



Orkla Green Bond Framework

Investor presentation 26th May 2021

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Agenda

1. Introduction to Orkla
2. Sustainability in Orkla
3. Green Bond Framework
4. Funding priorities
5. Contemplated NOK senior unsecured Green Bond Issue



**The leading Nordic supplier
of branded consumer goods**



Vision: “Your friend in everyday life”

Winning in local markets

The leading Nordic-based BCG company



- No.1 BCG Company in the Nordic
- Strong local companies with full P&L responsibilities
- Synergy realization throughout value chain

Unique local customer and consumer insight



- #1 or strong #2 brands
- Iconic brands with strong history
- A preferred partner for the retailers

Resilient market positions



- Market positions in the range of 30%-80%
- Strong positions in smaller markets
- Broad category scope to get scale

Proven track record of value creation



Total shareholder return* (CAGR):

- 12 months 0,5 %
- 3 years 3,3 %
- 5 years 9,3 %
- 10 years 10,6 %
- Dividend normally within 50-70% of EPS

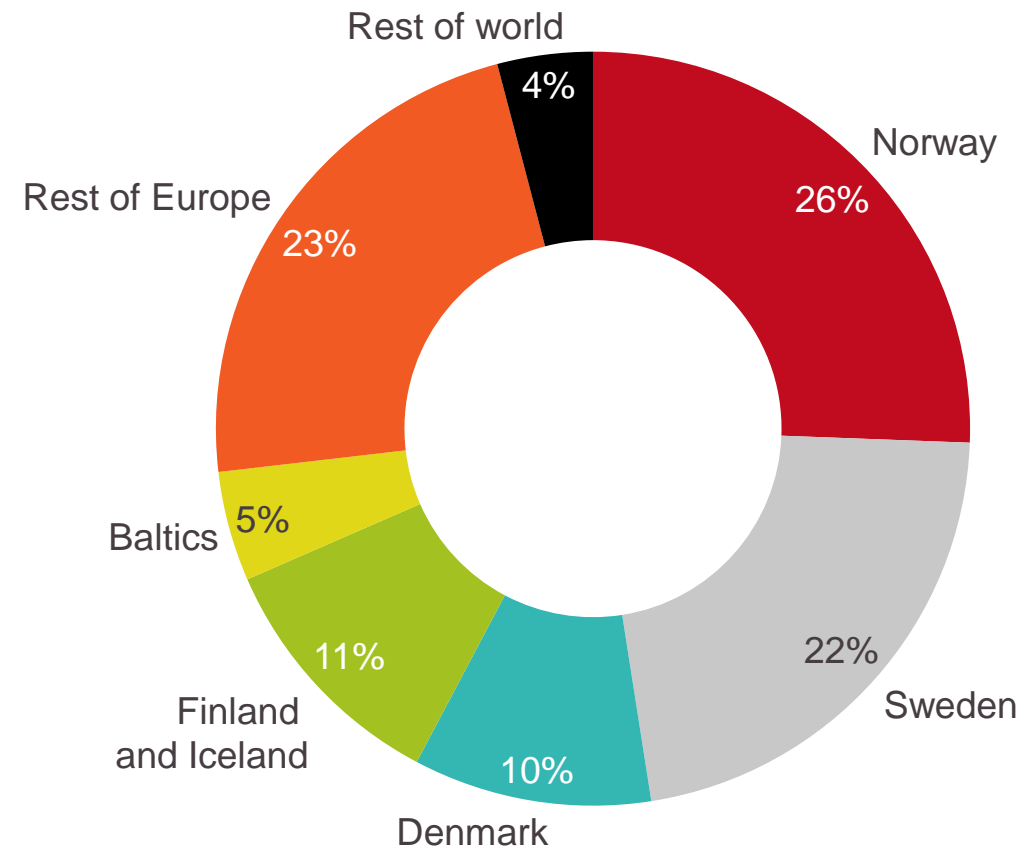
* Return on investment including reinvested dividends as at 31 December 2020

Branded Consumer Goods:






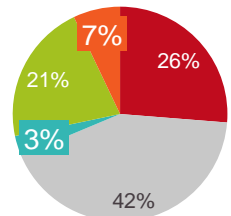
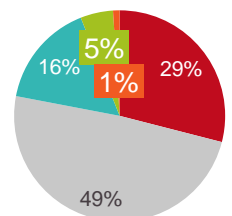
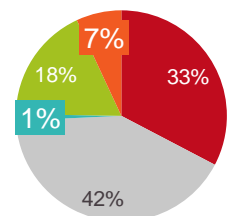
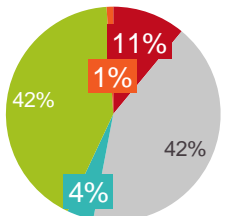
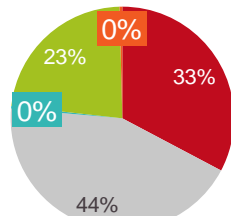
Strong Nordic presence accounting for ~70% of sales



Geographical spread of sales revenues

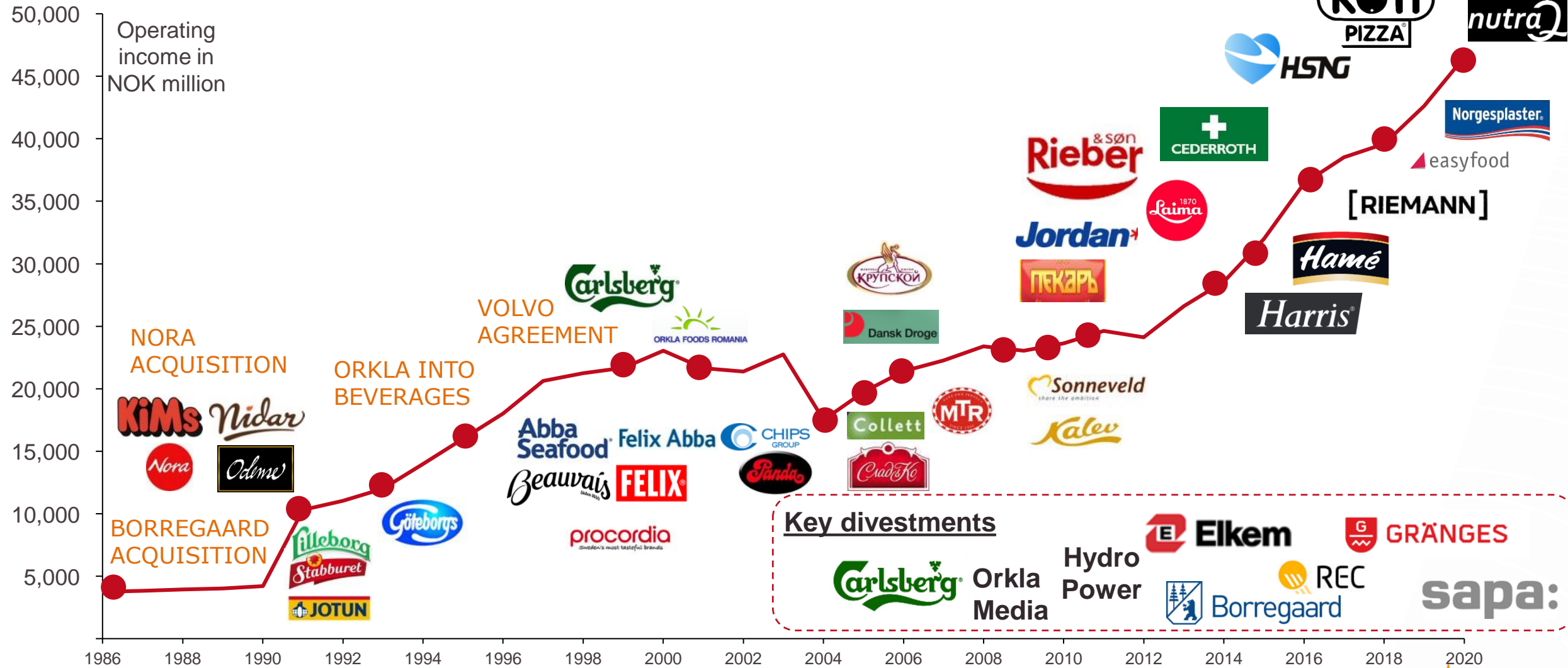


A unique portfolio of strong local brands

Orkla Foods	Orkla Confectionery & Snacks	Orkla Care	Orkla Food Ingredients	Orkla Consumer Investments	Industrial & Financial Investments
<p>(NOK billion) Sales: 18.3 EBIT (adj.): 2.6</p> <p>EBIT (adj.) margin: 14.4%</p>	<p>(NOK billion) Sales: 7.2 EBIT (adj.): 1.2</p> <p>EBIT (adj.) margin: 16.8%</p>	<p>(NOK billion) Sales: 6.9 EBIT (adj.): 1.0</p> <p>EBIT (adj.) margin: 14.8%</p>	<p>(NOK billion) Sales: 10.7 EBIT (adj.): 0.5</p> <p>EBIT (adj.) margin: 4.7%</p>	<p>(NOK billion) Sales: 3.8 EBIT (adj.): 0.4</p> <p>EBIT (adj.) margin: 10.5%</p>	<p>Jotun (42.6%)</p>
					<p>Hydro Power</p>
					<p>Financial Investments</p>

■ Norway
 ■ Nordics ex. Norway
 ■ Baltics
 ■ Europe other
 ■ World other

We have continued to strengthen Orkla as a BCG company by reallocating capital from sale of non-core assets to BCG



7 Note: 40% of Carlsberg Breweries included in 2001, 2002 and 2003.

Main message Q1 2021

Summary Q1

- BCG organic growth of 0.5% against strong comparables
- U. EBIT improved by 9.5% in BCG incl. HQ
- Positive contributions from Hydro Power and Jotun
- Adjusted EPS* increased by 21% to NOK 1.27



Various Covid-19 impacts

- Good market growth in grocery (but Stockpiling in March 2020)
- House Care and C&S Norway Q1 positive C-19 impact
- Indication of recovery in Food Ingredients



Strategic initiatives

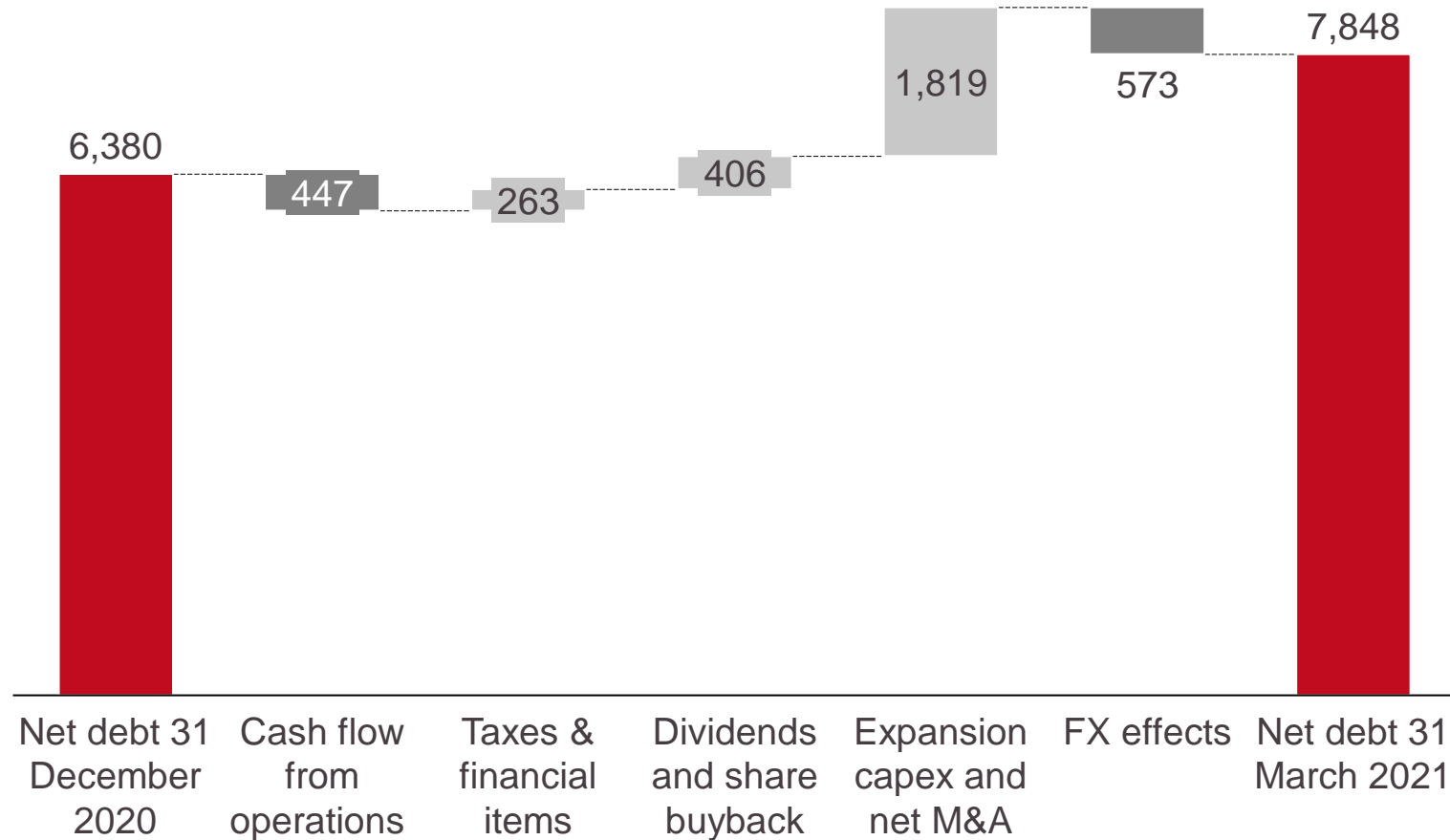
- Orkla Alternative Proteins: Revenue ambition of BNOK 3
- Out-of-Home: follow the consumer – expand through both B2B and D2C
- Health: Increased awareness for healthy lifestyle and health related needs
- M&A: signed and closed transactions of BNOK 4.9 in Q1



Positive cash flow from operations in the quarter

Cash flow from operations per 31.3 (pre-tax)	YTD Q1-21	YTD Q1-20
Orkla Branded Consumer Goods (BCG, incl. HQ)		
EBIT (adj.)	1,208	1,103
Depreciation	441	430
Change in net working capital	-515	-122
Net replacement investments	-652	-601
Total BCG cash from operations (pre OIE)	482	810
Cash flow from other income & exp. and pensions	-172	-117
Industrial & Financial Investments	137	87
Total Orkla cash flow from operations	447	780

Continued strong balance sheet and financial flexibility after completed M&A transactions in the period



Orkla Alternative Proteins

Announcement 30 April 2021

- Orkla's goal is to be one of the foremost players in alternative proteins in Europe
- Establishing Orkla Alternative Proteins as a separate business unit
- Existing plant-based brands in Orkla: total turnover NOK 869 mill. in 2020 (21% growth)
- Aiming at NOK 3 billion t/o in plant-based food by 2025 – organic growth and acquisitions





Sustainability in Orkla

Orkla – long history of sustainability management

1997	2004	2007	2008	2011	2015	2018
EHS reporting	Corporate Responsibility Group Directive Orkla Food Safety Standard	First Orkla Sustainability report	First climate strategy and targets Responsible Sourcing procedures	Human rights Group policy	Orkla sustainability strategy and targets towards 2020	Orkla sustainability strategy and targets towards 2025 Annual human rights due diligence process



**Dow Jones
Sustainability Europe
Index**



Sustainability at Orkla

Sustainability

Orkla wants to create sustainable growth. As a producer of food and other consumables, Orkla's primary contribution to sustainable development is to be able to offer sustainable products, and UN Sustainable Development Goal 12 - responsible consumption and production - lies at the very core of the Group's sustainability work

12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	UN Sustainable Development Goal 12 is pivotal to Orkla's sustainability work. Orkla companies seek to make the transition to sustainable production and consumption by engaging in promoting sustainable raw material production, developing recyclable packaging solutions based on recovered or renewable materials, reducing the climate foot print of our products and developing products for a healthy lifestyle. Efforts to achieve SDG 12 also contribute to attainment of several other SDGs	
2 ZERO HUNGER 	<ul style="list-style-type: none"> Ensure responsible production of food raw materials and promote sustainable agriculture and fishing 	13 CLIMATE ACTION  <ul style="list-style-type: none"> Reduce greenhouse gas emissions throughout the value chain in line with what is required to limit global warming to a maximum of 1.5°C
3 GOOD HEALTH AND WELL-BEING 	<ul style="list-style-type: none"> Develop products and solutions for health and wellness Work systematically to reduce salt and sugar Inspire people to adopt a healthy lifestyle 	14 LIFE BELOW WATER  <ul style="list-style-type: none"> Protect fish resources through sustainable sourcing Avoid plastic pollution by developing circular products and packaging solutions
5 GENDER EQUALITY 	<ul style="list-style-type: none"> Promote diversity and gender balance at all levels and across the business 	15 LIFE ON LAND  <ul style="list-style-type: none"> Contribute to responsible farming practices for the future Ensure deforestation-free supply chains
8 DECENT WORK AND ECONOMIC GROWTH 	<ul style="list-style-type: none"> Work systematically to safeguard human rights in the workplace and in the supply chain 	17 PARTNERSHIPS FOR THE GOALS  <ul style="list-style-type: none"> Take part in active stakeholder dialogue and partnerships to promote sustainable production and consumption

Sustainability strategy and targets for 2025



Environmental engagement

Strong engagement for the environment

- > 60% renewable energy
- 63% reduction in greenhouse gas emissions from own operations (77% reduction by 2040) ^{1,2}
- 29% 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

Partnership for 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 promote a healthier lifestyle
- 15 per cent less salt and sugar ⁵
- Inspire people to adopt a healthier lifestyle



Safe products

Safe products build trust

- 100 per cent food manufacturing facilities at green level ⁶
- 100 per cent approved suppliers ⁶
- Continue to ensure that all products are safe



Care for people and society

Strong local engagement for sustainability

- 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

Sustainability highlights 2020

Transition to low-carbon operations

Orkla has set science-based targets (SBT) for its operations and in the period 2014-2020 has achieved a 62 per cent reduction in greenhouse gas emissions¹. In 2020, **47 per cent** of the energy that Orkla used came from renewable sources, and the company was awarded an **A score** for its CDP reporting on climate work.

Healthier products

Orkla continues its efforts to reduce salt and sugar in its products, and in the period 2015-2020 the total contribution from Orkla products to the population's consumption of salt and sugar has been reduced by 6.5 per cent and 9 per cent, respectively. In 2020, Orkla used **2,234 tonnes less sugar** and **168 tonnes less salt** than in the previous year.

More women in management

Orkla is aiming for 50 per cent women managers at all levels by 2025 and works systematically to achieve this target by means of conscious recruitment and systems for long-term leadership development. The number of women at senior executive level continues to rise, increasing from 35.5 per cent in 2019 to **35.9 per cent** in 2020.

Sustainable growth

Orkla continues to focus on plant-based food, and turnover from the NATURLI¹, Anamma, Felix, Beauvais Veggie and Lecora Green Line brands increased by **21 per cent** from 2019 to 2020. Developing products that promote sustainable consumption is a priority for the Group, and in 2020 **19 per cent** of turnover derived from products defined as "most sustainable"².

Sustainable raw materials

Orkla drew up a new framework for sustainable agricultural products and new guidelines for animal welfare. Efforts to reach the target for sustainable raw material production by 2025 continued, and in 2020 **84 per cent of cocoa**, **94 per cent of palm oil** and **66 per cent of fish** were certified under relevant external standards.

Circular packaging value chains

By launching new packaging solutions and participating in external collaboration, Orkla took new steps in 2020 on the road towards circular value chains for plastic and other packaging. In 2020, **95 per cent** of Orkla's packaging was recyclable and **47 per cent** was based on recycled materials.

Strategic product portfolio management

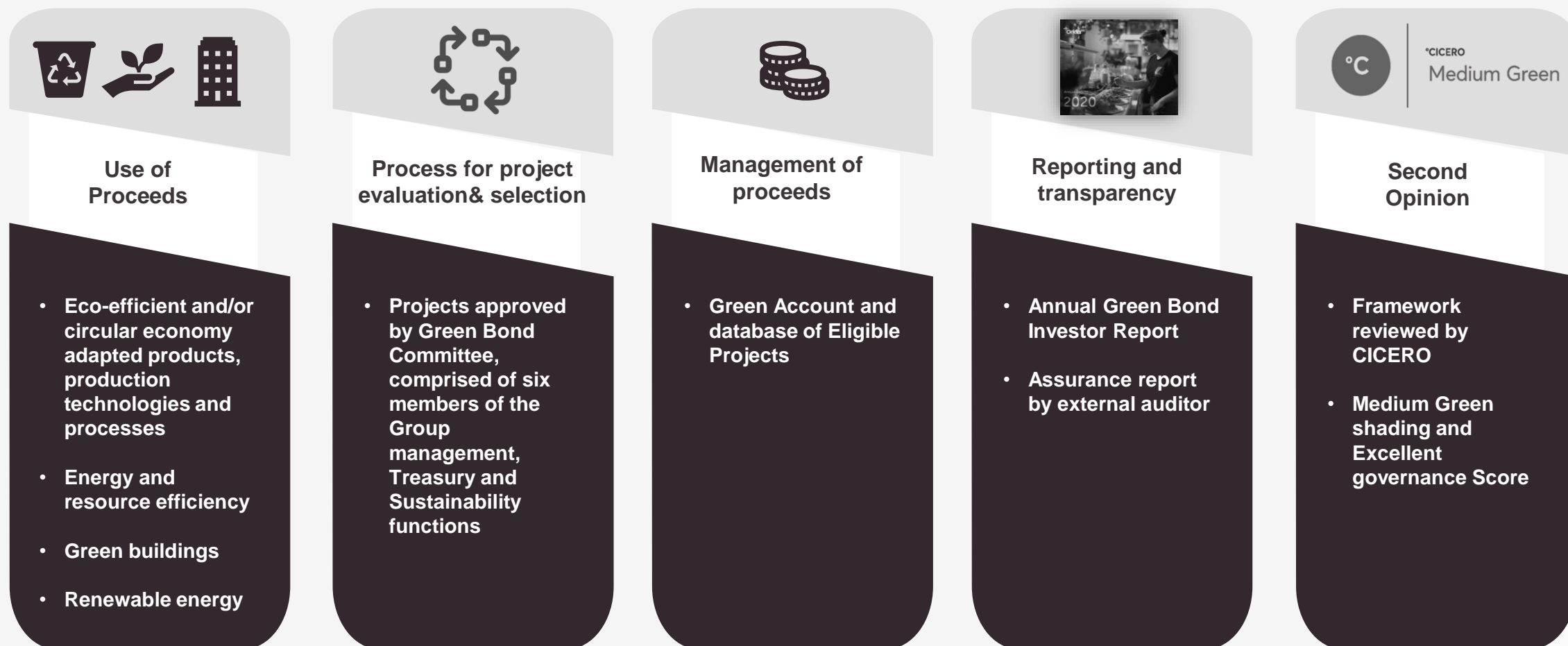
In 2020, **19%** of revenues came from “most sustainable products”. To be classified as “most sustainable” the product must meet the highest criteria (level 3) for 2 out of 3 dimensions.





Green Bond Framework

Orkla's Green Bond framework



Use of proceeds

Eco-efficient and/or circular economy adapted products, production technologies and processes

Sub-category	Description	Examples
Eco-efficient and/or circular economy adapted products, production technologies and processes		
R&D	The development of new technologies, processes, concepts, packaging and raw materials	<ul style="list-style-type: none"> Certified raw materials New ESG-improved products 30% reduced GHG emission products Plant-based food
Sourcing	Investments in materials or purchasing of certified raw materials	<ul style="list-style-type: none"> Manly OPEX RSPO, FSC, Rainforest Alliance, UTZ, ProTerra, FairTrade, Nordic Swan
Production	Investments in and/or replacement of facilities to produce, store and distribute new products with 30% GHG reduction or plant-based products	<ul style="list-style-type: none"> Production facilities Distribution facilities Product lines for plant-based production
Packaging	Tools or methods needed to prolong the expiration date of food, increase recyclability and lower levels of waste	<ul style="list-style-type: none"> 100% recyclable packaging Materials based on > 50% recycled Equipment reducing the need for packaging with at least 30%
Circularity	Investments in circularity of food waste and waste with an aim to move large amounts of material up the waste hierarchy	<ul style="list-style-type: none"> Recycling of packaging materials Recycling of waste

Plant-based and certified products



- Plant-based products – e.g. “Naturli”, “Anamma”, “Felix Veggie”
- Products receiving the best certifications such as UTZ, RSPO and FSC
- Reducing the footprint of Orkla’s CAPEX and OPEX



Use of proceeds

Resource and energy efficiency – Green buildings – Renewable energy

Description	Examples
Resource and energy efficiency	
Investments into resource efficiency measures and energy efficiency measures – target minimum efficiency improvement of 30%	<ul style="list-style-type: none"> Reduction of raw materials, waste and water usage Efficient ventilation, heating and cooling systems
Green buildings	
Investments into green buildings	<ul style="list-style-type: none"> Certification from BREEAM of Excellent or higher
Investments in renovations or improvements of existing buildings that lead to a reduction in primary energy consumption by at least 30%	<ul style="list-style-type: none"> Major renovations and replacements that lead to at least 30% energy efficiency improvements per square meter and year
Renewable Energy	
Investments in on-site solar power installations and stand alone solar farms, related infrastructure	<ul style="list-style-type: none"> On-site solar power

Orkla City – Drammensveien 149



- New office building with significant environmental aspects and innovation
- BREEAM Excellent
- Energy rating “A”

Process for project evaluation and selection

Green bond committee and green account

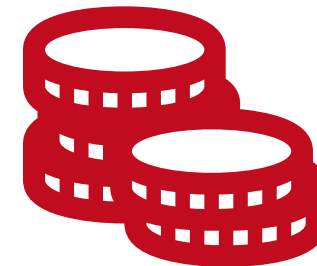
Green bond committee

- Consists of six members from
 - Group management
 - Treasury
 - Sustainability functions
- The Green Bond Committee is responsible for the ongoing monitoring of the Green Portfolio and for the reporting on its environmental benefits
- The Green Portfolio of Eligible Projects will be reviewed and updated on a yearly basis, and as such the GFC will meet on an annual basis or when needed



Green account

- An amount equal to the net proceeds of any Green Bonds raised will be credited to a segregated Green Account with the purpose to finance Orkla's Eligible Projects as defined in the Use of proceeds section
- Orkla monitors and accounts for the allocation of the proceeds through internal information systems and databases
- If, for any reason, a financed Eligible Projects no longer meets the eligibility criteria, it will be removed from the systems and databases of projects financed with proceeds from Orkla's green bonds



Reporting

Overall and green bond specific

Orkla's annual ESG report



Green bond investor letter

Categories	Examples of impact indicators
Eco-efficient and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none">• Estimate of the reduction in greenhouse gas emissions as a result of the investments• Amounts of volume of purchased certified raw materials in tonnes/year. Fraction allocated to each certification.• The fraction allocated to each sub-category within this category• Amounts of recyclable packaging measured in tonnes/year• Average amount of prolonged expiration measured in days/product
Energy and resource efficiency	<ul style="list-style-type: none">• Each yearly report will include at least one example (if applicable) of an Energy and resource efficiency investment that has been financed with green net proceeds• Orkla will emphasize carbon savings, where applicable, as relevant performance metrics
Green buildings	<ul style="list-style-type: none">• Environmental certification• Energy consumption disclosed by absolute consumption (kWh) and intensity (kWh per square meter) per year• Calculated carbon footprint disclosed by absolute emissions (tonnes) and intensity (kg per square meter) per year• Percentage of energy use reduced/avoided
Renewable energy	<ul style="list-style-type: none">• Annual renewable energy generation GWh• Annual GHG emissions reduced/avoided, in tonnes, CO₂-equivalent

Second opinion

Shading and comments

CICERO shading



- Received an overall shading of **Medium Green**
 - “Eco-efficient and/or circular economy adapted products, production technologies and processes” received **Medium Green**
 - “Resource and energy efficiency” received **Medium to Dark Green**
 - “Green Buildings” received **Medium Green**
 - “Renewable Energy” received **Dark Green**
- Governance score of **Excellent**

Strengths and weaknesses

Strengths

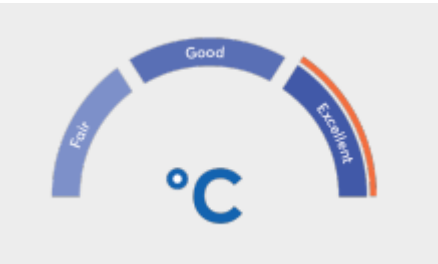
- Sustainability ambitions and governance
- Ambitious targets for GHG reduction and resource efficiency improvements
- Targeting 100% recyclable packaging, a step towards circularity
- Certified raw materials at FSA Silver level or equivalent, exclusion of animal feed and meat based raw materials
- Energy efficiency improvement target of 30% in building projects in line with Paris Agreement. BREEAM Excellent or higher commendable.

Weaknesses

- Cicero finds no material weaknesses in the Framework



°CICERO
Medium Green





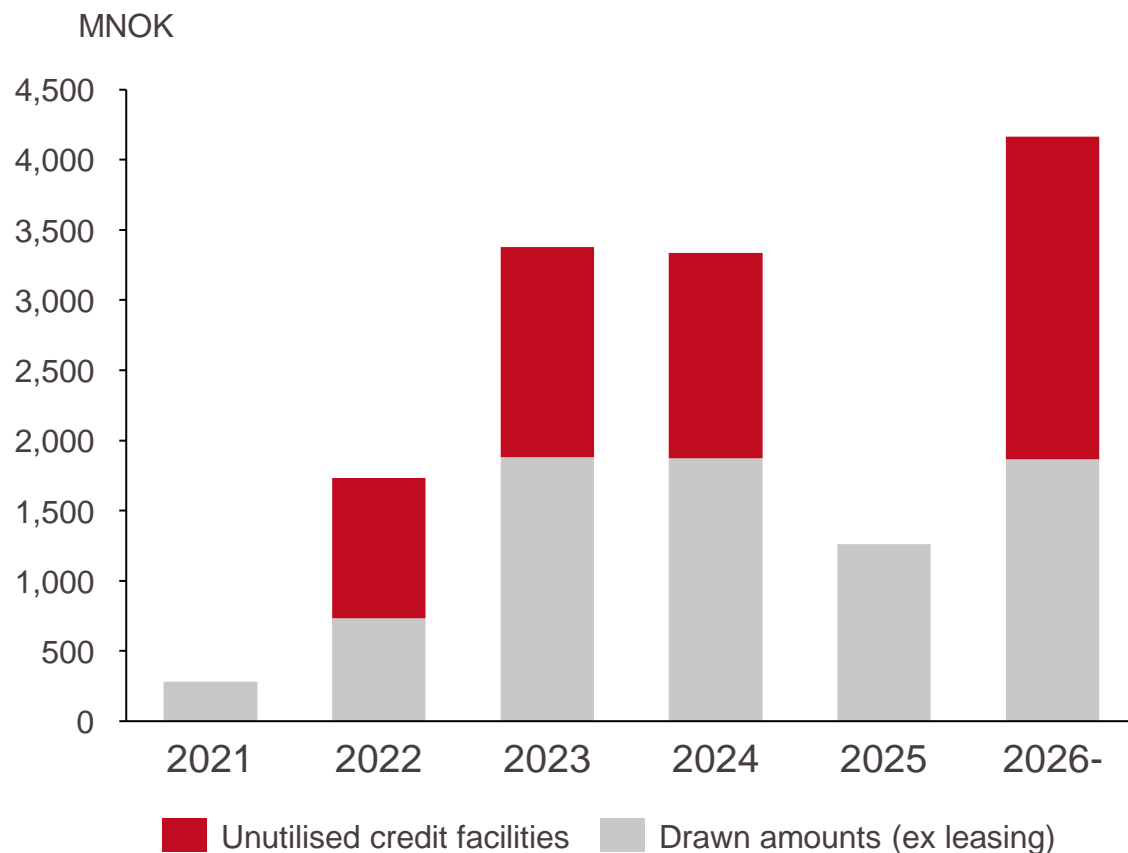
Funding

Funding – key priorities

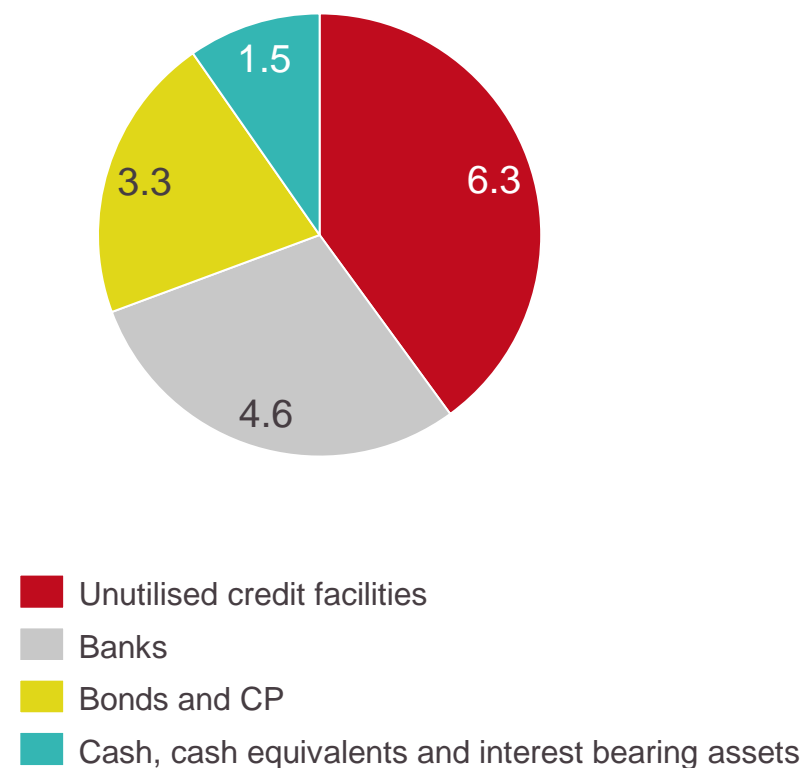
- Net debt max 2,5 x EBITDA over time
- Maintain financial flexibility – liquid assets and undrawn facilities to cover:
 - 12 months maturities
 - Known capital capital needs
 - Strategic reserve
- Diversified funding sources (Banks, DCM, PP, lending institutions)
- Smooth maturity profile
- Long-term bank relations. Bilateral RCFs.
- Harmonised documentation: senior, unsecured (neg.pledge), pari passu. No financial covenants.

Funding sources and maturity profile – Q1 2021

Debt maturity → average maturity 3.5 years



Funding sources (in BNOK)



Orkla in the Norwegian Bond Market

Bond		Notional NOK mill.	Outstanding NOK mill.	Treasury holding NOK mill.
ORK 82	2015/22	1,500	724	776
ORK 83	2016/23	1,000	675	325
ORK 80	2013/24	1,000	885	115
ORK 84	2016/26	1,000	1,000	-
TOTAL			3,284	1,216

- All bonds listed on Oslo Børs
- Nordic Trustee documentation
- Fixed or FRN depending on investor preference
- Arranger mandates to relationship banks

Contemplated Green Bond issue – May 2021

- NOK senior unsecured green bond issuance
- 5-10 years tenor
- Fixed or floating rate
- DNB Markets, Handelsbanken Capital Markets and SEB mandated arrangers
- SEB: Sole Green Bond Structuring Advisor



Use of proceeds

- Initial Green Bond proceeds mainly expected to be allocated to:
 - Orkla House - Group HQ in Oslo
 - BREEAM Excellent, Energy class A
 - Certified raw materials
 - 2021 costs
 - Production facilities and production lines for plant-based products



Thank you!

