
THE NOMINATION COMMITTEE'S RECOMMENDATION

To the General Meeting of Orkla ASA

RECOMMENDATION REGARDING THE ELECTION OF SHAREHOLDER-ELECTED MEMBERS AND A DEPUTY MEMBER OF THE BOARD OF DIRECTORS, ELECTION OF THE CHAIR AND DEPUTY CHAIR OF THE BOARD OF DIRECTORS, ELECTION OF MEMBERS OF THE NOMINATION COMMITTEE AND DETERMINATION OF FEES

In 2010, the General Meeting of Orkla ASA adopted special instructions for the Nomination Committee (the Instructions). These Instructions may be found on the company's website www.orkla.com/investor-relations. The Nomination Committee has organised its work in accordance with these instructions.

Information on how shareholders can submit suggestions to the Nomination Committee has been posted on the company's website. The Nomination Committee has also contacted major shareholders for suggestions or comments, and has spoken with representatives of several shareholders.

The Nomination Committee has reviewed this year's external evaluation of the Board of Directors, and has had meetings with most of the Board members, including Board Chairman Stein Erik Hagen and Deputy Chair Grace Reksten Skaugen and President, as well as President and CEO Peter A. Ruzicka.

The Nomination Committee has addressed the issues set out below at a number of meetings. The Committee has considered the Instructions' requirements regarding a recommendation on election of members of the Board of Directors, in addition to which it has drawn up a set of assessment criteria which, in its opinion, should be reflected in the overall composition of the Board of Directors. Reference is made to Attachment 1.

On this basis, the Nomination Committee submits the following unanimous recommendation:

1. ITEM 7 OF THE AGENDA - ELECTION OF MEMBERS AND A DEPUTY MEMBER OF THE BOARD OF DIRECTORS

At the Annual General Meeting on 12 April 2018, the following Board members and deputy Board members were elected for a term of one year and consequently all of them are up for election in 2019:

Stein Erik Hagen	(member 2004)
Grace Reksten Skaugen	(member 2012)
Ingrid Jonasson Blank	(member 2013)
Nils K. Selte	(member 2014)
Lars Dahlgren	(member 2014)
Liselotte Kilaas	(member 2017)
Peter Agnefjäll	(member 2018)
Caroline Hagen Kjos	(personal deputy member for Mr Hagen and Mr Selte 2016)

In the Nomination Committee's opinion, the individual Board members, and the Board of Directors as a collegial body, function well. This has been confirmed by the discussions conducted by the Nomination Committee, and by the evaluation of the Board of Directors. The Nomination Committee considers it important to ensure continuity in the Board of Directors, but also wishes to facilitate continuous renewal of the Board.

This year, the Nomination Committee recommends that all of the shareholder-elected Board members be re-elected. The Nomination Committee also recommends that Caroline Hagen Kjos be re-elected as personal deputy member for Mr Hagen and Mr Selte.

For information on the Board members and deputy member proposed for re-election, reference is made to the company's Annual Report, which may be found at www.orkla.com.

Under Article 4, third paragraph, of Orkla's Articles of Association, shareholder-elected Board members and any deputy members are to be elected for a term of up to two years at a time. It has previously been the practice of the General Meeting to elect shareholder-elected members and deputy members to the Board of Directors on an annual basis. It is therefore proposed that the term of office be set at one year for all of them.

2. ITEM 8 OF THE AGENDA – ELECTION OF THE CHAIR AND DEPUTY CHAIR OF THE BOARD OF DIRECTORS

At the Annual General Meeting on 12 April 2018, Stein Erik Hagen was re-elected as Board Chairman and Grace Reksten Skaugen was re-elected as Deputy Chair. In accordance with prior practice, the term of office was set at one year for both persons.

The Nomination Committee recommends that Stein Erik Hagen be re-elected as Board Chairman and that Grace Reksten Skaugen be re-elected as Deputy Chair. It is proposed that both of them be elected for a term of one year.

Vidar Dahl, as representative of the employee-elected Board members, has endorsed this recommendation.

Under the provisions of the Public Limited Liability Companies Act, the Chair of the Board of Orkla ASA is elected by the Board of Directors itself if the Chair is not elected by the General Meeting. The Board of Directors wishes to adhere to section 8 of the Norwegian Code of Practice for Corporate Governance, and has

therefore proposed that the Chair and Deputy Chair of the Board be elected by the General Meeting.

3. ITEM 9 OF THE AGENDA – ELECTION OF MEMBERS TO THE NOMINATION COMMITTEE

Orkla has a Nomination Committee which, pursuant to Article 13 of the Articles of Association, shall:

“submit proposals to the General Meeting regarding the latter’s election of members to the Board of Directors. The Nomination Committee shall also submit proposals regarding the election of the Board Chair. In connection with the preparation of proposals for the election of the Board Chair, the Nomination Committee is supplemented by a representative designated by the employee-elected members of the Board.”

The Nomination Committee consists of Anders Christian Stray Ryssdal, Leiv Askvig, Nils-Henrik Pettersson and Karin Bing Orgland.

In 2017 Nils-Henrik Pettersson was elected for a term of two years, and is up for election this year.

Anders Christian Stray Ryssdal, Leiv Askvig and Karin Bing Orgland were elected for a term of two years in 2018, and consequently are not up for election this year.

Under point 4.2 of the Instructions, the recommendation on the election of members to the Nomination Committee must be submitted by a unanimous Nomination Committee.

In its contact with the largest shareholders, the Nomination Committee also requested input in connection with the election of members to the Nomination Committee. Information on how shareholders may make suggestions or comments on the composition of the Nomination Committee has been posted on the company website. The Nomination Committee has received no views regarding its composition.

The Nomination Committee unanimously recommends that Nils-Henrik Pettersson be re-elected as member of the Nomination Committee. Mr Pettersson has been nominated by Canica AS. Mr Pettersson and related parties own 42,080 shares in Orkla ASA.

Anders Christian Stray Ryssdal is a lawyer and partner in the law firm of Glittertind, and has been a member and Chair of the Nomination Committee since 2014. Mr Stray Ryssdal and related parties own 1,315 shares in Orkla ASA. Leiv Askvig is Managing Director of Sundt A/S, and has been a member of the Nomination Committee since 2005. Mr Askvig owns no shares in Orkla ASA. Mr Askvig represents international institutional shareholders. Karin Bing Orgland previously held the post of Group Executive Vice President at DNB and currently serves in a number of Board positions. She has been member of the Nomination Committee since 2014. Ms Bing Orgland owns no shares in Orkla ASA. Ms Bing Orgland represents Norwegian institutional shareholders.

In the opinion of the Nomination Committee, the recommendation is in compliance with section 7 of the Norwegian Code of Practice for Corporate Governance, which i.a. reads as follows:

“The members of the Nomination Committee should be selected so as to take into account the interests of the body of shareholders. The majority of the Nomination Committee should be independent of the Board of Directors and the executive personnel. At least one member should not be a member of the Corporate Assembly, the Committee of Shareholders’ Representatives or the Board of Directors.”

Reference is also made to points 4.1 and 4.2 of the Instructions.

In accordance with Article 13, first paragraph, of the Articles of Association, and point 1 of the Instructions, it is proposed that the term of office be set at two years, i.e. until the Annual General Meeting in 2021.

4. ITEM 10 OF THE AGENDA – DIRECTORS’ FEES

It has been the practice of the company to adjust the fee rates of the Board of Directors annually in accordance with the general wage trend, unless special circumstances dictate otherwise. The Nomination Committee wishes to maintain this general principle.

The Nomination Committee proposes to increase the Board of Directors’ fees as follows:

Board Chair	NOK 843 000 per year	(from NOK 820 000)
Board Deputy Chair	NOK 679 000 per year	(from NOK 660 000)
Shareholder-elected		
Board member	NOK 537 000 per year	(from NOK 522 000)
Employee-elected		
Board member	NOK 442 000 per year	(from NOK 430 000)
Deputy member	NOK 27 500 per meeting	(from NOK 27 500)

Furthermore, shareholder-elected Board members residing outside of Norway receive an additional NOK 17,500 for each Board meeting attended. It is proposed that this be adjusted to NOK 18,000 per Board meeting, and that the increase also apply, as at present, to shareholder-elected deputy members.

The Nomination Committee proposes to increase the fees for members of the Compensation Committee as follows:

Committee Chair	NOK 144 000 per year	(from NOK 140 000)
Member	NOK 108 000 per year	(from NOK 105 500)

The Nomination Committee proposes to increase the fees for members of the Audit Committee as follows:

Committee Chair	NOK 181 000 per year	(from NOK 176 000)
Member	NOK 121 000 per year	(from NOK 118 000)

It is proposed that these fee rates are to apply until a new resolution is adopted.

The General Meeting decided in 2017 that the Board's shareholder-elected members must utilise 1/3 of their annual gross Board fee (excluding any fee for committee work) to purchase shares in Orkla ASA until they (including their related parties) own shares in Orkla with a value equivalent to two times their gross Board fee (excluding any fee for committee work). Relevant candidates for Board positions in Orkla are to be informed of this arrangement, and by accepting their nomination are also deemed to have accepted the share purchase arrangement. All of the candidates have confirmed that they will comply with these guidelines.

Vidar Dahl, as representative of the employee-elected members of the Board of Directors, has endorsed this recommendation.

5. ITEM 11 OF THE AGENDA – THE NOMINATION COMMITTEE'S FEES

The principle governing the determination of fee rates for the Nomination Committee was amended in 2016 from a fee per meeting to a fixed annual fee for meeting attendance. As in the

case of Board members' remuneration, the Nomination Committee wishes to propose an annual adjustment of the Nomination Committee's fee rates in line with the general wage trend, unless special circumstances dictate otherwise.

The Nomination Committee proposes to amend the fees for members of the Nomination Committee as follows:

Committee Chair	NOK 65 000 per year (from NOK 63 000 per year)
Member	NOK 47 000 per year (from NOK 46 000 per year)
Employee-elected representative	NOK 6 500 per meeting (from NOK 6 200 per meeting)

It is proposed that these fee rates are to apply until a new resolution is adopted.

Vidar Dahl, as representative of the employee-elected members of the Board of Directors, has endorsed this recommendation.

Oslo, 18 March 2019

Anders Christian Stray Ryssdal

Leiv Askvig

Nils-Henrik Pettersson

Karin Bing Orgland

Vidar Dahl (points 2, 4 and 5)

ORKLA ASA - ATTACHMENT 1 TO THE RECOMMENDATION OF THE NOMINATION COMMITTEE

At its meeting on 22 April 2010, the General Meeting of Orkla ASA adopted special Instructions for the Nomination Committee. Point 4.3 of the Instructions reads as follows:

"The recommendation regarding election of Board members shall be based on the following:

- *The Board of Directors should be composed in such a way as to safeguard the interests of the body of shareholders and Orkla's need for expertise and diversity.*
- *Account should be taken of the need to ensure that the Board of Directors can function effectively as a collegial body.*
- *The majority of the shareholder-elected members should be independent of executive personnel and material business contacts.*
- *At least two of the shareholder-elected members should be independent of the company's main shareholders.*
- *Executive personnel should not be members of the Board of Directors."*

As an extension of the above, the Nomination Committee is of the opinion that the overall composition of the Board of Directors of Orkla ASA should reflect the following criteria:

- Ability to make decisions and focus on value creation
- International experience
- Insight into the industries in which Orkla operates
- Experience of management and Board service in large companies
- Strong personal and professional qualifications, high integrity
- Good relationship builders and communicators, ability to work as a team

While the Nomination Committee attaches importance to ensuring continuity in the Board of Directors, it also wishes to facilitate continuous renewal of the Board. It is important to have a strong, active Board that can help to support the implementation of the strategy communicated by the company.

In 2017, a new requirement was added to point 4.5 of the Instructions for the Nomination Committee, to the effect that

"the shareholder-elected members of the Board are required to utilise 1/3 of their gross Board fee (excluding any fee for committee work and any additional fee for members residing outside of Norway) to purchase shares in Orkla ASA until they (including their related parties) own shares in Orkla with a value equivalent to two times their gross Board fee (excluding any fee for committee work and any additional fee for members residing outside Norway).

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The Nomination Committee shall verify compliance with the share purchase arrangement. Compliance with the share purchase arrangement will be part of the Nomination Committee's assessment of candidates to be nominated for election for the following term."