
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 OF THE BOARD OF DIRECTORS, ELECTION OF A MEMBER 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). The Instructions may be found on the company's website www.orkla.com. The Nomination Committee has organised its work in accordance with the 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 actively contacted major shareholders for suggestions or comments and has spoken with representatives of several shareholders.

The Nomination Committee has had access to this year's evaluation of the Board of Directors, and has spoken with all of the Board's shareholder-elected members, including Board Chairman Stein Erik Hagen, as well as President and CEO Jaan Ivar Semmlitsch and CFO Harald Ullevoldsæter.

Based on the Instructions' requirements regarding a recommendation for election of members of the Board of Directors, the Committee has drawn up criteria to ensure a good assessment of the overall competence of the Board. Reference is made to Attachment 1.

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

1. ITEM 6 OF THE AGENDA - ELECTION OF MEMBERS AND A DEPUTY MEMBER OF THE BOARD OF DIRECTORS

At the Annual General Meeting on 16 April 2020, the following Board members and deputy Board member were elected for a term of one year and consequently all of them are up for election in 2021:

Stein Erik Hagen	(member 2004)
Ingrid Jonasson Blank	(member 2013)
Nils K. Selte	(member 2014)
Liselotte Kilaas	(member 2017)
Peter Agnefjäll	(member 2018)
Anna Mossberg	(member 2020)
Anders Kristiansen	(member 2020)
Caroline Hagen Kjos	(personal deputy member for Mr Hagen and Mr Selte 2016)

In the assessment of the Nomination Committee, the Board of Directors functions well, and the members of the Board possess relevant and complementary expertise. The Nomination Committee

is of the opinion that all the Board members have the necessary capacity and motivation to fulfil and prioritise their role as Board directors in Orkla.

In the past year, the work of the Board of Directors has essentially been carried out digitally, on account of the ongoing coronavirus pandemic, and it is expected to be some time before the whole Board can convene physically. In the Nomination Committee's opinion, this has had no materially negative consequences so far for the work of the Board. It is the Nomination Committee's assessment that no changes should be made in the Board at this time.

The Nomination Committee recommends that all the Board members be re-elected:

Stein Erik Hagen
Ingrid Jonasson Blank
Nils K. Selte
Liselott Kilaas
Peter Agnefjäll
Anna Mossberg
Anders Kristiansen

The Nomination Committee also recommends that Caroline Hagen Kjos be re-elected as personal deputy member for Mr Hagen and Mr Selte.

All of the Board members are considered to be independent of the company's executive management and material business contacts.

Two of the Board members, Stein Erik Hagen and Nils K. Selte, are considered to be non-independent of the company's main shareholders. The other Board members (Ingrid Jonasson Blank, Liselott Kilaas, Peter Agnefjäll, Anna Mossberg and Anders Kristiansen) are considered to be independent of the company's main shareholders.

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 5, third paragraph, of Orkla's Articles of Association, shareholder-elected Board members and deputy members are 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. ELECTION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Nomination Committee recommends that Stein Erik Hagen be re-elected as Board Chairman. According to the system set out in the Public Limited Liability Companies Act, election of the Board Chairman is the remit of the Board of Directors of Orkla ASA, and the matter is therefore not submitted to the General Meeting for decision.

Under point 3.2 of the Instructions, the Nomination Committee shall in its recommendation for election of the Board Chairman be supplemented by a representative designated by the employee-elected members of the Board. Vidar Dahl, as representative of the employee-elected members of the Board, has endorsed this recommendation.

3. ITEM 7 OF THE AGENDA – ELECTION OF MEMBERS OF THE NOMINATION COMMITTEE

Orkla has a Nomination Committee which, pursuant to Article 6 of the Articles of Association, shall:

“...submit recommendations to the General Meeting regarding

a. election of shareholder-elected members of the Board of Directors and any deputy members for these members

b. fees of members of the Board of Directors, deputy members and Board Committees, and

c. election of, and fees of members of the Nomination Committee.”

Under point 3.2 of the Instructions, the Nomination Committee shall also submit a recommendation regarding the election of the Board Chair.

The Nomination Committee consists of Anders Christian Stray Ryssdal, Nils-Henrik Pettersson, Rebekka Glasser Herlofsen and Kjetil Houg.

In 2019, Nils-Henrik Pettersson was elected for a term of two years and is up for election this year.

In 2020, Anders Christian Stray Ryssdal, Rebekka Glasser Herlofsen and Kjetil Houg were elected for a term of two years, and consequently are not up for election this year.

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

Information on how shareholders may make suggestions or comments regarding the composition of the Nomination Committee has been posted on the company website.

The Nomination Committee unanimously recommends that Nils-Henrik Pettersson be re-elected as member of the Nomination

Committee. Mr. Pettersson is a lawyer and partner in the law firm of Glittertind and has been a member of the Nomination Committee since 2009. Mr Pettersson and related parties own 42 080 shares in Orkla ASA.

The Nomination Committee deems that 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 to take into account the interests of shareholders in general. The majority of the Nomination Committee should be independent of the Board of Directors and the executive personnel. No more than one member of the Nomination Committee should be a member of the Board of Directors and any such member should not offer himself for re-election to the Board. The Nomination Committee should not include the company’s chief executive or any other executive personnel.”

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

In accordance with Article 6, second 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 2023.

4. ITEM 8 OF THE AGENDA – DIRECTORS’ FEES

The company has practiced a policy of adjusting the fees of the Board of Directors annually in line with general pay growth, unless special circumstances dictate otherwise. The Nomination Committee wishes to maintain this general principle as a basic rule.

Last year, the Nomination Committee recommended that the fees be kept unchanged. The Nomination Committee now considers that there are grounds to adjust the fees in line with the general pay growth in the past two years, and also to make a certain further adjustment to ensure that the fees are competitive.

The Nomination Committee proposes the following fees:

Board Chair	
NOK 880 000 per year	(from 843 000 per year)
Shareholder-elected Board member	
NOK 570 000 per year	(from 537 000 per year)
Employee-elected Board member	
NOK 460 000 per year	(from 442 000 per year)
Deputy member	
NOK 30 000 per meeting	(from 27 500 per meeting)

Furthermore, shareholder-elected Board members residing outside of Norway receive an additional NOK 18 000 for each Board meeting attended. It is proposed that this amount be changed to NOK 20 000, and that it 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 152 000 per year (from 144 000 per year)
Member	NOK 112 000 per year (from 108 000 per year)

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

Committee Chair	NOK 191 000 per year (from 181 000 per year)
Member	NOK 128 000 per year (from 121 000 per year)

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

In 2017, the General Meeting decided that the Board's shareholder-elected members must utilise 1/3 of their annual gross Board fee (excluding any fee for committee work) every year 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 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 9 OF THE AGENDA – THE NOMINATION COMMITTEE'S FEES

The principle for determining the fee rates for the Nomination Committee was amended in 2016 from a fee per meeting to a fixed annual meeting attendance fee. As in the case of Board fees, the Nomination Committee wishes to propose an annual adjustment of the Nomination Committee's fees in line with general pay growth, unless special circumstances dictate otherwise.

Last year, the fees were adjusted to align them somewhat with the level in other comparable companies. Even after this adjustment, the fees will be at the lower end of the scale compared with other similar companies.

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

Committee Chair	NOK 82 000 per year (from 80 000 per year)
Member	NOK 61 500 per year (from 60 000 per year)
Employee-elected representative	NOK 7 200 per meeting (from 7 000 per meeting)

It is proposed that these fee rates 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, 19 March 2021

Anders Christian Stray Ryssdal

Nils-Henrik Pettersson

Vidar Dahl (points 2, 4 and 5)

Rebekka Glasser Herlofsen

Kjetil Houg

Attachment 1:

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 shareholders in general 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 i.a. 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 builder and communicator, ability to work as part of 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 shall 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).

.....

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."