Guidelines for remuneration of senior executives

These guidelines have been prepared by the Board of Orkla ASA in accordance with section 6-16a of the Public Limited Liability Companies Act, and was approved at the company's ordinary general meeting on 13 April 2023; see section 5-6, third paragraph, of the Public Limited Liability Companies Act.

These guidelines concern remuneration agreed after the 2023 ordinary general meeting, as well as subsequent changes to agreed remuneration.

In these guidelines, "senior executives" means the President and CEO of Orkla ASA and other members of executive management. The guidelines also deal with the remuneration of employee representatives on the Board of Orkla ASA.

The guidelines will apply for the financial year 2023 and until the adoption of new guidelines by the general meeting. The guidelines will be revised in the event of any material changes, and at the latest in connection with the ordinary general meeting in 2027.

Material changes to the guidelines

Orkla's current guidelines for remuneration of senior executives were adopted by the general meeting on 15 April 2021.

In 2022, Orkla decided to restructure the company as a brand and consumer-focused investment company. As part of this process, the Board wishes to propose changes to Orkla's guidelines for remuneration of senior executives to ensure that these support the new operational structure.

Generally speaking, the changes entail a reduction in the range of the annual bonus and a corresponding increase in the range of the Long-Term Incentive Programme (LTI). The objective is to maintain a competitive Short-Term Incentive Programme (STI) while increasing the incentive to engage in long-term value creation. The overall range of variable remuneration will remain unchanged.

The 2021 guidelines provide that senior executives at Orkla participate in an STI programme under which they may receive up to 100% of annual fixed salary, as well as a share option based LTI programme under which they may receive up to 35% of annual fixed salary at date of grant.

Under the 2021 guidelines, a substantial proportion of accrued bonuses are linked to short- term performance targets defined through the STI programme. The Board is proposing to retain the programmes, but to adjust the weighting of the ranges for the STI and LTI programmes so that a larger proportion of variable pay is linked to long-term performance targets that are better aligned with the interests of shareholders. The revised guidelines therefore propose a reduction in the range of the STI from 100% to 60% of annual fixed salary. Further, an increase is proposed in the range of the LTI from 35% to 75% of annual fixed salary at date of grant.

To supplement the existing share option programme, the board is proposing to introduce a share programme through which employees will be rewarded with shares which will be transferred to them after three years if pre-defined, long-term performance criteria are achieved (performance shares).

Orkla ASA
Postal address
Pb 423 Skøyen,
0213 Oslo
Visiting address
Drammensveien 149
T: +47 22 54 40 00
www.orkla.no
Register of Business Enterprises
NO 910 747 711 MVA

It is proposed that the share option programme and the performance share programme be weighted equally such that the annual allocation value of share options may total up to 37.5% of annual fixed salary and the annual allocation value of performance shares may total up to 37.5% of annual fixed salary, resulting in a total allocation of up to 75% of annual fixed salary.

The Board sees two reasons for introducing a performance share programme in addition to a share option programme. First, the new range for the LTI (totalling up to 75% of annual fixed salary) means that a pure option programme could have a disproportionately high upside when increases in the Orkla share price are due to circumstances outside the company's control. Second, retention could be negative affected if the Orkla share price is low for a period of time. By linking the allocation of shares to individual, pre-defined, long-term performance criteria, performance shares can help motivate and retain employees during periods of weak share price development. A description of the proposed STI and LTI programmes is provided in the section on variable pay below.

The proposed changes are linked to Orkla's new role as an active owner of portfolio companies. Orkla has not received material feedback from shareholders or registered dissatisfaction with the current guidelines during voting on guidelines and the remuneration report at general meetings. Accordingly, the company has made no major changes other than those deemed necessary to implement the new variable remuneration structure. It has also made certain minor updates.

How the guidelines promote the company and the Group's business strategy, long- term interests and sustainability

Orkla is an industrial investment company and active owner of its portfolio of brand and consumer-focused companies. The overall business strategy of the company and the Group is focused on long-term growth and profitability through active ownership of the portfolio companies. Through the operations of its portfolio companies, Orkla seeks to be a positive force in local communities and is therefore focused on leading the development towards more sustainable and healthier products, people, and societies.

Variable remuneration metrics have therefore been selected to ensure that the incentives given to senior executives align with Orkla's overall business strategy and the desire to promote positive development of the Orkla share price in order to build shareholder value. Further, the Board considers that a share option programme gives a strong commonality of interests between shareholders and senior executives, as the programme will be strongly linked to total shareholder return.

For further information on Orkla's business strategy, please see Orkla's Annual Report and the Orkla website, www.orkla.com.

In order to implement its business strategy and safeguard its long-term interests, including sustainability, Orkla needs to recruit, develop and retain managers with relevant experience, advanced expertise and strong leadership abilities.

This is why the company is focused on offering executives terms that motivate them and that are competitive. The terms must also be well-balanced in view of the expertise, responsibilities, and performance of each individual.

The remuneration guidelines are intended to provide a clear executive remuneration framework that supports the company's business strategy and long-term interests, including ongoing growth and profitability, and that promotes long-term increases in shareholder value.

Executive remuneration components

Orkla's general approach is to pay fixed cash remuneration (salary and pension) at median market levels, while variable pay linked to performance, share price development, etc. (annual and long-term incentives) may be above the median market level. Remuneration may include the following elements:

- Fixed cash remuneration (salary)
- Variable remuneration (annual bonus and long-term incentives)
- Pension benefits
- Other benefits.

Fixed cash remuneration (salary)

The fixed salary for senior executives shall be in line with the market median in relevant local markets and shall reflect the requirements of each position in terms of qualifications, responsibilities and complexity, and the extent to which each position supports the achievement of Orkla's overarching business objectives.

Orkla uses internationally recognised job assessment systems to find "the right level" for each position and the fixed salary that should be offered. Positions are assessed by reference to relevant local markets (countries), and a pay interval of +/- 20% relative to the market median is applied. Each executive's responsibilities achieved results and performance decide his or her position on the pay scale. Individual performance shall be reflected in fixed salary and pay must therefore be set on an individual and differentiated basis.

The level of fixed cash remuneration (salary) shall be evaluated regularly, and normally annually.

Variable remuneration

Orkla ASA's executives participate in an annual bonus programme (the Short-Term Incentive Programme or STI), as well as a Long-Term Incentive Programme (LTI).

Variable remuneration must be linked to pre-defined, ambitious, and measurable criteria, as

well as Orkla's business strategy, commercial objectives, and long-term interests. Within the framework of these guidelines, the Board of Directors makes decisions on:

- Changes to the annual bonus programme (STI)
- Changes to the long-term bonus programme (LTI)
- The structure and details of the bonus programmes
- Cost limits for the bonus programmes
- The financial and commercial objectives of the bonus programmes
- Adjustments to current bonus programmes in extraordinary circumstances
- Authorisation for the Board's Compensation Committee to make decisions on pay and variable remuneration – an authorisation that is revised regularly and includes clear regulations and instructions for this work.

Annual bonus programme (STI)

The programme must be linked to one or more pre-defined and measurable criteria, which may be financial or non-financial. The targets used by the company must have a clear link with the business strategy, long-term interests, and continued growth of the company.

At least 50% of the targets must be financial targets. For individual employees, these targets will include one or more of the following:

- Profitable organic growth
- Operating profit (EBIT)
- Share price development
- Innovation and growth in market share
- Return on invested capital

While the above list of permitted financial targets is exhaustive, the specific selection of financial targets may vary from year to year and from member to member of executive management, depending on Orkla's priorities and individual circumstances.

At least 10% of the annual bonus programme must be linked to environmental, social and governance (ESG) factors.

Non-financial criteria may not account for more than 40% of the annual bonus programme. The range of potential annual bonuses is therefore as follows:

- At least 50% of the total potential bonus must be based on financial targets.
- At least 10% of the total potential bonus must be based on ESG targets.
- Up to 40% of the total potential bonus may be based on non-financial targets.

Non-financial targets must be defined for the following criteria:

- Specific proposals on how individual participants can contribute to Orkla's
- development and growth.
- Concrete commercial targets which are not directly covered by the general financial criteria (anticipated growth and outcomes must be specified).
- How each individual can best act in accordance with Orkla's management principles and/or values to develop the organisation, his/her own function and internal and external cooperation.
- Each individual's contribution to cost-savings and synergies.
- Each individual's contribution to the achievement of Orkla's sustainability targets.

Orkla's Board of Directors approves non-financial targets for the President and CEO, while the President and CEO approves non-financial targets for other executives.

The annual bonus scheme for executives is capped at 60% of fixed salary as of 31 December of the relevant year. The programme must be designed so that achievement of ambitious, pre-defined targets can result in a bonus totalling approximately 30% of fixed salary as of 31 December of the relevant year.

Bonus assessment

The bonus linked to financial factors shall be calculated by assigning achievement of a defined target a specified share of the maximum bonus for the relevant financial bonus element. The bonus range will be equal above and below the defined target. The starting point of the bonus

Orkla ASA
Postal address
Pb 423 Skøyen,
0213 Oslo
Visiting address
Drammensveien 149
T: +47 22 54 40 00
www.orkla.no
Register of Business
Enterprises
NO 910 747 711 MVA

range below the defined target is the starting point for bonus achievement, while the end point of the bonus range above the defined target secures the maximum bonus for the relevant financial bonus element.

The bonus linked to non-financial targets shall be assessed on a discretionary basis by the Board of Directors in the case of the President and CEO and by the President and CEO in the case of other executives. Assessments undertaken by the President and CEO shall require subsequent Board approval.

Sums paid under the annual bonus programme shall not be pensionable unless otherwise specified in applicable collective pension plan rules. If the bonus must be pensionable pursuant to such rules, the bonus shall be reduced accordingly.

Payment of the annual bonus shall be contingent on continued employment (which shall exclude completion of a notice period) at the time the bonus is paid. Exceptions may be made to this general rule if an individual's departure from the company is due to factors other than resignation. If a member of the scheme retires during the qualifying period, payment may be permitted as long as the employee participated in the scheme for at least 50% of the qualifying period.

Long-term incentive programme (LTI)

To promote long-term value creation, build strong community of interest among shareholders and executives, and create a staff retention mechanism that allows Orkla to retain the best performing leaders, senior executives will participate in a long-term incentive programme. Allocations are made annually as decided by the Board.

Share option programme

Options will be allocated based partly on position (the estimated option value corresponds to a defined percentage of fixed salary), partly on a discretionary assessment of individual performance by reference to the metrics specified in these guidelines (the maximum estimated option value corresponds to a defined percentage of fixed salary) and a discretionary assessment of the achievement of targets linked to sustainability as a growth factor (targets set and evaluated by the Board of Directors). The value of the total number of options allocated per year may not exceed 37.5% of fixed salary. The option value will be calculated in accordance with recognised international calculation models (such as the Black-Scholes model).

Pre-defined, long-term, ambitious targets shall relate to one or more of the following criteria:

- Profitable organic growth
- Long-term value creation
- Establishment of a cost-effective organisation and achievement of synergies
- Establishment, monitoring and updating of the group and capital allocation strategies
- ESG targets with a focus on Orkla's sustainability targets for the period to 2025

Options will be allocated once a year, and the closing price the day after the ordinary general meeting will be used to calculate the number of options to be allocated to each individual. The Board of Directors will make allocations to executive management, while allocations to other staff require the approval of the President and CEO. Options allocated to executive management may not be exercised until three years after the allocation date. The final date for exercising options is five years after the allocation date, and the options expire on this date unless exercised. The strike price will be set as the closing price the day after the ordinary general meeting in the year of allocation, plus 3% per year during the qualifying period. The strike price will be adjusted to take account of dividends. All unexercised options lapse in the event of an employee's resignation.

The gain on options allocated in a given year may not be greater than four times the value of allocated options on the allocation date, calculated in accordance with internationally recognised calculation models (such as the Black-Scholes model).

Share programme with performance shares

Senior executives will be rewarded with shares if they achieve pre-defined, long-term, ambitious performance criteria. Performance will be measured over a period of at least three years. The value of the total number of shares allocated per year may not exceed 37.5% of an employee's fixed salary on the allocation date.

The performance criteria shall relate to one or more of the following criteria:

- Profitable organic growth
- Long-term value creation
- Establishment of a cost-effective organisation and achievement of synergies
- Establishment, monitoring and updating of the group and capital allocation strategies
- ESG targets with a focus on Orkla's sustainability targets for the period to 2025

Performance shares will be allocated once a year, and the closing price on the day after the ordinary general meeting will be adopted when calculating the number of shares to be allocated to an individual. The Board will approve allocations to members of executive management, while awards to other employees must be approved by the President and CEO.

Any gain on performance shares allocated in a given year may not be larger than double the value of the allocated shares on the allocation date.

Share ownership requirements

In the long term, the President and CEO and members of executive management are expected to own shares corresponding to one year's salary. Until senior executives own the necessary number of shares, they are expected to use 50% of the annual net gain they make through the option programme to purchase shares in Orkla.

Prevention of unintended benefits and potential repayment

If an executive who receives variable remuneration based on his/her position has

- Acted improperly or dishonestly;
- Committed or participated in the commission of financial crimes;
- Materially breached Orkla's Code of Conduct;
- Committed an act which has materially harmed the reputation of Orkla ASA or a subsidiary; or
- Otherwise materially breached his/her obligations under his/her employment contract,

the Board of Directors may decide that the executive shall lose all or some of his/her entitlement to benefits under variable remuneration arrangements. If an executive has received variable remuneration before circumstances as specified above are discovered, the Board of Directors may decide that all or part of the variable remuneration paid in the preceding three years shall be repaid.

Pension benefits

Pension benefits shall be contribution-based unless an executive has a defined-benefit pension plan pursuant to binding collective agreements or statutory conditions. This may be the case for executives outside Norway, and premiums under such defined contribution pension plans shall be paid in accordance with the terms of the applicable collective pension scheme. The company does not have direct influence on maximum premium levels under collectively agreed pension schemes outside Norway, and therefore no maximum premium is specified in these guidelines.

Premiums under defined-contribution pension schemes shall not exceed 30% of fixed annual salary.

Disability pensions for executives shall be designed to reflect the general collective terms applicable within the company and the Group. In addition, executives may be granted financial coverage in respect of pay elements which exceed any cap imposed by statutory or contractual rules on collective schemes. In Norway, this currently applies to pensions in respect of pay exceeding 12 x G (the national insurance basic amount).

The company does not have direct influence on the maximum premium levels under disability pension schemes, and therefore no maximum premium is specified in these guidelines.

General staff share purchase programme

For a number of years, Orkla has run a programme giving staff the opportunity to purchase a limited number of shares in the company at a discount to the market price. This programme will remain available in 2023 but will not be continued in the new operational structure from 2024.

Other payments and benefits

Other benefits – which may include a company car or car allowance, travel allowance, staff and health insurance and medical services – shall be granted on market terms and shall only constitute a limited part of the total remuneration package. Premiums and other costs linked to such benefits may not total more than 15% of fixed annual salary. Such costs may only total more than 15% in special circumstances approved by the Board.

Remuneration in extraordinary circumstances

Additional remuneration may be paid in extraordinary circumstances, provided that such extraordinary payments are only made on an individual basis and for the purpose of either recruiting or retaining an executive, or as compensation for extraordinary work done in addition to the individual's ordinary tasks. Such remuneration may not exceed 50% of an individual executive's fixed annual salary. Decisions to approve such remuneration shall be made by the Board of Directors based on a proposal prepared by the Compensation Committee.

Termination

A mutual notice period of six months shall apply to executives. In the event of dismissal by the company, or agreed resignation at the company's request, an employee may receive severance pay/termination pay totalling no more than one year's fixed salary. If an employment contract includes a clause on termination pay, this clause shall – if legally permitted – provide that the executive has waived job protection in the employment contract. As a general rule, at least 75% of income from any new employment started during the same period shall be deducted from such termination pay. Adjustments may be made based on local laws and regulations outside Norway.

Remuneration may be paid for restrictions imposed with regard to competing businesses during any period for which no termination pay is paid. Such remuneration is intended to compensate the executive for loss of earnings and shall not exceed 60% of fixed salary at the time of termination. Severance pay/termination pay, and compensation paid during a non- compete period shall not constitute pensionable income.

Fees linked to Board appointments

Executives who hold Board appointments with internal or external companies by virtue of their position at Orkla shall not receive fees in connection with these appointments. If such fees are paid nevertheless, the funds shall accrue to Orkla. The Board of Directors may approve exceptions to this rule.

Members of the company's Board elected by and from among the company's employees are entitled to receive the fees decided by the general meeting in addition to their ordinary remuneration linked to their employment by the company.

Decision process for establishment, approval and implementation of the guidelines

Orkla's Board of Directors has appointed a remuneration committee. The committee's responsibilities include preparing executive remuneration principles and preparing Board resolutions on draft executive remuneration guidelines. In the event of material changes, the Board of Directors shall prepare draft guidelines for approval by the general meeting. The Board must in any event prepare draft guidelines at least every four years and submit its proposal to an ordinary general meeting for approval. Approved guidelines shall remain in force until the general meeting approves new guidelines.

The remuneration arrangements of the President and CEO shall be decided by the Board of Directors in accordance with the approved executive remuneration guidelines. The Board shall make its decision based on a recommendation prepared by the Compensation Committee. The remuneration packages of other executives shall be decided by the President and CEO in accordance with the approved guidelines and following consultation with the Compensation Committee. The members of the Compensation Committee are independent of Group management. The President and CEO shall not participate in the Board's discussions and decisions on matters concerning his/her remuneration.

Consideration of the remuneration and employment conditions of other employees

Orkla ASA

Postal address
Pb 423 Skøyen,
0213 Oslo

Visiting address
Drammensveien 149

T: +47 22 54 40 00
www.orkla.no

Register of Business
Enterprises
NO 910 747 711 MVA

In preparing the draft guidelines, the Board of Directors has considered the pay and employment conditions of other Orkla employees. In assessing the reasonableness of the guidelines and the restrictions they impose, the Board's Compensation Committee and the Board itself have considered other employees' total remuneration, remuneration components and frequency and size of remuneration increases over time. The Board of Directors will regularly assess differences between executive remuneration and the remuneration of other employees.

Deviation from the guidelines

The principles set out in these guidelines shall be binding on the company from the time of their adoption by the general meeting.

The Board of Directors may authorise temporary deviation from all or parts of these guidelines if there are special grounds for doing so in an individual case and such deviation is necessary to safeguard the long-term interests and sustainability of the company or to ensure the financial viability of the company and the Group.

As stated above, the Compensation Committee's tasks include the preparation of Board resolutions on remuneration issues. This includes any decisions to deviate from the guidelines. If the Board of Directors approves a deviation from the guidelines, the decision must be reported in the remuneration report submitted to the next general meeting. The first remuneration report based on these guidelines will be prepared for the general meeting in 2024. Thereafter, remuneration reports shall be prepared annually based on the guidelines applicable at any given time.