purchase of treasury shares	-	-	-	-	57	57
Equity 31 December 2020	1 252	(1)	721	1 972	31 715	33 687
Comprehensive income Orkla ASA	-	-	-	-	4 024	4 024
Dividends paid	-	-	-	-	(2 739)	(2 739)
Net sale of treasury shares	-	(5)	-	(5)	(341)	(346)
Option cost	-	-	-	-	13	13
Equity 31 December 2021	1 252	(6)	721	1 967	32 672	34 639

Note 1 Accounting policies

The financial statements of the holding company Orkla ASA cover all activities at Orkla Headquarters and some real estate activities that 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 Consumer & Financial Investments business areas, and the administration of the Purchasing Academy, Sales Academy and Brands Academy in Orkla ASA.

Activities at Orkla's headquarters include the Group's executive management and the shared and centralised functions Group HR, Compensation & Benefits, Corporate Communications & Corporate Affairs, Orkla Services, Internal Audit, Legal & Compliance, EHS, Group Finance, Orkla IT, Strategy and M&A, Group Sales, Digital Sales & Amazon Lead Team, Orkla Marketing & Innovation and Orkla Group Procurement. 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 on the line for "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. Contributions to the Group have been accounted for according to good accounting practice as an exception to IFRS. Provisions are made for these contributions in the year they arise. The explanations of the accounting policies 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 deemed that Orkla ASA, after the proposed dividend of NOK 3.00 per share, had adequate equity and liquidity at the end of 2021.

Note 2 Payroll and pensions

Amounts in NOK million	2021	2020
Wages	(379)	(428)
National insurance contributions	(66)	(68)
Remuneration of the Board and other pay-related costs	(13)	(14)
Pension costs	(36)	(32)
Payroll expenses	(494)	(542)
Average number of employees	226	215

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	2021	2020
Current service cost (incl. national insurance contribution)	(20)	(19)
Curtailment and settlement	-	-
Costs contribution plans	(16)	(13)
Pensions classified as operating costs	(36)	(32)
Pensions classified as financial items	(38)	(23)
Net pension costs	(74)	(55)

Breakdown of net pension liabilities as at 31 December

Amounts in NOK million	2021	2020
Present value of pension obligations	(681)	(656)
Pension plan assets	-	-
Capitalised net pension liabilities	(681)	(656)

The remaining net pension liabilities as at 31 December 2021 mainly consist of unfunded pension plans for former key personnel and unfunded early retirement plans, and recognised liabilities related to contribution-based 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 company has a pension plan that meets the requirements of the Compulsory Service Pensions Act.

Remuneration of the executive management

Orkla's Group Executive Board has earned the following remuneration during the year:

2021 Amounts in NOK million	Paid salary and holiday pay	Paid bonus and other remuneration	Total paid salary and other remuneration	Accrued bonus	Allocations long-term incentive programme (LTI)	Accrued pension costs	Total accrued and allocated
Remuneration to President and CEO	8 504	3 870	12 374	2 999	2 451	1 757	7 207
Remuneration to other Group Executive Board members	27 264	16 639	43 903	9 764	7 760	5 932	23 456

2020 Amounts in NOK million	Paid salary and holiday pay	Paid bonus and other remuneration	Total paid salary and other remuneration	Accrued bonus	Allocations long-term incentive programme (LTI)	Accrued pension costs	Total accrued and allocated
Remuneration to President and CEO	8 056	1 822	9 878	4 112	2 640	1 719	8 471
Remuneration to other Group Executive Board members	30 026	18 191	48 217	15 015	9 648	6 574	31 237

The Group Executive Board had a total of 752,840 share options in Orkla ASA as at 31 December 2021. Of these, 180,718 options were allocated to Orkla's President and CEO. The first allocation under this programme was made in June 2021. Information on the share option programme is provided under the section "Share-based incentive programmes" in this note.

NOK 18.1 million was paid out in total remuneration to members of the Group Executive Board who stepped down in 2021. In 2020, NOK 18.2 million was paid out correspondingly.

Further information on the remuneration of senior executives and members of the Board of Directors is provided in the Report on the Salary and Other Remuneration of Senior Executives in Orkla ASA in 2021 on page 64 of this report.

Share-based incentive programmes

Share option programme

In 2020, Orkla introduced a long-term incentive programme (LTI programme) based on share options, as a replacement for the previous cash-based LTI programme. Options will be allocated under this programme once a year, and the first allocation was made in June 2021. The Report on the Salary and Other Remuneration of Senior Executives in Orkla ASA for 2021 on page 64 provides further information on allocation criteria and allocations to senior executives.

The yearly allocation will be based on the share price on the day after the Annual General Meeting. Of the total options allocated for the year, 20% may be exercised after one year (tranche 1), another 20% after two years (tranche 2) and the remaining 60% after three years (tranche 3). In the case of the Group Executive Board, however, no options may be exercised until three years after they were allocated (as for tranche 3). The last date on which they may be exercised is five years after the allocation date. The exercise price will be set at the market price at the allocation date with an increase of 3% per year in the vesting period. The exercise price will be adjusted for dividends. In the event of the employee's resignation, all options that have not been exercised will expire.

Change in options outstanding in 2021

	2021
	Number
Options outstanding 1 January	0
Allocations	3 957 529
Exercise	0
Terminations	(103 000)
Options outstanding 31 December	**3 854 529**
Of which options exercisable 31 December	0

All options outstanding were allocated in 2021. The weighted average expected term to exercise for options outstanding as at 31 December 2021 was 2.9 years.

The option value is calculated using the Black-Scholes model. The table below shows the assumptions on which the calculation is based. The exercise price at the exercise date must be adjusted for dividends paid out up to the exercise date.

		2021	
	Tranche 1	Tranche 2	Tranche 3
Number of options	620 338	620 338	2 613 853
Expected term to exercise (year)	2	3	4
Risk-free interest rate (%)	0.51	0.75	0.93
Volatility (%)	19.11	23.12	22.57
Exercise price at allocation (NOK)	82.06	82.06	82.06
Exercise price at first possible exercise date excl. dividend adjustment (NOK)	84.52	87.06	89.67

Options' effect on financial statements

Amounts in NOK million	2021
Vesting options	13
Change provision employer's contribution	0.3
Net option costs	13
Debt (employer's contribution)	0.3

Options relating to employees outside Orkla ASA are invoiced to the relevant company.

Cash-based LTI programme (effective up until 2020)
Payments from the LTI programme in 2021 were made in accordance with the previous cash-based programme. Awards were last made to the participants in the previous programme in May 2020, with 1/3 of the award to be paid out after 24 months, 1/3 after 36 months and 1/3 after 48 months. The amount awarded is adjusted in accordance with the Orkla share price performance from the day after the Annual General Meeting until the bonus is paid out.

Discounted shares for employees
For several years, the Group has implemented a programme whereby employees have been able to buy a limited number of shares at a discount on the market price. For 2021, employees were offered the possibility to purchase shares for three different amounts: NOK 30,000, 15,000 and 10,000 (amounts before discount). The discount was 25% in relation to the market price in 2021. The lock-up period for shares purchased is three years. The costs of the employee share purchase programme in 2021 totalled approximately NOK 17 million. Costs relating to employees outside Orkla ASA are invoiced to the relevant company. Costs for Orkla ASA employees totalled approx. NOK 2 million in 2021.

Fees to Group external auditor

Amounts in NOK million (excl. VAT)	2021	2020
Parent company		
Statutory audit	3.8	3.6
Other attest services	0.9	0.2
Tax consultancy services	0.1	0.7
Other non-audit services	0.4	0.7
Group		
Statutory audit	39.6	35.9
Other attest services	1.3	0.5
Tax consultancy services	1.5	2.4
Other non-audit services	0.5	0.7
Total fees to EY	**42.9**	**39.5**
Statutory audit fee to other auditors	2.6	2.5

Note 3 Guarantees and assets pledged

Amounts in NOK million	2021	2020
Guarantees to subsidiaries	264	244
Other guarantee liabilities	11	7

Note 4 Loans to employees

Other financial assets include loans to employees.

Amounts in NOK million	2021	2020
Loans to employees	2	3

Note 5 Interest income and costs Group

Amounts in NOK million	2021	2020
Interest income Group	187	188
Interest costs Group	(11)	(29)
Total financial costs Group	**176**	**159**

Note 6 Other financial items

Amounts in NOK million	2021	2020
Foreign exchange gain/loss	268	(265)
Other financial income	38	19
Other financial costs	(220)	(194)
Total other financial items	**86**	**(440)**

Note 7 Property, plant and equipment

Owned property, plant and equipment

Amounts in NOK million	Land, buildings and other property	Machinery, fixture and fittings etc.	Assets under construction[2]	Total
Book value 1 January 2020	95	99	618	812
Investments	-	-	182	82
Reclassifications[1]	-	28	(267)	(239)
Depreciation	-	-	-	0
Write-downs	(2)	(15)	-	(17)
Book value 31 December 2020	**93**	**112**	**533**	**738**
Investments	-	1	46	47
Reclassifications[1]	-	25	(471)	(446)
Depreciation	(1)	(16)	-	(17)
Write-downs	-	-	-	-
Book value 31 December 2021	**92**	**122**	**108**	**322**
Initial cost 1 January 2021	119	219	533	871
Accumulated depreciation and write-downs	(26)	(107)	-	(133)
Book value 1 January 2021	**93**	**112**	**533**	**738**
Initial cost 31 December 2021	119	208	108	435
Accumulated depreciation and write-downs	(27)	(86)	-	(113)
Book value 31 December 2021	**92**	**122**	**108**	**322**

1 Net reclassifications relating to the transfer from Note 8.

Leased right-of-use assets

Amounts in NOK million	Buildings and other property	Machinery, fixtures and vehicles	Total leased right-of-use assets
Book value 1 January 2020	523	2	525
Investments	-	1	1
Depreciation	(73)	(2)	(75)
Book value 31 December 2020	**450**	**1**	**451**
Investments	5	0	5
Depreciation	(56)	(1)	(57)
Book value 31 December 2021	**399**	**0**	**399**
Initial cost 1 January 2021	591	4	595
Accumulated depreciation and write-downs	(141)	(3)	(144)
Book value 1 January 2021	**450**	**1**	**451**
Initial cost 31 December 2021	596	4	600
Accumulated depreciation and write-downs	(197)	(4)	(201)
Book value 31 December 2021	**399**	**0**	**399**

Note 8 Intangible assets

Amounts in NOK million	Trademarks, not depreciable	IT	Total
Book value 1 January 2020	26	68	94
Reclassifications property, plant and equipment[1]	-	239	239
Investments	-	3	3
Write-downs	-	(207)	(207)
Depreciation	-	(19)	(19)
Book value 31 December 2020	**26**	**84**	**110**
Reclassifications property, plant and equipment[1]	-	446	446
Investments			
Write-down	-	(1)	(1)
Depreciation	-	(41)	(41)
Book value 31 December 2021	**26**	**488**	**514**
Initial cost 1 January 2021	26	188	214
Accumulated depreciation and write-downs		(104)	(104)
Book value 1 January 2021	**26**	**84**	**110**
Initial cost 31 December 2021	26	577	603
Accumulated depreciation and write-downs	-	(89)	(89)
Book value 31 December 2021	**26**	**488**	**514**

1 Net reclassifications are related to the transfer from Note 7 and primarily concern investment in a new common ERP system.

Note 9 Shares in subsidiaries, directly owned

Amounts in NOK million	Group's share of capital	Book value 2021	Book value 2020
Orkla Foods Norge AS	100%	9 065	9 065
Orkla Foods Sverige AB	100%	5 469	5 469
Orkla Confectionery & Snacks Finland Ab	100%	3 315	3 315
Orkla Food Ingredients AS	100%	2 466	2 466
Orkla Energi AS	100%	1 765	1 765
Orkla Health AS	100%	1 631	631
Kotipizza Group Oyj	100%	1 424	1 424
Orkla Asia Holding AS	100%	1 410	166
Hamé s.r.o.	100%	1 354	1 354
Orkla Out of Home B.V.	100%	1 324	0
Orkla Esti AS	100%	1 228	975
SIA Orkla Latvija	100%	959	959
Orkla Confectionery & Snacks Norge AS	100%	906	906
Orkla Foods Česko a Slovensko a.s.	100%	900	900
Orkla House Care AS	100%	865	865
Orkla Eiendom AS	100%	589	589
SweBiscuits AB	100%	512	512
Viking Askim AS	100%	400	400
Paint Holding AS	100%	305	305
Sarpsfoss Limited			
Ordinary shares	100%	253	253
Preference shares	99.9%	43	43
Industriinvesteringer AS	100%	0	250
SIA Orkla Foods Latvija	100%	246	246
Nói-Síríus HF[1]	100%	208	-
Orkla Home & Personal Care AS[2]	100%	200	212
Attisholz AB	100%	187	187
Orkla Foods Romania SA	100%	185	184
Orkla Foods Denmark A/S	100%	175	175
Sandakerveien 56 AS	100%	173	173
Orkla Insurance Company Ltd.	100%	65	65
UAB Orkla Foods Lietuva	100%	39	39
Trælandsfos Holding AS	100%	36	36
Orkla IT AS	100%	34	34
Lilleborg AB	100%	28	28
Øraveien Industripark AS	100%	15	15
Orkla Trading AB	100%	14	14
Lilleborg AS[3]	100%	12	0
Orkla Investeringer AS	100%	10	10
Textile Holding AS	100%	9	9
Nödinge AB	100%	7	7
Orkla Design AS	100%	5	5
Cederroth Intressenter AB	100%	3	3
Orkla Accounting Centre Estonia	100%	2	2
Orkla China CO.,LTD	100%	1	1
Teepi AS	100%	0	1
Attisholz Infra AG[4]	0.4%	0	1
Total		**37 837**	**34 059**

1 Ownership interest changed from 20% to 100%.
2 Formerly Lilleborg AS.
3 New Lilleborg AS (Lilleborg Profesjonell).
4 The remaining shares are owned by Attisholz AB.

The table shows only directly owned subsidiaries. The Group comprises a total of around 275 companies. The most important indirectly-owned subsidiaries are shown in the Group Directory at the end of the Annual Report.

Note 10 Taxes

Tax expense

Amounts in NOK million	2021	2020
Profit before taxes	**4 300**	**2 074**
Change in temporary differences	(111)	375
Of which change in temporary differences previous years	7	12
Correction for change in temporary differences taken to comprehensive income	123	(62)
Total change in temporary differences	**19**	**325**
Non-deductible expenses	63	67
Impairment of shares in subsidiaries	1	218
Dividends from subsidiaries	(2 756)	(1 829)
Total permanent differences	**(2 692)**	**(1 544)**
Total taxable income	**1 627**	**855**
Calculated current tax expense	(358)	(188)
Withholding tax foreign dividends	(1)	(1)
Correction in provisions for previous years' taxes	1	4
Total current tax expense	**(358)**	**(185)**
Change in deferred tax liabilities	3	69
Total tax expense	**(355)**	**(116)**

Deferred tax liabilities

Amounts in NOK million	2021	2020
Financial derivatives	75	50
Accumulated write-downs outside the tax exemption method	0	(11)
Hedging reserve in equity	(72)	(195)
Property, plant and equipment	(297)	(256)
Pension liabilities	(620)	(589)
Leases	(13)	(9)
Other current liabilities	(37)	(65)
Basis deferred tax	(964)	(1 075)
Deferred tax asset	(212)	(237)
Change in deferred tax	**(24)**	**83**
Change in deferred tax taken to comprehensive income	**27**	**(14)**
Change in deferred tax in the income statement	**3**	**69**

Reconciliation of total tax expense

Amounts in NOK million	2021	2020
22% of profit before taxes	(947)	(456)
Dividends from subsidiaries	606	402
Write-downs shares in subsidiaries	0	(48)
Non-deductible expenses	(15)	(14)
Withholding tax	(1)	(1)
Correction previous years' taxes	1	2
Total tax expense for Orkla ASA	**(355)**	**(116)**

Note 11 Financial risk

The risk associated with financial instruments in Orkla ASA is related to the following activities:

The Group's internal bank

Orkla ASA's Group Treasury manages the interest rate and currency risk for the Group. The Group Treasury acts as the Group internal bank and as a rule 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 2021, NOK 265 million was recognised in the income statement in connection with these hedges (NOK -270 million in 2020). The internal bank does not actively take on currency risk. Intercompany loans and deposits are at floating interest rates, and no intra-Group 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.

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 2021, the fair value of these interest rate swaps was NOK -4 million (NOK 96 million in 2020). During the year NOK 100 million was recognised as income in the income statement 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 at 31 December 2021, the fair value of these swaps amounted to NOK -72 million (NOK -195 million in 2020).

Equity hedging reserve. Change in the equity hedging reserve:

Amounts in NOK million	2021	2020
Opening balance hedging reserve before tax	(177)	(129)
Reclassified to profit/loss – net financial items	56	70
Fair value change during the year	50	(118)
Closing balance hedging reserve before tax	**(70)**	**(177)**
Deferred tax hedging reserve	16	43
Closing balance hedging reserve after tax	**(54)**	**(134)**

The hedging reserve is expected to be reclassified to the income statement as follows (before tax):
2022: NOK -23 million
After 2022: NOK -47 million

Note 12 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 NOK 60 million in restricted assets such as margin deposits under derivative contracts.

Material leases

Orkla ASA leases Drammensveien 149 in Oslo from its subsidiary Drammensveien 149 AS. The premises are also subleased to the companies Orkla Foods Norge, Orkla Health, Orkla Home & Personal Care, Lilleborg, Orkla Confectionery & Snacks Norge, Pierre Robert Group, Hydro Power, Orkla IT, Orkla House Care and Orkla Eiendom. Annual leasing costs total NOK 69 million.

Matters disclosed in the Notes to the Consolidated Financial Statements

Share-based payment – Note 11
Events after the balance sheet date – Note 38

Shareholders in Orkla ASA

A list of the largest shareholders in Orkla ASA is presented in Note 32.

Declaration 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 2021 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, 15 March 2022
The Board of Directors of Orkla ASA

Stein Erik Hagen
Chairman of the Board

Ingrid Jonasson Blank

Nils K. Selte

Liselott Kilaas

Peter Agnefjäll

Anna Mossberg

Anders Kristiansen

Terje Utstrand

Sverre Josvanger

Karin Hansson

Roger Vangen

Jaan Ivar Semlitsch
President and CEO

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

Independent Auditor's Report

To the Annual Shareholders' Meeting of Orkla ASA

Opinion

We have audited the financial statements of Orkla ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2021, income statement, statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company since 1986 and were reelected by the general meeting of the shareholders in 2003.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Revenue recognition – accrued discount liabilities

Basis for the key audit matter
Revenue from contract with customers is recognised when the significant risk and rewards of ownership of the goods have been transferred to the buyer. Further, revenue is measured at fair value of the expected consideration to be received from sales. Discounts and other benefits earned by customers represents a variable consideration and is included in the fair value. Due to the multitude and variety of agreements and contractual terms, the determination of discounts recognized on sales made during the year is considered complex and requires management judgement. Revenue recognition including discounts and other benefits earned is therefore a key audit matter.

Our audit response
Our audit procedures included identifying, understanding, evaluating and testing management procedures and controls for determining the reduction in revenues by discounts as well as compliance of policies with applicable accounting standards. Further, we identified and assessed the effectiveness of the Group's internal controls. Our audit included analytical procedures and detailed testing that discounts are recognised in the correct period. We tested the accuracy and completeness of the accrued discount liability and the underlying calculation. These procedures included testing of the basis for calculating discounts and other benefits against actual sales and agreed terms. Also, we have tested the accuracy of historical accrued discount liabilities and evaluated the disclosures provided by management in the consolidated financial statements to applicable accounting standards.

We refer to the Group's disclosures in notes 4 and 9 in respect of revenue recognition and related contract liabilities of discounts and other benefits.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the

related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of Orkla ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name Orklaasa-2021-12-31-no.zip, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities
Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities
Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 16 March 2022
Ernst & Young AS

Petter Larsen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Historical key figures

Historical key figures are presented for each of the last four years (2017–2020) as they were presented in the respective annual reports. Subsequent accounting restatements (due, for instance, to changes in accounting policies, recognition as “Discontinued operations”, etc.) are thus not reflected in the set of figures presented. This is because Orkla wishes to show the Group as it was reported in the years in question, so as to illustrate the actual level of activity in the years concerned.

	Definition		2021	2020	2019	2018	2017
Income statement							
Operating revenues		(NOK million)	50 441	47 137	43 615	40 837	39 561
EBIT (adj.)*		(NOK million)	6 145	5 492	5 088	4 777	4 635
Other income and expenses		(NOK million)	(415)	(930)	(561)	(482)	(201)
Operating profit		(NOK million)	5 730	4 562	4 527	4 295	4 434
EBIT (adj.) margin*	1	(%)	11.0	11.7	11.7	11.7	11.7
Profit/loss from associates and joint ventures		(NOK million)	855	1 000	659	264	313
Ordinary profit/loss before taxes		(NOK million)	6 366	5 348	4 931	4 358	4 571
Gains/profit/loss discontinued operations		(NOK million)	-	-	-	-	5 066
Profit/loss for the year		(NOK million)	4 898	4 422	3 898	3 354	8 657
Cash flow							
Net cash flow		(NOK million)	(6 971)	756	(2 064)	(3 044)	8 471
Capital as at 31 December							
Book value of total assets		(NOK million)	70 564	63 007	57 413	52 509	53 408
Market capitalisation	2	(NOK million)	88 058	87 081	88 987	68 007	88 683
Equity ratio	3	(%)	55.8	59.8	60.8	64.9	65.2
Net interest-bearing liabilities	4	(NOK million)	12 758	6 380	6 551	3 037	14
Net gearing	5		0.32	0.17	0.19	0.09	0.00

* EBIT (adj.) = Operating result before other income and expenses

	Definisjon		2021	2020	2019	2018	2017
Interest coverage ratio	6		47.1	44.8	38.1	33.5	23.1
Average annual borrowing rate		(%)	1.5	1.8	2.5	3.4	2.2
Share of floating interest-bearing liabilities	7	(%)	96	57	49	39	38
Average time to maturity liabilities	8	(year)	3.5	3.2	3.7	4.0	4.3
Shares							
Average number of shares outstanding, diluted		(x 1 000)	997 105	1 000 461	999 929	1 008 810	1 017 472
Average number of shares outstanding		(x 1 000)	997 105	1 000 461	999 929	1 008 810	1 017 472
Share-related key figures							
Share price at 31 December		(NOK)	88.36	87.00	88.96	68.04	87.05
Earnings per share, diluted	9	(NOK)	4.82	4.37	3.84	3.24	8.43
Ordinary dividend per share (proposed for 2021)		(NOK)	3.00	2.75	2.60	2.60	2.60
Payout ratio	10	(%)	62.2	62.9	67.7	80.2	30.8
Price/earnings ratio	11		18.3	19.9	23.2	21.0	10.3
Personnel							
Number of employees			21 423	18 110	18 348	18 510	18 178
Number of man-years			20 839	17 388	17 692	17 633	17 569

1 EBIT (adj.)*/Operating revenues
2 Market capitalisation is calculated on the basis of number of shares outstanding x 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 Net interest-bearing liabilities/Equity
6 (Profit before tax + Net interest expenses)/(Net interest expenses)
7 Liabilities with remaining period of fixed interest of less than one year
8 Average time to maturity for interest-bearing liabilities and unutilised committed credit facilities
9 Profit for the year after non-controlling interests/Average number of shares outstanding, diluted, at year-end
10 Ordinary dividend per share/Earnings per share, diluted
11 Share price/Earnings per share, diluted

Alternative performance measures (APM)

Organic growth

Organic growth shows like-for-like turnover growth for the Group's business portfolio and is defined as the Group's reported change in operating revenues adjusted for effects of the purchase and sale of companies and currency effects. In calculating organic growth, acquired companies will be excluded 12 months after the transaction date. Sold companies will be excluded pro forma 12 months prior to the transaction date. Currency effects are neutralised by translating this year's turnover at last year's exchange rates.

Organic growth is included in segment information and used to identify and analyse the turnover growth in the existing business portfolio. Organic growth provides an important picture of the Group's ability to carry out innovation, product development, correct pricing and brand-building.

Reconciliation of organic growth is shown in a separate table on the next page.

EBIT (adj.)

EBIT (adj.) shows the Group's current operating profit before items that require special explanation, and is defined as reported "Operating profit before other income and expenses". Items included in "Other income" and "Other expenses" (OIE) are disclosed in Note 14. These include M&A costs, restructuring or integration expenses, any major gains and write-downs on both tangible and intangible assets, and other items that only to a limited degree are reliable measures of the Group's current profitability. EBIT (adj.) margin and growth are derived figures calculated in relation to operating revenues.

EBIT (adj.) is one of the Group's key financial figures, internally and externally. The figure is used to identify and analyse the Group's profitability from normal operations and operating activities. Adjustment for items in OIE which to a limited degree are reliable measures of the Group's current operating profit or loss increases the comparability of profitability over time.

EBIT (adj.) is presented on a separate line in the Group's income statement and in segment reporting; see Note 7.

Change in underlying EBIT (adj.)

Change in underlying EBIT (adj.) shows like-for-like EBIT (adj.) growth for the Group's business portfolio and is defined as the Group's reported change in EBIT (adj.) adjusted for effects of the purchase and sale of companies and currency effects. In calculating the change in underlying EBIT (adj.), acquired companies will be included pro forma 12 months before the transaction date. Sold companies will be excluded pro forma 12 months prior to the transaction date. Currency effects are neutralised by calculating this year's EBIT (adj.) at last year's currency exchange rates. Underlying EBIT (adj.) margin and change therein are derived figures calculated in relation to operating revenues.

Underlying EBIT (adj.) growth is used for internal management purposes, including for identifying and analysing underlying profitability growth in the existing business portfolio, and provides a picture of the Group's ability to develop growth and improve profitability in the existing business. The measure is important because it shows the change in profitability on a comparable structure over time.

The reconciliation of change in underlying EBIT (adj.) for Branded Consumer Goods incl. HQ is shown on the next page.

Earnings per share (adj.)

Earnings per share (adj.) show earnings per share adjusted for “Other income” and “Other expenses” (OIE) after estimated tax. Items included in OIE are specified in Note 14. The effective tax rate for OIE is lower than the Group’s tax rate in both 2021 and 2020 chiefly due to non-deductible transaction costs. Write-downs were also taken in 2020 with no tax effect.

If other items of a special nature occur under the company’s operating profit or loss, adjustments will also be made for these items. No such adjustments had been made as at 31 December 2021. As at 31 December 2020, adjustments were made for a gain on the sales of the associates Andersen & Mørck AS and Alkärrsplans Utvecklings AB. An adjustment was also made in 2020 for the reversal of a net deferred tax liability of NOK 75 million related to activities outside Norway.

In the second quarter of 2021, Orkla allocated share options to senior executives (see Note 11). This could have a dilutive effect for other shareholders and diluted figures are therefore presented for earnings per share and earnings per share (adj.). The calculation of earnings per share is disclosed in Note 17.

Net replacement investments and expansion investments

When making decisions regarding investments, the Group distinguishes between replacement investments and expansion investments. Expansion investments are the part of overall reported investments considered to be investments in either new geographical markets or new categories, or which represent significant increases in capacity.

Net replacement investments include new leases and are reduced by the value of sold fixed assets to sales value.

The purpose of this distinction is to show how large a part of the investments (replacement investments) mainly concern maintenance of existing operations and how large a part of the investments (expansion) are investments which must be expected to generate increased contributions to profit in future, exceeding expectations of normal operations.

Net replacement investments and expansion investments are presented in the statement of cash flows (Orkla format); see the Report of the Board of Directors and Note 7.

Net interest-bearing liabilities

Net interest-bearing liabilities are the sum of the Group’s interest-bearing liabilities and interest-bearing receivables. Interest-bearing liabilities include bonded loans, bank loans, other loans, lease liabilities and interest-bearing derivatives. Interest-bearing receivables include liquid assets, interest-bearing derivatives and other interest-bearing receivables.

Net interest-bearing liabilities are the Group’s primary management parameter for financing and capital allocation, which is used actively in the Group’s financial risk management strategy. The statement of cash flows (Orkla format) therefore shows the change in net interest-bearing liabilities at Group level; see the Report of the Board of Directors and Note 7.

Net interest-bearing liabilities are reconciled in Note 28 and Note 29.

Structure (acquired and sold companies)

Structural growth includes adjustments for the acquisition of the businesses Eastern, NutraQ, New York Pizza, Sigurd Ecklund, Hans Kaspar, Nói Síríus, Cake Décor Limited, For All Baking Limited, Ambasador92, Proteinfabrikken, Seagood Fort Deli, Norgesplaster, Win Equipment, Gortrush and Havrefras. Adjustments have been made for the sale of Credin Russia, SaritaS, Vestlandslefsa, Italiensk Bakeri, Gorm's and the Skin Care business in Poland, as well as the closure of Pierre Robert Sverige. Adjustments have also been made for the loss of the distribution agreements with Panzani and OTA Solgryn. A structural adjustment was made at business area level for the internal relocation of Frödinge. In addition, adjustments were made in 2020 for the acquisition of Lecora, Easyfood, Confection by Design, Risberg, Kanakis, Credin Sverige, Vamo, Kotipizza, Helga, Anza Verimex and the sale of Glyngøre.

Organic growth per business area

	1.1.–31.12.2021			
Sales revenues change %	Organic growth	FX	Structure	Total
Orkla Foods	1.8	-3.4	4.2	2.5
Orkla Confectionery & Snacks	3.4	-3.3	2.2	2.3
Orkla Care	2.3	-2.7	7.4	7.0
Orkla Food Ingredients	10.4	-5.2	7.1	12.3
Orkla Consumer Investments	4.8	-3.5	8.1	9.3
Branded Consumer Goods	**4.3**	**-3.7**	**5.2**	**5.8**

	1.1.–31.12.2020			
Sales revenues change %	Organic growth	FX	Structure	Total
Orkla Foods	3.7	5.8	-0.4	9.1
Orkla Confectionery & Snacks	2.0	6.4	-	8.5
Orkla Care	9.2	6.2	1.9	17.3
Orkla Food Ingredients	-5.9	6.8	3.1	3.9
Orkla Consumer Investments	2.1	5.9	5.7	13.6
Branded Consumer Goods	**1.6**	**6.2**	**1.3**	**9.1**

Underlying EBIT (adj.) changes with corresponding figures for Branded Consumer Goods incl. HQ

EBIT (adj.) change %	Underlying growth	FX	Structure	Total
1.1. - 31.12.2021	-3.4	-3.4	6.8	-0.1
1.1. - 31.12.2020	5.4	6.4	1.8	13.7

EBIT (adj.) margin growth change percentage points	Underlying growth	Structure/FX	Total	EBIT (adj.) margin (%)
1.1. - 31.12.2021	-0.9	0.3	-0.7	11.0
1.1. - 31.12.2020	0.4	0.0	0.5	11.7

Figures may not add up due to rounding-off.

5. Other information

Share information

Our high operational efficiency ensures our shareholders long-term value growth that exceeds what they would have received through relevant, competitive investment options. Shareholders see this return in the form of the long-term price performance of the Orkla share combined with the dividend that is paid out.

Higher market capitalisation and trading volume for the Orkla share

The Orkla share is listed on the Oslo Stock Exchange under the ticker code ORK. All shares have equal rights and are freely transferable. In terms of market capitalisation, Orkla was the 11th largest company on the Oslo Stock Exchange as at 31 December 2021. Its market capitalisation was NOK 88.5 billion, an increase of NOK 1.4 billion from the end of 2020. In 2021, a total of NOK 2.8 billion was paid out in ordinary dividends. The average daily volume of Orkla shares traded on the Oslo Stock Exchange in 2021 was 1.6 million, equivalent to 0.2 per cent of the total number of Orkla shares issued that year. The Orkla share can also be traded through Orkla's Level-1 ADR programme in the USA. Read more about our ADR programme on our website under "Investor Relations".

Good return for shareholders over time

Our shareholders have enjoyed a good return on their shares over time. The table below shows the average annual return (including reinvested dividends) on the Orkla share compared with the Oslo Stock Exchange Benchmark Index (OSEBX).

Dividends to be increased

A combination of dividends and an increase in the share price will ensure that our shareholders receive a competitive return on their investment over time. We have maintained a steady, stable increase in the dividends paid out, and our goal going forward is to further increase our dividends, normally within 50–70 per cent of earnings per share.

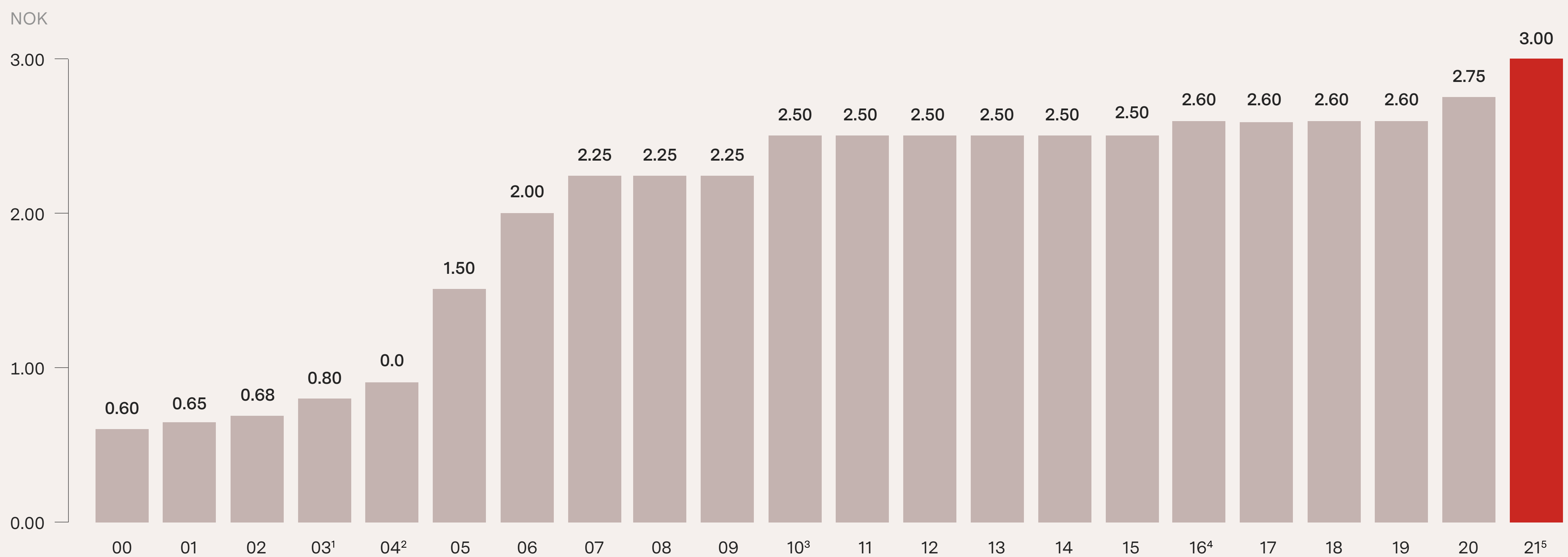
The Board of Directors proposes that the company distribute a dividend of NOK 3 per share for the 2021 financial year. The dividend will be paid out on 3 May 2022 to shareholders of record on the date of the Annual General Meeting.

Return on investment, including reinvested dividends, as at 31 December 2021

Date	Orkla	OSEBX
Last year	5.0%	23.4%
Last 3 years	12.7%	14.5%
Last 5 years	7.2%	11.9%
Last 10 years	12.1%	12.0%

Source: FactSet

Dividend per share



1 Additional dividend per share NOK 5
2 Additional dividend per share NOK 1
3 Additional dividend per share NOK 5
4 Additional dividend per share NOK 5
5 Proposed dividend

We buy back our own shares

We supplement the dividend by buying back a moderate number of our own shares. At the Annual General Meeting in 2021, 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 exercised at the latest by the 2022 Annual General Meeting. Shares acquired by the Board under the authorisation must be cancelled or used in connection with employee incentive programmes, including the Group's employee share purchase programme. The authorisation was used in 2021, when the Board of Directors bought back five million shares. As at 31 December 2021, we owned 4 852 874 treasury shares.

The Board of Directors will propose to the General Meeting that the authorisation to buy back Orkla shares be renewed in 2022.

Voting rights

Orkla has one class of share, and each share carries one vote. The value of the share is NOK 1.25. Shareholders are entitled to vote the number of shares they own. The shares must be registered in the Norwegian Central Securities Depository (VPS) as of the date the Annual General Meeting is held.

Shareholders who have acquired shares shortly before the Annual General Meeting may therefore only exercise their voting rights for these shares if the acquisition has been registered in the VPS, or if proof is presented that the acquisition has been reported to the VPS. Read more about Orkla's voting rights and the Annual General Meeting on our website, under "Investor Relations".

Shareholders by geographical region[1]

Country	Shares
Norway	53%
USA	16%
UK	8%
Other	22%

1 As at 31 December 2021
Source: VPS

Financial calendar 2022

Date	Event
20 April	Annual General Meeting
21 April	Share traded ex-dividend[1]
3 May	Dividend payment[1]
5 May	1st quarter report
14 July	2nd quarter report
27 October	3rd quarter report

1 Subject to the approval of the proposed dividend at the Annual General Meeting

The 20 largest shareholders as at 31 December 2021

Shareholders	Number of shares	% of capital[2]
Canica AS[1]	250 386 000	25.1%
Folketrygdfondet	77 267 329	7.8%
First Eagle Investment Management, L.L.C.	40 070 867	4.0%
The Vanguard Group, Inc.	25 951 056	2.6%
BlackRock Institutional Trust Company, N.A.	25 233 671	2.5%
DNB Asset Management AS	24 352 494	2.4%
Nordea Funds Oy	17 603 628	1.8%
Handelsbanken Asset Management	17 007 528	1.7%
KLP Forsikring	15 515 854	1.6%
Storebrand Kapitalforvaltning AS	13 816 589	1.4%
American Century Investment Management, Inc.	13 481 766	1.4%
BlackRock Advisors (UK) Limited	10 213 793	1.0%
Legal & General Investment Management Ltd.	9 351 066	0.9%
State Street Global Advisors (UK)	9 331 817	0.9%
Danske Invest Asset Management AS	8 605 183	0.9%
Alfred Berg Kapitalforvaltning AS	8 535 455	0.9%
Robeco Insitutional Asset Management B.V.	8 076 752	0.8%
Arctic Fund Management AS	7 463 543	0.8%
M & G Investment Management Ltd.	7 330 748	0.7%
ODIN Forvaltning AS	6 621 102	0.7%
Total 20 largest shareholders	**596 516 241**	**59.9%**
Number of shares issued	**1 001 430 970**	
Number of shares outstanding	**996 578 096**	

Source: The list of shareholders is supplied by Nasdaq

1 Canica: Canica AS, Tvist 5 AS and shares privately held by Mr Stein Erik Hagen.

2 Percentage of shares outstanding

Key figures for the Orkla share

	2021	2020	2019	2018	2017	2016	2015
Share price, high (NOK)	91.60	97.14	91.98	87.3	87.3	83.55	72.25
Share price, low (NOK)	76.00	75.00	64.16	64.6	73.4	64.65	48.73
Share price, closing 31.12	88.36	87.00	88.96	68.04	87.05	78.2	70.1
Diluted earnings per share (NOK)	4.82	4.37	3.84	3.24	8.43	4.22	3.24
Dividend paid per share (NOK)	3.00[1]	2.75	2.6	2.6	2.6	2.6	2.5
Percentage of foreign shareholders	47%	51%	54%	51%	53%	52%	55%
Number of shares issued as of 31.12.	1 001 430 970	1 001 430 970	1 001 430 970	1 018 930 970	1 018 930 970	1 018 930 970	1 018 930 970
Number of shares outstanding as of 31.12.	996 578 096	1 000 929 170	1 000 305 788	999 520 711	1 018 754 037	1 017 717 835	1 017 990 670

1 Proposed dividend

Analyst overview

Brokerage house	Contact	Tel.	E-mail
ABG Sundal Collier	Petter Nystrøm	+47 22 01 61 35	petter.nystrom@abgsc.no
Arctic Securities	Carl Frederick Bjerke	+47 21 01 31 21	cfb@arctic.com
Carnegie	Eirik Rafdal	+47 22 00 93 78	eirik.rafdal@carnegie.no
DNB Markets	Ole Martin Westgaard	+47 24 16 92 98	ole.martin.westgaard@dnb.no
Goldman Sachs	John Ennis	+44 207 552 9608	john.ennis@gs.com
Handelsbanken Capital Markets	Nicklas Skogman	+46 870 13 128	nicklas.skogman@handelsbanken.se
Kepler Cheuvreux	Markus Borge Heiberg	+47 23 13 90 84	mheiberg@keplercheuvreux.com
Nordea Markets	Kristoffer B. Pedersen	+47 24 01 50 14	Kristoffer.B.Pedersen@nordea.com
Pareto Securities	Joachim Huse	+47 24 13 21 07	Joachim.huse@paretosec.com
Sanford C. Bernstein	Bruno Monteyne	+44 20 7170 5086	bruno.monteyne@bernstein.com
SEB Enskilda	Markus Bjerke	+47 21 00 85 17	markus.bjerke@seb.no
Sparebank 1 Markets	Øyvind Mossige	+47 24 13 37 02	oyvind.mossige@sb1markets.no
UBS	Charles Eden	+44 207 568 9622	charles.eden@ubs.com

Additional information for value 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 business.

Industrial & Financial Investments

Industrial & Financial Investments consist mainly of the associate Jotun (in which Orkla has a 42.6 per cent equity interest), and the consolidated businesses Hydro Power and Orkla Eiendom (real estate).

Jotun

Orkla owns 42.6 per cent of Jotun, which we report 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 had good organic growth in recent years. Jotun reported operating revenues of NOK 22.8 billion i 2021 and operating profit of NOK 3.1 billion. Net interest-bearing liabilities as of 31 December 2021 totalled NOK 1.8 billion.

Hydro Power

Our power operations have been fully consolidated into Orkla's income statement and we report them as Hydro Power. The power operations consist primarily of two assets: a reservoir power plant in Sauda (85 per cent interest) and a run-of-the-river plant in Sarpefossen.

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).

The Saudefaldene plant's average annual production (2012-2021) is 1 873 GWh. Saudefaldene leases approximately 1 TWh per year from Statkraft and has corresponding delivery commitments. The net effect of this is zero, provided that production exceeds the delivery commitments. The rest of the power is sold on the spot market.

Payroll expenses and other operating costs related to the Sauda operations amounted to NOK 95 million in 2021. 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 2021 and 2020 was NOK 0 million.

Depreciation in 2021 totalled NOK 46 million. The Sarpefossen power operations are based on power rights that are not subject to reversion, and average annual production (2012-2021) totals 597 GWh. The power is sold on the spot market. Payroll expenses and other operating costs related to these activities totalled NOK 47 million in 2021. Depreciation amounted to NOK 10 million in 2021.

Orkla Eiendom

Orkla Eiendom (real estate) 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 branded consumer goods operations. Orkla also has a historical portfolio of real estate-related investments, which are being sold in accordance with the current strategy.

After completion of our new headquarters, Orkla Eiendom received two rental properties with a total area of around 40 000 m2 in an attractive location at Skøyen, Oslo. Approximately 13 000 m2 of this space is leased to external lessees. The other most important project is a housing development project at Torshov, Oslo.

As at 31 December 2021, the book value of Orkla's real estate investments was NOK 1.9 billion. About NOK 1.7 billion of that amount was related to the three largest properties. In addition to ensuring efficient operations, we will in future focus on realising the potential value in the development projects, securing assets and freeing up capital by selling properties and projects that are not to be further developed. Current development projects entail a need for investments during the construction period, while gains are primarily expected to be realised in the period 2022–2025.

Read more at www.orklaeiendom.no/english/

Stein Erik Hagen

Board of Directors

- **Stein Erik Hagen**
- Ingrid Jonasson Blank
- Nils K. Selte
- Liselott Kilaas
- Peter Agnefjäll
- Anna Mossberg
- Anders Kristiansen
- Terje Utstrand
- Sverre Josvanger
- Karin Hansson
- Roger Vangen
- Caroline Marie Hagen Kjos

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, has been Chairman of the Board since 2006, and is up for election in 2022. Mr Hagen established the first business of his own in 1976 and he and his children jointly own the family company, Canica AS, and other companies. He is active in a number of the family companies and sits on the Board of the family's charitable foundations. Mr Hagen is member of the Board of the Byrd Hoffman Watermill Foundation in New York and the Board of the Prostate Cancer Foundation, USA and member of the Spine Leadership Council at the Hospital for Special Surgery, New York. Mr Hagen is Chairman of the Nomination Committee of Anora Group Plc and member of the Board of The World Economic Forum Family Business Community.

Mr Hagen and related parties own 250 387 581 shares in Orkla ASA.[1,2]
Mr Hagen attended all Board meetings in 2021.

1 Not independent.
2 Shares owned as at 31 December 2021.

Ingrid Jonasson Blank

Member of the Board (b. 1962)

B.Sc. in Business Administration and Economics from the University of Gothenburg

Ms Jonasson Blank was first elected to the Board in 2014, and is up for election in 2022. She 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 Haypp Group AB, Forenom Group Oy, Bilia AB, Musti Group Oy, Nordic Morning Group Oy, Astrid Lindgren AB, Kjell & Co AB and ZetaDisplay AB.

Ms Jonasson Blank and related parties own 9 000 shares in Orkla ASA.[1,2]
Ms Jonasson Blank attended all Board meetings in 2021.

1 Independent Board member.
2 Shares owned as at 31 December 2021.

Nils K. Selte

Board of Directors

Member of the Board (b. 1965)

M. Sc. in Business, BI Norwegian Business School

Mr. Selte was first elected to the Board in April 2014 and is up for election in 2022. Since 2014 he has been CEO of Canica AS where he has been employed since 2001 as CEO and Finance Director. Mr Selte was previously Group Treasurer at ICA Ahold AB in 1999–2001, before which he held the post of Finance Manager at Hakon Gruppen AS. In 1994–1996 he was Finance Manager at Livi Norge AS and in 1991–1994 consultant at the Office of the Auditor General of Norway. Nils K. Selte is Chair of the Board of Komplett ASA, member of the Board of Jernia AS and member of the Board of Anora Group Plc. He also serves on the Board of several Canica companies.

Mr. Selte and related parties own 107 000 shares in Orkla ASA.[1,2]
Mr Selte attended all Board meetings in 2021.

1 Not independent.
2 Shares owned as at 31 December 2021.

Liselott Kilaas

Board of Directors

Member of the Board (b. 1959)

M.Sc. in Mathematical Statistics, University of Oslo, and
Master of Business Administration, IMD, Lausanne

Ms Kilaas was first elected to the Board in April 2017 and is up for election in 2022. She was CEO of Aleris Group from 2013 to 2017. Prior to that, she was Managing Director of Aleris Norge and subsequently Managing Director of Aleris Norge og Danmark. Ms Kilaas is member of the Board of Directors and the Audit Committee of Folketrygdfondet, Norsk Hydro, Nobina AB and Peab AB. She is also Chair of the Board of Avonova, member of the Board and Chair of the Quality and Sustainability Committee of Ambea AB, Chair of the Board of Implantica, member of the Board of Recover Nordic and MRH – Blikk diagnostikk.

Ms Kilaas and related parties own 12 500 shares in Orkla ASA.[1,2]
Ms Kilaas attended all Board meetings in 2021.

1 Independent Board member.
2 Shares owned as at 31 December 2021.

Peter Agnefjäll

Board of Directors

Member of the Board (b. 1971)
Master of Science in Business Administration, Linköping University

Mr Angefjäll was first elected to the Board in April 2018 and is up for election in 2022. He was President and CEO of the IKEA Group (Ingka Holding B.V.) in 2013–2017. Prior to that, he was Managing Director and Country Manager for IKEA Retail Sweden. He began his career as a trainee at IKEA in 1995 and has since held a number of executive positions in the IKEA Group. He is currently member of the Advisory Board of Deichmann Group, Chair of the Supervisory Board of Ahold Delhaise N.V. and operating advisor to the private equity team in the Abu Dhabi Investment Authority (ADIA).

Mr Angefjäll and related parties own 20 000 shares in Orkla ASA.[1,2]
Mr Angefjäll attended all Board meetings in 2021.

1 Independent Board member.
2 Shares owned as at 31 December 2021.

Anna Mossberg

Board of Directors

Member of the Board (b. 1972)

M.Sc. in Industrial Engineering & Management, Luleå University of Technology and Executive MBA from Stanford and IE University

Ms Mossberg was first elected to the Board in 2020 and is up for election in 2022. She has previously held various positions in Telia, as well as those of CEO of Bahnhof, SVP Strategy at Deutsche Telekom AB and Industry Leader at Google LLC. Ms Mossberg is currently member of the Board and the Finance Committee of Swisscom AG, member of the Board, the Audit Committee and the Compensation Committee of Swedbank AB, and member of the Board and the Audit Committee of Byggfakta AB. Ms Mossberg is member of the Advisory Board of Axcel Management and of the Boards Impact Forum.

Ms Mossberg and related parties own 5 566 shares in Orkla ASA.[1,2]
Ms Mossberg attended all Board meetings in 2021.

1 Independent Board member.
2 Shares owned as at 31 December 2021.

Anders Kristiansen

Board of Directors

Member of the Board (b. 1967)

EFG from Business School and Sports School Denmark, Hammersmith & West London College

Mr Kristiansen was first elected to the Board in 2020 and is up for election in 2022. Since 2017, Anders Kristiansen has held the post of Group CEO of Esprit Holdings Ltd. In 2000-2010 Mr Kristiansen worked for Lyreco, serving as Managing Director in France and China. In 2010-2011 he headed Staples in China. In 2011-2012 Mr Kristiansen was Vice CEO of Bestseller Fashion Group China, before taking over in 2013 as CEO of New Look, where he worked until 2017.

Mr Kristiansen and related parties own 33 900 shares in Orkla ASA.[1,2]
Mr Kristiansen attended seven Board meetings in 2021.

1 Independent Board member.
2 Shares owned as at 31 December 2021.

Terje Utstrand

Board of Directors

Employee representative on the Board (b. 1964)

Mr Utstrand was first elected to the Board in 2012 and is up for election in 2022. He has served as chief employee representative since 2010 and is Chair of the Board for LO union members at Orkla. He is also Chair of Orkla's Committee of Union Representatives and European Works Council. Mr Utstrand has also been NNN union representative at Orkla Confectionery & Snacks Norge AS (formerly Nidar) since 1999 (chief employee representative 2002-2010), deputy member of the Board of Nidar AS in 2004–2010 and member of the Board of Orkla Brands AS in 2008–2012. He has been a member of Orkla's Committee of Union Representatives-Working Committee since 2000.

Mr Utstrand and related parties own 10 409 shares in Orkla ASA.[1]
Mr Utstrand attended all Board meetings in 2021.

1 Shares owned as at 31 December 2021.

Sverre Josvanger

Board of Directors

Stein Erik Hagen
Ingrid Jonasson Blank
Nils K. Selte
Liselott Kilaas
Peter Agnefjäll
Anna Mossberg
Anders Kristiansen
Terje Utstrand
· **Sverre Josvanger**
Karin Hansson
Roger Vangen
Caroline Marie Hagen Kjos

Employee representative on the Board (b. 1963)

Mr Josvanger was first elected to the Board in 2012 and is up for election in 2022. He is Chair of the Executive Committee for Salaried Employees at Orkla and has served as secretary of Orkla's Committee of Union Representatives and the Working Committee of the Executive Committee since 2012. He is also member of the European Works Council, and has served on Orkla's Pension and Insurance Council (POFFO) since 2012. Mr Josvanger has been head of the trade union division at Nidar since 1994 and chief union representative for salaried employees at Nidar since 2010. Since May 2014 he has been member of the Audit Committee. He has been employed at Orkla Confectionery & Snacks as sales consultant since 1988.

Mr Josvanger and related parties own 20 622 shares in Orkla ASA.[1]
Mr Josvanger attended all Board meetings in 2021.

1 Shares owned as at 31 December 2021.

Karin Hansson

Board of Directors

Employee representative on the Board (b. 1960)

Ms Hansson was first elected to the Board in 2016 and is up for election in 2022. She is employed at Orkla Foods Sverige, and is an elected representative of the Swedish Food Workers' Union at Orkla Foods Sverige and a member of the Working Committee of Orkla Foods' Liaison Committee. She is also a member of Orkla's Committee of Union Representatives, the Working Committee of the Executive Committee and the European Works Council.

Ms Hansson and related parties own 1 993 shares in Orkla ASA.[1]
Ms Hansson attended all meetings in 2021.

1 Shares owned as at 31 December 2021.

Roger Vangen

Board of Directors

Employee representative on the Board (b. 1965)

Mr Vangen was first elected to the Board in 2016 and is up for election in 2022. He is employed at Orkla Foods Norge and NNN union representative at Orkla Foods Norge, Stranda branch. Mr Vangen is also a member of the Committee of Representatives at Orkla Foods Norge, the Liaison Committee's Working Committee at Orkla Foods, the Board for LO union members at Orkla, Orkla's Committee of Union Representatives, the Working Committee of the Executive Committee and the European Works Council.

Mr Vangen and related parties own 10 208 shares in Orkla ASA.[1,2]
Mr Vangen attended all Board meetings in 2021.

1 Shares owned as at 31 December 2021.
2 Mr Vangen purchased 342 shares in Orkla on 4 March 2022, thereby increasing his shareholding to 10 550 shares

Caroline Marie Hagen Kjos

Board of Directors

Personal Deputy Member for Stein Erik Hagen and Nils K. Selte (b. 1984)
Bachelor of Business Administration from Parsons
The New School for Design, New York

Ms Hagen Kjos was first elected to the Board in 2016 and is up for election in 2022. She works as Project Manager at Canica International AG, Switzerland, where she shares responsibility for investments and strategy with the General Manager. She has previously been employed as Project Manager in marketing and purchasing in JerniaGruppen. Ms Hagen Kjos is Chair of the Board of Directors of Canica AS.

Ms Hagen Kjos and related parties own no shares in Orkla ASA.[1,2,3]
Ms Hagen Kjos attended all Board meetings in 2021.

1 Not independent
2 Shares owned as at 31 December 2021.
3 Ms Hagen Kjos has a significant equity interest in the Canica companies, but she has no controlling influence in them.

Jaan Ivar Semlitsch

The Group Executive Board

President and CEO (b. 1971)

MBA, Norwegian School of Economics (NHH), Bergen,
MBA Exchange, Kellogg School of Management, Chicago

Mr Semlitsch has been President and CEO of Orkla since 15 August 2019. Prior to that, he served as CEO of Elkjøp Nordic, which he headed for more than six years. In the last year, he was also CEO of the parent company Dixons Carphone International. Mr Semlitsch was CEO of REMA Industries in 2009-2013, Plantasjen in 2007–2009 and COO of Statoil Retail Europe in 2004–2007. Before that, he held the position of CEO of Expert Danmark. In 1995–2001 he was Associate Partner at McKinsey & Company, where he had a variety of assignments for companies in the grocery retail sector and FMCG, in both Scandinavia and the UK. Mr Semlitsch has been a member of the Board of Directors of DNB ASA since 2014.

Mr Semlitsch and related parties own 85 171 shares in Orkla ASA.[1,2]

1 Shares owned as at 31 December 2021.
2 Mr Semlitsch purchased 6 500 shares in Orkla on 3 March 2022, thereby increasing his shareholding to 91 671 shares

Atle Vidar Nagel Johansen

The Group Executive Board

Executive Vice President and CEO of Orkla Foods (b. 1963)
Certified Financial Analyst, Norwegian School of Economics (NHH), Bergen, M.Sc. Business (siviløkonom), BI Norwegian Business School, Oslo

Mr. Nagel Johansen has been a member of Orkla's Group Executive Board since 2012, since 2021 as CEO of Orkla Foods. From 2018 to 2021 he was first head of Supply Chain, after which he served as CEO of Orkla Care. Prior to that he was CEO of Orkla Foods in 2012-2018, Orkla Foods Nordic in 2008–2012 and Orkla Foods in 2005–2008. Before then, he was Marketing Director at Orkla Foods International and Finance Director at Orkla Foods. Mr Nagel Johansen was CFO at Tandberg Data ASA in 1999–2000. In the 1990s he was Finance Director at Sætre AS/Orkla Snacks and head of Economic Planning & Analysis at Orkla ASA. He began his career as a financial analyst at Jøtun Fonds and Carl Kierulf & Co.

Mr Nagel Johansen and related parties own 28 450 shares in Orkla ASA.[1]

1 Shares owned as at 31 December 2021.

Ingvill T. Berg

The Group Executive Board

Executive Vice President and CEO of Orkla Confectionery & Snacks (b. 1976)

MBA, Norwegian School of Economics (NHH), Bergen.

Ms Berg has been a member of Orkla's Group Executive Board and CEO of Orkla Confectionery & Snacks since 2021. Prior to that, she was CEO of Orkla Confectionery & Snacks Norge (OCSN). Ms Berg has held several senior management positions in sales and marketing at OCSN and Nidar AS and in sales and business development at Arcus in 2003-2006. In 1999-2003 she was employed as management consultant at Arthur Andersen/Bearingpoint.

Ms Berg and related parties own 2 365 shares in Orkla ASA.[1]

1 Shares owned as at 31 December 2021.

Hege Holter Brekke

The Group Executive Board

Executive Vice President and CEO of Orkla Care (b. 1969)

M.Sc. Business (siviløkonom), BI Norwegian Business School, Oslo

Ms Brekke became a member of Orkla's Group Executive Board as CEO of Orkla Care in 2021. She has been CEO of Orkla Health since 2018 and of Pierre Robert Group since 2015. Prior to that, Ms Brekke was Director of Marketing & Innovation at Orkla Foods. Ms Brekke began her career at Orkla in 1996 and has held several senior management positions in Orkla ASA, Nidar and Orkla Foods. She has also held various senior executive positions in innovation and marketing at TINE and Plantasjen ASA, and was a member of TINE's Corporate Management in 2007-2014. In 1993-1996, Ms Brekke was a strategy advisor at McKinsey & Company.

Ms Brekke and related parties own 7 065 shares in Orkla ASA.[1]

1 Shares owned as at 31 December 2021.

Johan Clarin

Executive Vice President and CEO of Orkla Food Ingredients (b. 1971)
M.Sc. Business Administration, Gothenburg School of Business, Economics and Law, Gothenburg

Mr Clarin has been a member of Orkla's Group Executive Board since 2013. He has been CEO of Orkla Food Ingredients since 2018, before which he was head of Operations at Orkla. In 2007–2013 Mr Clarin held several executive positions at Sony Mobile Communications AB, the last 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 in 2011-2013. Prior to that, Mr Clarin held the post of Senior Manager at Accenture AB in 1997–2006, with focus on supply chain management.

Mr Clarin and related parties own 6 241 shares in Orkla ASA.[1,2]

1 Shares owned as at 31 December 2021.
2 Mr Clarin purchased 6 000 shares in Orkla on 3 March 2022, thereby increasing his shareholding to 12 241.

Thomas Ljungqvist

The Group Executive Board

Acting Executive Vice President and CEO of Orkla Consumer & Financial Investments (b. 1979)
M.Sc., International Business & Finance, Stockholm School of Economics

Mr Ljungqvist was appointed Acting EVP as of February 2022. Since 2020 he has been CFO of Orkla Consumer & Financial Investments and Head of Orkla Ventures. Mr Ljungqvist has prior M&A and business development experience from both Orkla and Sapa, he was CFO of Orkla Investments from 2014 to 2018 and headed Investor Relations at Orkla ASA from 2018 to 2020. Mr Ljungqvist also has acquisition and strategy experience from UBS (Zurich) and Capgemini (Stockholm).

Mr Ljungqvist and related parties own 7 844 shares in Orkla ASA.[1]

1 Shares owned as at 31 December 2021.

Harald Ullevoldsæter

Executive Vice President and CFO (b. 1963)
Certified Financial Analyst, Norwegian School of Economics (NHH), Bergen, M.Sc Business (siviløkonom), BI Norwegian Business School, Oslo

Mr Ullevoldsæter has been a member of Orkla's Group Executive Board since March 2020. He returned to Orkla in 2019, after having served as CFO at Nortura SA since 2014. In 1996–2014 Mr Ullevoldsæter worked in Orkla, where he held a number of management positions in finance, including those of Finance Director and member of the management team of Orkla Brands and Orkla Brands Nordic. Mr Ullevoldsæter also worked for nine years as financial analyst in DNB Markets.

Mr Ullevoldsæter and related parties own 1 552 shares in Orkla ASA.[1, 2]

1 Shares owned as at 31 December 2021.
2 Mr Ullevoldsæter purchased 6 000 shares in Orkla on 24 February 2022, thereby increasing his shareholding to 7 552 shares.

Sverre Prytz

The Group Executive Board

Executive Vice President, M&A and Strategy (b. 1969)
BS Chemical Engineering, University of Michigan, Ann Arbor, MSCEP, Chemical Engineering, Massachusetts Institute of Technology, Massachusetts, MBA Finance, University of Chicago, Illinois

Mr Prytz has been a member of Orkla's Group Executive Board since December 2019. He previously served as Managing Partner at Helix Advisors. For seven years prior to that, he held various management positions in BW Group, including that of CEO of BW Ventures and BW Gas Solutions. He also has experience from ADM Capital in 2007–2008, DuPont Company in 2002–2007 and McKinsey in 1995–2002. Mr Prytz is a member of the Board of Directors of Safe4 Security Group.

Mr. Prytz and related parties own 671 shares in Orkla ASA.[1]

1 Shares owned as at 31 December 2021.

Christer Grönberg

The Group Executive Board

Executive Vice President, Group Functions (b. 1961)
Degree in Human Resources, Lund University, Lund and Kristianstad University, Kristianstad

Mr Grönberg has been a member of Orkla's Group Executive Board since 2014. He has been head of Group Functions since 2018, before which he was head of HR. In 2010–2014, Mr Grönberg was HR Director at Orkla Foods, prior to which he held the position of HR Director at Stabburet in 2008–2010. Mr Grönberg was employed at Procordia Food in 1998–2008, for eight years as HR Director. In 1982–1998, Mr Grönberg pursued a career in the Swedish Armed Forces.

Mr Grönberg and related parties own 16 470 shares in Orkla ASA.[1]

1 Shares owned as at 31 December 2021.

Orkla's expanded Group Executive Board also comprises:

Håkon Mageli

The Group Executive Board

Group Director, Corporate Communications & Corporate Affairs (b. 1964)
M.Sc. Business (siviløkonom), BI Norwegian Business School, Oslo, The Executive Programme, Darden School of Business, Virginia, USA

Mr Mageli has been a member of Orkla's Group Executive Board since 2012. He was Director of Corporate Affairs at Orkla Brands in 2008–2012. Prior to that, in 1995–2008, Mr Mageli was Information Director at Orkla Foods. In 1993–1995, he was Director Public Affairs, Orkla Foods, in Brussels, and Company Secretary, Nora Foods in 1991–1993. Mr Mageli worked as a journalist at Dagens Næringsliv in 1985–1990. He is Chair of the Board of the Federation of Norwegian Food and Drink Industry, Chair of the Confederation of Norwegian Enterprise's Trade Policy Committee, and Chair of the Board of Matmerk – The Norwegian Food Branding Foundation.

Mr Mageli and related parties own 100 669 shares in Orkla ASA.[1]

1 Shares owned as at 31 December 2021.

Governing bodies and elected representatives

Nomination Committee
Nomination Committee elected by the General Meeting (see Article 6 of the Articles of Association)[1]
Anders Christian Stray Ryssdal (10 243)[2]
Nils-Henrik Pettersson (42 080)
Kjetil Houg
Rebekka Glasser Herlofsen

Board of Directors
Stein Erik Hagen (250 387 581)
Ingrid Jonasson Blank (9 000)
Nils K. Selte (107 000)
Liselott Kilaas (12 500)
Peter Agnefjäll (20 000)
Anna Mossberg (5 566)
Anders Kristiansen (33 900)

Employee-elected Board members
Terje Utstrand (10 409)
Sverre Josvanger (20 662)
Roger Vangen (10 208)
Karin Hansson (1 993)

Shareholder-elected Deputy Board member
Caroline Marie Hagen Kjos (0)[3]

Auditor
Ernst & Young AS (0)
Petter Frode Larsen (0), State Authorised Public Accountant

1 Figures in parentheses indicate the number of shares owned per 31 December 2021, including shares owned by related parties.
2 Owned by related parties.
3 Ms Hagen Kjos has a significant stake in the Canica companies, but she has no controlling interest in them.

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. The aim has been to evolve representational arrangements that adequately ensure broad-based involvement and genuine influence. Orkla's current corporate democracy system was established in an agreement signed in 2020 between union representatives and the company's executive management.

The employees are represented by four of the 11 members of Orkla's Board of Directors. 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.

A European Works Council (EWC) has been established at Orkla, and liaison committees have been established in the Orkla Foods, Orkla Confectionery & Snacks, Orkla Food Ingredients, Orkla Care and Orkla Consumer & Financial Investments 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 list below shows the members of Orkla's Committee of Union Representatives as at 31 December 2020.

Orkla Committee of Union Representatives

Working Committee
Terje Utstrand, Chair
Karin Hansson, 1st Deputy Chair
Peer Sørensen, 2nd Deputy Chair
Sverre Josvanger, Secretary
Roger Vangen, member
Janne Halvorsen, member
Dorota Galik, member

Committee of Representatives
(in addition to the Working Committee)
Johan Stålbom
Anders Nordgren
Erik Nordby
Robert Kollevåg
Harald Pedersen
Mette Novak
Ingrid S. Nielsen
Stig-Gøran Nilsen
Morten Gilberg
Geir F. Engelbrethsen
Frank Bjørneseth

Group Directory

Orkla ASA
Drammensveien 149, 0277 Oslo, Norway
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 00
www.orkla.no

Branded Consumer Goods

Orkla Foods
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 00
www.orkla.no

Orkla Foods Norge AS
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 00
www.orkla.no

- Orkla Foods Norway AS, Idun div. Rygge
- Orkla Foods Norway AS, Nora div. Rygge
- Orkla Foods Norway AS, div. Elverum
- Orkla Foods Norway AS, div. Arna
- Orkla Foods Norway AS, div. Sem
- Orkla Foods Norway AS, div. Råbekken
- Orkla Foods Norway AS, div. Sem
- Orkla Foods Norway AS, div. Sløgstad, Stranda
- Orkla Foods Norway AS, div. Svemorka, Stranda
- Orkla Foods Norway AS, div. Sunda, Oslo
- Orkla Foods Norway AS, div. Stabburet, Vigrestad
- Orkla Foods Norway AS, div. Voss

Orkla Foods Sverige AB
Isbergs gata 9 b SE-211 19, Malmö, Sweden
Phone: + 46 10 142 40 00
www.orkla.se

- Orkla Foods Sverige AB, Eslöv, Sweden
- Orkla Foods Sverige AB, Fågelmara, Sweden
- Orkla Foods Sverige AB, Kumla, Sweden
- Orkla Foods Sverige AB, Tollarp, Sweden
- Orkla Foods Sverige AB, Vansbro, Sweden
- Orkla Foods Sverige AB, Örebro, Sweden
- Orkla Foods Sverige AB, Kungshamn, Sweden
- Lecora AB, Vadstena, Sweden

Orkla Foods Danmark A/S
Delta Park 45, 4. Sal, DK-2665 Vallensbæk Strand, Denmark
Phone: + 45 43 58 93 00
www.orkla.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, Ringkøping, Denmark
- Orkla Foods Danmark A/S, Struer, Denmark
- Easyfood A/S, Kolding, Denmark
- Struer Brød A/S, Struer, Denmark

Orkla Foods Oy
Box 683, FI-20361 Turku, Finland
Phone: + 358 20 785 4000

Orkla Foods Latvija
1 Zvaigznu Street, Spilve, Babite Parish,
Babite Region, LV 2101, Latvia
Phone: + 371 67080302
www.orkla.lv

- Spilva factory, Babite parish, Latvia

Orkla Eesti AS
Tallinna mnt 1, Poltsamaa, 48103 Jogeva maakond, Estonia
Phone: + 372 6877 710
www.orkla.ee

Orkla Foods Lietuva
UAB Orkla Foods Lietuva Veiverių 134C,
LT-46551, Kaunas, Lithuania
Phone: + 370 37 390 942
www.orklafoods.lt

Felix Austria GmbH
Felixstraße 24, AT-7210 Mattersburg, Austria
Phone: + 43 2626 610-0
www.felix.at

Orkla Foods Česko a Slovensko
Walterovo naměsti 329/3,
158 00 Praha 5, Jinonice, Czech Republic
Phone: + 420 257 198 111
www.orkla.cz – www.vitana.cz

- Orkla Foods Česko a Slovensko a.s., Byšice, Czech Republic
- Orkla Foods Česko a Slovensko a.s., Roudnice nad Labem, Czech Republic
- Orkla Foods Česko a Slovensko a.s., Varnsdorf, Czech Republic
- Orkla Foods Česko a Slovensko a.s., Kunovice, Czech Republic
- Orkla Foods Česko a Slovensko a.s., Stare Město, Czech Republic
- MUFFI s.r.o., Praha, Czech Republic
- Orkla Foods Slovensko s.r.o., Pezinok, Slovakia

Hame s.r.o.
Na Drahach 814 CZ-686 04 Kunovice, Czech Republic
Phone: + 420 572 534 111
www.hame.cz

- Hame s.r.o., Babice, Czech Republic
- BAPA s.r.o., Letohrad, Czech Republic
- BAPA s.r.o., Hněvotín, Czech Republic
- FRUTA Podivin, a.s., Podivin, Czech Republic
- Slovacka Fruta, a.s. Kunovice, Czech Republic
- PIKA, a.s., Bzenec, Czech Republic
- OTMA – Sloko, s.r.o., Mařatice, Czech Republic
- DOMA Prešov s.r.o., Prešov, Slovakia
- HAME HUNGARIA Kft., Komárom, Hungary
- HAME FOODS, Bogolyubovo, Russia
- HAME Agrimex, Panenské Břežany, Czech Republic

MTR Foods Private Limited
No. 1, 2nd & 3rd floor, 100 Feet Inner Ring Road
Ejipura, Bangalore – 560047, India
Phone + 91 80 40 81 21 00
www.mtrfoods.com

- Rasoi Magic Foods Pvt. Limited, Pune, India
- Kota plant, Kota, India
- Guntur plant, Pradesh, India
- MTR Foods Pvt. Limited, Bangalore, India
- MTR Foods Pvt. Limited, Kothamangalam Unit, India
- Vannpuram, Tamarind Unit. Kerala, India
- Vannpuram, Adimali unit I, Kerala, India
- Vannpuram, Adimali unit II, Kerala, India
- MTR Foods Pvt. Limited, Theni plant, Theni, India

Eastern Condiments Ltd
No. 34/137 A, NH Bypass,
Edapally (P.O), Kochi 682024, India
Phone + 91 48 4300 1100
www.eastern.in

Orkla Confectionery & Snacks
P. O. Box 423 Skøyen, Oslo, Norway
Phone: + 47 22 54 42 00
www.orkla.no

Orkla Confectionery & Snacks Norge AS
P. O. Box 423 Skøyen, Oslo, Norway
Phone: + 47 22 54 42 00
www.nidar.no – www.kims.no – www.saetre.no

- Trondheim
- Skreia

Orkla Confectionery & Snacks – Noi Sirius
Hesthálsi 2–4, IS-110 Reykjavik
Phone: + 354 575 1800
www.noi.is

Orkla Confectionery & Snacks Sverige AB
Box 1196, SE-171 23 Solna, Sweden
Phone: + 46 77 111 10 00
www.orkla.se – www.olw.se – www.goteborgskex.se

- Filipstad, Sweden
- Kungälv, Sweden

Orkla Confectionery & Snacks Danmark A/S
Somarksvej 31-35, DK-5471 Sonderso, Denmark
Phone + 45 63 89 12 12
www.orkla.dk

Orkla Confectionery & Snacks Finland AB
Ayritie 16, FI-01510 Vantaa, Finland
Phone + 358 20 791 8600

- Haraldsby, Åland, Finland
- Vaajakoski, Finland

Orkla Latvija SIA
Tallinas iela 72, Rīga, Latvia
Phone: + 371 67 080 302
www.orkla.lv

- Ādažu Čipsi factory, Jaunkūlas 2, Ādaži, Ādažu novads, LV-2164
- Laima, Riga, Latvia
- Margiris, Kaunas, Lithuania
- Staburadze cakes, Artilērijas street 55, Riga, LV-1009
- New Laima factory, Laimas street 6, Birznieki, Ādažu novads, LV-2164

Orkla Eesti AS
Porguvalja tee 6, Lehmja, Rae vald, EE-Harjumaa 75 306, Estonia
Phone: + 372 6877 710
www.orkla.ee

- Orkla Confectionery & Snacks – Kalev, Harju, Estonia

Orkla Care
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone + 47 22 54 40 00

Orkla Home & Personal Care AS
P. O. Box 673 Skøyen, 0214 Oslo, Norway
Phone + 47 22 54 40 00
www.orkla.no

- Orkla Home & Personal Care, avd. Ski, Norway
- Orkla Home & Personal Care, avd. Flisa, Norway
- Riemann A/S, Hillerød, Denmark
- Jordan Asia Pacific Sdn Bhd, Kuala Lumpur, Malaysia
- Peri-dent LTD, Galashiels, Scotland
- Peri-dent Star Sdn Bhd, Nilai, Malaysia

Orkla Health AS
P. O. Box 353 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 00
www.orkla.no – www.orklahealth.com

- Lofoten Marine Oils AS 50/50 JV, Norway
- Peter Möller, Oslo, Norway

NutraQ AS
Sjølyst plass 3, 0278 Oslo, Norway
Phone: + 47 21 95 12 00
www.nutraq.com

- NutraQ, avd. Trollhättan, Strömstad og Stockholm, Sweden
- NutraQ, avd. Oslo og Myre, Norway
- NutraQ, avd. København, Denmark
- NutraQ, avd. Warszawa, Poland
- NutraQ, avd. Kerava, Finland
- NutraQ, avd. Amsterdam, Netherlands
- NutraQ, avd. Praha, Czech Republic
- NutraQ, avd. Milano, Italy

Orkla Care AB
Box 1336, SE-171 26 Solna, Sweden
Phone: + 46 (0) 10 142 40 00
www.orkla.se

- Orkla Care AB, avd. Falun, Sweden

Orkla Care A/S
Delta Park 45, 3. sal, 2665 Vallensbæk Strand, Denmark
Phone +45 43 56 56 56
www.orkla.dk

- Orkla Health, avd. Ishøj, Denmark
- Orkla Health, avd. Lynge, Denmark

Orkla Care Oy
Ayritie 16, FI-01510 Vantaa, Finland
Phone: + 358 10 218 370
www.orklacare.fi

Orkla Care S.A.
Ul. Polna 21, 05-520 Radzymin, Poland
Ul. Fabryczna 5a, 00-446 Warszawa, Poland
Phone: + 48 22 349 67 00
www.orklahealth.pl

- Orkla Care S.A, avd. Radzymin, Poland

Orkla Care SIA
Gustava Zemgala gatve 74, Rīga, LV–1039, Latvia
Phone: + 371 672 12 405
www.orklahealth.lv

Orkla Care UAB
Trinapolio 9E, LT-08337 Vilnius, Lithuania
Phone: + 370 5 23 10 654
www.orklahealth.lt

Orkla Wound Care
Box 1336, SE-171 26 Solna, Sweden
Phone: + 46 10 142 64 00
www.orkla.com – www.orklacare.se –
www.firstaid.cederroth.com

Norgesplaster AS
Granlivegen 21, 4700 Vennesla, Norway
Phone: + 47 38 15 22 00
www.norgesplaster.no

Orkla Cederroth, S.A.U.
S.A.U. Pol. Ind. Can Barri, C/D, naves 11–12,
08415 Bigues I Riells, Barcelona, Spain
Telefon: + 34 93 865 70 09

Health & Sport Nutrition Group HSNG AB
Svetsarvägen 15, 171 41 Solna, Sweden
P. O. Box: Box 1196, 171 23 Solna, Sweden
www.gymgrossisten.com – www.bodystore.com –
www.fitnessmarket.com

- Proteinfabrikken AS, Norway
- Proteinfabrikken AB, Sweden
- Fitness Market Nordic AB, Sweden
- VM International AB, Sweden

Orkla Food Ingredients
P. O. Box 423 Skøyen, NO-0213 Oslo, Norway
Phone: + 47 22 54 40 00

Idun Industri AS
- Idun Industri AS, Hvam and Rakkestad, Norway
- Bako AS, Hvam, Norway
- Mybakery, Hvam, Norway
- Orchard Valley Foods Sweden AB, Malmö, Sweden
- Nimatopaal i Dala-Järna AB, Dala-Järna, Sweden
- Frima Vafler, Århus, Denmark
- NIC UK, Omagh, Glasgow, Cornwall og Essex, UK
- Eisunion, Nürnberg, Germany
- NIC Nederland B.V., Waddinxveen, Netherlands
- Win Equipment NISSEI, Bunschoten, Netherlands
- Laan Heiloo B.V., Heiloo, Netherlands
- Vaffelbagaren, Kristianstad, Sweden
- Orchard Valley Foods, Tenbury Wells, UK
- Arne B. Corneliussen AS, Oslo, Norway
- County Confectionery Ltd, St. Ives, UK
- Orchard Valley Foods Australia Ltd, Coburg Victoria, Australia
- Confection by Design Ltd, Harrogate, UK
- Hans Kaspar AG, Zürich, Switzerland
- Cake Décor Ltd, Glasgow, Scotland
- For all Baking Ltd, Glasgow, Scotland

Odense Marcipan A/S, Odense, Danmark
- Frödinge, Vimmerby, Sweden

Credin A/S, Juelsminde, Danmark
- Credin Sverige AB, Stenkullen, Sweden
- Credin Polska, Sobotka, Poland
- Credin Group, Freixeira, Portugal
- Credin Productos Alimenticios, Barcelona, Spain

CBP A/S, Vejle, Danmark

- Dragsbak A/S, Thisted, Denmark
- Kjarnavörur hf, Reykjavik, Island
- Innbak hf, Reykjavik, Island
- UAB Vilniaus Margarino Gamykla (VMG), Vilnius, Lithuania
- KT Food, Randers, Denmark
- Gæðabakstur, Reykjavik, Island
- Blume Food I/S, Randers, Denmark
- NATURLI'® Foods, Randers, Denmark
- PureOil I/S, Thisted, Denmark
- Grondansk ApS, Vejen, Denmark
- Isbud, Reykjavik, Island
- SR Foods & Ingredients, Randers, Denmark
- Nonni Litli ehf – Reykjavik, Island
- Ismejeriet Thy, Thisted, Denmark
- Skovlund, Ansager, Denmark

OFI S&D

- KåKå AB, Lomma, Orebro, Sollentuna og Göteborg, Sweden
- Jästbolaget AB, Sollentuna, Sweden
- Werners Gourmetservice, Skara, Sweden
- Tredo AB, Södertälje, Sweden
- Condite Oy, Naantali, Finland
- Minordija, Kaunas, Lithuania
- LaNordija, Riga, Latvia
- Vilmix, Viljandi, Estonia
- PGD, Warszawa Poland
- Ambasador 92, Piaseczno, Poland
- Ekvia, Nitra, Slovakia
- Belusa Foods, Beluša, Slovakia
- Orkla Food Ingredients Cesko, Středokluky, Czech Republic
- Kanakis, Athen, Greece

Orkla Foods Romania SA, București, Romania

- Orkla Foods Romania, Covasna, Romania
- Orkla Foods Romania, Iași, Romania
- Orkla Foods Romania, București, Romania

Sonneveld Group B.V., Papendrecht, Nederland

- Sonneveld Ltd., Thirsk, UK
- Sonneveld OOO, St. Petersburg, Russia
- Sonneveld NV/SA, Brüssel, Belgium
- Sonneveld Kft, Ócsa, Hungary
- Vamo BV, Duiven, Netherlands
- Quattro Enzyme Solutions BV, Papendrecht, Netherlands

Orkla Consumer & Financial Investments

Lilleborg AS
Drammensveien 149, 0277 Oslo, Norway
Phone: + 47 815 36 00
www.orkla.no – www.lilleborg.no

- Lilleborg AS, teknisk avdeling, Furuset, Oslo, Norway

Orkla House Care AB
P. O. Box 133, SE-564 23 Bankeryd, Sweden
Phone: + 46 36 37 63 00
www.anza.se

Orkla House Care Norge AS
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 19
www.orklahousecare.com

Orkla House Care Danmark A/S
Delta Park 45, 3. Sal, 2665 Vallensbæk Strand, Denmark
Phone: + 45 47 33 74 00
www.orklahousecare.com

Orkla House Care
Koralenhoeve 25, 2160 Wommelgem, Belgium
www.orklahousecare.com

Orkla House Care/Harris China/Harris Decorating Tools
West Off of G321 National-Highway Fangzhi-Road, Mugang Town, Zhaoqing City, Guangdong Province, PRC, China
www.orklahousecare.com

LG Harris & Co Ltd
Stoke Prior, Bromsgrove, B60 4AE, UK
Phone: + 44 1527 575441
www.harrisbrushes.com

Pierre Robert Group AS
Drammensveien 149, 0277 Oslo, Norway
Phone: + 47 22 54 40 00
www.pierrerobertgroup.no

Orkla Eiendom AS
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 00
www.orklaeiendom.no

Orkla Energi AS
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 00

Sarpsfoss Ltd
P. O. Box 162, NO-1701 Sarpsborg, Norway
Phone: + 47 69 11 80 00

- Mossefossen ANS, Moss, Norway

Aktieselskabet Saudefaldene
Vangsnes, 4200 Sauda, Norway
Phone: + 47 52 78 80 00

Trælandsfos Holding AS
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 00

Kotipizza Group OY
Verkkosaarenkatu 5, 00580 Helsinki

New York Pizza GmBH
Centroallee 277, 46047 Oberhausen, Germany
New York Pizza, Smederij 15, Postbus 9031, 1180 Ma Amstelveen, Netherlands

Other companies and other group companies

Orkla IT AS
P. O. Box 383 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 09 61 00

Orkla Insurance Company DAC
Elm Park, Merrion Road, Dublin 4, Ireland
Phone: + 353 1 407 4992

Orkla Asia Pacific Pte Ltd
6 Shenton Way, OUE Downtown 1, #43-01, 068809, Singapore
Phone: + 65 9643 1029

Orkla Design AS
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 00

Orkla Investeringer AS
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 00

Orkla Ocean AS
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 00

Orkla Trading AS
P. O. Box 423 Skøyen, 0213 Oslo, Norway
Phone: + 47 22 54 40 00

Orkla Accounting Center Estonia OÜ
Tornimae tn 2 Tallinn, 15010, Estonia
Phone: + 372 6219002

Design
ANTI

Photo
Bjørn Wad


Longo Vital
Menopause
Med rødkløver, B6-vitamin, humle og biotin
Til en rolig og behagelig overgangsalder
Longo Vital
D3-vitamin
Plantebaseret fra alger
Til dit immunforsvar og dine knogler
Pikasol
Aktiv
OMEGA-3
Godt for musklerne
MÖLLER'S
TRAN
SITRON
Omega-3
VITAMIN A-D-E
MÖLLER'S
HUND&KATT
Omega-3
UniKalk
Forte
LIVOL
MULTI GUMMIES
FRA 3 ÅR