Annual Report 2023

Orkla

Contents

1. This is Orkla

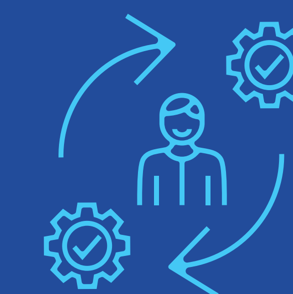
ORKLA AT A GLANCE

Orkla ASA is a leading industrial investment company within brands and consumer-oriented businesses. We take a long-term and industrial approach to our investments, where we can contribute to value creation by combining our brand expertise with an investment company mindset.

Sustainable value creation through active ownership of brands and consumer-oriented companies

Portfolio companies
Independent portfolio companies with overall responsibility for performance and a clear mandate.

Orkla ASA
A lean Orkla ASA with focus on the ownership role and capital allocation.



Business service companies
The business service companies maintain and enhance important synergies.

Orkla's long history of adapting to change

1654
Establishment of the mining company.

1986–2010
An industrial conglomerate. Orkla consolidates the Nordic brands industry.

2011–2022
A leading company in brands. Invested in branded consumer goods and sold other businesses.

2023
An industrial investment company focused on brands and consumer-oriented companies. To realise the full potential of the business, a change was needed. The portfolio had become too complex, and value creation did not match the ambitions.

ORKLA AT A GLANCE

Number of employees in the Orkla Group

19,671

Financial Investments

Hydro Power

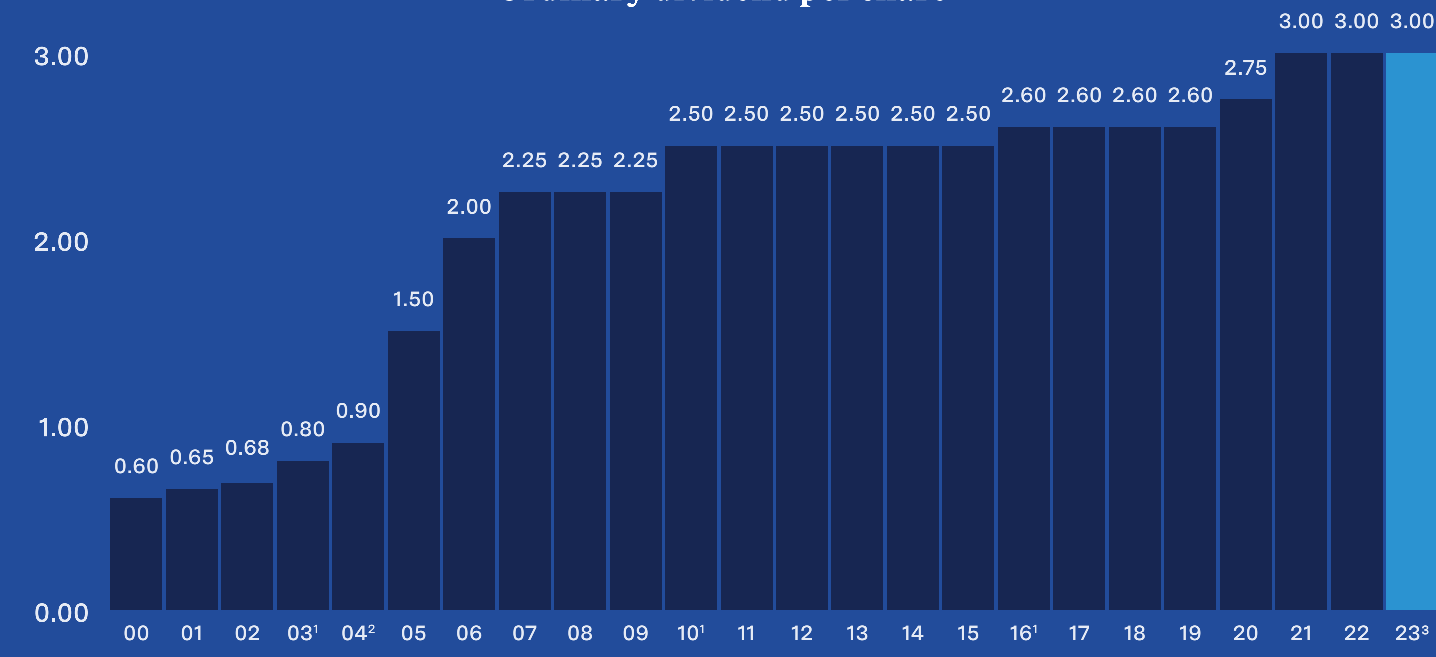
Orkla Real Estate

Average annual return on investment, incl. reinvested dividends, as at 31 December 2023

	Orkla	OSEBX
Last year	15.7%	9.9%
Last 3 years	1.4%	34.2%
Last 5 years	6.7%	10.3%
Last 10 years	9.9%	9.1%

Source: Nasdaq

Ordinary dividend per share



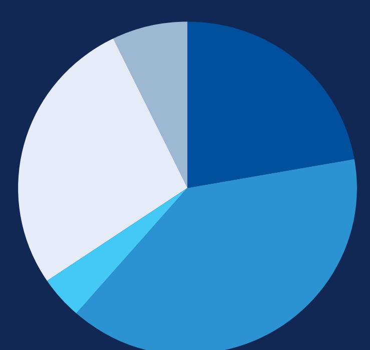
1 Additional dividend per share NOK 5.
2 Additional dividend per share NOK 1.
3 Proposed ordinary dividend. Additional dividend NOK 3 per share.

Portfolio companies

(sorted by turnover 2023)

Company	Turnover
Jotun	31.9 BNOK (42.7% ownership interest)
Orkla Foods Europe	20.3 BNOK
Orkla Foods Ingredients	18.7 BNOK
Orkla Confectionery & Snacks	8.9 BNOK
Orkla Health	6.4 BNOK
The European Pizza Company	3.0 BNOK
Orkla India	2.9 BNOK
Orkla Home & Personal Care	2.5 BNOK
Orkla House Care	1.6 BNOK
Health and Sports Nutrition Group	1.2 BNOK
Pierre Robert Group	0.6 BNOK
Lilleborg	0.6 BNOK

Sales revenues by geographical region



22% Norway
39% Nordics excl. Norway
4% Baltics
27% Rest of Europe
7% Rest of world


OLW
PIZZA
MOPP
OMO

Jotun

Jotun is one of the world's leading paints and coatings manufacturers, and combines premium quality with constant innovation and creativity.

Financial performance				ESG		
Ownership interest	Revenues (NOK million)	EBITA (NOK million)	ROCE	Number of employees	Management group, share of women	Reduction of GHG emissions since 2016
42.7%	31,861	6,430	35%	10,349	24%	21%

Strategy for the next three years

- Jotun's strategy is well-established and based on three pillars: Four Segments, Organic Growth and Differentiated Approach. The company's strong growth over many years confirms the robustness of its long-term strategy based on a stable ownership structure and strong company culture.
- Jotun aims to maintain high growth and profitability levels in line with or above peers in the global paints and coatings industry. Further, Jotun will continue to develop more sustainable market solutions and ensure compliance with environmental and emission and discharge requirements.
- Going forward, the company will focus on continued strong, profitable growth in the Decorative and Protective segments, maintaining its profitable global #1 position in the Marine segment, and revitalising the Powder segment for renewed growth.

2023 highlights

- Jotun achieved all-time high sales and profits in all segments.
- Sales growth was particularly strong in the Marine and Protective segments, although the Decorative and Powder segments also delivered robust sales growth.
- The company's gross margin improved markedly, with an increasing contribution from falling raw material prices.
- Raw material prices started falling in the second half of 2022, and the downward trend continued into the first half of 2023. After that, prices stabilised close to historically low average levels.
- Record revenues are attributable to sales growth, higher gross margins and good cost control.
- Jotun continued to invest for future growth, including in a new regional office and R&D centre in the South East Asia & Pacific region and new factories in Indonesia and Egypt.

Our view

- Jotun is a long-term holding for Orkla which has generated significant returns and NOK 5 billion in dividends over the past five years.
- Orkla will continue to support Jotun's long-term strategy through active ownership and in cooperation with the family shareholders.
- Jotun is well-positioned to continue generating value through its strong brand and solid position in global markets. The company has an attractive geographical footprint, with >50% sales occurring in high-growth markets.
- The company's robust corporate culture and experienced management team have helped the company to deliver good results over time.

Key figures

Financial

NOK million	2023	2022
Operating revenues	31,861	27,858
Fixed rate growth	12%	21%
EBITA	6,430	3,737
EBITA margin (%)	20.5%	13.7%
Net profit	4,500	2,167
ROCE	35%	23%
Equity/assets ratio	61%	55%
Net interest-bearing debt (NIBD)	-1,184	1,690
NIBD/EBITDA	-0.2	0.4

ESG

	2023	2022
Share of women in management group	24%	22%
GHG emissions, tCO2e (scope 1 and 2)	94,000	111,000
Energy efficiency (kWh/tonne)	121	120
Share of renewable energy	21%	3%

Orkla Foods Europe

Orkla Foods Europe supplies well-known local brands to consumers in the Nordics, the Baltics and Central Europe, and has market-leading positions in a number of attractive categories.

Financial performance | **ESG**

Ownership interest	Revenues (NOK million)	EBIT (adj.) (NOK million)	ROCE	Number of employees	Share of women in management groups	Reduction of GHG emissions since 2016
100%	20,319	2,259	12.4%	5,554	39%	62%

Strategy for the next three years

- Orkla Foods Europe has communicated a number of targets towards 2026: EBIT (adj.) margin of 13–14%, cash conversion above 100%, a return on capital employed of over 15% and annual organic growth of 2-3%.
- Improved profitability, increased cash flow and organic growth are key priorities in Orkla Foods Europe's strategy for the period to 2026.
- A number of significant steps have been taken to deliver on the company's objectives, including a comprehensive purchasing programme, optimisation of inventory and investment in core categories and brands.

2023 highlights

- Orkla Foods Europe's operating revenues increased by 14.0%. Adjusted for structural changes and currency effects, organic growth amounted to 6.6%. While progress was made in all markets driven from price increases, the volume trend was negative.
- The profit performance was positive, with growth totaling 14.5%. Adjusted for structural changes and currency effects, the underlying EBIT (adj.) growth amounted to 8.5%. Cost increases continued to be felt for key input factors, necessitating further price increases in all markets. Profit growth was driven by sales growth and significant cost improvements.
- Major cost reduction projects have been completed across Norway, Sweden and the Czech Republic during 2023. In the Czech Republic, a major restructuring project was implemented to counteract significantly increased costs and reduced volumes. One factory was closed, one was sold and two more are currently being discontinued.
- Through targeted efforts to reduce inventory and prioritise investments, the company achieved strong operational cash flow of NOK 2,861 million for the year, while the return on capital employed ended at 12.4%, up from 11.7% in 2022.

Our view

- The market for local brands in the Nordics, the Baltics and Central Europe has proven to be stable and resilient, even in volatile times, delivering robust, attractive underlying growth over time.
- Orkla Foods Europe's leading and traditional positions in multiple local markets allow the company to meet local flavour and quality demands while leveraging economies of scale.
- The strategy for the period to 2026 envisages substantial value creation driven by concrete, ongoing improvements in areas including category profitability, capital efficiency and profitable organic growth.

Key figures

Financial

NOK million	2023	2022
Operating revenues	20,319	17,820
Organic growth	6.6%	7.2%
EBIT (adj.)	2,259	1,973
Underlying EBIT (adj.) growth	8.5%	-9.5%
EBIT (adj.) margin	11.1%	11.1%
ROCE	12.4%	11.7%
Cash conversion	127%	47%

ESG

	2023	2022
Share of women in management groups, portfolio company and companies	39%	37%
GHG emissions, tCO2e (scope 1 and 2)	52,008	81,814
Share of recyclable packaging, % of tonnes	97%	98%
Share of revenues from healthier products	19%	19%

Definitions of Alternative Performance Measures (APM) are described on page 183

Orkla Food Ingredients

Orkla Food Ingredients supplies ingredients to a broad range of customers in the bakery, ice cream and plant-based markets, and has a leading position in Europe and a growth platform in the USA.

Strategy for the next three years

- Orkla Food Ingredients is developing a leading European and US food ingredients company addressing a large, diverse and resilient market.
- Based on strong national positions, the objective is to continue gaining local market shares by offering tailored solutions.
- In the period to 2026, Orkla Food Ingredients will grow operating profits faster than revenues by leveraging common capabilities, exploiting economies of scale throughout the value chain and boosting cross-company sales.
- Orkla Food Ingredients will maintain its focus on organic and structural growth and on extracting synergies.

Orkla Food Ingredients

1 In fourth quarter Orkla announced a sale of a 40% stake in Orkla Food Ingredients to investment funds affiliated with Rhône. The parties are awaiting final approval from relevant authorities before signing.

Financial performance

Ownership interest	Revenues (NOK million)	EBIT (adj.) (NOK million)	ROCE
100%[1]	18,661	1,166	10.8%

ESG

Number of employees	Share of women in management groups	Reduction of GHG emissions since 2016
4,128	35%	55%

2023 highlights

- Organic sales growth amounted to 8.7%, with the primary driver being price.
- Underlying EBIT (adj.) growth totalled 6.9% across the bakery, ice cream and plant-based segments.
- The company continued to make operational investments to increase its growth capacity and strengthen prioritised categories.
- The cash conversion was solid at 106%.
- The company continued the roll-out of its common ERP system. Currently, 25% of operating revenues are on the same platform, but projects are ongoing to roll the system out to a further 9% of the portfolio.
- Orkla Food Ingredients acquired the US-based company Denali in the fourth quarter of 2022, and successfully integrated the company in 2023.
- In the fourth quarter 2023, Orkla announced a partnership with Rhône, a global private equity firm. Under the agreement, investment funds affiliated with Rhône will acquire 40% stake in Orkla Food Ingredients.

Our view

- The ingredients market is large and fragmented, and features attractive underlying growth.
- Orkla Foods Ingredients is a leading European solutions provider with a competitive advantage thanks to its multi-local model, which selectively combines production and distribution.
- The company has a proven track record of achieving consistent growth, as well as an experienced, entrepreneurial management team motivated to deliver ongoing growth.
- Orkla Foods Ingredients has a robust strategy in place for accelerating its value creation through both organic and structural growth.

Key figures

Financial

NOK million	2023	2022
Operating revenues	18,661	14,682
Organic growth	8.7%	20.5%
EBIT (adj.)	1,166	853
Underlying EBIT (adj.) growth	6.9%	27.7%
EBIT (adj.) margin	6.2%	5.8%
ROCE	10.8%	10.6%
Cash conversion	106%	25%
Organic growth from volume/mix	-0.4%	3.9%

ESG

	2023	2022
Share of women in management groups, portfolio company and companies	35%	35%
GHG emissions, tCO2e (scope 1 and 2)	24,935	33,500
Share of recyclable packaging, % of tonnes	98%	94%
Share of certified high-risk raw materials	70%	54%

Definitions of Alternative Performance Measures (APM) are described on page 183

Orkla Confectionery & Snacks

Orkla Confectionery & Snacks offers well-known local brands in the confectionery, snacks and biscuit segments to consumers in the Nordics and Baltics.

Strategy for the next three years

- Win with heroes: Unlock the growth potential of hero brands through sharper portfolio prioritisation. Investment in 40% of brands is to drive >80% of growth.
- Release funds for brand investment: The company will finance brand investment through more aggressive cost optimisation throughout the value chain, and by boosting system value through harmonisation and complexity reduction.
- Develop critical capabilities and evaluate the current operating model: The company will build strong commercial capabilities to bolster the physical and mental availability of its brands to consumers. It will also review the current operating model to secure optimised strategy execution throughout the value chain.

Financial performance

Ownership interest	Revenues (NOK million)	EBIT (adj.) (NOK million)	ROCE
100%	8,880	1,013	9.9%

ESG

Number of employees	Share of women in management groups	Reduction of GHG emissions since 2016
3,033	43%	58%

2023 highlights

- The company experienced price-driven top-line growth on the back of cost increases.
- Cash conversion was lower than budgeted (at ~50%) due to investment in a new biscuit factory. Overall operational cash conversion was in line with adopted plans.
- A new biscuit factory – the most advanced in Northern Europe – was opened outside Riga, Latvia.
- The recently acquired subsidiary Bubs Godis AB achieved strong growth, illustrating its potential to become a future growth engine.

Our view

- The company is a leading player in the confectionery, snacks and biscuit segments in the Nordics and Baltics, and has attractive opportunities to grow its brands from challenger positions in certain markets and through expansion into new markets.
- Over the next three years, the company will deliver growth, focus on ambitious cost-reduction initiatives to improve margins, fund brand investments and secure capital flows to Orkla.

Key figures

Financial

NOK million	2023	2022
Operating revenues	8,880	7,578
Organic growth	9.2%	5.2%
EBIT (adj.)	1,013	989
Underlying EBIT (adj.) growth	-4.5%	-9.2%
EBIT (adj.) margin	11.4%	13.1%
Organic growth from volume/mix	-2.2%	-3.0%
ROCE	9.9%	11.7%
Cash conversion	50%	19%

ESG

	2023	2022
Share of women in management groups, portfolio company and companies	43%	46%
GHG emissions, tCO2e (scope 1 and 2)	29,007	36,211
Share of recyclable packaging, % of tonnes	98%	95%

Definitions of Alternative Performance Measures (APM) are described on page 183

Orkla Health

Orkla Health supplies consumer health products marketed under well-known, strong local and global brands. The company's key markets are the Nordics, the UK, Poland, Spain and the Baltics, and its international presence is growing through distributors to more than 60 markets. Orkla Health's core categories are food supplements, oral care, wound care and functional personal care.

Strategy for the next three years

Orkla Health has an expansive growth strategy incorporating clear strategic priorities for both existing and new markets. Going forward, key priorities are to:

- revitalise the company's strong position in the Nordic grocery retail sector through stricter prioritisation
- simplify the value chain to improve efficiency and extract synergies
- invest in the company's growth ambitions by expanding pharmacy and online multi-channel positions and building selected global brands.

Financial performance

Ownership interest	Revenues (NOK million)	EBIT (adj.) (NOK million)	ROCE
100%	6,364	851	9.0%

ESG

Number of employees	Share of women in management groups	Reduction of GHG emissions since 2016
1,740	53%	85%

2023 highlights

- Organic sales growth amounted to 6.3% in constant currency, driven mainly by volume and price growth for NutraQ and global brands in international markets (primarily Jordan and Möller's).
- Orkla Health was established as an independent company with a dedicated board of directors.
- Oral Care was spun out of Orkla Home & Personal Care and merged into Orkla Health, with accounting effect from 1 January.
- Upstream capacity for cod-liver oil production and ensilage was expanded in Vesterålen.
- Isabelle Ducellier was appointed as CEO, with a mandate to implement the company's growth strategy.

Our view

- Orkla Health is attractively positioned in view of long-term structural consumer trends – particularly increased consumer focus on well-being and self care and preventive care – and has a portfolio of strong, local, preferred brands with global potential.
- Thanks to its robust cash flow position, the company is self-funded and thus able to pursue new growth opportunities.
- The company has a history of strong structural growth. The key short-term priority is to accelerate organic growth and leverage synergies. Structural opportunities to accelerate growth and deliver on the company's strategy will be evaluated as they arise.

Key figures

Financial

NOK million	2023	2022
Operating revenues	6,364	5,375
Organic growth	6.3%	7.1%
EBIT (adj.)	851	736
Underlying EBIT (adj.) growth	9.7%	-9.4%
EBIT (adj.) margin	13.4%	13.7%
ROCE	9.0%	8.5%
Cash conversion	116%	–
Organic growth from volume/mix	2.0%	4.6%
Contribution margin ratio	57.5%	57.2%
Revenue share from outside the Nordics	47%	43%
Revenue share from D2C / own webshops	28%	25%
Revenue share from 5 largest brands	49%	45%

ESG

	2023	2022
Share of women in management groups, portfolio company and companies	53%	50%
GHG emissions, tCO2e (scope 1 and 2)	1,376	2,167
Share of recyclable packaging, % of tonnes	93%	98%

Definitions of Alternative Performance Measures (APM) are described on page 183

The European Pizza Company

The company has a portfolio of local, market-leading pizza brands which offer high-quality products tailored to local consumer preferences while also benefiting from international economies of scale.

Strategy for the next three years

- As one of the largest pizza franchise operators in Europe, with a network of over 825 restaurants across Finland, the Netherlands, Poland and Germany, The European Pizza Company is well-positioned for continued growth in the attractive pizza market.
- With the ambition of becoming the leading European collection of sustainable local pizza chains, the company's long-term growth strategy is centred on three priorities: continuing the capital-light expansion of the current business, leveraging economies of scale to extract synergies through smart collaboration, and further expansion by means of a targeted structural growth agenda.

THE EUROPEAN PIZZA COMPANY

Financial performance

Ownership interest	Revenues (NOK million)	EBIT (adj.) (NOK million)	ROCE
100%	2,962	268	6.6%

ESG

Number of employees	Share of women in management groups	Non-red meat main dishes[1]
312	43%	34%

2023 highlights

- 2023 was a strong year for The European Pizza Company, with organic revenue growth in core markets totalling 8.3%, primarily driven by higher consumer sales and price increases.
- The company opened 14 new sales outlets (net) and achieved underlying consumer sales growth of 7% (excluding the German operation).
- A dedicated management team was recruited and is now in place following implementation of Orkla's portfolio company structure
- The company's local customer loyalty programmes grew by more than 40%, to almost 2 million members by year-end 2023.
- A restructuring process was carried out in Germany in response to a combination of factors: the acquisition of a weaker-than-expected franchise network, low brand awareness and generally challenging macroeconomic conditions
- The company took important steps to drive the company's sustainability strategy forward in key areas such as net zero emissions, diversity and compliance.

Our view

- The European Pizza Company is well-positioned for further growth in an attractive market, and has an important role to play in diversification of the Orkla portfolio through its direct access to consumers in the growing out-of-home segment.
- Orkla's ownership focus will be on strengthening and supporting the company to accelerate growth, extract synergies and ensure profitability while still pursuing attractive structural opportunities.

Key figures

Financial

NOK million	2023	2022
Operating revenues	2,962	2,267
Organic growth	8.3%	11.3%
EBIT (adj.)	268	222
Underlying EBIT (adj.) growth	-5.2%	-0.8%
EBIT (adj.) margin	9.0%	9.8%
ROCE	6.6%	6.5%
Growth in consumer sales	21.6%	64.7%

ESG

	2023	2022
Share of women in management groups, portfolio company and companies	43%	n.a.
Share of consumer sales, non-red meat main dishes	34%	31%

Definitions of Alternative Performance Measures (APM) are described on page 183

Orkla India

Orkla India offers consumers across the country a broad range of food products, with an emphasis on spices and spice mixes, through a portfolio of well-known, local brands with strong South Indian roots.

Strategy for the next three years

- Going forward, the focus will be on bolstering the company's market positions in the core spice and spice mix categories while also innovating to reinforce existing strong positions in the breakfast, confectionery and main-meal categories. In addition, a dedicated network is being developed to increase the company's presence in the modern grocery retail sector and digital sales channels.
- Orkla India aims to leverage the MTR and Eastern brands and scale up exports further through the establishment of a dedicated International Business unit and an intensified focus on eight out of 42 export countries.
- Programmes have been launched to support further realisation of distribution and supply chain synergies facilitated by the Eastern transaction while also leveraging insights gained from MTR's strong value creation journey to drive Eastern's top line and margin growth.
- Orkla India is continuously looking for structural initiatives to boost value creation, within the framework of a disciplined, focused M&A approach.

Financial performance

Ownership interest	Revenues (NOK million)	EBIT (adj.) (NOK million)	ROCE
90%	2,947	386	13.7%

ESG

Number of employees	Share of women in management groups	Reduction of GHG emissions since 2016
2,937	24%	52%

2023 highlights

- Operating revenues grew by 12.1%, with growth achieved in all markets, driven by price increases and positive volume/mix effects.
- Continued cost inflation for various key input factors necessitated further price increases. These had an impact on volumes, particularly in the pure spices segment.
- The EBIT (adj.) margin was 13.1%, with an underlying increase of 1.1 percentage points from 2022. This was mainly attributable to operational gearing, operational improvements and the realisation of synergies in Eastern, but was partly offset by increased fixed costs. Adjusted EBIT also includes financial incentives provided by the Government of India. Net of these, the EBIT (adj.) margin was up by 0.3 percentage points.
- The business was reorganised as a single unit – Orkla India – which operates through three subsidiary units: MTR, Eastern and International Business.
- The legal merger of MTR Foods Pvt. Ltd. with Eastern Condiments Pvt. Ltd. was completed in the third quarter.

Our view

- As the leading spices and foods company in South India, Orkla India has significant organic growth potential. The Indian foods market is growing strongly, driven by a growing middle class, a young population and increasing demand for time-saving products.
- There is significant scope for organic growth through cross-selling in MTR and Eastern's respective geographical regions, coupled with expansion of the overall portfolio through innovation and increased presence in fast-growing sales channels.
- The export business is showing strong revenue and margin growth, and offers potential for further growth by leveraging the combined strength of the MTR and Eastern brands.

Key figures

Financial

NOK million	2023	2022
Operating revenues	2,947	2,542
Organic growth	12.1%	15.5%
EBIT (adj.)	386	303
Underlying EBIT (adj.) growth	22.7%	21.1%
EBIT (adj.) margin	13.1%	11.9%
ROCE	13.7%	11.5%
Cash conversion	63%	106%
Current capital as share of operating revenues	12.3%	9.3%

ESG

	2023	2022
Share of women in management groups, portfolio company and companies	24%	21%
GHG emissions, tCO2e (scope 1 and 2)	7,273	8,197
Share of recyclable packaging materials, % of tonnes	87%	87%

Definitions of Alternative Performance Measures (APM) are described on page 183

Orkla Home & Personal Care

Orkla Home & Personal Care (OHPC) is a leading Nordic Home and Personal Care company with a portfolio of strong local brands and local value chain, driven by people who are passionately committed to building a better future.

Strategy for the next three years

- OHPC will be transformed into a robust, profitable company. This will be followed by strategic shifts to increase profitability, as well as continuous efforts to accelerate sustainable growth.
- OHPC's primary objective is long-term profitable growth. The company plans to achieve this by enhancing its market penetration and brand value through strategic investments. It also intends to broaden its reach through new channels, achieve superior operational efficiencies and harness the benefits of having an efficient organisation.
- OHPC's competitive advantage lies in its strong local brands, world-class ESG work, local value chains and the ability to leverage synergies. These strengths will be instrumental in achieving the strategic objectives for the next three years.

Financial performance

Ownership interest	Revenues (NOK million)	EBIT (adj.) (NOK million)	ROCE
100%	2,497	225	15%

ESG

Number of employees	Share of women in management groups	Reduction of GHG emissions since 2016
408	47%	99%

2023 highlights

- Organic revenue growth at 8.8%, driven by positive price and volume effects in the Norwegian market.
- The EBIT (adj.) margin increased by 1.8% thanks to an increased gross margin, reduced advertising costs and lower depreciation.
- The company was restructured to reduce its fixed costs, and implemented a structure tailored to current market conditions.
- Various cost-saving initiatives were implemented to improve the cost of goods sold, including tender processes for purchasing agreements, the opening of an expanded automated warehouse in Sweden and improvements in factory productivity levels.
- The Oral Care product category was spun out in May.
- The Swedish commercial operation was spun out to portfolio company Orkla Healh, although sales of HPC products continued under an agency agreement with Orkla Health.

Our view

- As a leading supplier of detergent, cleaning and personal care products in the Nordics with robust positions in the Norwegian market, OHPC generates an attractive cash flow for Orkla.
- OHPC is coming back from a challenging 2022. Its primary focus is on regaining financial health, and major steps were taken in 2023 with respect to both organisational adjustments and gross margin recovery.
- Ongoing gross margin recovery and strong commercial execution remain top priorities for 2024. The company supports increased investment in brand-building to bolster its positions, and is focused on sustainability as a key competitive advantage.
- When the time is right, the company will consider value-adding structural opportunities.

Key figures

Financial

NOK million	2023	2022
Operating revenues	2,497	2,190
Organic growth	8.8%	2.8%
EBIT (adj.)	225	152
Underlying EBIT (adj.) growth	35.5%	-53.3%
EBIT (adj.) margin	9.0%	6.9%
ROCE	15.1%	11.5%
Cash conversion	128%	157%

ESG

	2023	2022
Share of women in management groups, portfolio company and companies	47%	46%
GHG emissions, tCO_2e (scope 1 and 2)	65	1,814
Share of recyclable packaging, % of tonnes	95%	90%

Definitions of Alternative Performance Measures (APM) are described on page 183

Orkla House Care

Orkla House Care is a leading developer, manufacturer and marketer of painting tools and accessories in Northern Europe. Its portfolio of market-leading brands meet customer needs through an innovative and sustainable range of products and solutions.

Strategy for the next three years

- Orkla House Care has adopted a transformative agenda to enhance its leading brand positions in its operating markets, with a focus on leveraging its strengths and expertise to build a more integrated and scalable business platform for the future.
- The company also has concrete plans in place for improving long term value creation through product innovation and by developing category propositions, reducing complexity and investing in new in-house capabilities.
- The transformation will be enabled by the adoption of new systems, end-to-end business processes and the development of in-house capabilities.

Financial performance

Ownership interest	Revenues (NOK million)	EBIT (adj.) (NOK million)	ROCE
100%	1,573	151	9.9%

ESG

Number of employees	Share of women in management groups	Reduction of GHG emissions since 2016
638	35%	89%

2023 highlights

- An economic slowdown in the company's home markets resulted in challenging market and trading conditions.
- Orkla House Care delivered top-line growth of 10.5%, attributable to new product launches and revenue management activities. Underlying margin improvement was enabled by market- and channel-mix adjustments and a reduction in freight costs.
- Inventory was reduced by NOK 66 million (constant currency) compared to year-end 2022, with Sweden, the UK and the Benelux countries making significant contributions in this area.
- Orkla House Care completed its transition to a new ERP system in the Nordics and UK. Although the new system will enable standardisation and process improvements, it also entailed higher costs and reduced ROCE due to the capitalisation of related investments.
- The board of directors appointed Vicky Philemon as Orkla House Care's new CEO, with a mandate to lead implementation of the company's transformation agenda.

Our view

- Orkla House Care has a strong position in the Northern European market for painting tools and accessories, thanks to robust positions in core markets and a scalable platform for further growth. The company has attractive long-term growth opportunities with significant expansion potential.
- Although exposed to the general construction industry, Orkla House Care is focused on the more robust RMI (repair, maintenance and improvement) segment, supplying customers with brand-loyal characteristics (professional painters and DIYers).
- The priority for 2024 is to strengthen the company's long-term profitable growth prospects by delivering on the transformation agenda. This entails leveraging current core assets and expertise to build an integrated and scalable business.
- The strong company culture and experienced management team have helped the company deliver good profits over time.

Key figures

Financial

NOK million	2023	2022
Operating revenues	1,573	1,424
Organic growth, y-o-y change	2.7%	-11.2%
EBIT (adj.)	151	102
Underlying EBIT (adj.) growth	40.3%	-58.8%
EBIT (adj.) margin	9.6%	7.2%
ROCE	9.9%	6.9%
Inventory value	311	348
Inventory as share of sales	19.8%	24.5%

ESG

	2023	2022
Share of women in management groups, portfolio company and companies	35%	30%
GHG emissions, tCO2e (scope 1 and 2)	472	1,244
Share of recyclable packaging materials, % of tonnes	97%	92%

Definitions of Alternative Performance Measures (APM) are described on page 183

Health and Sports Nutrition Group

Health and Sports Nutrition Group (HSNG) portfolio of market-leading D2C platforms and own brands in key markets make it the leading player in the Nordic sports nutrition market.

Strategy for the next three years

As a leader in the Nordic sports nutrition market, HSNG is strategically positioned for growth and significant EBIT and cash flow improvements. HSNG's core strategy is centred around three initiatives:

- Fulfilment automation: Capitalising on the company's new fulfilment centre to boost customer satisfaction and cost efficiency.
- Gross margin growth: Gaining market share through a strategic focus on own brands as an instrument for enhancing supply chain efficiency and profitability.
- Cementing market position: Increasing profitability and market share by prioritising high-profitability segments in performance marketing, attracting valuable customers, optimising bidding strategies using data models, and refining CRM and social media communications. HSNG also plans to reach younger demographics with tailored messaging and channel strategies.

GYMGROSSISTEN Bodystore FITNESSMARKET VITAPRANA PROTEINFABRIKKEN BODYMAN STAR NUTRITION Chained Nutrition

Financial performance

Ownership interest	Revenues (NOK million)	EBIT (adj.) (NOK million)	ROCE
100%	1,233	36	6.1%

ESG

Number of employees	Share of women in management groups	Reduction of GHG emissions since 2016
183	37%	90%

2023 highlights

- Warehouse move and installation of Autostore automation: The company relocated its warehouse from the west coast of Sweden to Eskilstuna, an ideal location for a Nordic distribution hub. The warehouse uses Autostore technology, which enables improved customer service and significantly reduces operational costs. The project was delivered on time and on budget.
- Relaunch of food supplement brand VitaPrana: The company successfully relaunched its VitaPrana range of highly innovative, sustainably packaged products on all D2C platforms. VitaPrana achieved impressive growth of 42% in 2023.
- Acquisition of Bodyman: HSNG acquired the Danish D2C platform Bodyman, strengthening its position in the Nordic sports nutrition market. Full integration was completed by year-end.
- Improved EBIT (adj.): The company greatly enhanced EBIT (adj.) through a combination of reduced variable costs in the value chain and robust sales growth.

Our view

- HSNG is maintaining its market position with its portfolio of strong, market-leading sports nutrition product and brands. 2023 was characterised by high growth in most parts of the business, which resulted in marked improvements in the company's variable cost structure and a significant increase in EBIT (adj.).
- HSNG has invested significantly to establish a solid foundation for continued profitability improvements. The company plans to capitalise on these investments to generate high and increasing future cash flow.
- Going forward, Orkla will actively consider strategic opportunities for HSNG.

Key figures

Financial

NOK million	2023	2022
Operating revenues	1,233	1,100
Organic growth	10.4%	9.3%
EBIT (adj.)	36	9
Underlying EBIT (adj.) growth	403%	-67%
EBIT (adj.) margin	2.9%	0.8%
ROCE	6.1%	1.9%

ESG

	2023	2022
Share of women in management groups, portfolio company and companies	37%	50%
GHG emissions, tCO2e (scope 1 and 2)	30	0

Definitions of Alternative Performance Measures (APM) are described on page 183

Pierre Robert Group

Pierre Robert Group is the Nordic favourite for sustainable comfort, offering a portfolio of basic textile brands sold in grocery retail and online.

Strategy for the next three years

- Pierre Robert Group (PRG) is present in the Norwegian and Finnish grocery retail sectors, and is building an expanding online presence through a dedicated web shop and deals with selected e-tailers.
- In the next three years, the focus will be on strengthening and growing the core portfolio of basic textiles – primarily in the Norwegian and Finnish grocery retail sectors – and on exploring further potential in collaboration with the grocery retail chains.
- The web shop will benefit from increased investment in the technical platform and improvements in the overall customer experience. Thus, the online store will continue to be an important platform for brand building and further increasing the online presence of PRG.
- Sustainability remains an important competitive advantage, and PRG aims to continue leveraging its long-term sustainability efforts to position the company for compliance with future EU directives.

BLACK HORSE

laMote®

Pierre Robert

norlyn®

FINNWEAR

Financial performance

Ownership interest	Revenues (NOK million)	EBIT (adj.) (NOK million)	ROCE
100%	592	26	4%

ESG

Number of employees	Share of women in management groups	Share of factories holding third-party eco-certification
191	100%	100%

2023 highlights

- Organic revenue growth of 2.1%, driven by prices and a positive product mix development. Strong growth in Finland compensated for declining sales in Norway, mainly due to the loss of a speciality customer.
- The EBIT (adj.) margin was 4.4%, up 0.5 percentage points from 2022 mainly attributable to price increases and moderate rises in fixed costs.
- PRG launched a new exclusive collection of basic textiles and classic garments in collaboration with the influencer Janka Polliani.
- Maiken Skirstad Mo took up her post as PRG's new CEO in December.

Our view

- PRG occupies a unique position in the textile segment of the Norwegian and Finnish grocery retail sectors, thanks to its strong brands and increasing online presence.
- The priorities for the next years are to drive profitable category growth and sustainable portfolio expansion while improving the cost structure and securing positive cash flow.
- When the time is right, we will look for value-generating structural opportunities.

Key figures

Financial

NOK million	2023	2022
Operating revenues	592	564
Organic growth	2.1%	7.7%
EBIT (adj.)	26	22
Underlying EBIT (adj.) growth	12.7%	-18.2%
EBIT (adj.) margin	4.4%	3.9%
ROCE	4.0%	3.8%
Net cash flow[1]	271	-159

ESG

	2023	2022
Share of factories holding third-party eco or environmental certification[2]	100%	83%
Share of products risk-assessed for the Pierre Robert brand	100%	50%
Share of running items[3] for the Pierre Robert brand	84%	64%
Share of more sustainable cotton[4]	100%	97%

1 2023 was positively impacted by a debt reallocation made in connection with the new Orkla structure. Adjusted for this, net cash flow totalled NOK 135 million in 2023.

2 E.g. ISO 14001, Global Organic Textile Standard, Nordic Swan Ecolabel, Organic Content Standard or the Global Recycled Standard. PRG has no production facilities of its own.

3 Non-seasonal product range, standard product line.

4 Certified according to the Global Organic Textile Standard or Organic Content Standard, or produced according to the Better Cotton Initiative principles

Definitions of Alternative Performance Measures (APM) are described on page 183

Lilleborg

Lilleborg is a market-leading supplier of professional cleaning solutions to the Norwegian B2B market. The company concentrates on delivering innovative and sustainable products and services, aided by its unique expertise in its products and customer insights.

Strategy for the next three years

- It is Lilleborg's ambition to be a full-range supplier of cleaning products and add value for customers. The company's focus for the next three years is to deliver on the company's three "lodestars":
  1. Strengthening and growing core activities
  2. Durable and profitable growth in the company's defined high-priority areas.
  3. Offering value-adding expertise and services.
- To deliver on these lodestars, Lilleborg's ambition is to strengthen its position as a leading sustainability ambassador, and to ensure that the company has engaged employees with relevant digital tools.
- The company's strategy will be implemented by committed employees guided by the key values of Trustworthy, Competent and Creating Solutions.

Financial performance

Ownership interest	Revenues (NOK million)	EBIT (adj.) (NOK million)	ROCE
100%	574	51	72%

ESG

Number of employees	Share of women in management groups	Reduction of GHG emissions since 2016
124	43%	100%

2023 highlights

- Organic growth amounted to 15.4%. The increase is primarily attributable to volume growth of 4% and significant price increases implemented to compensate for rising raw material costs.
- The majority of growth occurred in the industrial sector, where important drivers included implementation of the EnduroPower concept at several new customer locations and the installation of technical equipment at Holmøy.
- The EBIT (adj.) margin decreased by 2.3 percentage points, driven by higher raw material prices and depreciation of the Norwegian krone. The EBIT (adj.) margin improved during the course of the year, and reached 2022 levels in the fourth quarter.

Our view

- Lilleborg operates in the attractive professional cleaning solutions market, which features strong underlying long-term growth drivers.
- The company's strong track record of delivering positive results, even when market conditions are challenging, provides a robust foundation for further growth.
- Lilleborg is well-positioned to keep pace with and outperform the market by growing its core while continuing to innovate and generate value for customers by securing cost reductions and developing sustainable products and solutions.
- Lilleborg's strong outlook is due to its high-quality products and brands and its robust, committed, proactive workforce focused on delivering profitable growth.

Key figures

Financial

NOK million	2023	2022
Operating revenues	574	497
Organic growth	15.4%	-1.8%
EBIT (adj.)	51	55
Underlying EBIT (adj.) growth	-8.7%	-17.8%
EBIT (adj.) margin	8.8%	11.1%
ROCE	72.0%	129.2%
Cash conversion	59%	75%

ESG

	2023	2022
Share of women in management group, portfolio company	43%	43%
GHG emissions, tCO2e (scope 1 and 2)	0	13.5

Definitions of Alternative Performance Measures (APM) are described on page 183

Hydro Power

Hydro Power primarily consists of several leased power plants in Sauda (85% ownership interest) and a wholly-owned and a partially owned (50%) hydro power plant in Sarpsfossen.

Production

Total production (avg. 2014–23) **2.5TWh**

=

Perpetual assets **0.6TWh**

+

Leased assets (expire 2030)* **1.9TWh**

* Represents 100% of production, of which Orkla owns 85%.

Power sales

Total power sales (avg. 2014–23) **2.5TWh**

=

Spot sales **1.4TWh**

+

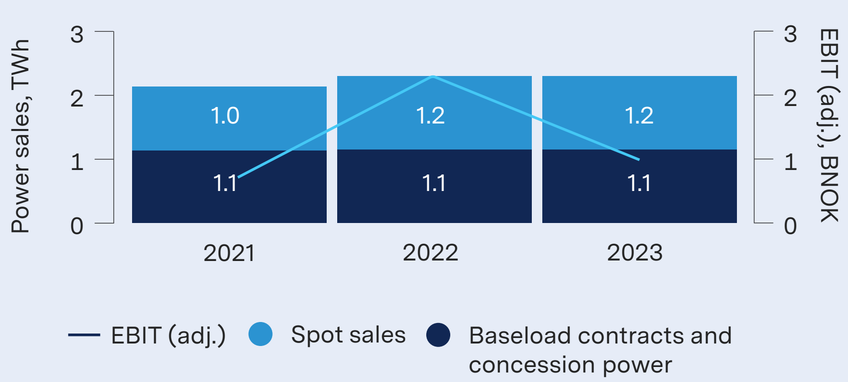
Fixed contracts* **1.1TWh**

* Saudefaldene has two baseload contracts (~1 TWh) which mirror the terms of the lease contract.

2023 Highlights

- There was a significant drop in power prices compared to the extreme levels seen in 2022, as well as high price volatility. Power prices reached NOK 0.76/kWh in NO1 and NOK 0.90/kWh in NO2.
- The production volume was somewhat higher than in 2022 and totalled 2,285GWh, attributable to higher inflows, a longer flooding season in eastern Norway (NO1) and lower-than-normal precipitation volumes in south-western Norway (NO2).
- EBIT (adj.) amounted to NOK 873 million. Despite a drop from 2022 due to falling prices, this represents Orkla Energi's second-best result to date.
- Excise duty on electricity sold at high prices was NOK 64 million in 2023.
- A development/expansion of Sarpsfossen with two smaller generators in December 2023 increased expected production volume with approx. 12 GWh/year

Power sales and adjusted EBIT, 2021–2023



Orkla Real Estate

Orkla Real Estate provides the portfolio companies and Orkla ASA with specialised advice and assistance in the real estate sector, and manages a portfolio of both rental and development properties.

Rental portfolio

Market value Dec. 2023* **2.2 BNOK**

Total rentable area **40,000m²**

Gross rental income* **115 MNOK**

* Market value is based on estimated normal vacancy and current market rates and yield levels. Approximately 33% of gross rental income stems from external tenants.

Development portfolio

Est. value next 5 years* **<1 BNOK**

Book value Dec. 2023 **0.3 BNOK**

+

Est. excess values next 5 years* **<0.7 BNOK**

* Increased values are based on estimated future sale values less estimated future development costs. The estimates are subject to market price developments and therefore uncertain.

2023 highlights

- Orkla Real Estate's revenues amounted to NOK 563 million, up significantly from NOK 325 million in 2022. EBIT (adj.) increased from NOK 58 million to NOK 92 million. The main driver of the increase was completion of phase 3 of a development project in Oslo.
- The rental portfolio consists of five properties, all located in Skøyen, Oslo. The largest of these, Orkla House, is rented out internally, while the other properties have external tenants. The vacancy rate stood at 8% at year-end, compared to an average vacancy rate of 7% for the area.
- The development portfolio consists of two projects in Norway (under construction) and two projects in Sweden (at the planning stage). The projects are largely progressing as planned, although sales are slightly lower than normal due to a generally weak market.
- The vacancy rate of the rental portfolio is expected to fall when phase 4 of the development project in Oslo is completed in 2024.




Definitions of Alternative Performance Measures (APM) are described on page 183

HIGHLIGHTS 2023

1 Mar

Orkla ASA was transformed to an industrial investment company with investments in twelve portfolio companies.

26 Oct

Orkla ASA announced its Orkla Food Ingredients partnership with Rhône.

29 Nov

Orkla's financial goals and strategy were presented at the Capital Markets Day

Financial highlights

Share price (NOK)	Market value (BNOK)	Reported earnings per share	Profit before tax (BNOK)	Net cash flow (MNOK)
78.84	78.7	5.21	6.97	-409

Dividend (NOK per share)	Return (TSR)	Revenue (BNOK)	Net interest-bearing debt / EBITDA
6[1]	16%	67.8	2.0

1 Orkla's Board of Directors is proposing a total dividend for the 2023 accounting year of NOK 6 per share, of which NOK 3 is in addition to the company's ordinary dividend.

Sustainability highlights

- Developed and published a Net Zero Roadmap
- 62% reduction in greenhouse gas emissions from own operations
- 97% recyclable packaging materials
- 54% packaging from recycled materials
- 40% women in the management teams
- New, long-term sustainability ambitions are established

Message from the CEO

2023 was an eventful and historic year for Orkla. On 1 March 2023 we went from being a branded consumer goods company to become a leading industrial investment company with 12 independent portfolio companies, with continued focus on brands and consumer-oriented businesses. We initiated this change with a view to accelerating the pace of value creation in the company.

Activity has been high in many areas throughout the year, and many of the changes have already been implemented.

1. We implemented a new operating model, with the objective of increasing the portfolio companies' accountability, improving results and promoting a stronger culture of value creation.
2. We adopted plans for realising the full potential of our portfolio companies, based on in-depth point-of-departure analyses, an entirely new methodology for preparing and implementing strategy plans.
3. We appointed a board of directors for each portfolio company comprising both external and internal members, tailored to the individual company.
4. Our new model offers greater possibilities for executing value-creating structural transactions for our portfolio companies. Orkla Food Ingredients' announced partnership with Rhône is a good example of such a possibility.
5. We made a number of management replacements to ensure that we have the right person in the right place. I feel that we have a motivated organisation, in both Orkla ASA and the portfolio companies, that is focused on moving Orkla in the right direction.

We marked the end of our transformation with our Capital Markets Day in London on 29 November. On that occasion we were able to communicate clearly to our investors our strategy for Orkla ASA and the portfolio companies for the next few years. Good viewing figures and feedback made this one of the highlights of 2023.

My key message at our Capital Markets Day concerned my three commitments for the way forward:

Ensure organic growth and value creation in our existing portfolio

Reduce complexity in our existing portfolio

Execute value-enhancing structural transactions

These three commitments, in addition to our overall target of an annual return of 12–14%, form the foundation for our strategic direction for the next three years.

We have set clear goals for our ESG work going forward. By actively following up our portfolio companies, we will pave the way for a responsible transition to net zero emissions and sustainable production and consumption. We will also continue our long-term efforts to promote responsible business practices, and will maintain our collaboration with several international actors, including the UN Global Compact.

In conclusion, I would like to thank our entire organisation for the outstanding efforts made during our transformation in 2023 and a year of operations impacted by major external factors. Despite challenging changes, the portfolio companies were able to deliver results and operate efficiently. In addition, I would like to thank our union representatives and the board for a value adding and great cooperation all through 2023.

With our strategy defined and our organisation in place, I look forward to achieving our goal of increased value creation in 2024 and the years ahead. We will continue to live up to our values of being brave, inspiring and trustworthy.

Nils K. Selte
President and CEO

2. Goals and strategy

Orkla's corporate structure and 12 portfolio companies effective 1 March 2023

Orkla ASA

President & CEO

Investment Team
- Investment Professionals
- Centres of Excellence

Sales
Marketing and Innovation
ESG & Sustainability

Corporate Functions
- Finance
- Human Resources
- Legal & Compliance
- Communication & Corporate Affairs

Business Service Companies
- Orkla Procurement Company
- Orkla IT
- Orkla Financial Services

Portfolio companies[2]

Jotun[1] 31.9 BNOK	Orkla Foods Europe 20.3 BNOK	Orkla Food Ingredients 18.7 BNOK	Orkla Confectionery & Snacks 8.9 BNOK	Orkla Health 6.4 BNOK	The European Pizza Company 3.0 BNOK
Orkla India 2.9 BNOK	Orkla Home & Personal Care 2.5 BNOK	Orkla House Care 1.6 BNOK	Health and Sports Nutrition Group 1.2 BNOK	Pierre Robert Group 0.6 BNOK	Lilleborg 0.6 BNOK

Financial Investments

- Hydro Power
- Orkla Real Estate

1 Jotun's operating revenue represents the full company figure from 2023 (100%). Orkla has a 42.7% interest in Jotun.
2 Sorted by turnover 2023.

Strategic priorities

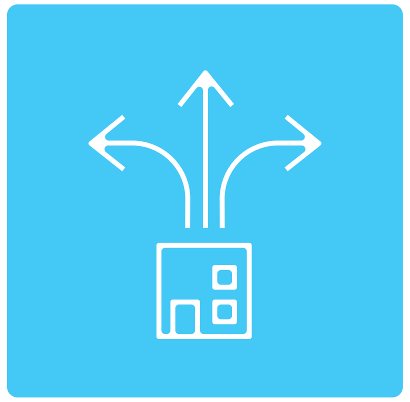
These are Orkla ASA's strategic priorities for the period 2024–2026

Create organic growth in our existing portfolio

Increase profitability and value creation in our Portfolio Companies

Optimise and simplify our portfolio

- Develop a more balanced, dynamic portfolio over time
- Invest in the most value-enhancing areas with the greatest growth potential



Pursue structural opportunities when they arise

- Adopt a flexible approach to different forms of ownership, such as partnerships, public listings, joint ventures and divestments
- Consider structural opportunities, new platform investments and relevant acquisitions in the same industry

Financial flexibility and disciplined capital allocation

Maintain financial flexibility by means of a strong balance sheet with the ability to pay a stable, increasing dividend, and maintain good investment capacity

Delivering on ESG targets

Integration of ESG into all decisions is the key to long-term value creation

Develop our people, culture and organisation

Invest in talent and develop our culture and work methods with emphasis on more value creation

Goals and results

Orkla's overarching goal is to create sustainable value for society and shareholders. Through active ownership Orkla ensures shareholders long-term value growth that exceeds relevant competing investment alternatives. Shareholders see this return in the form of long-term price performance of the Orkla share combined with dividend.

Our KPI

12–14%

Total Shareholder Return (TSR)
2024–2026

Total Sharehold Return as the ultimate KPI

- Orkla's target is to deliver an annual TSR of 12–14% in the period 2024–2026.
- This target is based on a long-term mindset and decision-making horizon.

Our financial target

TSR
12–14%
= NOK 32–38bn**

Consolidated portfolio companies (incl. head office) – ~70% of enterprise value*

Jotun (42.7 % ownership interest) – ~25% of enterprise value*

Hydro Power & Real Estate – ~5% of enterprise value*

Structural opportunities

* Based on an average of analysts' sum-of-the-parts valuations post Q3-2023
** Based on Market Cap of Orkla as of 23 November 2023 (NOK 79.12 per share)

ESG

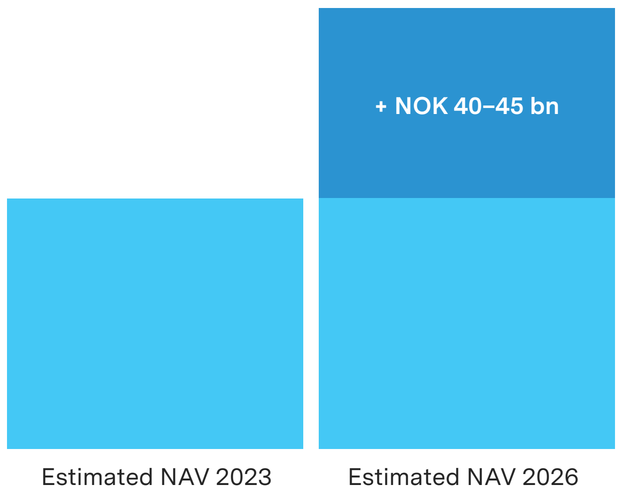
Scope 1 & 2 GHG reduction of 70% by 2030. The scope 3 target is under revision

All food companies to create positive health impacts towards 2030.

Orkla shall have balance in gender representation in management teams by 2026.

NOK 40–45 billion in value creation potential for the consolidated Portfolio Companies

Change in the value of consolidated Portfolio Companies (incl. Headquarters)



Portfolio Company targets (consolidated, incl. HQ)

EBIT (adj.) CAGR 2023–2026	8–10%
Margin expansion 2023–2026	1.5–2.0%-p.
ROCE improvement CAGR 2023–2026	1.5–2.0%-p.

Sustainable value creation through active ownership of brands and consumer-oriented companies

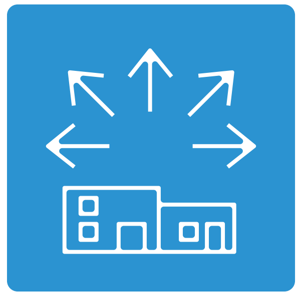
Combine the best of two worlds in our unique operating model

- Combine our strong branded consumer goods expertise with an investment company mindset.
- As active owner, Orkla applies a long-term perspective and is flexible regarding ownership structures and holding periods, enabling a wide range of opportunities to create value.
- Over several decades, Orkla has built up solid experience from the branded consumer goods industry that will be maintained and further developed in a new operating model.

This is how our new operating model will increase value creation

Full accountability for performance in the Portfolio Companies

- Each Portfolio Company will have greater autonomy and will be fully accountable for its own performance
- More challenges and better support through the Portfolio Company boards
- Tailored incentive systems
- Decision-making authority closer to where value is created

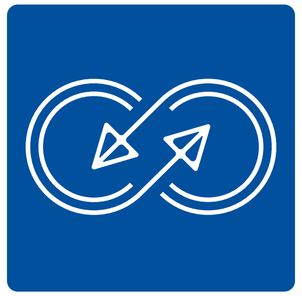


Create more structural opportunities and the ability to act fast on opportunities

- Less dependency between Portfolio Companies and Orkla ASA will accelerate decision-making processes
- Greater willingness and ability to explore different structural opportunities, such as mergers, joint ventures, partnerships and public listings

Implement a more disciplined, effective capital allocation process

- Stronger, better capital discipline
- Encourage a shift towards broader value creation
- Greater transparency as regards the Portfolio Companies' capital generation and capital needs



Strengthen critical synergies and competencies

- Continue to take advantage of Orkla's scale economies and consumer insights that have been built up over decades as a branded consumer goods company

Value proposition and investment mandate

Our investment mandate

We invest in brands and consumer-oriented companies which hold strong positions. Over time, our ambition is to develop our international footprint.

We invest in our existing Portfolio Companies, both organically and through mergers and acquisitions. Our goal is to increase growth and exploit strategic opportunities.

We build on our experience of markets and categories that we know well.

When we see attractive opportunities, we will invest outside our core areas, provided that they are compatible with Orkla's unique areas of expertise and investment strategy.

The first step is reduce complexity in our existing portfolio and to prove the value creation potential in the new operating model - before we consider new platform investments.

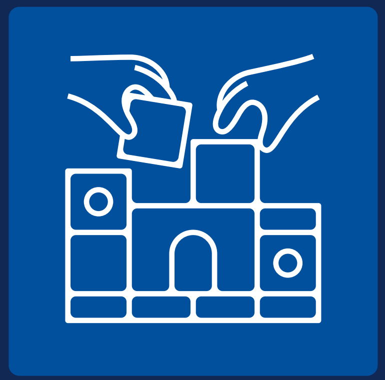
Brave | Trustworthy | Inspiring

Industry-shaping

Our goal is always to maximise our value creation through structural opportunities, dynamic capital allocation and new growth opportunities.

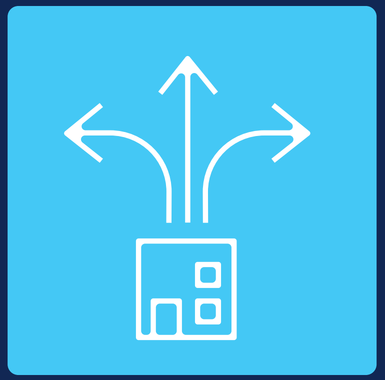
Combined expertise

We combine our ownership expertise, business services and deep brand, customer and consumer insight to achieve economies of scale and increase our results.



Active ownership

We challenge our Portfolio Companies to deliver more than expected, and we provide them with the tools and systems they need to succeed. We encourage greater entrepreneurship.



Flexible approach

We adapt our exercise of ownership to maximise the value of our companies. We have a flexible investment horizon and ownership structure.

Our sustainability promise

We create positive change by enabling a responsible transition to net zero emissions and sustainable production and consumption.

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

Report of the Board of Directors 2023

Orkla successfully implemented an extensive transformation process in 2023, and is now an industrial investment company with 12 independent portfolio companies. The group's business is centred on brands and consumer-oriented companies. The new operating model gives the individual portfolio companies greater independence and responsibility with the aim of improving long-term value creation, as well as increased structural flexibility.

In October, Orkla entered into a strategically important partnership agreement with the global private equity company Rhône. Under the agreement, Rhône will acquire a 40% ownership interest in Orkla Food Ingredients through associated investment funds. The transaction is expected to be completed by the end of April 2024.

Orkla grew its overall profit after tax by 3% in 2023. The improvement was mainly driven by reported EBIT (adj.) growth in 11 of the 12 portfolio companies. Jotun's development was particularly strong. All of the portfolio companies reported organic revenue growth in 2023, and several portfolio companies implemented successful cost improvement programmes which contributed to year-on-year profit growth. Orkla's profit performance in 2023 was negatively impacted by the exceptionally high power prices experienced by Hydro Power in 2022.

In November 2023, Orkla held a Capital Markets Day at which a new strategy and financial targets were presented. As an industrial investment company, Orkla aims to deliver an annual return for shareholders of at least 12%–14% in the period 2024–2026. Orkla's value creation depends on:

- the organic growth of the 11 consolidated portfolio companies,
- continued favourable development of Jotun (in which Orkla has a 42.7% ownership interest),
- the development in the group's financial investments, and
- effective utilisation of structural opportunities.

The consolidated portfolio companies have individual financial targets. Collectively[1], these represent the following key figures for the period 2023–2026:

- annual underlying growth of 8%–10% in EBIT (adj.),
- a margin expansion of 1.5–2 percentage points, and
- an increase from 10% to 13% in return on capital employed (ROCE).

1 Consolidated portfolio companies including Orkla Headquarters and Business Service companies.

Results in 2023

The group

Condensed income statement

Amounts in NOK million	2023	2022
Operating revenues	67,797	58,391
EBIT (adj.)	**6,921**	**7,411**
Other income and expenses	(687)	(514)
Operating profit	**6,234**	**6,897**
Profit/loss from associates and joint ventures	1,836	861
Interest and financial items, net	(1,104)	(413)
Profit/loss before tax	**6,966**	**7,345**
Taxes	(1,545)	(2,077)
Profit/loss for the year	**5,421**	**5,268**

The group's increase of 16.1% in operating revenues in 2023 was a result of organic growth among all the consolidated portfolio companies, as well positive currency translation effects. The organic growth of the portfolio companies was driven by price increases to compensate for higher input costs. Although several portfolio companies reported negative volume development, other companies achieved volume growth despite challenging market conditions in 2023. The group's overall revenue growth was somewhat weakened by the lower power prices achieved by Hydro Power following extraordinarily high power price levels in 2022.

The group's EBIT (adj.) in 2023 totalled NOK 6,921 million, down 6.6% on 2022. The decrease is primarily attributable to a reduced operating profit for Hydro Power due to abnormally high power prices in Norway in 2022. At the same time, Hydro Power delivered a strong result from a historical perspective. The portfolio companies achieved good underlying growth in EBIT (adj.) on a consolidated basis, with good progress being made by several key portfolio companies, including Orkla Foods Europe, Orkla Food Ingredients, Orkla Health, Orkla India and Orkla Home & Personal Care. The development of Orkla Confectionery & Snacks was weighed down by production challenges at the new biscuit factory in Latvia, resulting in a total negative effect on underlying EBIT (adj.) development of approximately NOK 150 million in 2023. The year-on-year profit development benefited from cost programmes implemented by Orkla Foods Europe and Orkla Food Ingredients, among others. Due to high cost increases in Orkla's value chains in 2022, the original target for cost initiative programmes in 2023 was increased by 40% to at least NOK 1,000 million. The cost programmes have been implemented as planned.

Specification of operating revenues and EBIT (adj.)[2]

	Operating revenues		EBIT (adj.)	
Amounts in NOK million	2023	2022	2023	2022
Orkla Foods Europe	20,319	17,820	2,259	1,973
Orkla Food Ingredients	18,661	14,682	1,166	853
Orkla Confectionery & Snacks	8,880	7,578	1,013	989
Orkla Health	6,364	5,375	851	736
Orkla India	2,947	2,542	386	303
Orkla Home & Personal Care	2,497	2,190	225	152
The European Pizza Company	2,962	2,267	268	222
Orkla House Care	1,573	1,424	151	102
Health and Sports Nutrition Group	1,233	1,100	36	9
Pierre Robert Group	592	564	26	22
Lilleborg	574	497	51	55
Eliminations, consolidated portfolio companies	(686)	(637)	0	0
Consolidated portfolio companies	**65,916**	**55,402**	**6,432**	**5,416**
Headquarters and Business Services/ eliminations	8	20	(476)	(391)
Consolidated portfolio companies incl. Headquarters and Business Services	**65,924**	**55,422**	**5,956**	**5,025**
Hydro Power	1,476	2,744	873	2,328
Orkla Real Estate	563	325	92	58
Financial Investments	**2,039**	**3,069**	**965**	**2,386**
Eliminations	(166)	(100)	-	-
Orkla	**67,797**	**58,391**	**6,921**	**7,411**

2 Jotun is included in the item "Profit/loss from associates and joint ventures".

The group's "Other income and expenses" were more negative in 2023 than 2022. "Other expenses" mainly included costs related to several restructuring projects and write-downs within the group. There were also costs linked to the acquisition and integration of companies, including efforts to find a partner for the ownership of Orkla Food Ingredients. "Other income" included income recognition of a reversed provision made in connection with liquidation of the group's ownership interest in Hamé Foods ZAO in Russia, income from an insurance payout and the sale of property. 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 42.7% ownership interest in Jotun. The investment is presented using the equity method. In 2023, Jotun delivered a strong contribution of NOK 1,853 million, compared to NOK 876 million in 2022. Jotun's strong performance is attributable to strong top-line growth on the back of higher sales volumes and increased prices, combined with an improved gross margin.

Interest and financial items amounted to NOK -1,104 million in 2023, compared to NOK -413 million in the previous year. The increase is due to the fact that the average borrowing rate rose from 2.4% to 5.1% in 2023 at the same time as average gross interest-bearing liabilities (excluding lease liabilities) increased from NOK 15.5 billion in 2022 to NOK 19.9 billion in 2023.

Orkla is subject to ordinary corporation tax in the countries in which the group operates. The tax rate (adjusted for profits from associates) for the 2023 financial year was 30.1%, compared to 32.0% in 2022. The year-over-year change in the tax rate is primarily due to reduced resource rent tax related to the energy operations. See Note 16 for other comments.

Results from entities outside Norway are translated to Norwegian kroner based on average monthly exchange rates. Due to depreciation of the Norwegian krone, the group had positive currency translation effects in 2023 of NOK 4,966 million on operating revenues and NOK 462 million on EBIT (adj.).

Earnings per share in 2023 were NOK 5.21, compared to NOK 5.04 in 2022. Adjusted earnings per share were NOK 5.78, compared to NOK 5.46 in 2022.

New operating model

Orkla implemented a new operating model in 2023, and is now an industrial investment company. The new operating model is designed to ensure increased, long-term value creation. This objective will be achieved through the completed establishment of autonomous portfolio companies with an intensified focus on accountability and entrepreneurship, the establishment of management teams and boards of directors with a clear focus on their own operations, and the introduction of targeted incentive programmes.

In the new operating model, Orkla ASA has taken on a clearer ownership role in relation to the portfolio companies. The group has implemented a more disciplinary capital allocation process. Furthermore, three Business Service companies have been established for IT, sourcing and financial services to ensure that synergies are realised across the portfolio companies. The new operating model will increase Orkla's structural flexibility.

Financial situation and capital structure

Cash flow

The comments below are based on the cash flow statement as presented in Orkla's internal format and relate to the period 1 January to 31 December 2023. See page 75 for a cash flow statement in IFRS format.

Cash flow from operations from consolidated portfolio companies incl. Headquarters and Business Service companies was NOK 4.6 billion higher in 2023 than in 2022, primarily due to increased working capital. A more intense focus on working capital among the portfolio companies yielded positive results during the year, particularly in terms of reduced inventory levels.

The largest project under replacement investments was the construction of a new biscuit factory in Latvia. In addition, net replacement investments included several other factory and warehouse projects, as well as entry into new long-term leases.

In Financial Investments, cash flow from operations fell from 2022 to 2023, primarily due to a reduction in the profits of Hydro Power resulting from lower electricity prices.

Taxes paid saw a year-over-year increase, largely due to an increase in the taxes payable by Hydro Power on its 2022 profits (paid in arrears the next year).

Dividends received were higher than in 2022, as a result of higher dividend received from Jotun. Financial costs also saw a year-over-year increase due to higher interest rates and increased debt levels.

Condensed cash flow, Orkla format

Amounts in NOK billion	2023	2022
Cash flow from consolidated Portfolio Companies incl. Headquarters and Business Service companies		
EBIT (adj.)	6.0	5.0
Depreciation	2.5	2.1
Changes in net working capital	0.8	(2.4)
Net replacement investments	(2.7)	(2.8)
Cash flow from operations (adj.)	**6.6**	**1.9**
Cash flow effect from "Other income and expenses" and pensions	(0.5)	(0.4)
Cash flow from operations, consolidated Portfolio Companies incl. Headquarters and Business Service companies	**6.1**	**1.5**
Cash flow from operations, Financial investments	**1.0**	**2.3**
Taxes paid	(2.0)	(1.4)
Dividends received, financial items and other payments	(0.6)	(0.1)
Cash flow before capital transactions	**4.4**	**2.4**
Dividends paid and purchase/sale of treasury shares	(3.1)	(3.0)
Cash flow before expansion	**1.3**	**(0.6)**
Expansion investments	(0.8)	(0.4)
Sales of companies (enterprise value)	0.0	0.1
Purchases of companies (enterprise value)	(0.9)	(3.1)
Net cash flow	**(0.4)**	**(4.1)**
Currency effects of net interest-bearing liabilities	(1.3)	(0.4)
Change in net interest-bearing liabilities	**(1.7)**	**4.4**
Net interest-bearing liabilities	**18.8**	**17.2**

Expansion investments were higher, year over year, largely related to Orkla Food Ingredients, Orkla Confectionery & Snacks and Orkla Health. Investments have been made in increased production and warehouse capacity, as well as new production lines.

Acquisitions of companies totalled NOK -949 million as at 31 December 2023, and primarily consisted of the purchase of 100% of the shares in Bubs Godis AB (Sweden) and 100% of the shares in Khell-Food Kft. (Hungary).

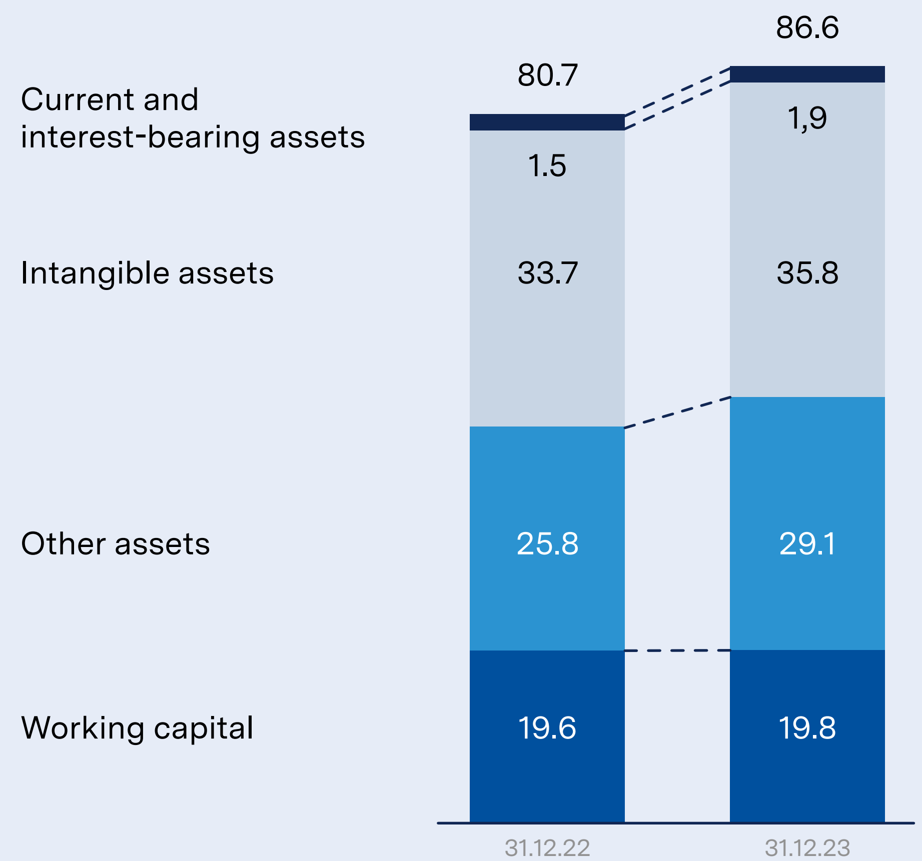
Net cash flow for the group amounted to NOK -409 million. Negative currency translation effects due to the weaker Norwegian krone increased net interest-bearing liabilities by NOK 1,250 million. As at year-end 2023, net interest-bearing liabilities (excluding lease liabilities) totalled NOK 16,516 million. Including lease liabilities under IFRS 16, net interest-bearing liabilities totalled NOK 18,847 million.

Contracts and financial hedging instruments
Orkla has a number of purchasing contracts, typically with a term of 3–12 months. The length of the contracts are adjusted in response to developments in the supplier market and also take account of customer commitments and it can therefore vary. Financial hedging instruments are used in connection with currency and interest rate risk management, 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 86.6 billion at year-end, compared to NOK 80.7 billion at the end of 2022. Net interest-bearing liabilities as at 31 December 2023 totalled NOK 18.8 billion including lease liabilities, compared to NOK 17.2 billion as at 31 December 2022. This implies a net interest-bearing liabilities to EBITDA ratio of 2.0 for the past 12 months[3], which is consistent with Orkla's goal of keeping this key figure at around 2.5 over time. In January 2022, Orkla announced that Scope Ratings GmbH had awarded it a credit rating of A-, with a stable outlook. An updated analysis in January 2024 resulted in the same credit rating. Orkla's financial position is robust thanks to its cash reserves, credit lines and flexibility to support adopted business priorities. The average remaining term of interest-bearing liabilities and unutilised credit lines is 3.3 years.

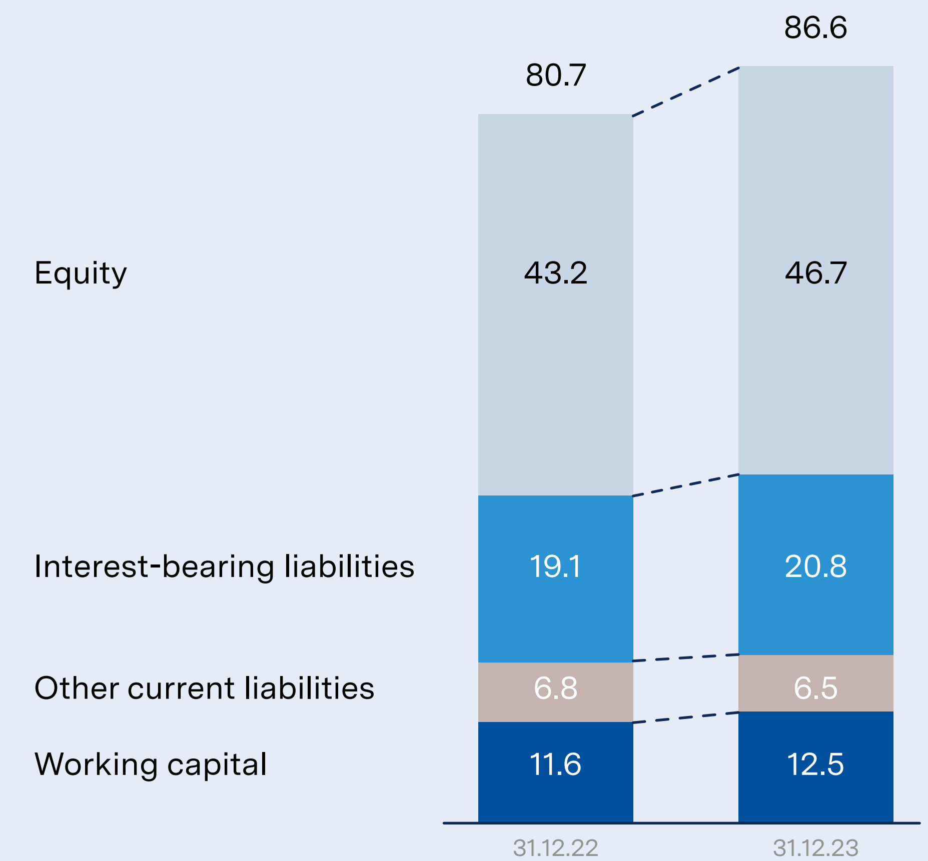
Group equity totalled NOK 46.7 billion at the end of 2023, with an equity ratio of 54.0%, compared to 53.5% the previous year.

Assets



Amounts in NOK billion

Equity and liabilities



Amounts in NOK billion

3 12-month rolling EBITDA including acquired companies.

The Orkla share

At the end of 2023, there were 997,667,043 shares outstanding, and Orkla owned 3,763,927 treasury shares. The number of shareholders was 48,780, compared to 51,062 at the end of 2022. The proportion of shares held by foreign investors fell by 0.4 percentage points, to 49%. The Orkla share was priced at NOK 78.84 at the end of the last trading day in 2023. At year-end 2022, the share price was NOK 70.94. Including dividends, the return on the Orkla share was 15.7% in 2023, while the return on the Oslo Stock Exchange Benchmark Index (OSEBX) was 9.9%. Orkla shares were traded on the Oslo Stock Exchange for a total of NOK 20.1 billion in 2023. See page 202 for further information on shares and shareholders.

Risk management

The Board of Directors attaches importance to ensuring that risk is managed systematically in every part of the group, and considers this a prerequisite for long-term value creation for shareholders, employees and society at large. Following implementation of Orkla's new operating model, the group risk-reporting process has been updated, and new guidelines have been developed. Risk assessments are carried out for the individual companies[4] and are presented to and considered by each company's board of directors at least once a year. The same risk assessment requirements apply to both material decisions as well as in daily operations.

The risk assessments prepared by the individual companies are consolidated to create an overall risk picture for Orkla, which also incorporates group-level assessments. This risk picture is reviewed by the Orkla Management Team and discussed by the Board of Directors. Orkla's overall risk picture was approximately the same in 2023 as in 2022, however of a different nature.

Consumer behaviour is being affected by weaker economic development in several markets. This has put increased pressure on sales volumes and increased the risk of consumers opting for retailers' own products ("private label"). There is also a high risk of channel distortion in the grocery sector through reorientation towards clearer low-price ("hard discount") chains. To strengthen their competitiveness, Orkla's companies are maintaining a consistent focus on cost improvement measures and brand-building.

Customer concentration in the grocery sector is high in several of Orkla's most important markets. This entails a risk of increased price pressure, delistings and potential conflicts in customer negotiations. It is important that the Orkla companies maintain close dialogue with customers and safeguard long-term relationship-building. Growth in other sales channels is also a priority.

The risk of cyberattacks remains high. Orkla is highly dependent on IT systems, and larger companies are increasingly the targets of more sophisticated cyberattacks. Hackers seek information and data which can be sold or misused for financial gain or political purposes. Measures are being taken to update governance models for the area of cybersecurity, including stricter requirements, KPIs and closer monitoring.

Risks remain in relation to production volumes and cost levels at Orkla Confectionery & Snacks' new biscuit factory. Nevertheless, significant improvements are expected in 2024. The situation is being closely monitored by the Board of Directors and the Orkla Management Team.

Macroeconomic and geopolitical conditions have undergone major changes in recent years, and this is impacting on interest rates, exchange rates and the global flow of goods. Prices and access to inputs for the companies continue to represent significant risks. Although the trend of sharply increasing raw materials prices slowed in 2023, developments are still polarised across categories and companies. Climate change is a further risk, as more frequent occurrences of extreme weather such as droughts and floods could affect both input prices and production stability.

Orkla is also exposed to risks related to regulatory conditions, particularly in the area of ESG. The introduction of new regulations may necessitate increased investment in system support, entail increased costs due to stricter requirements for raw materials certification and require higher investment in production to support more sustainable production.

Orkla ASA – structure and focus of the new operating model

Orkla ASA

Orkla ASA is the parent company and headquarters of the Orkla group, and consists of an investment team and corporate functions. The investment team undertakes investment activities and ownership tasks for the Orkla portfolio companies. In addition, the investment team has established three Centres of Excellence to support the portfolio companies in the areas of sales, marketing and innovation, and sustainability. The group functions perform key

4 "Companies" means all majority-owned portfolio companies, Business Service companies and Financial Investments companies.

services on behalf of the parent company in the areas of Finance, HR, Legal & Compliance, and Communication & Corporate Affairs.

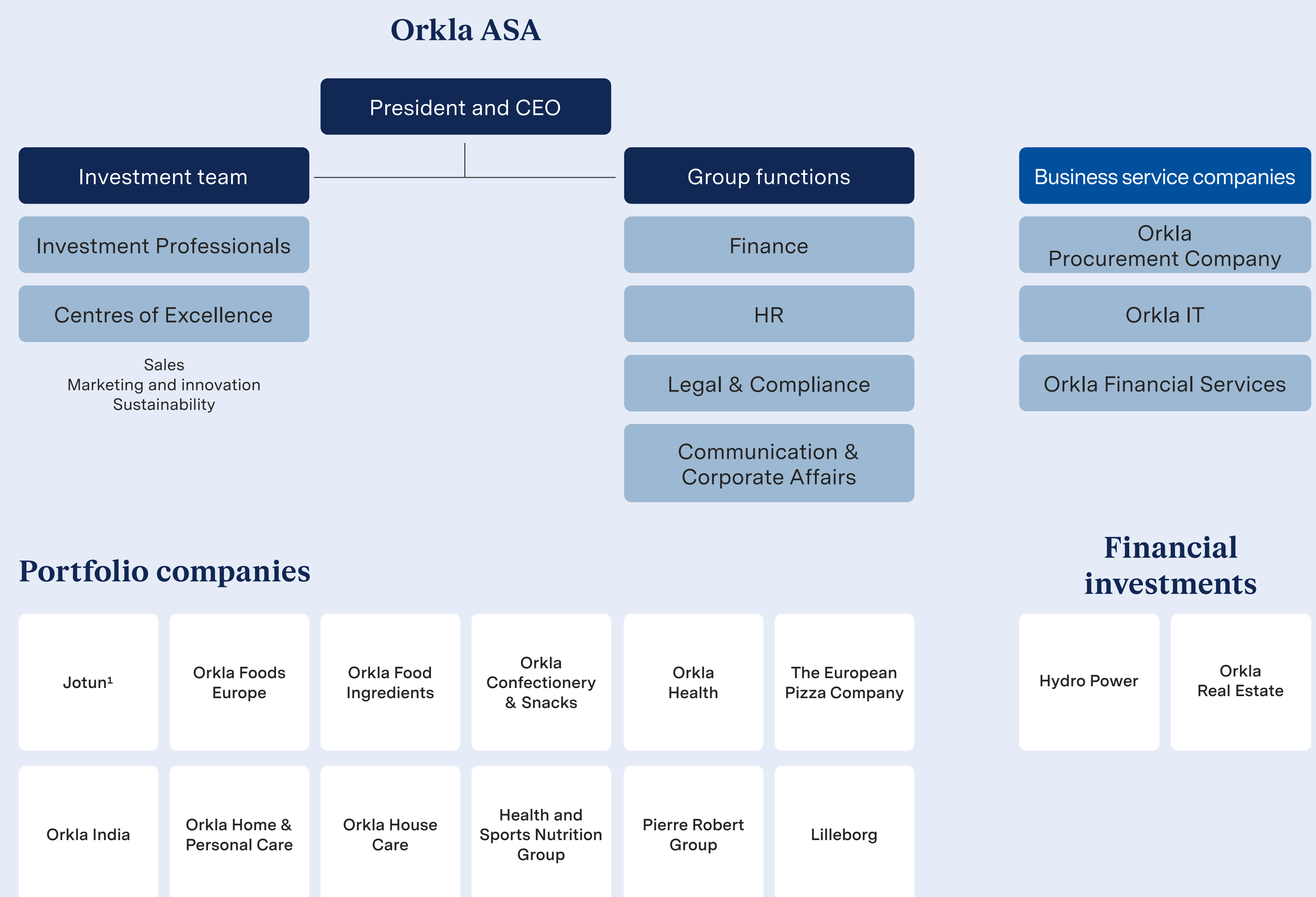
Orkla ASA reported a profit after tax of NOK 25,563 million in 2023, compared to NOK 8,428 million in 2022. The year-over-year increase is linked to a realised gain on an internal sale of shares from Orkla ASA to the portfolio companies in connection with the transformation of Orkla and the establishment of the portfolio companies as legal entities. Total assets at year-end amounted to NOK 90,585 million, up from NOK 66,012 million in 2022, corresponding to an increase of 37.2%. The equity ratio ended at 69.4%, compared to 60.9% in 2022.

Orkla ASA had a total of 90 employees at the end of 2023.

Headquarters and Business Service companies

Three Business Service companies have been established. Their role is to deliver shared services to the group for the purpose of safeguarding and realising key synergies between the portfolio companies.

EBIT (adj.) from Headquarters and Business Service companies was NOK -476 million in 2023, compared to NOK -391 million in 2022. The decline is primarily attributable to a reduced invoicing rate for services delivered by Headquarters and Orkla IT to the portfolio companies following implementation of the new operating model, increased personnel costs at Headquarters related to the establishment of the investment team, and increased bonus costs. This was partly offset by reduced costs linked to discontinued functions at Headquarters and high non-recurring costs in 2022.



1 Orkla has a 42.7% interest in Jotun.

Research and development (innovation)

Innovation is a key tool for creating growth and building strong brands and is therefore a central part of the portfolio companies' day-to-day operations. Orkla takes an inter-disciplinary approach to innovation. Consumer, customer and market insights are combined with brand-building, industrial capabilities and commercial expertise to develop products and services which deliver superior value to consumers, customers and Orkla's portfolio companies. Orkla's portfolio companies' strengths are their local presence, deep insight into local consumer needs and knowledge of how these needs can be translated into powerful innovations. Examples of strong innovations launched or built on in 2023 include the relaunch of Dr. Greve face cream in Norway (Orkla Home & Personal Care), the launch of Jordan Ultralite toothbrushes in several countries (Orkla Health), the relaunch of KiMs potato chips in Norway and the launch of Panda liquorice in Denmark (Orkla Confectionery & Snacks), the launch of Vitana liquid broth in the Czech Republic and new flavours of Fun Light in Sweden (Orkla Foods Europe), and the launch of MTR Sweets (Orkla India).

Orkla ASA supports the portfolio companies in the area of innovation through Orkla Marketing & Innovation. Key services and focus areas in this regard are the Orkla Best Practice Playbooks & Toolbox, Orkla Brand Academy, Orkla Marketing Director Network, Orkla Marketing & Innovation Forum and local project support.

Sustainability and corporate responsibility

Responsible business practices

Orkla is committed to responsible operations with respect for people, the environment and society. In its capacity as owner, Orkla requires all subsidiaries to take the necessary steps to ensure responsible business practices in line with legal requirements, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The Orkla companies shall have clear procedures for due diligence assessments, risk management and compliance with regulations, and shall work actively to build a culture of responsibility.

Orkla's guiding principles for sustainability and responsible business practices describe Orkla ASA's ownership requirements and expectations of the portfolio companies and other directly owned companies with regard to the management of important environmental, social and business ethics issues. The requirements are intended to promote good corporate governance, compliance with ESG-related regulations and the achievement of Orkla's sustainability goals. Orkla monitors the companies' work on sustainability and responsible operations through representation on company boards and annual internal reporting.

Orkla's sustainability strategy

Orkla seeks to ensure that its operations remain competitive and profitable in the long term by managing sustainability-related risks effectively and actively exploring business opportunities for Orkla and the Orkla companies related to meeting society's future needs. In connection with its transformation to an industrial investment company, Orkla developed a new sustainability ambition and new sustainability goals in 2023, which have been integrated into the group's business strategy. As part of the new operating model there are expectations and requirements that Orkla's portfolio companies and other directly owned companies must also adopt their own sustainability goals.

Sustainability is about reducing negative impacts and creating positive effects for people, the environment and society. Orkla's overall sustainability ambition is to create positive change by facilitating a responsible transition towards net zero emissions and sustainable production and consumption in all Orkla companies. Orkla ASA's role as an investment company is to support the companies in this transition.

Orkla's sustainability ambitions and goals rest on three main pillars: environment, people and governance. Orkla has adopted science-based greenhouse gas-reduction targets and is committed to achieving net zero emissions by 2045. This will be achieved by preparing restructuring plans at both owner and company level, and Orkla ASA will actively guide and monitor the companies' efforts. Orkla ASA will also challenge and inspire companies to develop products, packaging and solutions which minimise environmental impact throughout the value chain and enable increased recycling.

Orkla wants to build a culture of diversity and inclusion and ensure that all Orkla companies actively engage in the social challenges associated with their value chains. Among other things, the companies are required to prepare long-term plans for addressing the topics of human rights and consumer health so as to create a positive impact.

An in-depth account of the progress made in sustainability work, including reporting on implemented due diligence assessments, 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 2023 is described in the following chapters:

- general information, page 214 (responsible business practices)
- environmental topics, page 228 (climate and environment)
- social topics, page 250 (human and labour rights, due diligence assessments, working environment, injuries, accidents, absences, skills-building, gender equality and non-discrimination, survey of gender differences related to pay, etc.)
- business ethics topics, page 290 (business ethics, anti-corruption, whistleblowing procedures, complaints)

A description of management procedures for sustainability and responsible business practices is provided on page 224. Reporting on turnover, operating expenses and investments from activities encompassed by the EU Taxonomy Regulation for environmental objectives 1 and 2 can be found on page 302.

The Board of Directors and the Management Team

At Orkla's Annual General Meeting on 13 April 2023, Stein Erik Hagen, Liselott Kilaas, Peter Agnefjäll, Anna Mossberg, Christina Fagerberg and Rolv Erik Ryssdal 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 Marie Hagen Kjos was elected as a new Board member. All the shareholder-elected Board members were elected for a term of one year, i.e. until the Annual General Meeting in 2024.

Of the seven shareholder-elected members of Orkla's Board of Directors, four are women and three are men. Both genders are represented among the employee-elected Board members and their deputies. Orkla ASA thereby 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 taken out a global Directors and Officers (D&O) liability insurance policy 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.

There was a temporary change in Orkla's Management Team in 2023. On 1 November 2023, Atle Vidar Nagel Johansen assumed the role of interim CEO of the portfolio company Orkla Foods Europe in connection with a change of CEO.

Arve Regland has been appointed new EVP Finance and CFO in Orkla ASA and will take up the position on 1 June 2024. Mr Regland is succeeding Harald Ullevoldsæter, who of his own volition will gradually scale back his activities prior to retiring in May 2025.

The Board of Directors wishes to thank all employees for their efforts and the results achieved in 2023.

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 40 of this Annual Report. The statement of policy will be considered at the 2024 Annual General Meeting.

Salary and other remuneration paid to senior executives

The Board of Directors has a dedicated Compensation Committee, which deals with all material matters related to salary and other remuneration for senior executives before such matters are formally discussed and decided by the Board of Directors. In accordance with Norwegian companies legislation, the Board of Directors has also prepared a separate report on salary and other remuneration for senior executives, which can be found in Chapter 3 of this Annual Report. This executive remuneration report will be presented and considered at the 2024 Annual General Meeting. The report also provides details of actual remuneration and contractual arrangements.

Accounting policies

The consolidated financial statements for 2023 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 explanations of accounting policies in Notes 1-4 and in respective notes describe 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 application of the going-concern assumption is appropriate.

Allocation of comprehensive income for the year

In 2023, Orkla ASA generated comprehensive income of NOK 25,580 million, compared to NOK 8,467 million in 2022. See the section above on Orkla ASA for further information on the change compared to 2022.

The Board of Directors proposes the following allocation:

Proposed dividend	NOK 5,986 million
Transferred to equity	NOK 19,594 million

As at 31 December 2023, Orkla ASA had total equity of NOK 62.9 billion, compared to NOK 40.2 billion at year-end 2022. The Board of Directors has determined that Orkla ASA had adequate equity and liquidity at the end of 2023. The Board of Directors proposes to pay a total dividend of NOK 6.00 per share for the 2023 financial year, NOK 3.00 of which is additional to Orkla's ordinary dividend.

Outlook

Macroeconomic conditions are showing signs of improvement in several of Orkla's markets, with lower inflation and general market expectations of interest rate cuts during 2024 in the Eurozone, the USA and the Nordic countries. While there is uncertainty about future volume developments, lower inflation and lower key interest rates are expected to have a positive impact on consumer demand.

Average market prices for key raw materials and packaging stabilised in 2023, and there are now indications of lower input factor costs in the first half of 2024 for several of Orkla's portfolio companies. At the same time, costs related to the shipping and processing of raw materials, as well as packaging costs, are higher at the start of 2024 than in 2023. Developments are expected to be polarised, with lower costs for Orkla linked to key raw materials such as additives, sugar and grain-based products but continued cost increases for other raw materials such as fish oil, cocoa and tomato products.

Oslo, 14 March 2024
The Board of Orkla ASA

Stein Erik Hagen Chairman of the Board	Liselott Kilaas	Peter Agnefjäll	Anna Mossberg
Christina Fagerberg	Rolv Erik Ryssdal	Caroline Marie Hagen Kjos	Terje Utstrand
Sverre Josvanger	Karin Hansson	Roger Vangen	Nils K. Selte 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 the company's shareholders, employees and society at large. Openness, transparency, accountability and equal treatment underpin confidence in the company, both internally and externally, and constitute key elements in the 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 (published on www.lovdata.no), the issuer rules for companies listed on the Oslo Stock Exchange (www.euronext.com) and the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES) (www.nues.no). This statement of policy will be an item of business at Orkla's Annual General Meeting on 18 April 2024. 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 178-180.

Orkla's Board of Directors actively adheres to good corporate governance standards and will ensure that Orkla complies with the requirements of section 3–3b of the Accounting Act and the NUES Code of Practice at all times. Good governance is an integral part of the decision-making process in matters dealt with by the Board. The Board assesses and discusses the principles regularly, and has also considered this statement at a Board meeting.

In October 2022, the Board decided to establish a new corporate structure. Orkla is now an industrial investment company with ownership of more independent portfolio companies. Orkla's new operating model took effect on 1 March 2023. In connection with the transition to the new model, the Board of Directors has established updated governance principles with clear owner requirements and expectations for Orkla companies, and the central corporate processes have been adapted to the new model.

The statement of policy is structured in the same way as the NUES 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 the objects clause, Orkla owns businesses in several areas. The core business is brands and consumer-oriented companies, but Orkla also has activities in the energy, real estate and financial investment sectors.

Kroner per share
in dividend

Proposed by the Board of Directors

6.00

of which NOK 3 is in addition to the company's ordinary dividend

Orkla's vision as an investment company is to create sustainable value through active ownership in brands and consumer companies. Orkla's core values are "brave", "trustworthy" and "inspiring".

The Board has defined clear goals and strategic ambitions for Orkla. These are set out in greater detail in the Board's of Directors' Report. Strategic directions, goals and plans have been developed for the respective portfolio companies. Goals, strategies and risk profiles are assessed annually.

Orkla wants to build operations that are competitive and profitable in the long term through sound management of sustainability-related risks and through actively exploring business opportunities for Orkla in connection with meeting society's future needs. Orkla's sustainability ambitions and goals comprise three main pillars: protecting the environment, empowering people and governance and ethics in business. Sustainability issues shall be an integral part of all decision-making processes. The topics considered to be material for Orkla, the sustainability goals and Orkla's approach to this work are described in greater detail in the sustainability chapter, which is included in our Annual Report.

Orkla shall be a good place to work and have a culture shaped by respect and inclusion. To achieve this, the company works actively to promote diversity, equality and inclusion. Orkla has defined goals for gender balance, equal pay for equal work and increased diversity in Orkla ASA and its businesses. The sustainability chapter describes these goals and how Orkla works to achieve the desired results.

The Nomination Committee shall base its recommendation for the election of board members to the General Meeting on Orkla's needs for competencies and diversity, see the instructions for the Nomination Committee point 4.3.

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 2023, Orkla's equity totalled NOK 46.7 billion. An ordinary dividend of NOK 3.00 per share was paid out for the 2022 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. At the Capital Markets Day in November 2023, the Orkla Management Team announced an annual total shareholder target return of 12–14%. Orkla has pursued a consistent shareholder and dividend policy for many years, which was most recently confirmed on the Capital Markets Day. Dividend should be stable and rise gradually, and normally constitute 50–70% of earnings per share. The Board of Directors has proposed that a dividend of NOK 6 per share of which NOK 3 is in addition to the company's ordinary dividend, be paid out for the 2023 financial year. The dividend will be paid out on 3 May 2024 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 2023, 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% 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.. As at 31 December 2023, Orkla had not purchased any of its own shares under the current authorisation. As at 31 December 2023, Orkla held 3,763,927 treasury shares.

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

4. Equal treatment of shareholders

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. Further information on voting rights at General Meetings is provided under point 6, General Meetings.

The company's policy is to not dilute the shareholdings of existing shareholders. In accordance with this policy, there have not been 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.

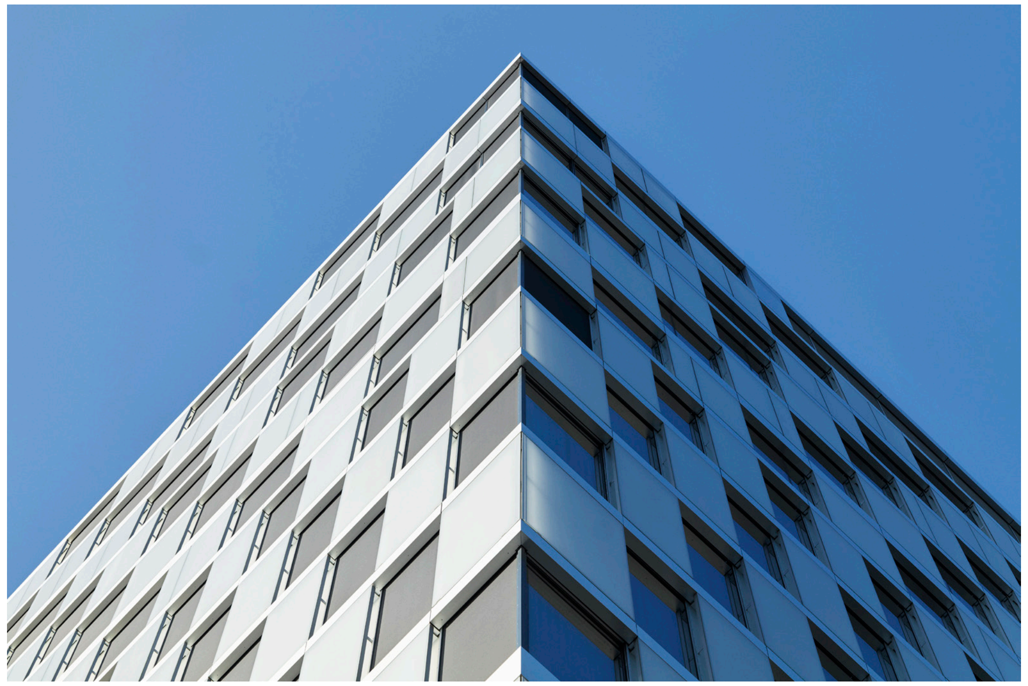
5. Freely negotiable shares
All Orkla shares carry equal rights and are freely negotiable. No special limitations on transactions have been laid down in Orkla's Articles of Association. Article 4 of the Articles of Association states that, "the Board of Directors may entirely or partly refuse to approve 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% 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 Orkla's 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 conducts the General Meeting digitally.

Orkla holds its 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 the company'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 up to two business days prior to the General Meeting (date of notice of attendance). 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.

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, but shareholders are free to choose another proxy. 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 2023 could, in addition to voting by proxy, cast a direct advance vote through Orkla's website or VPS Investor Services. The Board of Directors has decided that shareholders may cast such direct advance votes in 2024 too. Both the notice of the General Meeting and the website provide further information regarding use of proxies, advance voting and shareholders' right to submit items of business for consideration at the General Meeting.

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 Board of Directors' report, the auditor's report and the Board of Directors' executive remuneration report 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 and approved by the General Meeting; 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 President and CEO and representatives from the Orkla Management Team are present in order to reply to any questions that may be raised.

7. The Nomination Committee
Under the Articles of Association, Orkla has a Nomination Committee; its members are elected by the General Meeting. The instructions for the Nomination Committee have been adopted by the General Meeting and 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 their 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 instructions 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.

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 NUES Code of Practice as regards independence of the company's management and Board of Directors. None of the members of the Nomination Committee sit on the Board of Directors of Orkla ASA. Neither the President and CEO nor other senior executives are members of the Committee. On page 212, information is provided regarding the composition of the Nomination Committee and the number of Orkla ASA shares owned by committee members as at 31 December 2023.

8. The Board of Directors, composition and independence
The General Meeting elects shareholder-elected members to the Board. 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 satisfies the requirements of the NUES Code of Practice as regards Board members' independence of the company's 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 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. Over a long period of time, however, a term of one year for shareholder-elected members has been applied, 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.

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. More information regarding Board members is provided on page 207-209.

Under Norwegian law and in accordance with Orkla's current system of corporate democracy, Orkla's employees have the right to elect up to four members of the Board of Directors of Orkla ASA. With a view to adapting Orkla's corporate democracy to the new operating model, the management and employee representatives have agreed on some changes to the corporate democracy system.

At the corporate democracy elections in the spring of 2024, Orkla's Norwegian employees will be entitled to elect three members to the Orkla ASA's Board of Directors. The composition of the company's governing bodies is described on page 212.

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 CEO'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 vis-à-vis 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 a matter 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 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 inform their superior on their own initiative if they may need to recuse themselves or may experience a conflict of interest in connection with a matter, and must not take part in considering such matters.

To avoid any detriment to Orkla's reputation, the Board considers it important to pursue a policy of transparency and caution in connection with investments that could be perceived as involving undesirably close ties or an undesirably close relationship between the company and a Board member, senior executive or related party thereof. 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 what further action is to be taken. If the matter concerns the Board Chair, the Chair of the Board's Compensation Committee shall decide what action is to be taken. Transactions between related parties are discussed in more detail in Note 36 to the consolidated financial statements. In the case of non-material transactions between the company and a shareholder, a shareholder's parent company, a Board member, a senior executive or a related party thereof, the Board will ensure that a valuation is obtained from an independent third party.

The Board of Directors adopts an annual meeting and activity plan that covers strategic planning, business issues and oversight activities. In 2023, eight meetings were held in accordance with the Board's activity plan, in addition to one extraordinary meeting. The Board also dealt with one matter in writing. A total of 80 matters were dealt with by the Board. The content of the Board's work is discussed in further detail in the Board of Directors' Report. Board matters are prepared by the CEO and the Board Secretary in consultation with the Board Chair. The Board of Directors has established two permanent Board Committees, which are discussed further below. These committees do not make decisions, but supervise the work of company management on behalf of the Board and prepare matters for Board consideration within their specialised areas. In this preparatory process, the committees may draw on company resources, and 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 HR acts as the committee's secretary. The composition of the committee meets the requirements of the NUES Code of Practice as regards independence, and all three committee members are considered to be independent of senior executives. 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 is also mandated to consider guidelines on compensation for employees of Orkla's portfolio companies and external members of the boards of the portfolio companies.

The Audit Committee

The Audit Committee is chaired by Peter Agnefjäll, and the other members are Christina Fagerberg and Sverre Josvanger. The Chief Internal Auditor acts as secretary of the Audit Committee. The composition of the committee meets the requirements of the NUES Code of Practice as regards independence and competence. The Nomination Committee's recommendation of candidates for election to the Board contains information on which Board members satisfy the requirements regarding independence and competence to sit on the Audit Committee. The committee's mandate was most recently updated in December 2023 to include sustainability reporting-related tasks. 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 and sustainability 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 the consolidated financial statements and the certification of mandatory sustainability reporting
- help to ensure the independence of the external auditor and ensure compliance with applicable rules and guidelines relating to the provision of additional services by the auditor to Orkla or the group companies
- initiate investigations, if necessary, and propose measures relating to the above-mentioned points
- conduct an annual review of and, if necessary, update its mandate and submit its recommendations concerning the 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 all parts of the group operate in accordance with the overall strategy, owner requirements and expectations set out in Orkla's governing documents. The executive management of each company is responsible for its own risk management and internal control, with a view to ensuring:

- achievement of value-creation targets and strategic objectives
- goal-oriented, safe, high-quality and cost-effective operations
- reliable financial and sustainability reporting
- compliance with applicable legislation and regulations
- operation in accordance with Orkla's governing documents, including ethical and social responsibility standards

Risk management by the Orkla companies is monitored by means of active ownership. Orkla's Investment Executives are represented on the boards of the portfolio companies, and monitor the companies' activities through their board participation and ongoing dialogues with CEOs and board chairs. The risk profiles of the companies and Orkla ASA as the group parent are updated annually and monitored by the respective boards.

Orkla has a dedicated compliance function. The function's staff have a special responsibility for monitoring compliance within the fields of personal data protection, anti-corruption and business ethics, and sanctions. The Orkla Centre of Excellence ESG & Sustainability supports the Orkla companies in their implementation of robust sustainability management, including monitoring of climate and environmental efforts, social conditions (including human rights) and responsible business practices.

Risk management at Orkla

Orkla's risk management is intended to ensure that all risk of significance to Orkla's value creation is identified, analysed and effectively dealt with by the portfolio companies and specialist functions. This includes continuous monitoring of key risk indicators to allow – where necessary – reassessment of Orkla's risk level and associated risk-mitigation measures. A further task is to ensure that Orkla's risk management complies with relevant regulatory requirements and fulfils reasonable expectations of Orkla's stakeholders. Designated risk management experts prepare detailed risk assessments for defined specialised fields, and support the portfolio companies with selected risk-mitigation measures. Sustainability-related risk assessments incorporate the principle of double materiality.

The Central Finance staff are responsible for presenting Orkla's consolidated risk profile to the Orkla Management Team and the Board of Directors, based on risk assessments by the individual group companies and assessments by central specialist functions.

The internal audit function

The purpose of Orkla ASA'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 an emphasis on strategic and operational processes
- carry out follow-up audits to ensure that prior recommendations have been implemented
- ensure professional, confidential handling and investigation of matters reported through Orkla's whistleblowing channel
- monitor the external auditor to ensure compliance with the engagement agreement and world-wide agreement
- monitor that the use of external suppliers of internal audit services complies with framework agreements and budgets
- 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 for the Board of Directors' Audit Committee
- serve as observer on the Finance Committee and Tax Committee
- 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, competence and prioritisation of tasks

The financial reporting process

Orkla prepares and presents its consolidated financial statements in accordance with current International Financial Reporting Standards (IFRS). Orkla's governing documents contain requirements and procedures for the preparation and presentation of both interim reports and year-end reports. In addition, a set of Orkla accounting standards has been drawn up in which the company's 10 main principles for financial reporting are set out. Financial information is reported through Orkla's common reporting system, Tagetik. Every month, each company reports figures in Tagetik, based on output from its own Enterprise Resource Planning (ERP) system. Tagetik features a general chart of accounts and integrated control systems in the form of data check accounts and check reports designed to ensure that the information is consistent. In the year-end reporting process, reports are expanded to meet various requirements for supplementary information. Financial data are consolidated and checked at several levels within the company structure.

11. Remuneration of the Board of Directors

Information on all remuneration of the Board of Directors is disclosed in the chapter on the salary and other remuneration of senior Orkla ASA executives in 2023. The chapter also states that remuneration of the Board of Directors is not linked to Orkla's performance, and that no options have been issued to Board members.

12. Salary and other remuneration of senior executives

The Board of Directors draws up guidelines on the salaries and other remuneration of 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 senior executives and Orkla'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' annual executive remuneration report is included in this Annual Report and is made available to shareholders in a separate document, together with the notice of the Annual General Meeting.

13. Information and communications

Orkla aims to ensure that its accounting and financial reporting inspires investor confidence. Orkla's accounting procedures are highly transparent, and since 2005 Orkla has prepared and presented its financial statements in accordance with the International Financial Reporting Standards (IFRS). Sustainability reports are prepared in accordance with the GRI Standards, and adjustments have been made to the structure and content of the 2023 report to prepare for reporting in accordance with the European Sustainability Reporting Standards (ESRS), which are expected to come into force as of the 2024 financial year. 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 Orkla's activities. Quarterly presentations are webcast live and are available in the "Investor" section of Orkla's website, along with annual and quarterly reports. In 2023, Orkla's Annual General Meeting was held as a digital meeting and webcast live on the company's website, with simultaneous interpretation into English.

Moreover, Orkla holds a Capital Markets Day at regular intervals, most recently on 29 November 2023. The Capital Markets Day provides the market with an in-depth review of Orkla's strategic direction and operational development. Presentations given at the Capital Markets Day are made available on Orkla's website.

All shareholders and other financial market stakeholders are treated equally when it comes to access to financial information. Orkla's Investor Relations Department maintains regular contact with company shareholders, potential investors, analysts and the financial markets in general, and the Board is updated on these activities regularly. The financial calendar for 2024 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 NUES Code of Practice, 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 on procedures to be followed in the event of a takeover bid. Orkla has not found it appropriate to draw up any explicit guiding principles for its actions in the event of a takeover bid, other than those 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 decided that the external auditor shall report regularly to the Board. Every year, the external auditor presents to the Board an assessment of risk, internal control and the quality of Orkla's financial reporting, as well as an audit plan for the following year. The external auditor also participates in the Board's consideration of the annual financial statements.

The Board of Directors ensures that relevant matters can be discussed with the external auditor without company management being present. The external auditor and the President and CEO are invited to all meetings of the Board's Audit Committee. For information about the work of the internal auditor, we refer to the section above on risk management and internal control. Orkla has adopted guidelines on the ability of executive management to use the external auditor for non-audit services. Responsibility for detailed monitoring of such use has been delegated to the secretary of the Audit Committee, who is also the Chief Internal Auditor.

The secretary of the Audit Committee approves all material assignments in advance and receives an annual overview from the external auditor showing all non-audit services delivered to Orkla, and comments specifically on these services in an annual report to the Audit Committee and the Board of Directors. Information on the company's use and remuneration of the external auditor is provided in Note 2 to the financial statements of Orkla ASA. The General Meeting is provided with a statement detailing the total remuneration paid to the auditor by the group, broken down into statutory audit tasks and other services required by law. Moreover, the auditor confirms his/her independence in connection with his/her participation in the Audit Committee and the Board of Directors' consideration of the annual financial statements.

Salary and other remuneration of senior executives

Contents

Orkla's report on salary and other remuneration of senior executives in 2023 has been prepared in accordance with section § 6–16b of the Public Limited Liabilities Companies Act.

The purpose of the report is to make transparent and detailed disclosures on the salary and other remuneration paid to and earned by members of the Orkla Board of Directors, the President and CEO, and the Orkla Management Team in 2023.

Orkla's guidelines on salary and remuneration of senior executives define the framework for remuneration paid to members of the Board of Directors, the President and CEO, and Orkla's Management Team. In 2022, Orkla decided to transform the company into a brand and consumer-oriented investment company. As part of this process, the Board proposed various changes to Orkla's executive remuneration guidelines to ensure their alignment with the new operating structure. The new guidelines, which were adopted by the Orkla ASA Annual General Meeting on 13 April 2023, concern remuneration agreed after the 2023 ordinary general meeting as well as subsequent changes to agreed remuneration. The changes introduced by the new executive remuneration guidelines are commented on in the report, but can also be viewed in full on the Orkla website.

The 2023 report on salary and remuneration concern remuneration agreed before the 2023 ordinary general meeting and follows the executive remuneration guidelines adopted in 2021. Remuneration actually paid out and earned in 2023 as disclosed in this report is fully compliant with the framework conditions and principles laid down in the guidelines.

Deviations from the guidelines

In 2023, Orkla made no deviations from the guidelines adopted by the Annual General Meeting in 2021. All decision processes related to the setting, approval and implementation of executive remuneration have complied with the guidelines.

2023 Highlights

Orkla's transformation in 2023

In 2023, Orkla was transformed into an industrial investment company consisting of 12 portfolio companies focused on consumer-oriented brands and value creation. Orkla ASA's objective is to exercise active ownership and, together with the boards of the portfolio companies, to ensure optimal management of the companies' assets. The recruitment of external chairs and board members has added considerable professional expertise and extensive, relevant industry experience to several of the boards of directors. Ambitious strategy plans have been prepared for each portfolio company which will provide a basis for growth and value creation in the years ahead.

Strategic priorities

At its Capital Markets Day in London, Orkla presented its new strategy for the next three years, which encompasses five focus areas:

- Drive organic value in existing portfolio
- Optimise the existing portfolio
- Financial flexibility and disciplined capital allocation
- Delivery on ambitious ESG targets which support the transition to sustainable production and consumption
- Development of people, culture and organisation

Orkla's strategic priorities will be incorporated into the company's incentive programmes going forward.

Financial results for 2023

Orkla increased operating revenues by 16.1% from 2022 to 2023, driven by organic growth in all consolidated portfolio companies and positive currency translation effects. The portfolio companies' organic growth was linked to price increases to compensate for increased input costs. Overall revenue development was negatively affected by a drop in the power prices achieved by Hydro Power following extraordinarily high power price levels in 2022.

The profit before tax amounted to NOK 6,966 million, down 5.2% on 2022. Group EBIT (adj.) fell by 6.6% from 2022 to 2023. The decline in EBIT (adj.) was primarily due to reduced operating profits for Hydro Power, while the consolidated portfolio companies achieved good underlying growth in EBIT (adj.). The short-term incentive (STI) plan for the Management Team in 2023 includes the EBIT (adj.) of the consolidated portfolio companies, including Headquarters.

Jotun, in which Orkla has an ownership interest of 42.7%, delivered a strong result in 2023 and contributed to high profit growth from associates and joint ventures. Higher interest rates and increased financial items had a negative impact on the profit before tax as a result of higher average borrowing rates and an increase in interest-bearing liabilities.

Remuneration of and changes in the management team

Orkla's President and CEO chose to forego an annual salary adjustment in 2023 due to challenging market conditions and uncertainty. The other Management Team members received a moderate increase in salary (weighted average 2.3%). The annual bonus result for 2023 ended at 60% of base salary for the President and CEO and an average of 58% of base salary for the Orkla Management Team. The value of options awarded in 2023 corresponded to 30% of base salary for all members of the Management Team.

There were no changes in Orkla ASA's Management Team in 2023.

Advisory vote on the report on salary and remuneration of senior executives in 2022

The remuneration report for 2022 was submitted to Orkla ASA's Annual General Meeting for approval (advisory vote) in April 2023. Of the votes cast, 78.5% approved the executive remuneration report, while 21.5% opposed it. 0.07% abstained from voting.

Following the Annual General Meeting, Orkla has had conversations with a number of shareholders and other stakeholders. Several of these parties have indicated that they would like future executive remuneration reports to contain a more detailed account of Orkla's variable remuneration. An attempt has been made to accommodate this request in this year's report, which provides more comprehensive information on the company's short- and long-term incentive programmes.

The Compensation Committee's work in 2023

The Compensation Committee has three members appointed by and from among the members of the Board of Directors. The Board appoints the committee chair. The Compensation Committee was chaired by Liselott Kilaas in 2023. The other members of the committee were Stein Erik Hagen and Terje Utstrand (employee-elected). A presentation of the committee's members can be found on pages 74 and 76.

The committee normally holds four to six meetings per year. In 2023, seven meetings were held to accommodate additional work occasioned by Orkla's restructuring.

Activities in 2023

In 2023, a large part of the Compensation Committee's work concerned revising the guidelines on remuneration paid to senior executives. This included ensuring that Orkla has suitable variable remuneration programmes in place to support the company's goal of long-term value creation. As part of this work, a new long-term incentive programme (LTI) involving performance shares was established. This supplements the existing share option programme.

During 2023, the Compensation Committee also spent time defining new performance criteria for 2024 which align with the new business strategy, for both Orkla's short-term and long-term incentive programmes. The Compensation Committee also played an important role as a strategic adviser in connection with the establishment of new incentive programmes by Orkla's newly established portfolio companies.

Changes to the executive remuneration guidelines as of 2024

The revised executive remuneration guidelines reduce the cap on short-term incentives (STI) from 100% to 60% but increase the cap on long-term incentives (LTI) from 35% to 75% of annual base salary. The aim is to keep the STI programme competitive while incentivising long-term value creation more. The overall cap on variable remuneration remains unchanged.

As of 2024, Orkla's LTI programme will include both share options and performance shares. The performance shares will be transferred to employees after three years, provided that they fulfil predefined, long-term performance criteria. The Board's rationale for supplementing the share option programme with a performance-share programme is that with a purely option-based programme the new LTI cap (up to 75% of annual base salary) could result in a disproportionately high upside in situations where share price increases are due to circumstances beyond Orkla's control. Moreover, employees' motivation to stay with the company could be weakened during periods when the Orkla share price is low. By linking share awards to predefined and long-term performance criteria, performance shares can help to motivate and retain employees during periods of weak share price development.

The Compensation Committee's mandate

The Committee's mandate includes:

- Assessing the President and CEO's performance and proposing a remuneration package to the Board of Directors based on this assessment
- Recommending guidelines on the remuneration of senior executives
- Preparing compensation matters for submission to the Board of Directors
- Preparing the executive remuneration report for submission to the Board of Directors
- Responsible for the annual Board of Directors evaluation processes

Unless the Board of Directors assigns a specific responsibility, the Compensation Committee has no independent decision-making powers.

Remuneration of the Board of Directors

The members of the Board of Directors receive a fixed annual fee for their work on behalf of the Board. Additional compensation is paid for participation in the Audit Committee and Compensation Committee. Shareholder-elected board members residing outside Norway receive an additional NOK 22,000 per board meeting they attend, by way of travel allowance.

Every year, the Nomination Committee proposes the fee to be paid to members of the Board of Directors, and this proposal is then considered by the Annual General Meeting. Unless special circumstances dictate otherwise, Orkla adjusts the fees paid to Board members annually in accordance with general wage growth.

Against the backdrop of the economic situation characterized by high inflation and increased costs, the committee received a request from the Board to keep the remuneration unchanged for 2023. The committee found reason to comply with this request and therefore proposed no adjustment to the remuneration rates for 2023. The general meeting approved the committee's recommendation.

Board fees

Amount in 1,000s NOK

Function	Year	Board of Directors	Audit Committee	Compensation Committee
Chair	2023	970	210	167
	2022	970	210	167
Shareholder-elected members[1]	2023	630	140	123
	2022	630	140	123
Employee-elected members	2023	485	140	123
	2022	485	140	123
Deputy members	2022	33 per meeting		

Compensation paid to board members

Amount in 1,000s NOK

	Year	Board fees[4]	Audit Committee fees	Compensation Committee fees	Total fees	Number of Orkla shares[5]
Stein Erik Hagen	2023	970	0	123	1,093	250,386,411
	2022	940	0	119	1,059	250,386,411
Liselott Kilaas	2023	630	0	167	797	19,100
	2022	610	0	162	772	15,700
Peter Agnefjäll	2023	630	210	0	840	20,000
	2022	610	140	0	750	20,000
Anna Mossberg	2023	630	0	0	630	9,281
	2022	610	0	0	610	7,892
Christina Fagerberg[2]	2023	630	140	0	770	20,000
	2022	420	93	0	513	20,000
Rolv Erik Ryssdal[2]	2023	630	0	0	630	16,000
	2022	239	0	0	239	16,000
Caroline Marie Hagen Kjos[3]	2023	420	0	0	420	
	2022	0	0	0	0	
Terje Utstrand	2023	485	0	123	608	11,174
	2022	477	0	119	596	10,804
Sverre Josvanger	2023	485	140	0	625	26,622
	2022	477	136	0	613	26,622
Karin Hansson	2023	485	0	0	485	2,363
	2022	477	0	0	477	1,993
Roger Vangen	2023	485	0	0	485	11,443
	2022	477	0	0	477	11,073

1 Shareholder-elected members residing outside Norway additionally receive NOK 22,000 per meeting by way of travel allowance.
2 Christina Fagerberg became a board member in April 2022, and Rolv Erik Ryssdal in September 2022.
3 In 2023, Caroline Marie Hagen Kjos went from being Stein Erik Hagen's personal deputy to a full board member.
4 The payout in 2023 is higher than the payout in 2022 since the increase in board fees for 2022 took effect from the General Meeting in 2022. Board fees were not increased in 2023.
5 All figures reflect total holdings including related parties.

Compensation to employee-elected Board representatives

Amount in 1,000s NOK

		Salary and holiday pay	Board fee	Benefits in kind	Pension costs	Total remuneration
Terje Utstrand	2023	721	608	10	38	1,378
	2022	699	596	9	36	1,340
Roger Vangen	2023	596	485	10	32	1,123
	2022	582	477	8	31	1,098
Sverre Josvanger	2023	618	625	89	34	1,366
	2022	615	613	71	32	1,331
Karin Hansson[1]	2023	439	485	5	33	962
	2022	393	477	5	30	905

1 Salary, benefits in kind and pension agreed in SEK but converted to NOK at the average exchange rate for the year.

Principles governing salary and remuneration paid to senior executives

Orkla's guidelines on salary and other remuneration paid to senior executives are designed to ensure that the company is able to attract and retain managers with relevant experience, a high level of expertise and good leadership qualities. Orkla must be able to offer competitive terms on a par with relevant markets.

Offered compensation must include both fixed elements such as base salary and benefits and variable elements such as an annual bonus and long-term incentives. In addition, pension and insurance schemes are offered. The table on page 56 provides an overview of the different elements that make up the compensation package for senior executives at Orkla ASA. Unless otherwise specified, the compensation package is offered to all members of the Orkla Management Team.

Base salary

The base salary of senior executives must be in line with the market median in the various local markets, and must reflect the criteria of the specific position with regard to qualifications, responsibilities and complexity, as well as 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 each position and the base salary to be offered. Positions are assessed on the basis of their local markets (countries), and a salary range of +/- 20% relative to the market median is used. The employees' responsibilities, results achieved and performance determine where they are placed on the salary scale. Individual performance must be reflected in the base salary, which must consequently be set on an individual, differentiated basis.

The level of base salary must be evaluated regularly, normally every year.

Benefits in kind

Senior executives at Orkla are offered benefits-in-kind in line with market practice. A fixed car allowance is provided, as well as work-related benefits such as a mobile telephone, internet, newspapers, etc.

Variable remuneration

Orkla offers its senior executives short-term and long-term incentive programmes. The purposes behind these programmes include clarifying Orkla's shared goals and ambitions, and rewarding performance which contributes to goal achievement. A further aim is that the programmes should safeguard shareholder interests by defining performance criteria which are consistent with long-term value creation and sustainability. A more detailed description of Orkla's incentive programmes for senior executives can be found on page 58 of the report.

Pension scheme

Orkla's senior executives are members of the same pension schemes as other employees. In Norway, all employees are members of Orkla's defined contribution pension scheme. The contribution rates are 5% for salaries up to 7.1 G[2] and 23.1% for salaries between 7.1 G and 12 G.

Orkla also has a defined contribution pension scheme for salaries above 12 G, where the contribution rate is 23.1%. This scheme covers all group employees in Norway, with the exception of employees in a few subsidiary companies which have opted out of the scheme.

Three members of the Orkla Management Team (Grönberg, Mageli and Nagel Johansen) have an agreement entitling them to contractual early retirement, covering the period from when they reach 65 until the age of 67. This scheme is a closed defined benefit scheme and pays out 66% of final salary during the above-mentioned period. New members who have joined the Management Team after 2019 are not included in this scheme.

2 G = grunnbeløp (basis amount)

Termination

Senior executives must be subject to a mutual six-month notice period. If a senior executive is dismissed or resigns at Orkla's request, severance pay/post-employment salary may be paid in an amount corresponding to no more than one year's base salary. If the employment contract includes a provision on severance pay/post-employment salary, this shall, insofar as possible, be conditional on the senior executive waiving his/her employment protection under the employment contract. As a general rule, at least 75% of income from any new employment accepted by the employee during the notice period must be deducted from any post-employment pay from Orkla. It is possible to depart from this rule on the basis of local legislation outside Norway.

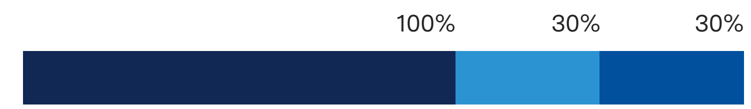
Overview of remuneration elements

Base salary	Attract and retain managers with relevant experience, high levels of expertise and leadership qualities.	The base salary shall be competitive and on a par with the salary level for comparable positions in relevant markets.
STI	Motivate and reward achievement of short-term goals which support long-term value creation and sustainability.	Annual bonus capped at 100% of annual salary. The programme must be linked to one or more pre-determined and measurable criteria. The targets used must be clearly linked to Orkla's business strategy, long-term interests and sustained growth.
LTI	Promote commonality of interest between shareholders and senior executives and create a retention element which enables Orkla to retain the best leaders.	Performance-based long-term incentive programme entailing the allocation of options vesting over a three-year period. The maximum allocation per year may not exceed 35% of annual salary. Gains per year may not exceed six times the allocation value. There is a requirement to purchase shares for 25% of gross gains when exercising the options. The shares must be subject to a lock-in period of three years.
Pension scheme	Help ensure financial security for senior executives and other employees upon reaching retirement age.	Orkla's senior executives are members of the same pension schemes as other employees. Most of Orkla's employees in Norway are members of the company's defined-contribution pension schemes, for which the contribution rates are 5% for salaries up to 7.1 G and 23.1% for salaries above 7.1 G.

Variable remuneration as a percentage of base salary

Performance at or above maximum
Shows the maximum variable remuneration which may be paid and allocated to the President and CEO and members of the Orkla Management Team per year if the maximum level is achieved under the STI and LTI programmes.

"On-target" performance
Shows the corresponding payment and allocation if the outcome is in line with the expected average outcome under the STI and LTI programmes.



Below-threshold performance
Shows the minimum amount to be paid out if none of the minimum requirements for an STI bonus and an LTI allocation are met.

Remuneration of the Orkla Management Team

In 2023, the President and CEO received total compensation of approximately NOK 25 million. 53% of the package comprised fixed remuneration elements, while variable remuneration accounted for 47%. The President and CEO's total compensation increased in 2023 compared to 2022.

The increase is attributable to several factors, including that the President and CEO's compensation in 2022 related to a shorter period, as he only took up the post of President and CEO on 11 April 2022. Consequently he received no share option grants in 2022.

In addition, due to challenging market conditions marked by high inflation and price increases, the President and CEO voluntarily decided to waive his entitlement to a bonus earned for 2022. For the same reason, the President and CEO also chose to forego a salary increase in 2023.

Members of the Orkla Management Team received a moderate salary increase in 2023 (weighted average of 2.3%). The average salary increase for other employees in Norway was 5.3%. On average, 56% of the compensation comprised fixed remuneration elements, while variable remuneration accounted for 44%.

Remuneration of Orkla Management Team

Amount in 1,000s NOK

				Fixed remuneration elements		Variable remuneration elements				Fixed vs. variable remuneration	
	Year	Period 1.1–31.12	Annual salary as at 31.12	Salary and holiday pay	Benefits-in-kind	Annual bonus earned (STI)	Value of awarded options (LTI)	Pension costs	Total compensation	Fixed	Variable
Nils K. Selte President and CEO	**2023**		**12,000**	**11,792**	**239**	**7,200**	**3,600**	**2,641**	**25,472**	**53%**	**47%**
	2022	11.4–31.12	12,000	7,882	171			1,988	10,041	100%	0%
Atle Vidar Nagel Johansen EVP for Investments	**2023**		**6,090**	**6,334**	**233**	**4,007**	**1,827**	**1,740**	**14,141**	**53%**	**47%**
	2022		6,000	5,768	231	600	1 ,044	1,733	9,376	78%	22%
Hege Holter Brekke EVP for Investments	**2023**		**3,519**	**3,927**	**239**	**2,157**	**1,056**	**690**	**8,069**	**56%**	**44%**
	2022		3,450	3,582	229	345	817	639	5,612	77%	23 %
Audun Stensvold EVP for Investments	**2023**		**3,264**	**3,146**	**238**	**1,658**	**979**	**609**	**6,630**	**56%**	**44%**
	2022	1.11–31.12	3,200	480	35	67		100	682	88%	12%
Maria Syse-Nybraaten EVP for Investments	**2023**		**3,266**	**3,533**	**239**	**1,659**	**980**	**607**	**7,018**	**59%**	**41%**
	2022	1.10–31.12	3,110	778	309	289		145	1,521	79%	21%
Øyvind Torpp EVP for Investments	**2023**		**6,090**	**5,976**	**238**	**3,094**	**1,827**	**1,262**	**12,397**	**56%**	**44%**
	2022	1.11–31.12	6,000	1,000	39	300		208	1,547	78%	22%
Harald Ullevoldsæter EVP Finance and CFO	**2023**		**3,390**	**3,613**	**240**	**2,146**	**1,017**	**650**	**7,666**	**55%**	**45%**
	2022		3,292	3,483	228	411	823	636	5,581	75%	25%
Christer Grönberg [1] EVP HR	**2023**		**3,385**	**3,465**	**169**	**2,075**	**965**	**932**	**7,606**	**54%**	**46%**
	2022		3,286	3,561	150	390	779	931	5,811	76%	24%
Camilla Tellefsdal Robstad EVP Legal & Compliance	**2023**		**2,800**	**2,854**	**257**	**1,716**	**840**	**519**	**6,186**	**55%**	**45%**
	2022	13.12–31.12[2]	2,800	2,119	214	350	396	526	3,605	76%	24%
Håkon Mageli EVP Comm. & Corporate Affairs	**2023**		**2,862**	**3,081**	**263**	**1,597**	**858**	**666**	**6,465**	**58%**	**42%**
	2022	11.4–31.12[2]	2,805	3,053	229	351	701	665	4,999	76%	24%

1 Salary agreed in SEK but converted using the average exchange rate for the year.
2 Member of the Management Team for part of the year, but an Orkla employee the entire year.

STI 2023

Senior executives at Orkla ASA participate in a Short-Term Incentive (STI) programme. The STI programme has three components:

- financial targets
- ESG[1]-related targets
- individual targets

Financial performance criteria must account for at least 50% of the total bonus outcome. Although the specific performance criteria used in the STI programme may vary from year to year depending on Orkla's priorities and business strategy, they support Orkla's goal of long-term value creation.

Definition of performance criteria and targets

The process of setting performance criteria for the year ahead begins after the company's annual strategy process, to ensure that prioritised goals and strategies are reflected in the bonus programme. Proposed performance criteria are considered at several Compensation Committee meetings and Board meetings before a final decision is made. To ensure a sufficient level of ambition and challenging targets, the specific target figures for each criterion are set at the start of the current performance period, after the previous year's results have been finalised.

The STI programme is capped at 100% of annual salary as at 31 December in the year of accrual. Set targets must be ambitious, and full target achievement is only realised if the results are significantly above expectations. A "good performance" ("target") shall equate to a bonus payment of 30% of annual salary.

1 ESG stands for Environmental, Social and Governance.

STI 2023 – performance criteria

In the STI plan for 2023, financial targets accounted for 55% and ESG-related targets for 10%. These targets were common to the entire Management Team and are described in the table on the next page.

Individual targets had a weighting of 35%. For 2023, the Board of Directors has increased the weightings of the individual targets for the President and CEO and the Management Team, compared to last year. This was done to incentivise the extraordinary restructuring work carried out in 2023, including the implementation of a new organisational and operational model, the development of a strategy for Orkla ASA, the development of "full-potential plans" for the portfolio companies and the holding of the Capital Markets Day. These activities have laid a solid foundation for future value creation.

The Orkla Board of Directors approves the individual targets for the President and CEO, while the President and CEO approves the individual targets for the other members of the Management Team.

The President and CEO's individual targets for 2023 were linked to the establishment of the new organisational structure and business strategy. The goals were as follows:

- operationalisation of the investment mandate and strategy for Orkla ASA as an industrial investment company
- implementation of a new operating model for Orkla ASA
- operationalisation of Orkla's portfolio companies
- securing progress towards a 12%-14% shareholder return

The Management Team's individual targets for 2023 were linked to Orkla's active ownership approach, which includes the establishment of separate boards for the portfolio companies, implementation of a new governance model, preparation of "full-potential plans" and incentive programmes for each individual portfolio company. In addition, the establishment of business service companies and centres of excellence to provide assistance across the Orkla group and support the realisation of expertise and cost synergies, was also used as a measurement criterion.

Financial and ESG-related results in 2023

The President and CEO and the Management Team delivered a total bonus result above target in 2023. For the financial bonus elements, total target achievement equalled 27.8%, 11.3 percentage points above target. A strong return on Orkla's share price compared to the preceding year boosted the bonus outcome. In addition, the consolidated portfolio companies delivered EBIT (adj.) in line with target. The threshold level for improvement of working capital was not reached, and consequently no bonus was earned on this element.

Orkla is seeking to support the transition to sustainable production and consumption, and has adopted ambitious sustainability targets for the period to 2025. One of these targets is a 65% reduction in greenhouse gas emissions from own operations. In the STI programme for 2023, this goal was included as a bonus element with a target of a 60% reduction. This target was achieved with the actual reduction totalling 62%.

The second sub-goal under ESG-related goals was the preparation of a new ESG strategy for Orkla as an investment company. The purpose of the new strategy is, among other things, to define how Orkla will monitor its portfolio companies in its capacity as an active owner, and to define ambitious targets for the years ahead. The Board of Directors conducted a discretionary assessment of goal achievement linked to this element, and concluded that the goal had been achieved. Overall goal achievement for both elements was 5%, with the maximum achievable being 10%. The table on page 60 illustrates goal achievement related to the financial and ESG-related bonus elements.

STI 2023 – performance criteria and link to Orkla's strategic priorities

			Orkla's strategic priorities				
Performance criteria	**Weighting**	**Definition**	Drive organic value in existing portfolio	Optimisation of existing portfolio	Financial flexibility and disciplined capital allocation	Delivery on ESG goals	Development of people, culture and organisation
EBIT (adj.) target for the brand consumer business	25%	Reported operating profit of the consolidated portfolio companies, including Headquarters, before other income and expenses, i.e. EBIT (adj.) Uses the same definition as in external reporting. The bonus outcome is measured as a percentage of a pre-defined target figure.	★	★			
Improvement of working capital	5%	Improvement of working capital is defined as the change in the key figure "rolling 12-month average working capital as a percentage of operating revenues over the past 12 months (bonus year)", compared to the level of the same key figure for the previous 12 months.			★		
Return on the Orkla share	25%	The return is calculated by first taking the average share price in Q4 less the average share price in Q4 of the previous year, then calculating that amount, plus dividends paid, as a percentage of the share price in Q4 of the previous year. This return plus a fixed element of 5 percentage points equals the bonus outcome. The outcome may not exceed 25% of base salary, and the minimum outcome is zero.	★	★	★		
Reduction of greenhouse gas emissions	5%	60% reduction in greenhouse gas emissions from own operations.				★	
New sustainability strategy	5%	Preparation of Orkla's new sustainability strategy in its capacity as an investment company, including clear targets for each sub-goal.				★	
Individual targets	35%	Individual goals will vary and usually include both financial and/or operational targets, as well as targets related to the development of employees, culture and organisation.					★

STI results 2023

Performance criteria	Outcomes	Below threshold	Threshold	Between threshold and target	Target (30% of max.)	Between target and max.	Max.	Achieved bonus as % of salary	Max. bonus as % of salary
EBIT (adj.) target for the brand consumer business	In 2023, Orkla’s consolidated portfolio companies, including Headquarters, achieved EBIT (adj.) of NOK 6.0 billion, representing an underlying improvement of 7% on 2022. The total bonus outcome for this element was 8.1%, in line with the target.							8.1%	25%
Improvement of working capital	The threshold level for improvement of working capital was not reached, and consequently no bonus was earned on this element.							0%	5%
Return on the Orkla share	The return on the Orkla share as defined for the purposes of this bonus element was 14.7%. This return, plus the fixed element of 5 percentage points, resulted in bonus achievement of 19.7%.							19.7%	25%
Reduction of greenhouse gas emissions from own operations	The overall reduction in greenhouse gas emissions from own operations was 62%, indicating good progress towards Orkla’s target of a 65% reduction by 2025.							2.5%	5%
Development of Orkla’s new sustainability strategy	Orkla has developed a new sustainability strategy in its capacity as an industrial investment company. Orkla’s sustainability goals comprise three pillars: protecting the environment, empowering people and governance and ethics in business.							2.5%	5%
Total goal achievement								**32.8%**	**65%**

The President and CEO's individual performance in 2023

The Board of Directors assessed the President and CEO's overall performance on his individual targets at 27%. The maximum achievable figure was 35%. The Board's reasons for awarding such a high level of achievement are that the President and CEO has demonstrated robust leadership and effective implementation of Orkla's transformation during a period of major change. The President and CEO has spearheaded the development of ambitious strategic plans for both Orkla ASA and the individual portfolio companies which lay the foundation for future growth and value creation for Orkla's shareholders.

The Management Team's individual results in 2023

Achievement of individual targets by members of the Management Team averaged 25%. The maximum achievable figure was 35%. 2023 was an extraordinary year for both the President and CEO and the Management Team at Orkla ASA, with the Orkla group undergoing major changes. Together with the President and CEO, the Management Team delivered strong achievements in 2023, including the successful transformation of the company, the establishment of a new operating model, and the development of strategic plans for Orkla's new portfolio companies.

Total target achievement by the President and CEO and the Management Team

The President and CEO's overall target achievement was 60%, with the maximum achievable figure being 100%. The average target achievement of the members of the Management Team was 58%, with the maximum achievable also being 100%.

LTI 2023

Structure
In 2023, Orkla operated an option programme as a long-term incentive. Participation in the programme is based on nomination, with the exception of the President and CEO and members of the Management Team, who participate annually.

Options are allocated the year after nomination. The allocation of options is based partly on position (calculated option value corresponding to 15% of base salary) and partly on a discretionary assessment of whether pre-defined long-term goals have been achieved (calculated option value capped at 20% of base salary).

Based on the above, the outcome for participants in the programme is an option value in the range of 15%–35% of base salary, depending on target achievement. The option value is calculated using the Black-Scholes model.

Allocation
Options are allocated once a year. The first time this was done was in 2021. Allocation is based on the share price the day after the Annual General Meeting. The Board of Directors decides annually how many share options to allocate to each member of the Management Team. The members may exercise their options no earlier than three years and no later than five years after the allocation date. The options expire after five years.

Exercise price and required return
The exercise price is set as the market price on the allocation date, plus 3% per year during the vesting period. The exercise price is adjusted for dividends. Employees who leave the company lose their entitlement to options which have not been exercised.

Cap on gains
Gains on options allocated in a given year may not exceed six times the value of the allocated options on the allocation date, as calculated using the Black-Scholes model. Accordingly, if a participant is allocated options with a calculated option value equal to 30% of base salary, the gain is capped at 180% of base salary.

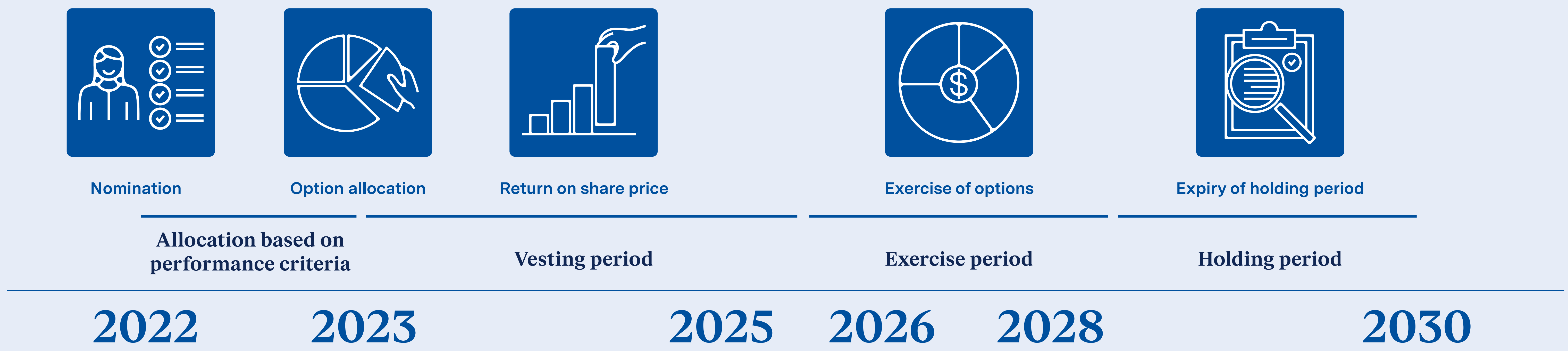
Requirement to purchase shares
Members of the Management Team who exercise their options must use 25% of the gross gain to purchase Orkla shares. Purchased shares are subject to a lock-in period of three years.

Performance criteria for the award of options

Variable option awards must be based on performance targets in one or more of the following areas:

- profitable organic growth
- long-term value creation
- innovation and increased market share
- sustainability as a growth factor
- structural growth in priority categories and geographical regions
- establishing a cost-effective organisation and realising synergies
- developing staff and the working environment

Illustration of Orkla's option programme, allocations in 2023



Allocation of options in 2023

The allocation of options in 2023 was based partly on position (15% of base salary) and partly on a discretionary assessment of targets set by the Board of Directors. For the allocation of options in 2023, the President and CEO and the Management Team had common performance targets related to the reorganisation of Orkla as an investment company. The Board of Directors approved a variable allocation of 15% out of a maximum of 20%, based on its assessment that the President and CEO and the Management Team had exceeded expectations in terms of operationalising the investment mandate and the new strategy for Orkla ASA. The total allocation value of options allocated to the President and CEO and the Management Team was 30% of base salary. The table on the next page provides an overview of the allocated options.

Right to claim repayment of variable remuneration

Under its executive remuneration guidelines, Orkla can and will demand repayment of variable remuneration which has been incorrectly awarded. The company's repayment claim endures even if the recipient has left the company. There were no grounds for claiming repayment of previously paid variable remuneration in 2023.

LTI tables

Allocation of share options in 2023

Amount in 1,000s NOK

	Allocation	Salary	Allocation value	Value per share option	Number of allocated options	Allocation date	Earliest exercise date	Expiry date	Option exercise price
Nils K. Selte	30%	12,000	3,600	13.95	258,133	14.04.2023	14.04.2026	14.04.2028	kr 73.14
Atle Vidar Nagel Johansen	30%	6,090	1,827	13.95	131,002	14.04.2023	14.04.2026	14.04.2028	kr 73.14
Hege Holter Brekke	30%	3,519	1,056	13.95	75,697	14.04.2023	14.04.2026	14.04.2028	kr 73.14
Audun Stensvold	30%	3,264	979	13.95	70,212	14.04.2023	14.04.2026	14.04.2028	kr 73.14
Maria Syse-Nybraaten	30%	3,266	980	13.95	70,244	14.04.2023	14.04.2026	14.04.2028	kr 73.14
Øyvind Torpp	30%	6,090	1,827	13.95	131,002	14.04.2023	14.04.2026	14.04.2028	kr 73.14
Harald Ullevoldsæter	30%	3,390	1,017	13.95	72,929	14.04.2023	14.04.2026	14.04.2028	kr 73.14
Christer Grönberg[1]	30%	3,215	965	13.95	69,166	14.04.2023	14.04.2026	14.04.2028	kr 73.14
Camilla Tellefsdal Robstad	30%	2,800	840	13.95	60,231	14.04.2023	14.04.2026	14.04.2028	kr 73.14
Håkon Mageli	30%	2,862	858	13.95	61,554	14.04.2023	14.04.2026	14.04.2028	kr 73.14

1 Amounts originally denominated in SEK have been converted into NOK using the exchange rate on 14 April 2023.

Option holdings

	Number of options at beginning of year	Number of exercisable options as at 1 January 2023	Number of options allocated in 2023	Number of exercisable options as at 31 December 2023	Number of allocated options as at 31 December 2023
Nils K. Selte	0	0	258,133	0	258,133
Atle Vidar Nagel Johansen	158,873	0	131,002	0	289,875
Hege Holter Brekke	121,190	0	75,697	0	196,887
Audun Stensvold	0	0	70,212	0	70,212
Maria Syse-Nybraaten	0	0	70,244	0	70,244
Øyvind Torpp	0	0	131,002	0	131,002
Harald Ullevoldsæter	125,278	0	72,929	0	198,207
Christer Grönberg	121,385	0	69,166	0	190,551
Camilla Tellefsdal Robstad	63,286	7,707	60,231	20,363	123,517
Håkon Mageli	90,680	9,368	61,554	27,504	152,233

Discontinued LTI programme

Former LTI programme
LTI Bonus Bank

Prior to 2020, Orkla operated a cash-based LTI programme. This programme was established before the adoption of the current executive remuneration guidelines. Allocations were based on pre-defined long-term criteria defined the year before allocation. "Good performance" was to result in an allocation equivalent to 30% of base salary. The maximum allocation was 50% of annual salary, and the total value of allocations under the STI programme and the LTI programme in a single year was capped at one year's salary.

The allocated amount was to be adjusted in line with the performance of the Orkla share in the period preceding payment. The closing price on the day after the Annual General Meeting was to be used. The earliest payment claim dates under the LTI programme were 1/3 after 24 months, 1/3 after 36 months and 1/3 after 48 months.

The table to the right shows the current LTI Bonus Bank holdings. The last payment under the programme will occur in May 2024. Only members of the Management Team who were employed by Orkla before 2020 have been members of the programme and have holdings in the LTI Bonus Bank.

LTI Bonus Bank, holdings as at 31 December 2023

Amount in 1,000s NOK

Atle Vidar Nagel Johansen	402
Hege Holter Brekke	286
Harald Ullevoldsæter	317
Christer Grönberg	319
Camilla Tellefsdal Robstad	190
Håkon Mageli	274

Management Team shareholdings

Orkla wishes to facilitate the ownership of shares in the company by senior Orkla executives. A requirement has been introduced that part of gains made under the option programme must be used to purchase shares in Orkla, with a lock-in period of at least three years. The table below shows the Management Team's ownership of Orkla shares.

Ownership of Orkla shares

	Shareholding as at 31 December 2023	Purchases in 2023	Sales in 2023	Shareholding as at 31 December 2023
Nils K. Selte	157,395	55,370		212,765
Atle Vidar Nagel Johansen	28,845	370		29,215
Hege Holter Brekke	7,065	8,370		15,435
Audun Stensvold	0	25,370		25,370
Maria Syse-Nybraaten	0	7,370		7,370
Øyvind Torpp	24,200	12,870		37,070
Harald Ullevoldsæter	7,947	370		8,317
Christer Grönberg	16,865	370		17,235
Camilla Tellefsdal Robstad	7,187	4,370		11,557
Håkon Mageli	101,064	370		101,434

All figures reflect total holdings including related parties.

President and CEO remuneration

Evaluation of salary levels
The salary levels of the President and CEO and members of the Management Team are evaluated annually by reference to relevant comparable companies from the general Norwegian industrial sector and Nordic investment companies.

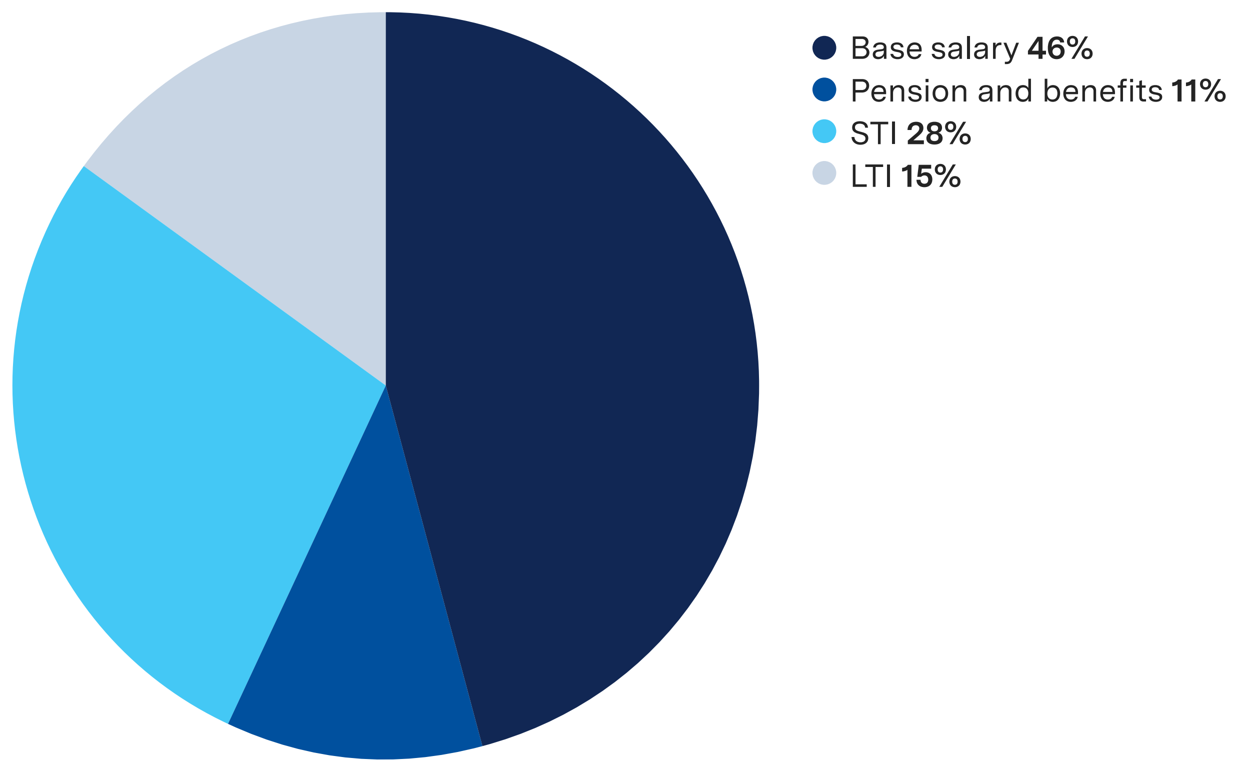
In 2023, the President and CEO's salary was compared to the following companies[1]:
- Equinor, DNB Bank, Storebrand, Norsk Hydro, Telenor, Yara International, Vår Energi and Statkraft (general Norwegian industrial sector)
- Aker ASA, Ferd, Investor AB, Industrivärden AB, Latour AB og Kinnevik AB (Nordic investment companies)

The results of the comparison are as follows for the President and CEO's remuneration package

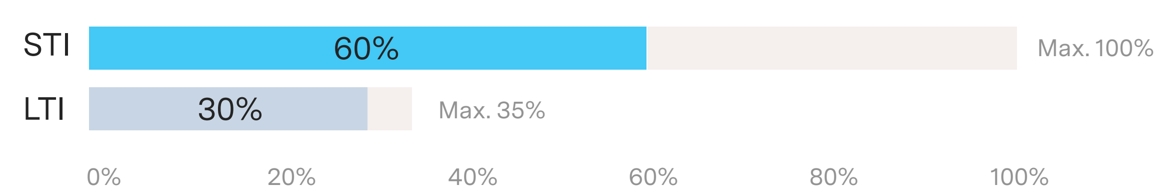
Benchmark	Assessment of total remuneration received by the President and CEO
General Norwegian industrial sector	Above median
Nordic investment companies	Below median

1 The salary analysis was based on salary data from 2022 for both Orkla's President and CEO and for the comparable companies. Salary data for 2023 will only be publicly available during 2024. The benchmark was conducted with support from an independent third-party concultancy firm.

Relative size of remuneration elements in 2023



Variable remuneration in 2023 (% of base salary)



Annual changes, last five financial years

The tables below show annual changes in the remuneration received by members of the Management Team, Orkla's performance and the average remuneration paid to other employees in the last five financial years.

The next page shows annual changes in the remuneration received by former members of the Management Team.

Management Team

Amount in 1,000s NOK

		2023			2022			2021			2020			2019		
Name	Position	Total remuneration[1]	Annual change[2]	Variable share	Total remuneration	Annual change	Variable share	Total remuneration	Annual change	Variable share	Total remuneration	Annual change	Variable share	Total remuneration	Annual change	Variable share
Nils K. Selte	President & CEO	25,472	90%	47%	10,041		0%									
Atle Vidar Nagel Johansen	EVP & Investment Executive	14,140	51%	47%	9,376	11%	18%	8,468	-13%	31%	9,742	16%	43%	8,428	20%	35%
Hege Holter Brekke	EVP & Investment Executive	8,069	44%	44%	5,612	1%	21%	5,551	0	30%						
Audun Stensvold	EVP & Investment Executive	6,630	62%	44%	682		10%									
Maria Syse-Nybraaten	EVP & Investment Executive	7,018	15%	41%	1,521		19%									
Øyvind Torpp	EVP & Investment Executive	12,397	34%	44%	1,547		19%									
Harald Ullevoldsæter	EVP Finance & CFO	7,666	37%	45%	5,582	-10%	22%	6,209	0%	34%	6,194	0	41%			
Christer Grönberg	EVP Human Resources	7,606	31%	46%	5,798	-14%	20%	6,743	-2%	31%	6,859	5%	38%	6,506	24%	36%
Camilla Tellefsdal Robstad	EVP Legal & Compliance	6,186	72%	45%	3,604		21%									
Håkon Mageli	EVP Comm. & Corporate Affairs	6,465	29%	42%	4,998		21%									

Financial results

Amount in 1,000s NOK

	2023	2022	2021	2020	2019
Organic growth[3]	8.1 %	9.6 %	4.3 %	1.6 %	1.3 %
EBIT (adjusted)	6,921	7,411	6,145	5,492	5,088
Profit per share	5.21	5.04	4.82	4.37	3.84
Annual change in profit per share	3.4 %	4.6 %	10.5 %	13.8 %	18.5 %

Remuneration paid to Orkla group employees

Amount in 1,000s NOK

	2023	2022	2021	2020	2019
Average number of full-time employees throughout the year	19,476	20,098	20,074	17,656	17,622
Average payroll costs	583	486	454	508	465
Annual change in average remuneration paid to Orkla group employees	20.1 %	6.9 %	-10.6 %	9.2 %	6.3 %

1 Total remuneration = total paid salary and holiday pay, pension accruals for the year, accruals under the STI programme for the year, allocations under the LTI programme for the year and benefits in kind. Quoted figures are for the actual period employed by Orkla.

2 The annual change is calculated using recalculated figures for the full year if the person was only employed by Orkla for part of the year.

3 Organic growth is calculated for the consolidated portfolio companies.

Former members

Amount in 1,000s NOK

Name	Position	Period	2023			2022			2021			2020			2019		
			Total remuneration[1]	Annual change[2]	Variable share	Total remuneration	Annual change	Variable share	Total remuneration	Annual change	Variabel andel	Total remuneration	Annual change	Variable share	Total remuneration	Annual change	Variable share
Jaan Ivar Semlitsch	President and CEO	15.8.2019–10.04.2022	7,031	Final payment		21,303	Cumulative payment 2022		15,910	-5%	34%	16,721	11%	40%	5,645	0	32%
Kenneth Haavet	EVP Cons. & Fin. Inv.	1.2.2020–16.2.2022	973	Final payment		3,404	Cumulative payment 2022		6,402	-1%	40%	5,905	0	43%			
Sverre Prytz	EVP Strategy & M&A	1.12.2019–31.10.2022	2,740	Final payment		4,812	Cumulative payment 2022		5,862	-5%	34%	6,128	27%	39%	403	0	24%
Ingvill T. Berg	EVP Orkla Conf. & Snacks	14.1.2021–10.4.2022				4,731	Cumulative payment 2022		5,570	0	34%						
Johan Clarin	EVP Orkla Food Ingredients	1.9.2013–10.4.2022				6,263	Cumulative payment 2022		7,144	8%	31%	6,593	-3%	31%	6,792	17%	35%
Terje Andersen	Acting CEO	7.5.2019–1.2.2020										6,916	Final payment		7,676	0	30%
Ann-Beth Freuchen	EVP Orkla Foods N&B / Conf.& S.	1.7.2015–14.1.2021							10,458	Final payment		8,083	14%	40%	7,071	6%	33%
Jeanette Hauan Fladby	EVP Orkla Conf. & Snacks	1.10.2018–14.1.2021							7,597	Final payment		5,892	-5%	31%	6,171	40%	39%
Jens Staff	CFO	1.6.2014–29.2.2020										4,419	Final payment		6,501	18%	33%
Peter A. Ruzicka	President and CEO	1.2.2014–7.5.2019										6,871	Final payment		16,456	Final payment	
Johan Wilhelmsson	EVP Orkla Foods International	1.10.2018–14.1.2021										7,405	28%	44%	5,775	1%	33%
Karl Otto Tveter	EVP Group Functions & Legal	1.2.2012–30.11.2019													5,260	Final payment	

1 Total remuneration = total paid salary and holiday pay, pension accruals for the year, accruals under the STI programme for the year, allocations under the LTI programme for the year and benefits in kind. Quoted figures are for the actual period employed by Orkla.

2 The annual change is calculated using recalculated figures for the full year if the person was only employed by Orkla for part of the year.

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

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 2023 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 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. 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, 14. mars 2024
ERNST & YOUNG AS

Petter Larsen
State Authorised Public Accountant (Norway)

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

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	2023	2022
Sales revenues	7, 9	67 215	57 955
Other operating revenues	7, 9	582	436
Operating revenues	7, 9	**67 797**	**58 391**
Cost of materials	10	(34 798)	(28 868)
Payroll expenses	11, 12	(11 363)	(9 760)
Other operating expenses	13	(12 058)	(10 095)
Depreciation	7, 19, 20, 21	(2 657)	(2 257)
Operating profit before other income and expenses (EBIT adj.)	7	**6 921**	**7 411**
Other income	7, 14	105	127
Other expenses	7, 14	(792)	(641)
Operating profit	7	**6 234**	**6 897**
Profit/loss from associates and joint ventures	6	1 836	861
Interest income	15	86	52
Interest costs	15, 21	(1 036)	(405)
Other financial income	15	8	3
Other financial costs	15	(162)	(63)
Profit/loss before taxes		**6 966**	**7 345**
Taxes	16	(1 545)	(2 077)
Profit/loss for the year		**5 421**	**5 268**
Profit/loss attributable to non-controlling interests	33	225	249
Profit/loss attributable to owners of the parent		5 196	5 019

Earnings per share

Amounts in NOK	Note	2023	2022
Earnings per share	17	5.21	5.04
Earnings per share, diluted	17	5.21	5.04

Statement of comprehensive income

Amounts in NOK million	Note	2023	2022
Profit/loss for the year		**5 421**	**5 268**
Other items in comprehensive income[1]			
Actuarial gains and losses pensions	12, 16	(119)	354
Changes in fair value shares	22	(48)	(17)
Items charged to equity in associates and joint ventures		(11)	12
Items not to be reclassified to profit/loss in subsequent periods		**(178)**	**349**
Change in hedging reserve	16, 31	(9)	41
Items charged to equity in associates and joint ventures	6	123	260
Translation effects		1 877	767
Hedging of net investment in foreign operations	31	(426)	(187)
Items after tax to be reclassified to profit/loss in subsequent periods		**1 565**	**881**
Total other items in comprehensive income		**1 387**	**1 230**
Comprehensive income		**6 808**	**6 498**
Comprehensive income attributable to non-controlling interests	33	297	262
Comprehensive income attributable to owners of the parent		6 511	6 236

1 Other items in comprehensive income are after tax.

Statement of financial position

Assets

Amounts in NOK million	Note	2023	2022
Property, plant and equipment	7, 20, 21	20 700	19 138
Intangible assets	7, 19	35 764	33 624
Deferred tax assets	16	58	86
Investments in associates and joint ventures	6	7 776	6 154
Other financial assets	22	700	703
Total non-current assets		**64 998**	**59 705**
Inventories	23	10 135	10 359
Trade receivables	24	8 661	7 709
Other receivables and financial assets	24	1 807	1 396
Cash and cash equivalents	25	991	1 502
Total current assets		**21 594**	**20 966**
Total assets		**86 592**	**80 671**

Equity and liabilities

Amounts in NOK million	Note	2023	2022
Paid-in equity	32	1 969	1 968
Retained earnings		43 298	39 718
Non-controlling interests	33	1 481	1 470
Total equity		**46 748**	**43 156**
Interest-bearing liabilities	21, 28, 29	17 459	14 975
Deferred tax	16	2 482	2 241
Provisions and other liabilities	26	2 854	2 645
Total non-current liabilities		**22 795**	**19 861**
Interest-bearing liabilities	21, 28, 29	3 315	4 127
Income tax payable	16	993	1 667
Trade payables	27	8 573	8 134
Other liabilities	27	4 168	3 726
Total current liabilities		**17 049**	**17 654**
Total equity and liabilities		**86 592**	**80 671**

Statement of cash flows

Amounts in NOK million	Note	2023	2022
Profit before taxes		6 966	7 345
Depreciation and write-downs	19, 20, 21	2 986	2 404
Changes in net working capital, etc.		674	(2 595)
Profit/loss from associates and joint ventures	6	(1 836)	(861)
Dividends received from associates and joint ventures	6	365	328
Net interest costs		950	353
Interest received		82	44
Interest paid		(999)	(365)
Financial items without cash flow effect	15	93	(23)
Taxes paid	16	(2 032)	(1 400)
Cash flow from operating activities		**7 249**	**5 230**
Sale of property, plant and equipment	20	168	46
Investments in property, plant and equipment and intangible assets	8, 19, 20	(2 921)	(2 823)
Sold companies	5, 6	37	126
Acquired companies	5, 6	(814)	(2 919)
Other capital transactions		(34)	13
Cash flow from investing activities		**(3 564)**	**(5 557)**

Amounts in NOK million	Note	2023	2022
Dividends paid		(3 175)	(3 047)
Sale of treasury shares		42	43
Purchase of treasury shares		0	0
Paid to shareholders	32	**(3 133)**	**(3 004)**
Proceeds from borrowings		3 306	4 641
Repayments of borrowings		(855)	(780)
Repayments of lease liabilities	21	(678)	(570)
Net change in current liabilities		(2 456)	333
Net change in interest-bearing receivables		(518)	39
Cash flow from financing activities excluding payments to shareholders	7, 28, 29	**(1 201)**	**3 663**
Cash flow from financing activities		**(4 334)**	**659**
Change in cash and cash equivalents		**(649)**	**332**
Currency effect on cash and cash equivalents		138	43
Cash and cash equivalents 1 January		1 502	1 127
Cash and cash equivalents 31 December	25	991	1 502

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 2022	**1 252**	**(6)**	**721**	**1 967**	**(55)**	**130**	**1 779**	**34 620**	**38 441**	**910**	**39 351**
Profit/loss for the year	-	-	-	**0**	-	-	-	5 019	**5 019**	249	**5 268**
Items in comprehensive income	-	-	-	**0**	41	272	567	337	**1 217**	13	**1 230**
Group comprehensive income	-	-	-	**0**	41	272	567	5 356	**6 236**	262	**6 498**
Dividends paid	-	-	-	**0**	-	-	-	(2 987)	**(2 987)**	(60)	**(3 047)**
Net purchase/sale of treasury shares	-	1	-	**1**	-	-	-	42	**43**	-	**43**
Share-based payment (see Note 11)	-	-	-	**0**	-	-	-	32	**32**	-	**32**
Change in non-controlling interests (see Note 33)	-	-	-	0	-	-	-	(79)	**(79)**	358	**279**
Equity 31 December 2022	**1 252**	**(5)**	**721**	**1 968**	**(14)**	**402**	**2 346**	**36 984**	**41 686**	**1 470**	**43 156**
Profit/loss for the year	-	-	-	**0**	-	-	-	5 196	**5 196**	225	**5 421**
Items in comprehensive income	-	-	-	**0**	(9)	112	1 379	(167)	**1 315**	72	**1 387**
Group comprehensive income	-	-	-	**0**	(9)	112	1 379	5 029	**6 511**	297	**6 808**
Dividends paid	-	-	-	**0**	-	-	-	(2 989)	**(2 989)**	(186)	**(3 175)**
Net purchase/sale of treasury shares	-	1	-	**1**	-	-	-	41	**42**	-	**42**
Share-based payment (see Note 11)	-	-	-	**0**	-	-	-	45	**45**	-	**45**
Change in non-controlling interests (see Note 33)	-	-	-	**0**	-	-	-	(28)	**(28)**	(100)	**(128)**
Equity 31 December 2023	**1 252**	**(4)**	**721**	**1 969**	**(23)**	**514**	**3 725**	**39 082**	**45 267**	**1 481**	**46 748**

1 See Note 31 for hedging reserves before tax.
2 Items charged to equity in associates (AC) and joint ventures (JV).

Oslo, 14 March 2024
The Board of Directors of Orkla ASA

Stein Erik Hagen Chairman of the Board	Liselott Kilaas	Peter Agnefjäll	Anna Mossberg
Christina Fagerberg	Rolv Erik Ryssdal	Caroline Marie Hagen Kjos	Terje Utstrand
Sverre Josvanger	Karin Hansson	Roger Vangen	Nils K. Selte President & CEO

(This translation from Norwegian of the Declaration by the Board of Directors has been made for information purposes only.)

Notes Orkla group

Note 1 General information

General
The consolidated financial statements for Orkla ASA, including notes, for the year 2023 were approved by the Board of Directors of Orkla ASA on 14 March 2024. 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. In 2023 Orkla was transformed into an industrial investment company. Orkla operates primarily in the sectors of brands and consumer-oriented products, renewable energy and real estate. The reporting segments in Orkla are described in Note 7 Segments.

The financial statements for 2023 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. In the financial statements information is only provided on accounting policies deemed to be material for assessing Orkla's consolidated financial statements (see next section). 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. The exercise of judgement is commented on in Note 4. Assessments of climate risk are disclosed in Note 3 and Note 18.

Amendments to accounting policies
Amendments to IAS 1 Presentation of financial statements and IFRS Practice Statement 2 Making Materiality Judgements came into force on 1 January 2023. These amendments are intended to help entities to prepare more valuable disclosures on accounting policies. Information on use of accounting policies shall be regarded as material if the information can reasonably be expected to influence users' decisions and thus is necessary in order to understand other information provided on material transactions, events or conditions in the consolidated financial statements. As a result, the description of Orkla's accounting policies is somewhat shorter, as emphasis has been placed on disclosing important policy choices made by Orkla. General or generic information has been deleted from the disclosure of policies in the notes.

The group has otherwise 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 gains or losses related to sale/purchase of associates and joint ventures or major profit or loss effects related to abnormal tax conditions are reported, adjustments will also be made for them. Earnings per share (adj.) are presented and discussed in Note 17.

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 Notes 28 and 29. For information on changes in liabilities from financing activities, reference is made to Note 28. The Orkla-format cash flow statement shows the change in net interest-bearing liabilities at group level, and is presented in Note 7 on segment reporting.

There are also some Alternative Performance Measures (APMs) that are not used in the financial statements, but are used in other parts of Orkla's Annual Report. This applies to the terms "Organic growth", "Underlying change in EBIT (adj.)" and "Underlying change in EBIT (adj.) margin". These APMs are used to explain developments in operating revenues and EBIT (adj.). In addition, "Return on Capital Employed (ROCE)" and "Cash conversion" are calculated for the portfolio companies.

The definitions of the various APMs may be found on page 183.

Sales and purchases of companies
Acquisitions and disposals of companies are presented in Note 5. Companies were purchased for a total of NOK 949 million at enterprise value in 2023. The biggest acquisitions were the purchases of Bubs Godis AB (Orkla Confectionery & Snacks) and Khell-Food Kft. (Orkla Foods Europe).

Note 2 Presentation and basis for preparing the consolidated financial statements

In October 2023 Orkla entered into a partnership agreement with the global private equity company Rhône, which wants to purchase a 40% ownership interest in Orkla Food Ingredients (OFI). The transaction had not been completed as at 31 December 2023; see Note 38 Events after the balance sheet date.

Transformation of Orkla in 2023

On 1 March 2023, Orkla was transformed into an industrial investment company with a brands and consumer-oriented scope. The new operating model was implemented in internal and external reporting as from the second quarter of 2023. Orkla reports in accordance with its new corporate structure consisting of 12 portfolio companies, in addition to Financial Investments and Headquarters including Business Service companies. Orkla's portfolio companies and other reporting segments are disclosed in Note 7.

Other matters

The Norwegian krone weakened against the EUR, SEK and DKK in 2023. This resulted in a net amount of NOK 1,379 million in positive translation differences against equity.

General

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.

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 54.0% as at 31 December 2023 and financial reserves that more than cover the group's liabilities in the next 12 months; see Note 29.

Accounting policies

As stated in Note 1, the disclosure of accounting policies is presented in the relevant notes. This has been done 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 for the year and Orkla has chosen to present the group's expenses based on classification by nature.

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 sections, 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 and explains changes in "Cash and cash equivalents" in the reporting period. The reconciliation of changes in interest-bearing items with the group's cash flow statement is shown in Note 28.

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.

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. As at 31 December 2023, no companies were consolidated in the group based on the rules regarding de facto control.

Profit or loss from associates and joint ventures is presented on an ongoing basis as part of the group's profit or loss and accounted for using the equity method. Profit or loss from associates and joint ventures is included in profit or loss before tax, but is not included in the group's operating profit or loss as these companies are followed up as an investment. 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. Orkla defines a “material part” as an material individual segment or geographical area. As at 31 December 2023, Orkla had no operations presented as “Discontinued operations”.

Policies for translating foreign currency

When preparing the financial statements of the individual companies in Orkla, 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.

When preparing the consolidated financial statements for Orkla, revenues and expenses in subsidiaries with a different functional currency from that of the parent company are translated monthly from the functional currency to the presentation currency (NOK) at the exchange rate for the month. 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 are recognised as “Other items in comprehensive income”. When a business is sold, the accumulated translation amount, which was previously recognised in comprehensive income, is reclassified and included as part of the gain/loss calculation.

Translation differences related to borrowing and lending in another functional currency, identified as net investment, are also recognised 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	
	2023	2022	2023	2022
EUR	11.42	10.10	11.24	10.51
SEK	1.00	0.95	1.01	0.95
DKK	1.53	1.36	1.51	1.41

Note 3 Financial assessments related to climate impacts

Orkla's ambitions
Sustainable growth is a key component of Orkla's business strategy, and Orkla's overarching ambition as an investment company is to create sustainable value through active ownership of brands and consumer goods companies. In connection with Orkla's transition to an industrial investment company, a new set of strategic values was drawn up for the group in 2023, in which sustainable value creation is one of five main pillars. Orkla's long-term sustainability ambition is to generate positive change by facilitating a responsible transition to net zero emissions and sustainable production and consumption.

Materiality assessment
In 2023, Orkla carried out a materiality assessment of material topics in its sustainability work based on the principle of double materiality. The materiality assessment has provided important input for the shaping of Orkla's strategy for the coming years and has been considered by Orkla's Management Team and Board of Directors.

In the materiality assessment, both the impact and financial effect of the different topics are considered. In the assessment of impact, account is taken of the degree of severity and the scope of impact, as well as the likelihood of the impact taking place. The assessment of financial materiality is based on rough estimates of potential financial effects of important risk factors and commercial opportunities. Each of the financial effects related to each topic is classified as low, medium or high, based on the estimated impact on Orkla's operating profit or loss in a five-year perspective. High financial effect is defined as a potential effect of around NOK 1 billion on operating profit/loss in a five-year period. Climate change is deemed to have a potentially high financial effect in the materiality assessment.

Elaboration of financial risks related to climate change
The financial risk associated with climate change is considered high. More than half of all direct raw materials used by Orkla derive from agriculture. We see that risks such as loss of biodiversity, more frequent extreme weather events and higher mean temperatures, combined with excessive utilisation of land areas are increasingly affecting crops. This could lead to higher raw material prices and the risk of not being able to obtain necessary raw materials. This will in turn affect the prices of products to consumers and could result in lower demand and turnover.

To address these challenges, Orkla will increase its knowledge of how new production systems that are more resistant to climate change can be developed in collaboration with relevant partners. Orkla companies are actively engaged in the value chain and work closely with suppliers to diversity their purchases and use third-party certification programmes to secure sustainably produced raw materials. Orkla has long experience of raw material procurement globally and strives to have flexible product portfolios and recipes. This makes it possible for Orkla to switch raw material suppliers and origins if necessary. The 12 largest product categories sourced by Orkla are disclosed in Note 10. Total costs of goods account for 53% of total operating revenues for the consolidated portfolio companies including Headquarters and the Business Service companies. The five largest categories apart from packaging account for approx. 30% of total costs of goods. This concerns the following product categories: additives, grain-based products, vegetable oil and margarine, dairy products and vegetables.

Bad weather and weather conditions that cause power outages and floods can lead to production halts. Based on the evaluation of climate scenarios, today we expect a low risk of events caused by climate change related to Orkla's own operations. Where relevant, the companies have put in place systems for dealing with extreme weather and other natural impacts.

Other material risks for Orkla include the potential financial effect of a substantial increase in carbon pricing and other taxes. We expect the reduction in greenhouse gas emissions from our own operations to mitigate this risk, in both the short and the long term. To achieve the target of a 70% reduction in emissions from our own operations by 2030, it will require further improvement initiatives and investments, estimated to cost around NOK 360 million. This is not considered to have a material effect on the useful life of existing property, plant and equipment that have been capitalised.

Total energy costs associated with production and heating amount to NOK 1,139 million for the Orkla group; see Note 13. Energy costs are a volatile cost element for all the consolidated portfolio companies. Energy costs are also affected by political framework conditions.

To document its use of renewable electricity, Orkla buys Guarantees of Origin for all its companies in Europe and similar solutions for businesses outside Europe. This entailed a cost of NOK 14 million for 2023.

E Estimate uncertainty

Best estimates have been used for factors that could be impacted by climate risk. Orkla is particularly exposed to raw material price increases. Orkla's portfolio companies use many different types of raw materials in production, and an expected change in future raw material prices has been utilised in estimates for each individual raw material. Thus no extreme price increases have been taken into account in the estimates.

Continuous assessments are carried out of Orkla factories located in areas exposed to the risk of flooding, earthquakes and other natural disasters. However, the risk is considered to be so low that it has not been taken into account in the estimates.

It is particularly important to assess the impact of climate change in connection with impairment assessments. In connection with the impairment tests carried out in the group, assessments have been made of the impact of and sensitivity to climate risk in every single portfolio company. This is commented on for the different portfolio companies in the tables in Note 18, where key assumptions for the impairment tests are disclosed. Areas that are particularly exposed to impairment will also be particularly exposed to increases in raw material prices; see the section on Sensitivity in Note 18.

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]	26 196
Trademarks with indefinite life	18, 19	Net present value future cash flows/NSV[1]	8 108
Property, plant and equipment	18, 20	Net present value future cash flows/NSV[1]	18 569
Leases	21	Lease period, renewal options and net present value future cash flows	2 131
Discounts, reduction in prices of seasonal goods, etc.	9, 27	Estimated need for provision in line with agreements	1 819
Provisions for liabilities and other non-current liabilities	26	Estimated need for provision based on incurred liabilities and estimated exposure	718

Long-term asssets
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.

Market growth in 2023 has been affected by high inflation and rising interest rates. This has reduced buying power and slowed growth in consumption in most of the markets in which Orkla operates. Write-downs totalling NOK 329 million were taken in the Orkla group in 2023; see the disclosure in Note 18. The situation will be monitored closely with regard to possible further indications of a need for write-downs for some of the group's businesses.

Global challenges posed by climate change and resource scarcity affect Orkla's operations in the form of the risk of changes in raw material availability, raw material costs and political framework conditions. Financial effects related to climate risk are disclosed in greater detail in Note 3.

The valuation and estimated useful life of property, plant and equipment are based on future information and will always involve a degree of uncertainty. The various production sites are routinely assessed based on a going concern approach, unless otherwise planned or decided.

Several of the group's lease agreements include options for renewing the lease. This applies in particular to leases of restaurant premises and office and warehouse premises. Only options where it is reasonably certain that they will be exercised are recognised in the lease liability. Further information on valuations of renewal options is disclosed in Note 21.

Assessments regarding the valuation of long-term assets are disclosed in Note 18.

Discounts
For the consolidated portfolio companies, 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 amount to NOK 1.8 billion as at 31 December 2023 (NOK 1.6 million as at 31 December 2022). 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. Provisions are made for discounts at their anticipated value, and this entails an inherent risk of estimate variance. Discounts for which provisions are made are mainly annual discounts that will be paid out in the following year. There have been no material variances between provisions for and actually reported discounts in the past few years.

Provisions for liabilities
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 2023 is deemed to be sufficient to cover Orkla's remaining liabilities; see Note 26.

Other matters
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. The Orkla companies normally enter into agreements with individual customers.

At the time the Annual Financial Statements for 2023 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 group's financial statements.

Exercise of judgement
The preparation and presentation of financial statements means that at the closing date, the management must take decisions based on the knowledge and the judgement that exists at the given date. This can apply to estimates and assumptions regarding financial statement items or other matters that could also materially affect the valuation of the company. Material changes in value from 31 December until such time as the Board of Directors approves the annual financial statements will be reflected in either the financial statements or in notes.

The choice of form of presentation, accounting policies and exercise of judgement may also affect the financial statements. This applies 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 or loss, but not in EBIT (adj.).

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.

Note 5 Disposals and acquisitions of companies

Accounting policies

Disposals of companies
When a business where Orkla has control is divested, the calculated gain/loss before tax is presented as "Other income" or "Other expenses". The business's associated tax will be recognised on the tax line of the income statement and the real gain is reflected in the sum total of the gain/loss and the tax.

Business combinations
Business combinations are accounted for using the acquisition method. 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. M&A costs and subsequent integration costs are recognised as "Other expenses".

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 total of the excess value will always be consistent with the purchase price paid.

Disposals of companies

Orkla has sold its shares in the Russian business Hamé Foods ZAO; see also Note 14 Other income and expenses for further information regarding this sale.

Orkla has entered into an agreement to sell 40% of its ownership of Orkla Food Ingredients AS. As at 31 December 2023, the transaction had not been completed. The agreement is disclosed in Note 38 Events after the balance sheet date.

Acquisitions of companies

Orkla Confectionery & Snacks has purchased 100% of the shares in Bubs Godis AB, a Nordic confectionery company. Bubs Godis ("Bubs") is a fast-growing company with a strong position in confectionery in the Swedish sweets and candy market, in addition to selling to other Nordic countries. Bubs is behind many iconic pick-and-mix favourites that are sold both in bulk and in bags. Sustainability is a key focus in the company's operations, and the majority of the portfolio consists of vegan products. Bubs continues to operate as a subsidiary under Orkla Confectionery & Snacks Sverige and CEO Niclas Arnelin has remained in the company after Orkla acquired it.

Orkla Foods Europe has purchased 100% of the shares in Khell-Food Kft., the largest producer of ready-made sandwiches and baguettes in the Hungarian market. Khell-Food was established in 1992 and distributes nationwide from a modern production plant outside Budapest. The company has a leading market position, and its products are mainly sold under the Khell-Food brand. The seller is the founder of Khell-Food, Zoltán Kelényi, who has continued to serve as CEO of the company.

In 2023, Orkla Food Ingredients (OFI) purchased an additional 5% of NIC Nederland and now owns 100% of this company. OFI has also purchased an additional 5% of the Belgian company Hadecoup, in which OFI acquired a 70% interest in 2022. OFI has an obligation to purchase the remaining ownership interest of 25% in Hadecoup over the next four years, and this obligation is reported as a liability in the statement of financial position.

OFI has purchased 100% of the company Norstamp AS. The company has operating revenues of around NOK 40 million and was consolidated into Orkla's financial statements as of 1 May 2023.

In 2023, OFI paid the remainder of the purchase price related to the acquisitions of the companies Cake Décor in the UK (purchased in 2021) and Werners Gourmetservice in Sweden (purchased in 2018).

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.

The acquisition analysis for Bubs Godis has been completed. Other purchase price allocations for companies acquired in 2023 had not been completed as at 31 December 2023 due to uncertainty attached to certain valuation factors. There are no material variable payments for any of the acquisitions completed in 2023 apart from the matters disclosed in the note. Goodwill related to acquisitions in 2023 is not tax deductible.

The purchase price allocations for all companies acquired in 2022 were completed in 2023. 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 162 million was recognised in acquisition costs in 2023 (NOK 153 million in 2022). The acquisition costs are presented as "Other costs"; see Note 14.

Acquired companies

Amounts in NOK million	Acquisition			Allocation of excess and deficit values					Operating revenues		EBIT (adj.)[1]	
	Date of control	Interest after acquisition	Acquisition cost	Trademarks	Property, plant and equipment	Other	Deferred tax	Goodwill	After acquisition date	Before acquisition date	After acquisition date	Before acquisition date
2023												
Bubs Godis, Orkla Confectionery & Snacks	February	100%	595	130	-	1	(27)	288	326	26	41	3
Khell Food, Orkla Foods Europe	March	100%	165			(1)		133	140	19	14	(2)
Remaining purchase price Cake Dekor, Orkla Food Ingredients			55									
Other acquisitions			84	0	0	0	0	22				
Acquisitions at enterprise value			**899**	**130**	**0**	**0**	**(27)**	**443**				
Purchase of associates			50									
Purchase of other shares			0									
Acquisitions in segments, enterprise value (see Note 7)			**949**									
Interest-bearing liabilities acquisitions			(135)									
Cash flow effect acquisitions[2]			**814**									
2022												
Denali Ingredients, Orkla Food Ingredients	November	84%	1 723	-	-	5	(1)	1 483	153	905	(6)	114
Healthspan Group, Orkla Health	March	100%	771	183	-	(17)	(36)	489	445	93	(12)	(2)
Da Grasso, The European Pizza Company	December	74%	197	45	-	-	(9)	167	0	168	0	28
Vesterålen Marine Olje, Orkla Health	January	95%	164	-	-	-	-	109	89	0	11	0
Buyout minority NIC NL, Orkla Food Ingredients			64	-	-	-	-	-	-	-	-	-
Other acquisitions			115	-	-	-	-	52				
Acquisitions at enterprise value			**3 034**	**228**	**-**	**(12)**	**(46)**	**2 300**				
Capital contribution associates			19									
Purchase of other shares			29									
Settlement of payment completed in January 2023			17									
Acquisitions in segments, enterprise value (see Note 7)			**3 099**									
Interest-bearing liabilities acquisitions			(180)									
Cash flow effect acquisitions[2]			**2 919**									

1 Profit/loss before tax in acquisitions in 2023 amounts to (amount recognised in Orkla shown in parentheses): Bubs Godis NOK 39 million (NOK 36 million) and Khell Food NOK 10 million (NOK 12 million)

2 Equivalent to compensation for equity adjusted for cash and cash equivalents. Cash and cash equivalents in acquisitions totalled NOK 29 million in 2023 (NOK 165 million in 2022). All acquisitions were settled by cash consideration.

Acquired companies statement of financial position - fair value

Amounts in NOK million	Total 2023	2023 Bubs	2023 Khell Food	2023 Other acquisitions	Total 2022
Property, plant and equipment	224	190	32	2	534
Intangible assets	137	130	1	6	257
Deferred tax assets	0	0	0	0	2
Other non-current assets	25	25	0	0	22
Inventories	36	28	2	6	317
Receivables	51	33	11	7	230
Shares in other companies	0	0	0	0	1
Assets	**473**	**406**	**46**	**21**	**1 363**
Provisions	(35)	(35)	0	0	(53)
Non-current liabilities, non-interest-bearing	70	0	0	70	(4)
Current liabilities, non-interest-bearing	(87)	(64)	(14)	(9)	(250)
Non-controlling interests	35	0	0	35	(297)
Net assets	**456**	**307**	**32**	**117**	**759**
Goodwill	443	288	133	22	2 300
Revenue recognition in connection with change of controll in Lofoten Marine Oil	-	-	-	-	(25)
Acquisition cost at enterprise value	**899**	**595**	**165**	**139**	**3 034**

Note 6 Investments accounted for using the equity method

Accounting policies

The equity method
Associates and joint ventures are accounted for using the equity method, and the group's share of the companies' results after tax and non-controlling interests is presented after Orkla's operating profit/loss. If the value of the share is written down, the write-down will be presented on the same line. Figures for associates and joint ventures which do not report in accordance with IFRS are restated prior to inclusion in the consolidated financial statements.

Associates and joint ventures

Orkla's 42.7% interest in Jotun is presented as an associate; see separate section in this note. Orkla also has some smaller associates and joint ventures.

Orkla has no contingent liabilities, either on its own or jointly with other investors, in associates or joint ventures.

Write-downs totalling NOK 20 million were taken of associates in 2023. The write-downs concern the Portuguese company Asteriscos e Reticências S.A. and the Norwegian company Arctic Seaweed AS. These two companies were written down by NOK 14 million and NOK 6 million, respectively. The company Arctic Seaweed was reclassified as a financial investment in 2023 as a result of the dilution of Orkla's ownership interest.

Associates and joint ventures

Amounts in NOK million	Jotun	Other	Total
Book value 1 January 2022	5 212	120	5 332
Additions/disposals	0	19	19
Share of profit/loss	876	(15)	861
Dividends	(328)	0	(328)
Translation differences	0	(2)	(2)
Items charged to equity	272	0	272
Book value 31 December 2022	**6 032**	**122**	**6 154**
Additions/disposals	27	6	33
Share of profit/loss	1 853	(17)	1 836
Dividends	(365)	0	(365)
Translation differences	0	6	6
Items charged to equity	112	0	112
Book value 31 December 2023	**7 659**	**117**	**7 776**
Ownership interest	42.7%		

1 The group has 38.6% of the voting rights in Jotun.

Note 7 Segments

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'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 7,659 million. Orkla's ownership interest (42.7%) serves as the basis for recognition using the equity method, while Orkla has 38.6% of the voting rights. Orkla owns 42,469 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 approximately 50 years. The value of Orkla's interest in Jotun must be seen accordingly. 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	2023	2022
Operating revenues	31 861	27 858
Operating profit/loss	6 430	3 737
Profit/loss after tax and non-controlling interests	**4 342**	**2 056**
Other comprehensive income after non-controlling interests	**4 634**	**2 766**
Non-current assets	12 507	11 151
Current assets	17 574	15 204
Total assets	**30 082**	**26 355**
Non-current liabilities	2 770	2 797
Current liabilities	8 986	9 065
Total liabilities	**11 756**	**11 862**

Reconcilation of equity Jotun against Orkla's share

Amounts in NOK million	2023	2022
Equity in Jotun	18 325	14 493
Non-controlling interests	433	380
Owners of the parent's equity	17 892	14 113
Orkla's share of equity (42.7%)	7 659	6 032
Orkla's share of profit/loss after tax and non-controlling interests (42.7%)	1 853	876

Accounting policies

All Orkla's portfolio companies constitute separate reporting segments. Orkla's Headquarters including the Business Service companies and Hydro Power and Orkla Real Estate in Financial Investments are also separate reporting segments. Figures are reported to Orkla's Management Team (chief operating decision maker) on the basis of these reporting segments.

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.

Porteføljeselskaper

Jotun (42.7% ownership interest) is an associate of Orkla. The share of profit or loss and capitalised value of associates is not presented in the segment note. Jotun is presented in Note 6 Investments accounted for using the equity method.

Orkla Foods Europe offers well-known local branded products to consumers in the Nordics, Baltics and Central Europe. The portfolio company 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 turnover derives from vegetable-based and more sustainable products. Orkla Foods Europe 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 Europe's two largest markets.

Orkla Food Ingredients supplies ingredients to a broad range of customers in the bakery, ice cream and plant-based markets, and has a leading position in Europe and a platform for growth in the USA. The company's own manufactured products account for around 63% of sales. Important sales channels include industrial manufacturers that chiefly manufacture and supply products to the grocery channel, the Out of Home channel, for example through artisanal bakeries and ice cream kiosks, and direct sales to consumers. The biggest product categories are margarine and butter blends, bread and cake improvers and mixes, yeast, marzipan and ice cream ingredients.

Orkla Confectionery & Snacks holds strong number one and number two positions in the snacks, confectionery and biscuits, with well-known local brands and tastes in the Nordic and Baltic regions. Norway is its largest single market. The grocery sector is its main sales channel.

Orkla Health consists of business units with home markets in the Nordic region, the UK, the Baltics, Poland and Spain, in addition to exporting a substantial percentage of its products outside its home markets. The portfolio company holds leading positions in dietary supplements, oral care, sports nutrition, weight control and functional personal care in the aforementioned main markets. Orkla Health also holds market-leading positions in several European countries in the wound care and first aid equipment sectors. Through NutraQ and Healthspan, it sells strong branded dietary supplement products directly to consumers, both in the Nordic region and in European countries including the Netherlands, the Czech Republic, Slovakia, Italy and UK.

Orkla India holds strong leading market positions through the MTR and Eastern brands in the states of Karnataka, Kerala and Andhra Pradesh. The company exports to 42 countries and its biggest markets are the Gulf countries and North America. Its largest categories are spices, masala and various food products based on dried mixes.

Orkla Home & Personal Care is the leading supplier in the Nordics in cleaning and personal care products for the consumer market with strong local brands and a local value chain. Norway is clearly the largest market, where the company has leading positions in the laundry detergent, cleaning and personal care segments. In Sweden and Finland, the company is positioned as a challenger, operating through an agency agreement with Orkla Care Sweden in the Swedish market and a distributor agreement with Orkla Care Finland in the Finnish markets. In addition, contract production accounts for a substantial share of the business, where Orkla Home & Personal Care mainly produces soap (Tork) on behalf of Essity, a global hygiene and health company.

The European Pizza Company consists mainly of franchise pizza outlets in European countries. Kotipizza has sales outlets in Finland, New York Pizza in the Netherlands and Germany, and Da Grasso in Poland. The franchise outlets purchase raw materials through local wholesale companies and the dough factory Euro Pizza Product B.V. in the Netherlands, which is owned by The European Pizza Company.

Orkla House Care offers painting tools and accessories to both do-it-yourselfers and professional painters. The Nordics, Benelux and the UK are its home markets, but the products can be found in a number of countries around the world. The core products, paintbrushes and rolls, are mainly manufactured by its own factories in Sweden, the UK and China. Orkla House Care brings innovative products and solutions to the market with the goal of being a front-runner in delivering more sustainable solutions in a traditional industry.

Health and Sports Nutrition Group (HSNG) is a leading player in the Nordic region in the health and sports nutrition sector and operates in Sweden, Norway, Finland and Denmark. HSNG sells through the websites Gymgrossisten, Fitnesstukku, Proteinfabrikken, Bodystore, Bodyman (all B2C e-commerce platforms), the B2B distribution brand Fitness Market, in addition to selling through leading grocery chains in Sweden and Norway. Sales are a mixture of external brands and its own brands.

Pierre Robert Group sells basic textiles and woollen garments in Norway, Finland and Sweden. The brand portfolio comprises strong local brands with leading positions in the Norwegian and Finnish grocery sectors. Pierre Robert Group also has its own online store.

Lilleborg is a leading supplier of effective and sustainable hygiene and cleaning solutions to professional and industrial customers in Norway. Lilleborg's main priority is to create value for its customers by reducing overall costs while also ensuring a high-quality, hygienic result.

Headquarters (HQ) and Business Services (BS)

Orkla ASA is the parent company in the Orkla group and consists of an investment team and corporate functions which constitute its headquarters. The Investment team performs investment activities and ownership tasks pertaining to Orkla's portfolio companies. In addition, three Centres of Excellence have been established in the Investment team to support the portfolio companies in the areas of sales, marketing and innovation, and sustainability. The corporate functions provide central services for the parent company in the fields of finance, HR, Legal & Compliance and Communication and Corporate Affairs.

Orkla's headquarters also comprises three Business Service companies that provide IT, procurement and financial services. The role of these companies is to provide shared services within the group with a view to realising synergies between the portfolio companies.

Financial Investments

Orkla has investments outside the portfolio companies, which are organised under Financial Investments. These investments are Hydro Power and Orkla Real Estate, which are consolidated into Orkla's consolidated financial statements.

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 (2014-2023) totals 2.4 TWh, of which around 1 TWh is a fixed delivery commitment with a net effect of zero on profit. See also Note 34.

Orkla Real Estate concentrates on investment in and development and sales of properties primarily related to Orkla's activities. It also runs several commercial properties at Skøyen, Oslo, including the group's headquarters.

Further information on the breakdown of segments

On 1 March 2023, Orkla was transformed into an industrial investment company with a brands and consumer-oriented scope. The new operating model was implemented in internal and external reporting as from the second quarter of 2023. Orkla reports in accordance with its new corporate structure consisting of 12 portfolio companies, in addition to Financial Investments and Orkla's headquarters including Business Service companies. Of the portfolio companies, 11 companies have been consolidated line-for-line into the consolidated financial statements, while the last portfolio company, Jotun, is accounted for using the equity method (see Note 6). The segment information for 2022 has been restated in accordance with the new segment structure.

Income statement items in the segment information

The segment information tables show external sales revenues broken down by geographical market, based on the customers' location. The products and services from which revenues are derived are disclosed at the start of this note. See Note 9 for further information on revenue recognition.

Operating profit or loss in the segment information is equal to the operating profit or 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 group's external loan agreements are entered into at central level. The subsidiaries' capital needs are covered through internal loans and equity. During 2023 and 2022, the funding of the various segments does not necessarily 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 or 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 productive capital in the different segments. This is an important measurement parameter in Orkla with regard to the breakdown of capital between the different segments. The return on capital employed is closely monitored in Orkla and is presented for each portfolio company at the beginning of this Annual Report; see also the definition of this key figure in the chapter "Alternative Performance Measures". Net working capital is closely monitored in order to reduce the funds tied up in capital in the group companies. Net working capital is defined in the table on this page.

Presentation of 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 segment management. The presentation of segment information related to cash flow therefore refers to the Orkla-format statement of cash flows. 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 in Orkla-format shows the group's overall financial capacity, generated by the group's 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 consolidated portfolio companies incl. HQ and Business Services" and "Cash flow from operations 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 acquisitions and disposals of companies. Direct expansion investments are defined as investments in new geographical markets or new categories or as investments that represent substantial increases in capacity; see the chapter on "Alternative Performance Measures (APM)". 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.

Specification of net working capital for consolidated portfolio companies incl. Headquarters and Business Services

Amounts in NOK million	2023	2022
Trade receivables	8 650	7 783
Other current receivables	864	897
Inventories	9 802	10 011
Trade payables	(8 507)	(8 118)
Value added tax, employee withholding taxes etc.	(1 221)	(1 006)
Other current liabilities	(2 577)	(2 233)
Net working capital	**7 011**	**7 334**

Segments 2023

Amounts in NOK million	Orkla Foods Europe	Orkla Food Ingredients	Orkla Confectionery & Snacks	Orkla Health	Orkla India	Orkla Home & Personal Care	The European Pizza Company	Orkla House Care	Health and Sports Nutrition Group	Pierre Robert Group	Lilleborg	HQ and BS	Elimi-nations	Consolidated Portfolio Companies incl. HQ and BS	Hydro Power	Orkla Real Estate	Eliminations	Orkla
Revenues/profit/loss																		
Norway	5 395	1 633	2 342	1 118	0	1 235	3	408	383	405	561	3	0	**13 486**	1 440	0	0	**14 926**
Sweden	5 468	2 568	1 898	678	0	690	1	168	624	30	0	0	0	**12 125**	0	0	0	**12 125**
Denmark	1 914	2 776	941	863	0	16	0	93	73	0	1	0	0	**6 677**	0	0	0	**6 677**
Finland	1 638	573	1 398	694	0	191	1 559	37	128	156	0	0	0	**6 374**	0	0	0	**6 374**
Iceland	49	517	397	3	0	0	5	6	0	0	0	0	0	**977**	0	0	0	**977**
The Baltics	724	626	1 302	111	0	0	1	19	0	0	0	0	0	**2 783**	0	0	0	**2 783**
Rest of Europe	4 779	8 451	518	2 258	11	151	1 390	815	0	1	0	0	0	**18 374**	0	0	0	**18 374**
Rest of the world	122	1 273	52	582	2 884	43	1	21	0	0	1	0	0	**4 979**	0	0	0	**4 979**
External sales revenues	**20 089**	**18 417**	**8 848**	**6 307**	**2 895**	**2 326**	**2 960**	**1 567**	**1 208**	**592**	**563**	**3**	**0**	**65 775**	**1 440**	**0**	**0**	**67 215**
Other operating revenues	16	16	21	1	52	4	2	6	17	0	0	4	0	**139**	36	407	0	**582**
Intercompany sales	214	228	11	56	0	167	0	0	8	0	11	891	(1 576)	**10**	0	156	(166)	**0**
Operating revenues	**20 319**	**18 661**	**8 880**	**6 364**	**2 947**	**2 497**	**2 962**	**1 573**	**1 233**	**592**	**574**	**898**	**(1 576)**	**65 924**	**1 476**	**563**	**(166)**	**67 797**
Operating expenses	(17 245)	(17 009)	(7 471)	(5 354)	(2 494)	(2 163)	(2 429)	(1 362)	(1 172)	(553)	(507)	(1 294)	1 576	**(57 477)**	(478)	(430)	166	**(58 219)**
Depreciation	(815)	(486)	(396)	(159)	(67)	(109)	(265)	(60)	(25)	(13)	(16)	(80)	0	**(2 491)**	(125)	(41)	0	**(2 657)**
EBIT (adj.)	**2 259**	**1 166**	**1 013**	**851**	**386**	**225**	**268**	**151**	**36**	**26**	**51**	**(476)**	**0**	**5 956**	**873**	**92**	**0**	**6 921**
Other income and expenses	(309)	(41)	(41)	(11)	(10)	(12)	(89)	(2)	(35)	(4)	0	(131)	0	**(685)**	0	(2)	0	**(687)**
Operating profit/loss	**1 950**	**1 125**	**972**	**840**	**376**	**213**	**179**	**149**	**1**	**22**	**51**	**(607)**	**0**	**5 271**	**873**	**90**	**0**	**6 234**
Cash flow																	0	
Cash flow from operations	2 861	1 240	509	986	245	288	222	222	(154)	145	30	(520)	0	**6 074**	837	170	0	**7 081**
Of this net replacement investments	(597)	(483)	(743)	(186)	(49)	(4)	(297)	(77)	(158)	(8)	(30)	(26)	0	**(2 658)**	(140)	(14)	0	**(2 812)**
Expansion investments	(182)	(220)	(134)	(116)	(30)	(19)	(66)	0	0	0	0	0	0	**(767)**	0	0	0	**(767)**
Total investments	(779)	(703)	(877)	(302)	(79)	(23)	(363)	(77)	(158)	(8)	(30)	(26)	0	**(3 425)**	(140)	(14)	0	**(3 579)**
Capital employed																	0	
Net working capital	2 622	2 105	528	1 110	211	127	77	162	106	117	(12)	(142)	0	**7 011**	(18)	228	0	**7 221**
Intangible assets	9 258	4 447	6 183	7 489	2 157	965	3 564	717	442	125	18	381	0	**35 746**	18	0	0	**35 764**
Property, plant and equipment	5 520	3 624	4 272	939	583	633	833	272	195	9	66	218	0	**17 164**	1 924	1 612	0	**20 700**
Pension liabilities, net	(762)	(185)	(192)	(14)	(12)	(265)	0	(2)	0	(5)	(4)	(623)	0	**(2 064)**	(14)	(3)	0	**(2 081)**
Deferred tax, excess values	(405)	(8)	(463)	(249)	(230)	(11)	(166)	(43)	(26)	0	0	0	0	**(1 601)**	0	0	0	**(1 601)**
Capital employed	**16 233**	**9 983**	**10 328**	**9 275**	**2 709**	**1 449**	**4 308**	**1 106**	**717**	**246**	**68**	**(166)**	**0**	**56 256**	**1 910**	**1 837**	**0**	**60 003**
Key Figures																		
Operating margin EBIT (adj.)	11.1%	6.2%	11.4%	13.4%	13.1%	9.0%	9.0%	9.6%	2.9%	4.4%	8.8%			**9.0%**	59.1%			**10.2%**
Total man-years 31 December	5 488	3 985	2 566	1 666	2 937	386	337	623	170	124	123	343	0	**18 748**	43	24		**18 815**

Segments 2022

Amounts in NOK million	Orkla Foods Europe	Orkla Food Ingredients	Orkla Confectionery & Snacks	Orkla Health	Orkla India	Orkla Home & Personal Care	The European Pizza Company	Orkla House Care	Health and Sports Nutrition Group	Pierre Robert Group	Lilleborg	HQ and BS	Elimi-nations	Consolidated Portfolio Companies incl. HQ and BS	Hydro Power	Orkla Real Estate	Eliminations	Orkla
Revenues/profit/loss																		
Norway	4 947	1 319	2 153	1 322	0	871	2	389	246	420	486	10	0	**12 165**	2 677	0	0	**14 842**
Sweden	4 980	2 188	1 595	628	0	642	1	173	678	25	0	0	0	**10 910**	0	0	0	**10 910**
Denmark	1 608	2 344	799	728	0	6	0	91	57	0	0	0	0	**5 633**	0	0	0	**5 633**
Finland	1 334	449	1 157	504	0	218	1 285	34	104	118	0	0	0	**5 203**	0	0	0	**5 203**
Iceland	37	441	313	1	0	2	3	5	0	0	0	0	0	**802**	0	0	0	**802**
The Baltics	587	500	1 120	75	0	21	1	15	0	0	0	0	0	**2 319**	0	0	0	**2 319**
Rest of Europe	4 020	6 845	369	1 576	7	224	969	685	0	0	2	0	0	**14 697**	0	0	0	**14 697**
Rest of the world	112	280	60	443	2 512	112	1	28	0	0	1	0	0	**3 549**	0	0	0	**3 549**
External sales revenues	**17 625**	**14 366**	**7 566**	**5 277**	**2 519**	**2 096**	**2 262**	**1 420**	**1 085**	**563**	**489**	**10**		**55 278**	**2 677**	**0**	**0**	**57 955**
Other operating revenues	37	12	5	25	23	2	3	3	15	0	0	3	0	**128**	67	241	0	**436**
Intercompany sales	158	304	7	73	0	92	2	1	0	1	8	752	(1 382)	**16**	0	84	(100)	**0**
Operating revenues	**17 820**	**14 682**	**7 578**	**5 375**	**2 542**	**2 190**	**2 267**	**1 424**	**1 100**	**564**	**497**	**765**	**(1 382)**	**55 422**	**2 744**	**325**	**(100)**	**58 391**
Operating expenses	(15 109)	(13 424)	(6 294)	(4 498)	(2 182)	(1 956)	(1 848)	(1 255)	(1 071)	(532)	(429)	(1 078)	1 382	**(48 294)**	(285)	(244)	100	**(48 723)**
Depreciation	(738)	(405)	(295)	(141)	(57)	(82)	(197)	(67)	(20)	(10)	(13)	(78)	0	**(2 103)**	(131)	(23)	0	**(2 257)**
EBIT (adj.)	**1 973**	**853**	**989**	**736**	**303**	**152**	**222**	**102**	**9**	**22**	**55**	**(391)**	**0**	**5 025**	**2 328**	**58**	**0**	**7 411**
Other income and expenses	(99)	(88)	(53)	(122)	(9)	(3)	(7)	(70)	(1)	(1)	0	(65)	0	**(518)**	2	2	0	**(514)**
Operating profit/loss	**1 874**	**765**	**936**	**614**	**294**	**149**	**215**	**32**	**8**	**21**	**55**	**(456)**	**0**	**4 507**	**2 330**	**60**	**0**	**6 897**
Cash flow																		
Cash flow from operations	927	216	191	-	322	-	33	46	(20)	(127)	41	(446)	-	**1 512**	2 344	(28)	0	**3 828**
Of this net replacement investments	(655)	(425)	(826)	-	(57)	-	(272)	(97)	(32)	(14)	(4)	(31)	-	**(2 773)**	(103)	(2)	0	**(2 878)**
Expansion investments	(184)	(81)	(26)	-	(23)	-	(61)	0	0	0	0	0	-	**(447)**	0	0	0	**(447)**
Total investments	(839)	(506)	(852)	-	(80)	-	(333)	(97)	(32)	(14)	(4)	(31)	-	**(3 220)**	(103)	(2)	0	**(3 325)**
Capital employed																		
Net working capital	3 070	2 024	355	1 241	75	83	51	229	69	232	(18)	(77)	0	**7 334**	(32)	289	0	**7 591**
Intangible assets	8 906	4 196	5 372	7 211	2 095	835	3 396	609	417	130	18	421	0	**33 606**	18	0	0	**33 624**
Property, plant and equipment	5 399	3 177	3 534	804	562	764	700	328	47	5	52	238	0	**15 610**	1 901	1 627	0	**19 138**
Pension liabilities, net	(627)	(127)	(161)	(9)	0	(225)	0	(2)	0	(4)	(4)	(659)	0	**(1 818)**	(12)	(2)	0	**(1 832)**
Deferred tax, excess values	(396)	(8)	(410)	(241)	(220)	(10)	(155)	(42)	(24)	0	0	0	0	**(1 506)**	0	0	0	**(1 506)**
Capital employed	**16 352**	**9 262**	**8 690**	**9 006**	**2 512**	**1 447**	**3 992**	**1 122**	**509**	**363**	**48**	**(77)**	**0**	**53 226**	**1 875**	**1 914**	**0**	**57 015**
Key Figures																		
Operating margin EBIT (adj.)	11.1%	5.8%	13.1%	13.7%	11.9%	6.9%	9.8%	7.2%	0.8%	3.9%	11.1%			**9.1%**	84.8%			**12.7%**
Total man-years 31 December	5 715	3 959	2 681	1 563	3 318	486	337	619	176	131	119	441	0	**19 545**	40	11		**19 596**

1 In 2023, the former Orkla Care segment was divided into the segments Orkla Health, Orkla Home & Personal Care and Health and Sports Nutrition Group. The statements of financial position for Orkla Health and Orkla Home & Personal Care were so integrated in 2022 that it is not possible to present the cash flow for these two segments in 2022.

Cash flow Orkla-format

Amounts in NOK million	2023	2022
Cash flow from consolidated Portfolio Companies incl. Headquarters & Business Services		
EBIT (adj.)	5 956	5 025
Depreciation	2 491	2 096
Changes in net working capital	766	(2 415)
Net replacement investments	(2 658)	(2 773)
Cash flow from operations (adj.)	**6 555**	**1 933**
Cash flow effect from “Other income” and “Other expenses” and pensions	(481)	(421)
Cash flow from operations, consolidated Portfolio Companies incl. Headquarters & Business Services	**6 074**	**1 512**
Cash flow from operations, Financial Investments	**1 007**	**2 316**
Taxes paid	(2 032)	(1 400)
Dividends received, financial items and other payments	(646)	(63)
Cash flow before capital transactions	**4 403**	**2 365**
Dividends paid and purchase/sale of treasury shares	(3 133)	(3 004)
Cash flow before expansion	**1 270**	**(639)**
Expansion investments	(767)	(447)
Sale of companies (enterprise value)	37	132
Purchase of companies (enterprise value)	(949)	(3 099)
Net cash flow	**(409)**	**(4 053)**
Currency effects of net interest-bearing liabilities	(1 250)	(377)
Change in net interest-bearing liabilities	**(1 659)**	**4 430**
Net interest-bearing liabilities	**18 847**	**17 188**

Reconciliation operating activities IFRS cash flow against cash flow Orkla-format

Amounts in NOK million	2023	2022
Cash flow from operating activities IFRS cash flow	7 249	5 230
Items not incl. in operating activities:		
Net replacement expenditures consolidated Portfolio Companies incl. Headquarters & Business Services	(2 658)	(2 773)
Net replacement expenditures Financial Investments	(154)	(105)
Other payments	(34)	13
Cash flow before capital transactions in cash flow Orkla-format	4 403	2 365

Reconciliation cash and cash equivalents against net interest-bearing liabilities in Orkla-format

Amounts in NOK million	2023	2022
Change cash and cash equivalents IFRS cash flow	(511)	375
Change net interest-bearing liabilities IFRS cash flow	1 201	(3 663)
Net interest-bearing liabilities in acquired/sold companies	(135)	(174)
Interest-bearing liabilities new leases	(826)	(548)
Total currency effect net interest-bearing liabilities	(1 250)	(377)
Currency effect cash and cash equivalents	(138)	(43)
Change net interest-bearing liabilities Orkla-format	(1 659)	(4 430)

Note 8 Geographical breakdown of capital employed, investments and number of man-years

Amounts in NOK million	Capital employed 2023	Capital employed 2022	Investments[1] 2023	Investments[1] 2022	Number of man-years 2023	Number of man-years 2022
Norway	18 062	18 111	1 037	736	2 798	2 667
Sweden	9 554	8 416	583	633	2 928	3 048
Denmark	7 327	6 775	460	437	1 609	1 620
Finland	5 032	4 634	328	238	703	707
Iceland	687	616	42	17	321	306
The Baltics	3 704	3 234	478	656	1 675	1 613
Nordic region and the Baltics	**44 366**	**41 786**	**2 928**	**2 717**	**10 034**	**9 961**
Rest of Europe	10 740	10 550	681	592	5 098	5 564
Rest of the world	4 897	4 679	122	75	3 683	4 071
Total	**60 003**	**57 015**	**3 731**	**3 384**	**18 815**	**19 596**

Link between segments and "Investments":		
Net replacement investments, from segments (see Note 7)	2 812	2 878
Sale of property, plant and equipment (see cash flow statement)	168	46
Expansion investments (see Note 7)	767	447
Changes in accounts payable investments	(16)	13
Total	**3 731**	**3 384**

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 companies' location.

Capital employed is the enterprise's net capitalised productive capital and is defined in the segment note as the net of segment assets and segment 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 and leased 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.

Note 9 Revenue recognition

Accounting policies

Sales revenues from consolidated portfolio companies are presented after deducting discounts, value added tax and other government charges and taxes such as the confectionery tax. The group sells goods and services in many different markets. Products and markets are disclosed for each segment in Note 7.

Sales revenues from Hydro Power consist of sales of electric power that are taken to income upon delivery.

Lease revenues in Orkla Real Estate are recognised in income when earned during the lease period. Orkla Real Estate also has some development projects related to housing construction and development. Profit or loss related to these housing projects are not recognised in income until the housing unit is delivered. During the development and construction period, project expenses incurred are recognised as inventory.

Estimate uncertainty

Estimate uncertainty regarding sales revenue reductions in the consolidated portfolio companies is disclosed in Note 4.

Breakdown of external operating revenues

Amounts in NOK million	2023	2022
Orkla Foods Europe	20 105	17 662
Orkla Food Ingredients	18 433	14 378
Orkla Confectionery & Snacks	8 869	7 571
Orkla Health	6 308	5 302
Orkla India	2 947	2 542
Orkla Home & Personal Care	2 330	2 098
The European Pizza Company	2 962	2 265
Orkla House Care	1 573	1 423
Health and Sports Nutrition Group	1 225	1 100
Pierre Robert Group	592	563
Lilleborg	563	489
Consolidated Portfolio Companies	**65 907**	**55 393**
Headquarters and Business Services	7	13
Consolidated Portfolio Companies incl. Headquarters and Business Services	**65 914**	**55 406**
Hydro Power	1 476	2 744
Orkla Real Estate	407	241
Financial Investments	**1 883**	**2 985**
Total external operating revenues	**67 797**	**58 391**

More information on products and markets for the various segments in Orkla is provided in the description of each segment in Note 7. A further breakdown of sales revenues by geographical areas is also provided in the same note. As a result of Orkla's transformation into an investment company, the sales channels for the consolidated portfolio companies are only monitored at consolidated level to the degree disclosed in Note 7.

Operating revenues consolidated portfolio companies
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. Orkla's consolidated portfolio companies to a large extent sell branded consumer goods and consumer-oriented products. Sales are recognised in income either when the goods leave the group's factory premises or when they arrive at the customer's property. Sales that are not recognised in income at a specific date are deemed immaterial for the group. There are no material return agreements or guarantees related to revenues in Orkla's consolidated portfolio companies.

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 2023, a provision of NOK 1.8 billion (NOK 1.6 billion in 2022) 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. Further information on estimate uncertainty related to discounts and bonuses is provided in Note 4.

The group otherwise has no material capitalised delivery obligations related to sales revenues.

Orkla's consolidated portfolio companies have low losses on receivables seen in relation to total capitalised receivables; see Note 24.

Operating revenues 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.

Operating revenues from Orkla Real Estate consist mainly of rental revenues and the sale of housing units developed and built by Orkla Real Estate. The development projects are primarily related to Sandakerveien 56 in Oslo and a development project in Larvik.

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 mainly 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 2023, the largest product groups were (figures in parentheses show the category ranking in 2022):

1. (1.) Packaging
2. (3.) Additives
3. (5.) Grain-based products
4. (2.) Vegetable oils and margarine
5. (4.) Dairy products
6. (6.) Vegetables
7. (7.) Animal meat
8. (9.) Sugar
9. (8.) Fruit and berries
10. (12.) Cocoa and chocolate
11. (10.) Marine products
12. (-) Chemicals

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. Any bonuses 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.

Amounts in NOK million	2023	2022
Salaries	(9 235)	(7 832)
Employer's national insurance contributions	(1 454)	(1 328)
Pension costs[1]	(607)	(553)
Other remuneration etc.	(67)	(47)
Payroll expenses	**(11 363)**	**(9 760)**
Average number of man-years	**19 476**	**20 098**

1 Pension costs are disclosed in further detail in Note 12.

Remuneration of the executive management

Remuneration of the Orkla Management Team during the year:

2023

Amounts in NOK 1 000	Paid salary and holiday pay	Benefits-in-kind	Total paid salary, holiday pay and benefits-in-kind	Accrued bonus	Allocations long-term incentive programme (LTI)	Accrued pension costs	Total accrued and allocated
Remuneration to President and CEO	11 792	239	12 031	7 200	3 600	2 641	13 441
Remuneration to other Orkla Management Team members	35 929	2 117	38 046	20 109	10 349	7 674	38 132

2022

Amounts in NOK 1 000	Paid salary and holiday pay	Benefits-in-kind	Total paid salary, holiday pay and benefits-in-kind	Accrued bonus	Allocations long-term incentive programme (LTI)	Accrued pension costs	Total accrued and allocated
Remuneration to President and CEO[1]	7 882	171	8 053	0	0	1 988	1 988
Remuneration to other Orkla Management Team members	23 824	1 664	25 488	3 103	4 560	5 583	13 246

1 Nils K. Selte assumed his role as President and CEO on 11 April 2022.

Orkla's Management Team had a total of 1,680,861 share options in Orkla ASA as at 31 December 2023. Information on the share option programme is provided in the section "Share-based incentive programmes" in this note.

In 2023, NOK 7.0 million was paid out in total remuneration to former President and CEO Jaan Ivar Semlitsch. To the other members of Orkla's Management Team who have left the Orkla group, total remuneration of NOK 3.7 million was paid out in 2023. In 2022, a total of NOK 29.5 million was paid out to former members of the Management Team, of which NOK 21.3 million was paid to former President and CEO Jaan Ivar Semlitsch.

No loans were granted or collateral provided to senior executives or members of Orkla's Board of Directors.

Further information on the remuneration of senior executives and members of the Board of Directors is provided under "Salary and Other Remuneration of senior executives" on page 50 of this Annual Report.

Share-based incentive programmes

Accounting policies

Orkla has a long-term incentive programme (LTI programme) based on share options. Options allocated to senior executives 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.

Orkla has previously had a cash-based 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.

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.

Share option programme

Orkla has a long-term incentive programme (LTI programme) based on share options. Options are allocated under this programme once a year, and the first allocation was made in 2021. The section on "Salary and Other Remuneration of senior executives" on page 50 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 Orkla's Management Team, 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

	2023 Number	2022 Number
Options outstanding 1 January	6 478 811	3 854 529
Allocations	5 200 572	2 980 120
Options exercised	(61 912)	0
Terminations	(527 857)	(355 838)
Options outstanding 31 December	**11 089 614**	**6 478 811**
Of which options exercisable 31 December	1 570 453	604 429

Options outstanding and associated exercise prices:

			2023		2022	
Allo-cated	Expiry date	Tranche	Number of options	Exercise price	Number of options	Exercise price
2021	16.04.26	1	574 306	78.52	604 429	81.52
2021	16.04.26	2	574 306	81.06	604 429	84.06
2021	16.04.26	3	2 161 893	83.67	2 318 836	86.67
2022	21.04.27	1	421 841	74.44	506 396	77.44
2022	21.04.27	2	473 994	76.76	506 396	79.76
2022	21.04.27	3	1 789 405	79.15	1 938 325	82.15
2023	13.04.28	1	818 739	75.33	-	
2023	13.04.28	2	818 739	77.59	-	
2023	13.04.28	3	3 456 391	79.92	-	
Total			**11 089 614**		**6 478 811**	

The exercise price at the exercise date must be adjusted for dividend paid out up to the exercise date. The weighted average expected term to exercise for options outstanding as at 31 December 2023 is 2.1 years.

Calculation of option value

The option value is calculated using the Black-Scholes model. The table below shows the assumptions on which the calculation is based.

	2023	2022
Risk-free interest rate (%)	3.05	2.68
Volatility (%)	18.40	20.45
Exercise price at allocation (NOK)	73.14	75.18

Options' effect on financial statements

Amounts in NOK million	2023	2022
Vesting options	45	32
Change provision employer's contribution	1	(0.3)
Net option costs	46	32
Debt (employer's contribution)	1	0

Cash-based LTI programme (effective up until 2020)

Payments from the LTI programme in 2023 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 2023, 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 15% in relation to the market price at the purchase date. The lock-up period for shares purchased is three years. The costs of the employee share purchase programme in 2023 totalled approx. NOK 7 million.

Note 12 Pensions

Accounting policies

Pension costs are calculated in accordance with IAS 19 and presented as "Payroll costs" in the income statement. The pension costs related to defined contribution plans will be equal to the contributions to employees' pension savings in the reporting period, while pension costs related to defined benefit plans are expensed over the period during which the employee earns the right to receive pension benefits.

Changes in the obligation 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.

The discount effect of the pension obligation and expected return on pension assets are presented net under "Other financial costs" in the income statement.

Variances from estimates are recognised in comprehensive income in the period in which they occur.

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 salary 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.

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 classified as funded defined benefit plans and some defined benefit plans that are financed from operations. The group's defined benefit plans are largely in Sweden and Norway. These countries account for around 59% and 39%, respectively, of the group's net carried pension obligations.

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 have taken 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 senior executives, 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 Orkla's Management Team and a few other key personnel, as well as carried liabilities related to contribution-based plans for employees with salaries of more than twelve times the average basic amount (G).

The pension plan for employees in Norway with salaries over 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 2023, the AFP premium was 2.6% of total payments of salaries between 1 and 7.1 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, as close to 31 December 2023 as practically possible. In Norway, the discount rate varies between 3.4% and 3.8%, depending on the life of the individual pension plan.

The discount rate in Sweden is based on Swedish covered bonds and was reduced to 3.25% for 2023, from 4.0% in 2022. In light of the lower interest rate, the estimate for expected inflation was also reduced, from 2.1% to 1.6%, and expected salary adjustment was reduced from 2.8% to 2.3%. The combined effect of these changes will be higher obligations with a recognised effect in other comprehensive income (OCI)

Parameters such as salary 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 tables have been updated from DUS21 to DUS23. In the UK the most recent version of the CMI_2022 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 3.6% reduction in accrued obligation. A reduction of 0.5 percentage points in the discount rate results in an increase in accrued obligation of 3.6%.

For Sweden, an increase of 0.5 percentage points in the discount rate results in a reduction of 7.1% in accrued obligation. A reduction of 0.5 percentage points results in an increase of 8.0% in accrued obligation.

Pension plan assets
The pension plans with pension plan assets are now essentially in the UK. The 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 2024 are expected to total NOK 11.1 million.

Assumptions defined benefit plans

	Norway		Sweden	
	2023	2022	2023	2022
Discount rate	3.4-3.8%	3.4–3.8%	3.25%	4.0%
Future salary adjustment	3.75%	3.5%	2.30%	2.8%
G-multiplier[1]	3.75%	3.5%	2.30%	2.8%
Adjustment of benefits	2.4%	1.7%	1.60%	2.1%
Personnel turnover	0-5%	0–5%	3.00%	3.0%
Expected average remaining vesting period (years)	11.8	12.9	10.6	11.2

1 1G was as at 31 December 2023 NOK 118,620.

Breakdown of net pension costs

Amounts in NOK million	2023	2022
Contribution plans	(569)	(521)
Current service cost (incl. national insurance contributions)	(36)	(33)
Curtailments and settlements pension plans[1]	(2)	(11)
Pension costs defined as payroll expenses	(607)	(565)
Interest on pension obligations[2]	(121)	6
Expected return on pension plan assets	22	7
Pension costs defined as financial costs	(99)	13
Net pension costs	**(706)**	**(552)**

Breakdown of net pension obligations as at 31 December

Amounts in NOK million	2023	2022
Present value of funded pension obligations	(567)	(437)
Pension plan assets (fair value)	567	437
Net funded pension liabilities	0	0
Present value of unfunded pension obligations	(2 081)	(1 832)
Capitalised net pension obligations	(2 081)	(1 832)
Capitalised pension obligations	(2 124)	(1 868)
Capitalised plan assets	43	36

Breakdown of gross pension obligations during the year

Amounts in NOK million	2023	2022
Pension obligations 1 January	(2 269)	(3 024)
Current service cost (incl. national insurance contributions)	(36)	(33)
Interest on pension obligations	(121)	6
Actuarial gains and losses reported in statement of comprehensive income	(171)	605
Curtailments and settlements pension plans[1]	(75)	(3)
Benefits paid during the year	139	140
Currency translation effects	(115)	40
Pension obligations 31 December	(2 648)	(2 269)

1 Primarily concerns pension plans in the company MTR India.

Change in pension assets during the year

Amounts in NOK million	2023	2022
Pension plan assets (fair value) 1 January	437	616
Expected return on pension plan assets	22	7
Actuarial gains and losses reported in statement of comprehensive income	37	(125)
Curtailments and settlements pension plans[1]	56	-
Contributions and benefits paid during the year	(12)	(29)
Currency translation effects	55	10
Effect of asset ceiling	(28)	(42)
Pension plan assets (fair value) 31 December	567	437

1 Primarily concerns pension plans in the company MTR India.

Breakdown of pension plan assets (fair value) as at 31 December

	2023	2022
Cash, cash equivalents and money market investments	7%	7%
Bonds	57%	61%
Shares	16%	13%
Real estate	20%	19%
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	2023	2022	2021	2020
Pension obligations	(2 648)	(2 269)	(3 024)	(3 091)
Pension plan assets	567	437	616	547
Net pension obligations	(2 081)	(1 832)	(2 408)	(2 544)
Actuarial gains and losses in pension obligations	(171)	605	85	(143)
Actuarial gains and losses in pension plan assets	37	(125)	(13)	97

Note 13 Other operating expenses

The main items in “Other operating expenses” are broken down below.

Amounts in NOK million	2023	2022
External freight costs	(1 854)	(1 605)
Energy costs (production and heating)	(1 139)	(1 128)
Water consumption and waste management	(206)	(146)
Advertising	(2 811)	(2 433)
Repair and maintenance costs	(871)	(766)
Consultants, legal advisors, temporary staff etc.	(786)	(727)
Operating expenses vehicles	(249)	(195)
Short-term and variable lease expenses	(184)	(132)
Other	(3 958)	(2 963)
Total other operating expenses	**(12 058)**	**(10 095)**

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.

Note 14 Other income and expenses

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

Amounts in NOK million	2023	2022
Gain on sale	60	74
Insurance settlement	18	23
Refund of indirect taxes previous periods	3	5
Settlement related to an acquisition	24	0
Income related to transition from joint venture to subsidiary	-	25
Total other income	**105**	**127**

Other expenses

Amounts in NOK million	2023	2022
M&A and integration costs	(182)	(174)
Final settlement employment relationships, etc.	(98)	(53)
Write-downs property, plant and equipment and intangible assets	(329)	(147)
Other restructuring costs and other items	(183)	(267)
Total other expenses	**(792)**	**(641)**
Total other income and expenses	**(687)**	**(514)**
Of this:		
Write-downs property, plant and equipment	(194)	(31)
Write-downs intangible assets	(135)	(116)

Items classified as other income and expenses belong to the following lines in the income statement:

Amounts in NOK million	2023	2022
Sales revenues	2	5
Other operating revenues	103	122
Payroll expenses	(98)	(53)
Other operating expenses	(365)	(441)
Depreciation and write-downs	(329)	(147)
Total other income and expenses	**(687)**	**(514)**

Largest items in other income and expenses

Amounts in NOK million	2023	2022
Write-down of property, plant and equipment in Orkla Foods Česko a Slovensko	(188)	-
Restructuring project in Orkla Foods Česko a Slovensko incl. gain on sale	(45)	(18)
Write-down of goodwill and intangible assets related to pizza chains in Germany	(96)	-
Acquisition costs (M&A)	(162)	(153)
Sale in 2023 and write-down in 2022 of the business in Russia	33	(118)
Improvement projects related to a new biscuit and chocolate factory in Latvia	(39)	(72)
Move of the distribution centre in HSNG	(34)	
Group project new Orkla business model	(15)	(68)
Write-down trademarks House Care UK	-	(64)
Insurance income relating to salmonella outbreaks	-	23
Recall costs related to salmonella outbreaks	-	(28)

Other income
In 2023, Orkla completed the sale of shares in the Russian business Hamé Foods ZAO, which resulted in the recognition in income of NOK 33 million. In the first half of March 2022, Orkla decided to end ownership of its Russian business Hamé Foods ZAO, and in connection with this decision the company was written down to zero. The recognition of income is chiefly related to the reversal of a provision made in connection with the decision to end ownership.

Two factory buildings owned by Orkla Foods Česko a Slovensko were sold in 2023. The sales generated a net gain of NOK 25 million. In addition, a payment in connection with a settlement agreement related to the purchase of Hamé in 2016 was taken to income. The settlement amount paid out totalled NOK 24 million.

In 2023, an insurance settlement of NOK 18 million related to a recall of NutraQ products in 2021 was taken to income.

“Other income” was substantially affected in 2022 by gains on the sale of businesses in Latvia and Lithuania and the sale of a property in Maratice (Czech Republic). The gains on the sales totalled NOK 74 million. In addition, NOK 25 million related to Lofoten Marine Oil was taken to income in connection with the company’s transition from associate to subsidiary, as well as NOK 23 million related to an insurance settlement in connection with the recall of products in Orkla Health.

Write-downs
Write-downs totalling NOK 329 million were taken in 2023. The biggest write-down concerned property, plant and equipment in Orkla Foods Česko a Slovensko (OF CaS) where a major manufacturing restructuring process is currently ongoing. A decision has been made to close four factories, and production at these factories will be relocated or sold. Two factory buildings have been sold; see the section on “Other income”. Based on an overall assessment of the last two production sites, property, plant and equipment were written down by a total of NOK 188 million in 2023. A brand was also written down in OF CaS by NOK 36 million. This is a brand that will be discontinued after completion of the restructuring process.

Immediately following the acquisition of New York Pizza in 2021, the German pizza chains Stückwerk, Flying Pizza and Pizza Planet were purchased. These pizza chains have not delivered a satisfactory performance since they were acquired, and restructuring has been carried out entailing the closure of unprofitable pizza restaurants. In 2023, goodwill related to this business was written down by NOK 62 million. In addition, intangible assets related to the pizza restaurants wound up in Germany were written down by NOK 34 million.

In connection with the closure of the Naturli’ café in Oslo, property, plant and equipment were written down by a total of NOK 7 million.

In 2022, a write-down of NOK 64 million was taken of the Harris brand in House Care UK, as well as write-downs totalling NOK 48 million of four small brands in Orkla Health. In addition, production assets in Orkla Confectionery & Snacks Sverige were written down by NOK 10 million. In March 2022, as disclosed above, Orkla decided to end its ownership of its Russian business Hamé Foods ZAO, which produces long shelf-life food products for the Russian market. As a result of this decision, NOK 95 million was expensed and presented as “Other expenses” in connection with the write-down of book assets in the company, of which NOK 21 million is the write-down of property, plant and equipment in the company.

Write-downs taken in 2023 and 2022 are presented by segment in Note 18.

Other expenses
Expenses related to the M&A and integration of companies totalled NOK 182 million in 2023. A substantial portion of these expenses is related to the process of finding a long-term partner for Orkla Food Ingredients.

NOK 183 million was expensed in connection with restructuring projects and other projects in the group in 2023. The largest restructuring projects were carried out in Orkla Foods Česko a Slovensko, Orkla Foods Sverige, Orkla Foods Norge, Orkla Home & Personal Care and Orkla Wound Care. Costs were also incurred related to the split-up of Orkla Health and Orkla Home & Personal Care, the relocation of the distribution centre in HSNG and the closure of the Naturli café in Oslo.

Other projects presented as “Other income and expenses” concern expenses related to the closure of a biscuit factory in Sweden (Orkla Confectionery & Snacks) and expenses incurred in the project at Orkla Headquarters to establish a new operating model with a clearer ownership role at ASA level and with more autonomous portfolio companies in the group. In addition, costs were incurred in Orkla Food Ingredients related to a strategy review in connection with the process of finding a long-term partner for this portfolio company.

“Other costs” in 2022 were largely affected by several major ongoing restructuring processes in the group. The largest project was the work on establishing a new operating model in the group. A number of large acquisitions were also made in 2022, and expenses totalling NOK 174 million were incurred in connection with acquisitions and the integration of companies.

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	2023	2022
Interest income	**86**	**52**
Interest costs	(1 007)	(379)
Capitalised interest costs	29	9
Interest costs excl. leases	**(978)**	**(370)**
Interest costs, leases (see Note 21)	(58)	(35)
Total interest costs	**(1 036)**	**(405)**
Net interest	(950)	(353)

Financial income and financial costs

Amounts in NOK million	2023	2022
Net foreign currency gains	4	2
Other financial income	4	1
Total other financial income	**8**	**3**
Interest pensions incl. hedging[1]	(72)	(23)
Other financial costs[2]	(90)	(40)
Total other financial costs	**(162)**	**(63)**
Total other financial items	**(154)**	**(60)**

1 Includes hedging of the pension plan for employees with salaries over 12G.

2 The increase in "Other financial costs" is related to a write-down of a convertible loan in connection with an investment in Orkla's venture portfolio (NOK 26 million) and a discount effect related to a convertible loan in Orkla Real Estate (NOK 19 million).

Reconciliation against cash flow for financial income and financial costs

Amounts in NOK million	2023	2022
Items without cash flow effect:		
Interest pensions excl. hedging	99	(13)
Change in fair value recognised as financial income/financial costs	(6)	(10)
Total items without cash flow effect for financial income and financial costs; see cash flow statement	**93**	**(23)**

Note 16 Taxes

Accounting policies

Deferred tax liabilities and assets are calculated in accordance with IAS 12. Deferred tax assets relating to unused tax losses and other deductible 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. In addition, a provision is made for deferred tax on undistributed earnings in foreign subsidiaries where only corporate tax is payable on distributions, when a dividend is expected to be paid in the foreseeable future.

Deferred tax liabilities and 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.

Estimate uncertainty

The analysis and assessment of the recognition of uncertain deferred tax assets, such as the carry forward of unused tax losses and other deductible temporary differences are based on the business's strategy and plans, including estimated future surpluses and taxable temporary differences. These assessments will also be affected by uncertainty related to economic assumptions, as well as new tax rules and the way they are interpreted.

Orkla's group companies are seldom involved in lawsuits, disputes and claims related to their tax positions. A provision for tax is recognised when a negative outcome cannot be ruled out, and a reliable estimate can be made.

Tax expense

Amounts in NOK million	2023	2022
Profit/loss before taxes	6 966	7 345
Current tax expense	(1 282)	(2 017)
Change in deferred taxes	(263)	(60)
Total tax expense	**(1 545)**	**(2 077)**
Tax as % of "Profit/loss before taxes"	22.2%	28.3%
Tax as % of "Profit/loss before taxes" adjusted for associates	30.1%	32.0%

Orkla's effective tax expense adjusted for associates was reduced by 1.9 percentage points, from 32.0% in 2022 to 30.1% in 2023. The lower tax rate in 2023 is due to a significant reduction in resource rent tax for the energy operations. Disregarding the resource rent tax, the tax rate increased by 3.2 percentage points for the year. This is mainly due to the write-down of the business in Orkla Foods Česko a Slovensko, taxable dividends from subsidiaries and an increase in the country-weighted tax rate.

OECD and G20's Pillar 2 project

The Pillar 2 legislation has been implemented (or to a large extent implemented) in most of the jurisdictions in which the Orkla group has operations. The legislation is effective for the group's financial year, which begins on 1 January 2024. The group is in the target group for implementation of the legislation, and has made an initial assessment of the group's potential exposure to income tax under Pillar 2. Orkla has received confirmation that the temporary exemption rules may be applied for virtually all Orkla jurisdictions (i.e. by using the already implemented Country-by-Country Reporting). Orkla will therefore utilise the temporary exemption for recognition of deferred tax liability under the Pillar 2 model rules, without significant effect.

The assessment of potential Pillar 2 exposure to income tax is based on the Country-by-Country Reporting of the companies in the group. Based on this assessment, the effective tax rates in most jurisdictions exceed 15%. However, there are a limited number of jurisdictions where Orkla most probably cannot apply the exemption rules, and the Pillar 2 effective tax rate is close to 15%. The group does not anticipate any significant exposure to Pillar 2 taxes in these jurisdictions.

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	2023	2022
Norwegian tax rate on profit before taxes	(1 533)	(1 616)
Associates and joint ventures	404	189
Deferred tax on undistributed earnings in associates	(12)	(6)
Foreign operations with tax rates other than the Norwegian tax rate	27	69
Tax legislation amendments	(14)	4
Winding-up Orkla Russia	7	(24)
Windfall tax	(14)	(11)
Taxable dividend Estonia and Latvia	(55)	0
Non-deductible transaction expenses	(27)	(19)
Non-taxable gain on sale of companies	0	7
Gradual acquisition of Lofoten Marine Oil / Nói Síríus	0	6
Other non-deductible expenses / non-taxable income	(25)	(6)
Recognised deferred tax assets this year, previously unrecognised	69	34
Unrecognised deferred tax assets	(65)	(67)
Correction previous years' taxes	(35)	24
Reversal of net deferred tax liability	(2)	25
Economic resource rent tax	(260)	(683)
Other taxes payable	(10)	(3)
The Group's total tax expense	**(1 545)**	**(2 077)**

1 Incl. the write-down of property, plant and equipment in Orkla Foods Česko a Slovensko

Orkla's tax bases in the Nordic countries and India are substantial. Ordinary tax rates for companies domiciled in Norway and Denmark were 22%, Sweden 20.6%, Finland 20% and India 25.2% in 2023.

Orkla's operations in countries with tax rates other than 22% make a net contribution towards reducing total tax expense. In 2023, the effect of this contribution was a net reduction of NOK 27 million in total tax expense, of which the Swedish and Finnish subsidiaries accounted for NOK 16 million and NOK 15 million, respectively, while India's tax rate of 25.2% substantially increased tax expense.

In addition, a change in tax rates, primarily in the Czech Republic, from 19% in 2023 to 21% in 2024, increased tax expense by NOK 14 million.

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 55 million, of which NOK 12 million was recognised in the income statement in 2023.

Taxable dividends were received from subsidiaries in the Baltics, resulting in NOK 55 million in company income tax.

In 2023, Orkla incurred substantial acquisition and restructuring costs, of which a significant portion was not tax-deductible.

The change in unrecognised deferred tax assets totalling NOK 65 million is mainly ascribable to unrecognised deferred tax assets related to the write-down of the business in Orkla Foods Česko a Slovensko and tax losses in the Netherlands and the UK. Recognition of previous years' unrecognised deferred tax assets totalling NOK 69 million primarily concerns the recognition of losses carried forward in Poland, the USA, Spain and Guernsey.

The group operates in the hydro power industry which is subject to a special tax regime in Norway. In 2023, the resource rent tax was NOK 260 million, which means that the group's resource rent tax accounted for 5.3 percentage points of the effective tax rate, adjusted for associates, of 30.1%.

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	2023	2022
Hedging reserve in equity	(3)	(3)
Intangible assets	1 623	1 571
Property, plant and equipment	594	528
Net pension liabilities	(224)	(201)
Accrual funds, gain and loss tax deferral	352	345
Leases	(45)	(46)
Other non-current items	243	96
Total non-current items	**2 540**	**2 290**
Provisions and other current items	(34)	(105)
Interests carried forward	(54)	(5)
Tax losses carried forward	(222)	(202)
Net deferred tax liabilities	**2 230**	**1 978**
Deferred tax hydropower tax regime[1]	15	(7)
Deferred tax assets, not recognised	179	184
Net deferred tax liabilities	**2 424**	**2 155**
Change in deferred tax liabilities	(269)	(200)
Change in deferred tax hedging reserve taken to comprehensive income	(1)	12
Change in deferred tax actuarial gains and losses pensions taken to comprehensive income	(31)	92
Acquisition/sale of companies, reclassification etc.	158	89
Hedging of net investments in foreign operations	(120)	(53)
Change in deferred tax in the income statement	**(263)**	**(60)**

1 Deferred tax liabilities and assets related to hydro power taxes have been recognised gross for each power plant.

Net deferred tax presented in the statement of financial position

Amounts in NOK million	2023	2022
Deferred tax liabilities	2 482	2 241
Deferred tax assets	58	86
Net deferred tax liabilities	**2 424**	**2 155**

Losses carried forward by expiry date

Tax losses carried forward totalling NOK 894 million constitute a deferred tax asset of NOK 223 million, of which NOK 101 million has been recognised. Unrecognised tax losses carried forward amount to NOK 496 million. A total of NOK 457 million of these losses have no expiry date, NOK 6 million expire from 2030 onwards, NOK 32 million expire in the period 2027–2029 and NOK 1 million expire in the period 2024–2026. Furthermore, non-deductible interests totalling NOK 165 million in Norwegian companies and NOK 63 million in the US business were carried forward.

Amounts in NOK million	2023	2022
2023		46
2024	21	2
2025	0	0
2026	0	5
2027	2	35
2028	15	28
2029	38	41
2030 or later	17	20
Without expiry date	801	659
Total tax losses carried forward	**894**	**836**

Tax-deductible temporary differences with corresponding deferred tax assets

Amounts in NOK million	Deductible temporary differences	Recognised deferred tax assets	Unrecognised deferred tax assets	Total deferred tax assets
Tax losses carried forward:				
Spain	210	15	38	53
USA	191	54	0	54
Netherlands	105	0	27	27
UK	102	0	25	25
Guernsey	63	14	0	14
The Nordic countries	59	10	2	12
Germany	40	0	12	12
Iceland	37	0	7	7
Singapore	33	0	6	6
Poland	20	4	0	4
Others	34	4	5	9
Total tax losses carried forward	**894**	**101**	**122**	**223**
Other tax-deductible temporary differences	1 676	305	57	362
Total tax-deductible temporary differences	**2 570**	**406**	**179**	**585**
Netted deferred tax	(1582)	(348)	0	(348)
Net tax-deductible temporary differences	**988**	**58**	**179**	**237**

Deferred tax assets are only recognised 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 and Finnish tax groups have utilised all available tax losses carried forward and were liable to tax in 2023, but a substantial part of the interest expenses were not tax-deductible due to lack of taxable income.

The UK tax group has also utilised substantial tax losses in 2023, and have carried the remainder forward.

Breakdown by country of tax payable recognised in the income statement

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	2023	2022
Norway	437	1 426
Sweden	167	163
Denmark	179	111
Finland and Iceland	154	108
Rest of world	345	209
Current tax expense in the income statement	**1 282**	**2 017**

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 externally owned shares 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. If gains or losses related to sale/purchase of associates and joint ventures or major profit or loss effects related to abnormal tax conditions are reported, adjustments will also be made for them.

Orkla has a share option programme for senior executives that could give rise to a minor dilutive effect for other shareholders. "Earnings per share" and "earnings per share (adj.)" are therefore presented both with and without a dilutive effect. Any dilutive effect will be calculated as the difference between the number of shares that can be acquired by exercising outstanding options and the number of shares that could have been acquired at fair value for the remuneration that is paid for shares that can be acquired based on outstanding options. Fair value is calculated on the basis of the average trading price of the Orkla share for the period in question.

Amounts in NOK million	2023	2022
Profit/loss attributable to owners of the parent	5 196	5 019
Adjustments in earnings per share (adj.) attributable to owners of the parent:		
Other income and expenses after tax	573	427
Adjusted profit/loss attributable to owners of the parent	**5 769**	**5 446**
Average externally owned shares (1,000 shares)	997 449	996 876
Average externally owned shares, diluted (1,000 shares)	997 491	996 880
Earnings per share (NOK)	5.21	5.04
Earnings per share, diluted (NOK)	5.21	5.04
Earnings per share (adj.) (NOK)	5.78	5.46
Earnings per share (adj.), diluted (NOK)	5.78	5.46

Adjustments in earnings per share (adj.)
Earnings per share (adj.) are adjusted for "Other income" and "Other expenses" after estimated tax related to these two financial statement items. Items included in "Other income" and "Other expenses" are disclosed in Note 14. Effective tax related to these financial statement items was lower than the group's tax rate in both 2023 and 2022, mainly because the expensed M&A expenses and write-downs of property, plant and equipment in Orkla Foods Česko a Slovensko had no tax effect. In 2022, the write-down of the business in Russia had no tax effect. Non-taxable income increases the tax rate for "Other income" and "Other expenses" slightly in both years. The effective tax rate was 17% in both 2023 and 2022.

No adjustments were made for items presented under Orkla's operating profit in 2023 or 2022.

Dilutive effect
There was an estimated dilutive effect related to the option programme as at 31 December in both 2023 and 2022.

Note 18 Impairment assessments

Accounting policies

The portfolio companies in Orkla carry out annual impairment tests in the third quarter of goodwill and intangible assets with an indefinite useful life that are not depreciated on a regular basis. If there are special indications of a reduction in value, impairment testing is carried out more frequently.

Orkla uses assets' estimated value in use as recoverable amounts in write-down assessments. The value in use is calculated by identifying and discounting cash flows related to the assets. Future cash flow is based on specified assumptions (see separate tables in this note) and plans adopted by the cash-generating units. If the discounted value of future cash flows is lower than the capitalised value, the assets are written down to the recoverable amount. If a reasonably possible change in a material assumption could give rise to a write-down or a further write-down, a further sensitivity analysis will be carried out to check the calculation.

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.

Impairment testing and write-downs

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 Notes 19, 20 and 21. 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).

Write-downs

The write-downs are broken down as follows between Orkla's segments:

Amounts in NOK million	2023	2022
Orkla Foods Europe	(232)	(21)
Orkla Food Ingredients	-	(4)
Orkla Confectionery & Snacks	-	(10)
Orkla Health	-	(48)
The European Pizza Company	(97)	-
Orkla House Care	-	(64)
Total write-downs	**(329)**	**(147)**

Consolidated portfolio companies incl. HQ

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.

Write-downs totalling NOK 329 million were taken in 2023. The write-downs for Orkla Foods Europe amounted to NOK 232 million. The largest write-down was a write-down of NOK 188 million in Orkla Foods Česko a Slovensko (OFCaS), where a major restructuring process is currently ongoing. A trademark in OFCaS was also written down by NOK 36 million. In connection with the closure of the Naturli' café in Oslo, property, plant and equipment were written down by a total of NOK 7 million.

In 2023, write-downs of NOK 62 million were taken on goodwill related to the German pizza chains in the European Pizza Company. In addition, intangible assets of NOK 34 million were written down in connection with closed pizza restaurants in Germany.

In 2022 a write-down of NOK 64 million was taken on the Harris trademark in House Care UK, as well as write-downs of four minor brands in Orkla Health totalling NOK 48 million. In addition, means of production in Orkla Confectionery & Snacks Sweden were written down by NOK 10 million. In March 2022, Orkla decided to end its ownership of its Russian business Hamé Foods ZAO, and in that connection property, plant and equipment were written down by NOK 21 million.

The write-downs are presented on the financial statement line "Other expenses" in the income statement. Further information on write-downs taken in 2023 and 2022 is disclosed in Note 14.

There were otherwise no indications of any impairment in the value of the group's assets as at 31 December 2023; see also the section on "Sensitivity" in this note.

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.

Market growth in 2023 was impacted by high inflation and rising interest rates. This has reduced buying power and slowed down growth in consumption in most of the markets in which Orkla operates. The situation will be monitored closely going forward to determine whether this will result in indications of a need for write-downs for any of the group's businesses.

Cash-generating units
A cash-generating unit (CGU) is the lowest level at which independent cash flows can be measured. An overview of book goodwill and trademarks related to the largest CGUs for each segment is presented in separate tables in this note.

The segments in Orkla are disclosed in Note 7.

Distribution of goodwill and trademarks

	Goodwill		Trademarks (non depreciable)	
Amounts in NOK million	2023	2022	2023	2022
Orkla Foods Europe	6 702	6 389	2 341	2 316
Orkla Food Ingredients	4 250	3 990	5	5
Orkla Confectionery & Snacks	3 699	3 211	2 377	2 113
Orkla Health	5 843	5 665	1 508	1 460
Orkla India	1 327	1 294	813	792
Orkla Home & Personal Care	825	770	68	64
The European Pizza Company	2 716	2 583	766	713
Orkla House Care	539	519	90	90
Health and Sports Nutrition Group	294	275	122	115
Pierre Robert Group	44	41	19	18
Lilleborg	18	18	0	0
Total consolidated Portfolio Companies	**26 258**	**24 755**	**8 108**	**7 686**
Headquarters and Business Services/Eliminations	(62)	(62)	0	0
Consolidated Portfolio Companies incl. Headquarters and Business Services	**26 196**	**24 693**	**8 108**	**7 686**
Financial Investments	0	0	0	0
Orkla	**26 196**	**24 693**	**8 108**	**7 686**

Assumptions
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 the coming 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 6.8% after tax (6.3% in 2022), 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 8.7% (8.1% in 2022).

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 and the level of inflation depending on the particular value being calculated.

Sensitivity
The estimated value determined in the impairment tests is clearly higher than the book value of most of the trademark and goodwill items in the group. There may be uncertainty attached to trademarks and goodwill items in recently acquired companies,

as these businesses have higher carrying values in relation to fair values than companies that have been in the group for a long time. Based on the assumptions and expectations applied in both the acquisition cases and future plans, however, these businesses justify their capitalised value as at 31 December 2023.

Key assumptions for assessing the future performance of the group's consolidated portfolio companies are disclosed in the tables on the following pages. The most important assumption in assessing the value of the portfolio companies is deemed to be the future EBIT (adj.) performance. EBIT (adj.) is defined in Note 1. Several factors affect EBIT (adj.) performance, and important factors are presented in the tables on the following pages. Growth in the terminal value and WACC used are also regarded as important assumptions. Orkla Confectionery & Snacks Latvija and the German pizza chains in New York Pizza are considered to be most sensitive to changes in these important assumptions. This is elaborated in the next paragraphs.

Immediately following the acquisition of New York Pizza in 2021, the German pizza chains Stückwerk, Flying Pizza and Pizza Planet were purchased. These pizza chains have not delivered a satisfactory performance since they were acquired, and restructuring has been carried out entailing the closure of unprofitable pizza restaurants. In 2023 impairment tests were carried out, as a result of which goodwill related to the businesses was written down by NOK 62 million. Book goodwill amounted to NOK 133 million after the write-down. Future performance will be closely monitored in relation to anticipated profit performance. In the impairment test carried out as at 31 December 2023, a reduction of 2.5% to 1.5% growth in the terminal value will result in a write-down of under NOK 20 million, while an increase of 0.5 percentage points in WACC before tax will result in a write-down of approximately NOK 10 million. A reduction of 1 percentage point in the forecast period and in the terminal value for the EBIT (adj.) margin will result in a write-down of under NOK 10 million.

The performance of Orkla Confectionery & Snacks Latvia has been weaker than expected since the company was acquired. 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. An impairment test was carried out in the third quarter of 2023, which shows an excess value of 7% (approx. NOK 90 million) in relation to book value. This was updated in another review as at 31 December 2023. In the impairment test carried out as at 31 December 2023, a decline from 1.5% to 0.5% growth in the terminal value for Orkla Confectionery & Snacks Latvia will result in a write-down of under NOK 10 million, while an increase in WACC before tax of 1.0 percentage points will result in a write-down of approx. NOK 55 million. A fall of 1 percentage point in the forecast period and in the terminal value for the EBIT (adj.) margin will result in a write-down of approx. NOK 40 million. This picture could quickly change as it depends on the company's expected future profit performance.

As regards the other CGUs, changes in assumptions equivalent to those described in the paragraph above will not result in material write-downs.

The goodwill and trademark items for Orkla's portfolio companies are shown in the tables on the following pages.

Geopolitical uncertainty
Macroeconomic and geopolitical conditions have changed significantly in the past few years, impacting on interest rate levels, currency exchange rates and global goods flows. Prices and availability of factor inputs for the companies still pose a significant risk. The trend of rapidly increasing prices for raw materials slowed in 2023, but developments are still polarised across categories and companies. Orkla has little exposure to the conflict in the Red Sea, but it could have general effects on transport and energy costs and goods delivery times.

Future risk of changes in operating parameters
Financial assessments and estimated uncertainty related to climate risk are disclosed in Note 3. Expected developments related to climate risk are therefore elements taken into consideration both when assessing indicators of a need for a write-down and when testing for impairment. Assessments were carried out of the impact of climate risk in each portfolio company in connection with impairment testing. Climate risk for the various consolidated portfolio companies is disclosed in the tables on the following pages. The tables show the specific risks related to each portfolio company.

At the end of 2023, no material climate risk had been identified in the year's tests that have resulted in write-downs due to climate-related impacts. However, there is uncertainty in this connection and the assessments may be changed in future. Nor have any "stranded assets" been identified that would result in a change in anticipated life and residual value.

Key assumptions for estimating future performance

Orkla Foods Europe (OFE)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2023	2022	2023	2022
Units in segment	OF Norway	3 545	3 545	1 260	1 260
	OF Sweden	1 603	1 497	421	392
	OF Denmark	472	442	67	63
	OF Finland	186	174	2	2
	OF Baltics	64	60	51	48
	OF Central Europe	832	671	540	551
	Total	**6 702**	**6 389**	**2 341**	**2 316**

		2023	2022
	Total capital employed 31 December	16 233	16 352
	EBIT (adj.)	2 259	1 973

Factors that affect EBIT (adj.):	
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. Unstable markets after coronavirus pandemic, climatic conditions and growing political unrest have resulted in higher-than-normal risk linked to future raw material, packaging and energy prices.
Production sites	Production is carried out in the Nordics, Baltics, Austria, Czech Republic and Hungary.
Gross profit is based on past performance, adjusted for future expectations	Gross profit is affected by innovations, productivity, retail chain price negotiations, energy and raw material prices. There is higher-than-normal uncertainty as to both energy and raw material prices due to unstable markets in the aftermath of the coronavirus pandemic and the ongoing war in Ukraine.
Customisation and ability to develop products in collaboration with customers	Keeps ongoing track of consumer trends and works continuously to seek growth and development in existing and new segments.
Economic conditions and market outlook	Markets and turnover are expected to remain relatively normal – the business is generally little affected by market trends, but during periods of major price changes volume may be affected somewhat.
Climate risk	As a food-producing company, the business's factor inputs are highly exposed to agriculture. Rising temperatures and more extreme weather phenomena may affect the availability of different raw materials because farming and harvests will increasingly be affected by weather and climate. This trend is monitored closely both locally and centrally. To address these challenges, there is focus on learning more about how to develop and drive procurement from production systems that are more resilient to climate change. OFE's procurement departments collaborate closely with suppliers to ensure that the latter have robust sustainability strategies. OFE also seeks to diversify its sources and uses third-party certifications to secure sustainably produced raw materials that promote better farming practices. The business's ability to source resources globally is an important mitigating factor, and efforts are made to develop flexible recipes that can be used if necessary. This makes it possible to vary suppliers and product origins depending on the climate situation. In impairment tests, expected changes in future raw material prices were used and known current factors have been taken into account.
Terminal value	Growth 1.5% for all cash-generating units.
WACC	OF Norway 8.7%, OF Sweden 8.6%, OF Denmark 8.7%, OF Finland 8.8%, OF Baltics 9.3%, OF Central Europe 9.1-9.6%
Factors that affect the discount rate	Operate mainly in the Nordic and Baltic markets, as well as in Austria, Czech Republic, Slovakia and Hungary. Industry risk is regarded as low and budgets are made in local currencies.

Key assumptions for estimating future performance

Orkla Food Ingredients (OFI)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2023	2022	2023	2022
Units in segment	Bakery Nordics	933	867	-	-
	Bakery Europe (excl. Nordics)	521	480	-	-
	Sweet Ingredients	2 558	2 420	-	-
	Plant based	238	223	5	5
	Total	**4 250**	**3 990**	**5**	**5**

		2023	2022
	Total capital employed 31 December	9 983	9 262
	EBIT (adj.)	1 166	853

Factors that affect EBIT (adj.):	
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: vegetable oil, dairy products, molasses, sugar and flour.
Production sites	Own production mainly in the Nordic region, but also in the Netherlands, Poland, the UK, Romania, Portugal and at some small manufacturing units in Central and Eastern Europe. A manufacturing company was recently also acquired in the USA.
Gross profit is based on past performance, adjusted for future expectations	Gross profit is affected by companies' competitive strength in delivery of products and services. This strength is supported by the 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	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 the past few years, OFI has focused on sustainability, and its portfolio includes a growing share of plant-based and other products.
Economic conditions and market outlook	OFI was impacted by the coronavirus pandemic in 2020-2021 and to some extent in early 2022, but has had normal activity in 2023. 2022 and 2023 were affected by high inflation, which impacted on raw material prices, and thus selling prices. Demand is mainly expected to be safe in future since the products supplied by OFI are "basic goods" in the bakery and ice cream ingredients segments, and plant-based products. But there is some uncertainty attached to short-term demand due to the uncertain economic situation in many of OFI's markets as a result of high inflation and reduced consumer purchasing power.
Climate risk	Risk related to climate change can impact OFI as a food industry player. Estimated temperature increases, changes in precipitation patterns or other extreme weather conditions can have a negative effect on harvests and raw material availability, which can affect food prices and thus the food industry. Any climate-related disruption of food distribution and transport, international or domestic, can have significant consequences, not just in terms of safety and quality, but also on food availability. As a global supplier of food ingredients with a high consumption of raw materials such as grains, sugar and oils, OFI tracks potential risks and seeks to reduce risk by having a broad and diversified group of suppliers. Despite risk-mitigating measures, unforeseen global or local supply chain interruptions can affect OFI's capacity to supply its customers, a situation that can result in loss of sales and earnings. Should this occur, it will probably affect the entire food industry and not be limited to OFI. Climate risk is therefore not expected to have a substantial negative impact on OFI's competitive position in the market in the next 3-5 years. By being a local player and partner, with an extensive network, OFI can be even better positioned than some other large food industry players that have more complex global supply chains without local connections. In impairment tests, expected changes in raw material prices were used and account was taken of known current factors.
Terminal value	Growth 1.5% for all cash-generating units.
WACC	Bakery Nordics 8.6-8.7%, Bakery Europe 9.0-11.0%, Sweet Ingredients 8.6-9.7%, Plant based 8.7%
Factors that affect the discount rate	Operates in 23 countries, primarily in Europe. Also has operations in the USA; moderate industry risk; budgets in local currency.

Key assumptions for estimating future performance

Orkla Confectionery & Snacks (OC&S)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2023	2022	2023	2022
Units in segment	OC&S Norway	534	534	201	201
	OC&S Sweden	1177	819	531	372
	OC&S Denmark	671	627	459	430
	OC&S Finland	664	622	822	769
	OC&S Iceland	118	109	64	60
	OC&S Latvia	535	500	238	222
	OC&S Estonia		-	62	58
	Total	**3 699**	**3 211**	**2 377**	**2 112**
			2023		2022
	Total capital employed 31 December		10 328		8 690
	EBIT (adj.)		1 013		989

Factors that affect EBIT (adj.):	
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: sugar, potatoes, nuts, cocoa, flour, vegetable oil, spices, milk powder and packaging.
Production sites	Production primarily takes place 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. Raw material prices are expected to rise in the short term.
Customisation and ability to develop products in collaboration with customers	OC&S tracks consumer trends – growth is expected in existing segments.
Economic conditions and market outlook	Markets and turnover are expected to remain normal – OC&S is generally little affected by market trends.
Climate risk	As a producer of snacks, confectionery and biscuits, OC&S has high consumption of raw materials such as sugar, potatoes, nuts, cocoa, flour and vegetable oils. In the short term, extreme weather can have a substantial impact on raw material prices and availability, but the impact of extreme weather on production capacity is regarded as low and is dealt with by an emergency contingency plan for each factory. Global climate change can also affect raw material prices in the long run. In the impairment tests, expected raw material price changes have been used and account has been taken of known short-term factors. Sustainable products are an increasingly relevant factor for consumers, with a gradual shift towards more sustainable packaging and more sustainable products (e.g. no palm oil). At present, climate risk is not considered to entail a material financial risk for the OC&S businesses. Potential climate risks are continuously monitored at both central and local level to ensure proactive management and rapid response to any new challenges.
Terminal value	Growth 1.5% for all cash-generating units.
WACC	OC&S Norway 8.7%, OC&S Sweden 8.6%, OC&S Denmark 8.7%, OC&S Finland 8.8%, OC&S Iceland 10.1%, OC&S Latvia 9.3%, OC&S Estonia 9.3%
Factors that affect the discount rate	Operates mainly in the Nordic and Baltic markets; low industry risk; budgets are in local currency.

Key assumptions for estimating future performance

Orkla Health (OH)

Amounts in NOK million	Units	Goodwill 2023	Goodwill 2022	Trademarks 2023	Trademarks 2022
Units in segment	OH Group	1 968	1 883	701	681
	Healthspan	548	502	198	181
	NutraQ	2 693	2 676	400	400
	Riemann	336	315	90	84
	Orkla Wound Care	298	289	119	114
	Total	**5 843**	**5 665**	**1 508**	**1 460**
			2023		2023
	Total capital employed 31 December		9 275		9 006
	EBIT (adj.)		851		736

Factors that affect EBIT (adj.):	
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: crude oil, chemicals, fish oil, milk protein, vitamins, plastic packaging, plastic components, cardboard and paper-based packaging and tensides.
Production sites	The portfolio company has its own production of dietary supplements, oral care products, sunscreens and anti-perspirants in Norway and Denmark. It also has own production of oral care products in Malaysia. Wound care products are manufactured in Spain and Norway. In addition, Orkla Health and NutraQ purchase goods for resale primarily from Europe.
Gross profit is based on past performance, adjusted for future expectations	Gross profit is affected by innovations, productivity, retail chain price negotiations, raw material prices and inflation. Increases in raw material prices, especially fish oil prices, and inflation are expected at the start of 2024.
Customisation and ability to develop products in collaboration with customers	Orkla Health tracks consumer trends – growth is expected in existing segments.
Economic conditions and market outlook	Orkla Health is generally relatively little affected by market trends, but will be impacted by major fluctuations. The war in Ukraine has contributed to value chain disruptions, including higher energy and freight costs. The short-term negative implications are uncertain, but are expected to level off in the long term.
Climate risk	The increased frequency and severity of extreme weather events can disrupt operations, damage infrastructure and cause impacts on the supply chain in the form of higher transport costs or delivery delays. Earnings can be diminished due to a lack of warehoused goods for sale, or lower margin contributions due to higher raw material prices. There is a growing scarcity of key raw materials, including Omega-3 and fish oil. Proactive steps are being taken to ensure availability through an increased presence and upstream investments in the value chain. Harvesting of cotton, a key raw material in the wound care category, is affected by drought and precipitation. A poor harvest leads to a shortage of raw material. However, the risk is not considered to entail a greater impact on the Orkla Health portfolio than on other comparable companies. Known short-term factors, such as higher raw material prices for Omega-3 and fish oil, are taken into account in the calculations in impairment tests. Risk related to political conditions, such as higher taxes on greenhouse gas emissions, is reduced through Orkla's long-term, systematic efforts to reduce emissions. At present, climate risk is not considered to pose a material financial risk to the Orkla Health businesses.
Terminal value	Growth 1.5% for all cash-generating units.
WACC	OH Group 8.7%, Healthspan 9.1%, NutraQ 8.7%, Riemann 8.7%, Orkla Wound Care 8.6%
Factors that affect the discount rate	Operates mainly in the Nordic markets and the UK, the Baltics, Poland and Spain; low industry risk, budgets in local currency.

Key assumptions for estimating future performance

Orkla India

Amounts in NOK million	Units	Goodwill 2023	Goodwill 2022	Trademarks 2023	Trademarks 2022
	Orkla India	**1327**	**1 294**	**813**	**792**

		2023	2022
	Total capital employed 31 December	2 709	2 512
	EBIT (adj.)	386	303

Factors that affect EBIT (adj.):	
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: spices and other additives, dairy products, grains, nuts and seeds, sugar, vegetable oils and paper, plastic and metal packaging.
Production sites	MTR Foods has four factories in two different states in India (in addition to using third-party production which accounts for around 15% of total volume), while Eastern Condiments has seven factories in four different states in India.
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. Raw material prices will normally be expected to rise somewhat over time in line with general inflation.
Customisation and ability to develop products in collaboration with customers	Orkla India tracks consumer trends and continuously seeks growth and development in existing and new geographies, channels and segments.
Economic conditions and market outlook	Markets and turnover are expected to remain relatively good, and Orkla India is generally little affected by market trends.
Climate risk	Climate risk can impact the business, in the same way as all other food-producing companies. India is a very large country with different climate zones that to varying degrees are vulnerable to flooding, heat waves, drought, etc. Anticipated temperature rises and other extreme weather conditions can impact negatively on agricultural productivity and can affect both raw material prices and availability. Any climate-related disruption of food distribution and transport can have consequences for both food safety and quality, but also availability of food. The situation is monitored continuously and Orkla India is considered to be only moderately exposed to such risk. In impairment tests, expected changes in future raw material prices were used and account was taken of known current factors.
Terminal value	Growth 5.5%[1]
WACC	12.7%
Factors that affect the discount rate	Operates mainly in India, and exports to the Middle East, USA, Canada, Australia, New Zealand, Japan and Southeast Asia. Industry risk is considered low to medium and budgets are in local currency.

1 Estimated value in use of Orkla India would also have shown good excess value in relation to book value with a growth rate in terminal value equivalent to other cash-generating units in Orkla (1.5% and 2.5%)

Key assumptions for estimating future performance

Orkla Home & Personal Care (OHPC)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2023	2022	2023	2022
	Orkla Home &Personal Care	**825**	**770**	**68**	**64**

		2023	2022
	Total capital employed 31 December	1 449	1 447
	EBIT (adj.)	225	152

Factors that affect EBIT (adj.):	
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: chemicals, tensides, plastic packaging, plastic components, cardboard and paper-based packaging.
Production sites	Own production is carried out in the Nordic region. OHPC has own production in Norway (Ski) and Sweden (Falun). In addition, OHPC purchases goods for resale primarily from Europe.
Gross profit is based on past performance, adjusted for future expectations	Gross profit is affected by innovations, productivity, retail chain price negotiations, raw material prices and inflation. Stable growth in raw material prices is expected at start of 2024, with somewhat negative currency effects.
Customisation and ability to develop products in collaboration with customers	OHPC tracks consumer trends – growth expected in existing segments.
Economic conditions and market outlook	OHPC is generally relatively little affected by economic trends, but will be impacted by major fluctuations. The Ukraine war has contributed to value chain disruption, including increased energy and freight costs. The short-term negative implications are uncertain, but are expected to level off in the long term.
Climate risk	OHPC is exposed to climate risk related to supplier challenges and changing consumer trends. Climate risk deriving from extreme weather is assessed as moderate since production plants are largely located in the Nordic region. Risk associated with political conditions such as higher taxes on greenhouse gas emissions is mitigated through Orkla's long-term, systematic climate work, including efforts to reduce emissions. As of now, climate risk is not considered to entail a material financial risk for the OHPC businesses. In the impairment tests, expected changes in future raw material prices were used and account was taken of known current factors.
Terminal value	Growth 1.5%
WACC	8.7%
Factors that affect the discount rate	Operates mainly in the Nordic markets; low industry risk; budgets in local currency.

Key assumptions for estimating future performance

The European Pizza Company (TEPC)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2023	2022	2023	2022
Units in segment	Kotipizza	1 335	1 249	480	449
	New York Pizza	1 187	1 166	234	219
	Da Grasso	194	168	52	45
	Total	**2 716**	**2 583**	**766**	**713**
			2023		2022
	Total capital employed 31 December		4 308		3 992
	EBIT (adj.)		268		222

Factors that affect EBIT (adj.):	
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: Cheese, flour, tomatoes, meat (ham, salami, pepperoni and chicken).
Production sites	New York Pizza produces pizza dough in the Netherlands for its own operations and external customers. Kotipizza, New York Pizza and Da Grasso are mainly franchisors of pizza concepts and wholesalers for their franchisee network and certain external customers.
Gross profit is based on past performance, adjusted for future expectations	Gross profit is primarily affected by sales from restaurants, raw material and consumer prices, and innovation and operational efficiency.
Customisation and ability to develop products in collaboration with customers	Product development is managed locally in all markets to meet local tastes and trends. Growth is expected in existing pizza segments.
Economic conditions and market outlook	In general, TEPC is relatively little affected by economic trends due to the resilience of the pizza segment. However, high inflation and anticipated lower purchasing power in most markets is expected to reduce demand for several companies in the short term.
Climate risk	Climate change risk is regarded as moderate for TEPC. Drought and heat waves can have a negative impact on the availability and prices of key raw materials such as tomatoes and wheat. Rising temperatures can also result in higher prices for important factor inputs such as energy. Political factors such as higher taxes on greenhouse gas emissions and commercial factors such as changes in customer preferences may generate further financial risk. To address these risks, TEPC works systematically to reach the target of net zero emissions and focuses on using renewable energy sources. TEPC also focuses on contingency planning in the supply chain and future-oriented product development in its business units. For the present, climate risk is not considered to pose a material financial risk for TEPC. In impairment tests, expected changes in raw material prices were used and account was taken of known short-term factors.
Terminal value	Growth 2.5% for all cash-generating units.
WACC	Kotipizza 8.8%, New York Pizza 9.2-9.7%, Da Grasso 11.0%.
Factors that affect the discount rate	Operates mainly in Finland, the Netherlands, Germany and Poland; moderate industry risk; budgets in local currency.

Key assumptions for estimating future performance

Orkla House Care (OHC)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2023	2022	2023	2022
Units in segment	Orkla House Care Norway	233	233	90	90
	Orkla House Care Benelux	304	284	-	-
	Orkla House Care UK	2	2	-	-
	Total	**539**	**519**	**90**	**90**

		2023	2022
	Total capital employed 31 December	1 106	1 122
	EBIT (adj.)	151	102

Factors that affect EBIT (adj.):	
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: plastic packaging, plastic components, cardboard and paper-based packaging,
Production sites	Primarily own production in the Nordics, the UK and China for Orkla House Care.
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. OHC has seen significant inflation in both raw material prices and energy costs that is compensated for through price increases.
Customisation and ability to develop products in collaboration with customers	Orkla House Care tracks consumer trends – growth is expected in existing segments.
Economic conditions and market outlook	Orkla House Care sells in several markets which largely limits the impact of economic trends. However, high interest rates and anticipated lower purchasing power in most markets are expected to reduce demand for several companies in the short term.
Climate risk	Climate risk is generally considered to be moderate-to-low in the short term in the business. In the medium-to-long term, significant climate changes such as drought could result in reduced availability of certain raw materials such as wood, and as a result potentially higher material costs. As a risk-mitigating measure, OHC uses several different raw material suppliers. At present, climate risk in itself is not considered to entail a material financial risk for OHC, but resultant changes in statutory requirements, market demands and customer demands entail a certain risk. In impairment tests, expected changes in raw material prices were used and account was taken of known current factors.
Terminal value	Growth 1.5% for all cash-generating units.
WACC	House Care Norway 8.7%, House Care Benelux 9.3%, House Care UK 9.5%
Factors that affect the discount rate	Operates primarily in the Nordic markets and the UK and Benelux; low industry risk, budgets in local currency.

Key assumptions for estimating future performance

Health and Sports Nutrition Group (HSNG)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2023	2022	2023	2022
	Health and Sports Nutrition Group	**294**	**275**	**122**	**115**
			2023		2022
	Total capital employed 31 December		717		509
	EBIT (adj.)		36		9
Factors that affect EBIT (adj.):					
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: milk protein, vitamins, plastic packaging, plastic components, cardboard and paper-based packaging.				
Production sites	HSNG’s own production is in Sweden and HSNG’s goods for resale are primarily from Europe.				
Gross profit is based on past performance, adjusted for future expectations	Gross profit is affected by innovations, productivity, retail chain price negotiations, raw material prices and inflation. Higher raw material prices and inflation are expected at the start of 2024.				
Customisation and ability to develop products in collaboration with customers	HSNG tracks consumer trends – growth is expected in existing segments.				
Economic conditions and market outlook	HSNG is generally relatively little affected by economic trends, but will be impacted by major fluctuations. The turbulence in the world has contributed to value chain disruptions, including higher energy and freight costs. The negative short-term implications are uncertain, but are expected to level off in the long term.				
Climate risk	HSNG is exposed to climate risk as it can give rise to supplier challenges and changes in consumer trends. Extreme weather can lead to supply chain problems due to higher operating costs or can hamper HSNG’s ability to serve its customers. However, the risk is not considered to be higher for HSNG than for other comparable companies. HSNG sells goods to the Nordic countries, and climate-related risks, such as water scarcity or extreme weather conditions, are considered to be moderate. In the sports nutrition category, whey is one of HSNG’s biggest factor inputs. Whey is purchased from well-known suppliers mainly located in the Nordic region. Due to HSNG’s market position, it is considered that raw material shortage should not have a greater impact on HSNG than on other local competitors. HSNG focuses on understanding consumer trends and seeking to provide more sustainable products. The company also works to reduce its environmental impact by using more sustainable packaging material and greener transport to customers. In impairment tests, expected changes in raw material prices were used, and account was taken of known current factors.				
Terminal value	Growth 1.5%				
WACC	8.6%				
Factors that affect the discount rate	Operates in the Nordic markets; low industry risk, budgets in local currency.				

Key assumptions for estimating future performance

Pierre Robert Group (PRG)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2023	2022	2023	2022
Units in segment	Pierre Robert Norway			5	5
	Pierre Robert Finland	44	41	14	13
	Total	**44**	**41**	**19**	**18**
			2023		2022
	Total capital employed 31 December		246		363
	EBIT (adj.)		26		22
Factors that affect EBIT (adj.):					
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: Cotton, polyamide, wool and cardboard.				
Production sites	Mainly in Italy and China. Pierre Robert Group does not produce its own goods.				
Gross profit is based on past performance, adjusted for future expectations	Gross profit is affected by currency rates, raw material prices, freight rates, retail chain price negotiations and innovations, as well as the company's competitive strength. The aim is to compensate for increases in variable costs through price increases.				
Customisation and ability to develop products in collaboration with customers	Pierre Robert Group tracks consumer trends – moderate growth is expected in existing segments.				
Economic conditions and market outlook	Pierre Robert Group is relatively little affected by economic trends, but expects somewhat lower demand in the short term due to inflation and higher interest rates.				
Climate risk	Extreme weather can reduce availability of raw materials. This can give rise to delays or higher prices, make it necessary to develop products using other materials or to make other changes in the portfolio. All these factors will put pressure on margins. To reduce this risk, PRG has identified several alternative suppliers who can produce its portfolio products. Textile industry players face increasingly stringent requirements aimed at reducing their climate footprint. PRG has worked systematically to promote sustainability for many years, and costs associated with sustainability requirements are taken into account in the forecasts. No significant negative impact on PRG's competitive position in the market is expected in the next 3-5 years.				
Terminal value	Growth 1.5% for all cash-generating units.				
WACC	Pierre Robert Norway 8.7%, Pierre Robert Finland 8.8%				
Factors that affect the discount rate	Operates in Norway, Finland and Sweden. Low industry risk, budgets in local currency.				

Key assumptions for estimating future performance

Lilleborg

Amounts in NOK million	Units	Goodwill 2023	Goodwill 2022	Trademarks 2023	Trademarks 2022
	Lilleborg	**18**	**18**	**0**	**0**

		2023	2022
	Total capital employed 31 December	68	48
	EBIT (adj.)	51	55

Factors that affect EBIT (adj.):	
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: Plastic packaging, plastic components and chemicals.
Production sites	Purchases goods for resale primarily from Europe, in addition to purchasing goods manufactured by OHPC in Norway.
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. Lilleborg has seen significant inflation in both raw material prices and energy costs that is compensated for through price increases.
Customisation and ability to develop products in collaboration with customers	Lilleborg tracks consumer trends – growth is expected in existing segments.
Economic conditions and market outlook	Relatively little affected by economic trends. The advent of private label brands is putting pressure on market shares.
Climate risk	Extreme weather can reduce raw material availability. This can lead to higher prices, or the need to develop products using other materials or to make other changes in the portfolio. All these factors will put pressure on margins. In impairment tests, expected changes in raw material prices have been used and account has been taken of known current factors. The climate change risk is not expected to have a substantial negative impact on the competitive position in the market in the next 3-5 years.
Terminal value	Growth 1.5%
WACC	8.7%
Factors that affect the discount rate	Operates primarily in the Norwegian market; low industry risk, budgets in local currency.

Note 19 Intangible assets

Accounting policies

Intangible assets are capitalised at cost price minus accumulated depreciation and write-downs. Intangible assets with a limited useful life are amortised on a straight-line basis over the assets' useful life.

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 amortised. Other identified trademarks will be amortised over their anticipated useful life, which is normally 5–10 years.

Goodwill is the residual value consisting of the difference between the purchase price and the capitalised value of an acquired company. Capitalised goodwill derives solely from acquisitions in Orkla; see Note 18.

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 essentially means that no projects end in capitalisation.

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.

Orkla expensed NOK 367 million for research and development in 2023 (NOK 314 million in 2022). These costs consist of internal and external costs related to product development. Sustainability is an important element of product development. Research and development costs include measures to reduce salt, sugar and saturated fat in foods, develop healthy products, develop new packaging solutions based on renewable, recycled materials, and utilise new raw materials that promote sustainable consumption.

Intangible assets

Amounts in NOK million	Trademarks, not depreciable	Trademarks, depreciable	Other intangible assets	IT	Goodwill	Total
Book value 1 January 2022	**7 418**	**8**	**134**	**908**	**22 086**	**30 554**
Investments	1	-	65	107	2	175
Reclassifications	-	-	24	154	-	178[1]
Acquisitions of companies[2]	237	-	19	1	2 300	2 557
Depreciation	-	(1)	(28)	(163)	-	(192)
Write-downs	(112)	-	-	-	(4)	(116)
Translation differences	142	2	8	7	309	468
Book value 31 December 2022	**7 686**	**9**	**222**	**1 014**	**24 693**	**33 624**
Investments	-	-	43	96	-	139
Reclassifications	-	-	-	327	-	327
Acquisitions of companies[2]	130	-	6	1	443	580
Depreciation	-	(1)	(33)	(222)	-	(256)
Write-downs	(36)	-	(35)	(2)	(62)	(135)
Translation differences	328	-	18	17	1 122	1 485
Book value 31 December 2023	**8 108**	**8**	**221**	**1 231**	**26 196**	**35 764**
Initial cost 1 January 2023	7 916	222	1 105	2 349	27 472	39 064
Accumulated depreciation and write-downs	(230)	(213)	(883)	(1 335)	(2 779)	(5 440)
Book value 1 January 2023	**7 686**	**9**	**222**	**1 014**	**24 693**	**33 624**
Initial cost 31 December 2023	8 594	218	1 298	2 810	29 030	41 950
Accumulated depreciation and write-downs	(486)	(210)	(1 077)	(1 579)	(2 834)	(6 186)
Book value 31 December 2023	**8 108**	**8**	**221**	**1 231**	**26 196**	**35 764**
Depreciation	-	10-20%	10-20%	10 - 33%	-	

1 Net reclassifications relate to figures transferred from Note 20 and concern the transfer 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 recognised at acquisition cost minus any accumulated depreciation and write-downs.

Property, plant and equipment are depreciated on a straight-line basis over their useful life, and the estimated life of the various categories of non-current assets is presented in the table in this note.

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 capitalised; see Note 15.

Investments totalling NOK 2.8 billion were made in property, plant and equipment in 2023. The largest project was the construction of a new biscuit factory in Latvia. Investments were also made in increased production and warehouse capacity, primarily in Orkla Foods Europe, Orkla Food Ingredients and Orkla Health.

See Note 35 for disclosures of pledged assets and mortgages related to the group's property, plant and equipment.

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. In many cases, it will also be difficult to estimate the residual value. The various production sites are routinely assessed based on a going concern approach. If it is decided that certain production facilities are to be closed or reorganised, new assessments will have to be made of the means of production in question. In 2023, property, plant and equipment in the Czech Republic were written down in connection with decisions regarding changes in production structure; see Note 18.

Routine assessments are also made of whether climate risk could have significance for the useful life of the group's property, plant and equipment. In 2023 a small write-down was taken as a result of a switch from plastic bottles to cardboard packaging. As at 31 December 2023, it was deemed that climate risk will not have a material impact on the useful life of the group's property, plant or equipment. See also comments regarding climate risk for each portfolio company in Note 18.

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 2022	**7 390**	**5 393**	**2 031**	**920**	**15 734**
Investments	124	438	1 934	165	2 661
Disposals/scrapping	(15)	(22)	-	(6)	(43)
Acquisition of companies	274	244	6	6	530
Sale of companies	(46)	(5)	(4)	(1)	(56)
Transferred assets under construction/reclassifications[1]	723	764	(1 759)	94	(178)
Write-downs	(4)	(27)	-	-	(31)
Depreciation	(341)	(897)	(20)	(260)	(1 518)
Translation differences	102	79	74	5	260
Book value 31 December 2022	**8 207**	**5 967**	**2 262**	**923**	**17 359**
Investments	297	511	1 830	128	2 766
Disposals/scrapping	(72)	(40)	-	(15)	(127)
Acquisition of companies	60	90	1	4	155
Sale of companies	(7)	(21)	20	-	(8)
Reclassifications[1]	379	1 702	(2 517)	109	(327)
Write-downs	(126)	(68)	-	-	(194)
Depreciation	(413)	(1 083)	(10)	(265)	(1 771)
Translation differences	276	254	139	47	716
Book value 31 December 2023	**8 601**	**7 312**	**1 725**	**931**	**18 569**
Initial cost 1 January 2023	14 071	19 138	2 264	3 309	38 782
Accumulated depreciation and write-downs	(5 864)	(13 171)	(2)	(2 386)	(21 423)
Book value 1 January 2023	**8 207**	**5 967**	**2 262**	**923**	**17 359**
Initial cost 31 December 2023	15 126	21 330	1 739	3 324	41 519
Accumulated depreciation and write-downs	(6 525)	(14 018)	(14)	(2 393)	(22 950)
Book value 31 December 2023	**8 601**	**7 312**	**1 725**	**931**	**18 569**
Linear depreciation	2-4%	5-15%	-	15-25% IT-equipment: 16–33%	

1 NOK 327 million (NOK 178 million in 2022) has been transferred to intangible assets in Note 19.

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 Orkla 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 Orkla.

Upon entering into a contract, the lease liabilities are measured at the present value of all future lease payments and are included in interest-bearing liabilities in the statement of financial position. The interest effect of the discounting is presented on the financial statement line “Interest expense”.

Lease costs related to short-term leases of a duration of 12 months or less and low-value leases are not capitalised, but recognised directly in the income statement as other operating expenses.

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 “property, plant and equipment” 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 205 million of the recognised right-of-use assets in the group as at 31 December 2023 (NOK 184 million in 2022). 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 pizza 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 825 sales outlets related to The European Pizza Company’s pizza operations, and the associated capitalised amount is NOK 732 million (NOK 625 million in 2022). See also the assessment of accounting effect in connection with the recognition of an option period in the section on “Estimate Uncertainty”.

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.

No write-downs of lease agreements were taken in 2023 or 2022.

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 2023 was 2.7% (2.0% in 2022). The interest rate applied in new, amended agreements will be higher since the interest rate level increased during 2023.

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. If account is taken of an extra option period for Orkla's pizza business's restaurant premises, the capitalised value could increase by over 80—100%.

Whether an agreement is to be regarded as a lease or service agreement will also be of significance.

Undiscounted lease liabilities and maturity of cash outflows as at 31 December 2023

Amounts in NOK million	Offices and restaurants	Production sites and other property	Machinery and plants	Vehicles etc.	Total
Less than 1 year	389	64	102	113	668
1–2 years	340	63	99	75	577
2–3 years	245	57	97	42	441
3–4 years	194	55	97	16	362
4–5 years	138	46	0	3	187
5-10 years	162	66	0	1	229
More than 10 years	13	39	0	0	52
Total undiscounted lease liabilities at 31 December 2023	**1 481**	**390**	**395**	**250**	**2 516**

Undiscounted lease liabilities and maturity of cash outflows as at 31 December 2022

Amounts in NOK million	Offices and restaurants	Production sites and other property	Machinery and plants	Vehicles etc.	Total
Less than 1 year	320	43	100	95	558
1–2 years	276	39	97	59	471
2–3 years	221	35	95	30	381
3–4 years	150	31	94	11	286
4–5 years	105	31	1	4	141
More than 5 years	173	114	-	-	287
Total undiscounted lease liabilities at 31 December 2022	**1 245**	**293**	**387**	**199**	**2 124**

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 2022	**908**	**398**	**227**	**191**	**1 724**
Investments	364	5	82	97	548
Acquisition of companies	4	-	-	-	4
Reclassifications	(13)	13	-	-	0
Depreciation	(283)	(68)	(90)	(106)	(547)
Translation differences	43	3	-	4	50
Book value 31 December 2022	**1 023**	**351**	**219**	**186**	**1 779**
Investments	417	162	93	154	826
Sale of companies	0	(5)	0	0	(5)
Acquisition of companies	3	65	0	1	69
Depreciation	(341)	(84)	(83)	(122)	(630)
Translation differences	71	8	2	11	92
Book value 31 December 2023	**1 173**	**497**	**231**	**230**	**2 131**
Initial cost 1 January 2023	2 771	905	582	955	5 213
Accumulated depreciation and write-downs	(1 748)	(554)	(363)	(769)	(3 434)
Book value 1 January 2023	**1 023**	**351**	**219**	**186**	**1 779**
Initial cost 31 December 2023	3 262	1 135	677	1 121	6 195
Accumulated depreciation and write-downs	(2 089)	(638)	(446)	(891)	(4 064)
Book value 31 December 2023	**1 173**	**497**	**231**	**230**	**2 131**

Movement in lease liabilities

Amounts in NOK million	2023	2022
Total lease liabilities 1 January	1 971	1 924
New/changed lease liabilities recognised in the period	816	541
Lease liabilities acquired companies	73	5
Lease payments	(678)	(570)
Interest expense on lease liabilities	58	35
Translation differences	91	36
Total lease liabilities 31 December	**2 331**	**1 971**
Current lease liabilities	535	442
Non-current lease liabilities	1 796	1 529
Net cash flow from lease liabilities	678	570

Current leases and low-value leases

Amounts in NOK million	2023	2022
Lease payments - short-term and low value leases	(119)	(96)
Variable lease payments	(65)	(36)
Total lease expenses (other operating expenses)	**(184)**	**(132)**

Rental agreements

The group also rents out real estate under operating leases. Rental revenues in 2023 totalled NOK 21 million (NOK 32 million in 2022). Total future rental revenues are expected to amount to approx. NOK 27 million per year in the next few years.

Note 22 Other financial assets (non-current)

Accounting policies

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. This applies both to shares classified as non-current shares in this note and to current shares in Note 24.

Receivables are recognised at amortised cost.

Derivatives are described in Note 31. Pension assets are described in Note 12.

Amounts in NOK million	2023	2022
Share investments	221	263
Derivatives non-interest-bearing	22	0
Receivables interest-bearing	380	396
Receivables non-interest-bearing	34	8
Pension plan assets	43	36
Total other financial assets (non-current)	**700**	**703**

In 2023, shares mainly related to Orkla's Venture portfolio were sold for NOK 33 million. A loss of NOK 4 million on this sale was recognised as "Other items" in comprehensive income. Shares were written down in comprehensive income by NOK 44 million related to Orkla's Venture portfolio. There were no tax effects related to these items.

Note 23 Inventories

Inventories

Amounts in NOK million	2023	2022
Raw materials	3 507	3 649
Work in progress	396	457
Finished goods and merchandise	5 899	5 905
Total inventories consolidated Portfolio Companies	**9 802**	**10 011**
Development property	333	348
Total inventories	**10 135**	**10 359**

Breakdown of inventories relating to consolidated Portfolio Companies

Amounts in NOK million	2023	2022
Orkla Foods Europe	3 694	3 880
Orkla Food Ingredients	2 246	2 383
Orkla Confectionery & Snacks	1 040	932
Orkla Health	1 284	1 204
Orkla India	335	265
Orkla Home & Personal Care	351	384
The European Pizza Company	118	120
Orkla House Care	311	348
Health and Sports Nutrition Group	205	158
Pierre Robert Group	170	285
Lilleborg	48	52
Total consolidated Portfolio Companies	**9 802**	**10 011**

P Accounting policies

Inventories of purchased goods in the Orkla group are valued at cost approximately 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. 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 2023 of NOK 124 million (NOK 83 million in 2022). Inventories valued at net realisable value as at 31 December 2023 totalled NOK 90 million (NOK 43 million in 2022).

Development property

Development properties are included in the group's inventories (see "Inventories" table). The properties are mainly housing projects under development 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. The risk related to inventories is also low because much of the inventories is consumer goods. These are goods which by nature have a high turnover rate.

Note 24 Receivables and financial assets (current)

Accounts receivable and other trade receivables

Amounts in NOK million	2023	2022
Accounts receivable (A - B)	8 398	7 484
Other trade receivables	262	222
Non-interest-bearing derivatives	1	3
Total trade receivables	**8 661**	**7 709**

Breakdown of accounts receivable by due date

Amounts in NOK million	2023	2022
Accounts receivable not due	6 985	6 520
Overdue receivables 1–30 days	925	629
Overdue receivables 31–60 days	328	186
Overdue receivables 61–90 days	73	79
Overdue receivables over 90 days	268	220
Accounts receivable carrying amount 31 December (A)	**8 579**	**7 634**

Change in provisions for bad debts

Amounts in NOK million	2023	2022
Provisions for bad debts 1 January	150	130
Bad debts recognised as expense	69	59
Provisions in acquired companies	2	4
Provisions in sold companies	0	0
Final bad debts	(49)	(39)
Translation differences	9	(4)
Provisions for bad debts 31 December (B)	**181**	**150**

P 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 will be made for anticipated losses on receivables based on relevant information available at the time of reporting. Anticipated losses on receivables are low in relation to the Orkla group's total book receivables.

The principle for assessment of derivatives is disclosed in Note 31.

E 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.

Receivables and financial assets (current)

Amounts in NOK million	2023	2022
Non-interest-bearing derivatives	8	19
Interest-bearing derivatives	332	-
Interest-bearing receivables	224	16
Other current receivables	429	572
Total financial receivables and investments	993	607
Advance payment to suppliers/accrued revenue	541	609
Tax receivables	273	180
Total current receivables and financial investments	**1 807**	**1 396**

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. Contractual mandatory deposits in blocked bank accounts are included as restricted assets if the deposits are made as part of the group's operating activities and are therefore deemed to be held for the purpose of meeting short-term payment obligations, and the deposits may be withdrawn from the blocked account at no unnecessary expense.

Cash and cash equivalents are held for the purpose of meeting current liabilities. In addition, drawdowns on unutilised, committed credit facilities are used.

Amounts in NOK million	2023	2022
Cash at bank and in hand[1]	458	718
Current deposits	321	462
Restricted deposits	212	322
Total cash and cash equivalents	**991**	**1 502**

1 Of bank deposits as at 31 December 2023, a total of NOK 266 million (NOK 183 million in 2022) is in Orkla companies with minority shareholders and in Orkla Insurance Company DAC. These assets are only available to a limited extent to the group.

Restricted assets consist of security deposits for sales of hydro-electric power, margin deposits for share derivatives, and deposits to meet statutory solvency requirements in Orkla Insurance Company DAC.

Note 26 Provisions and other non-current liabilities

Accounting policies

Provisions are 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 risk specific to the provision.

Contingent liabilities or contingent assets that are not capitalised under IAS 37 will be disclosed in a note. See Note 37 for further information.

Derivatives are disclosed in Note 31. Pension obligations are disclosed in Note 12.

Provisions and other non-current liabilities

Amounts in NOK million	2023	2022
Pension liabilities	2 124	1 868
Derivatives[1]	12	32
Other non-current liabilities	225	245
Provisions for obligations	493	500
Total provisions and other non-current liabilities	**2 854**	**2 645**

1 Cash flow hedges: To hedge future interest payments and expected purchase of gas (not included in the statement of financial position).

Other non-current liabilities mainly concern commitments to acquisitions of additional shares in companies.

Changes in provisions for obligations during the year:

Amounts in NOK million	Consolidated Portfolio Companies	Other business	Total
Provisions 1 January 2022	109	372	481
New provisions	19	26	45
Acquisitions of companies	4	-	4
Reversed provisions	(8)	(7)	(15)
Provisions utilised	(16)	(5)	(21)
Reclassified to short-term	(3)	-	(3)
Translation differences	5	4	9
Provisions 31 December 2022	**110**	**390**	**500**
New provisions	63	10	73
Reversed provisions	(9)	0	(9)
Provisions utilised	(68)	(13)	(81)
Translation differences	7	3	10
Provisions 31 December 2023	**103**	**390**	**493**

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. It is particularly difficult to estimate the provision for indemnities issued to Norsk Hydro as it will be hard to estimate whether claims will arise and the amount of any such claims. The estimate is therefore based on considerable use of judgement. Provisions for exposures in Orkla Insurance Company will be determined by actuarial calculations based on experience-based assumptions.

Consolidated portfolio companies
Provisions for obligations in the consolidated portfolio companies mainly consist of commitments to restructuring and minor personnel-related provisions.

Other businesses
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 Sauda, and provisions related to other 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

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	2023	2022
Accounts payable	6 474	6 253
Other trade payables[1]	2 099	1 881
Total trade payables	**8 573**	**8 134**

1 Incl. discount provisions of NOK 1,819 million as at 31 December 2023 (NOK 1,637 million in 2022); see Note 4.

Other liabilities (current)

Amounts in NOK million	2023	2022
Non-interest-bearing derivatives	42	14
Non-interest-bearing current liabilities	205	192
Total financial liabilities non-interest-bearing	**247**	**206**
Value added tax, employee taxes	1 258	1 088
Accrued salaries and holiday pay	1 358	1 123
Other accrued costs	1 305	1 309
Total other liabilities (current)	**4 168**	**3 726**

Note 28 Capital management and funding

Capital management

Orkla is an industrial investment company, which requires an active and disciplined approach to capital management and allocation. 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. During 2023 Orkla has announced a targeted yearly Total Shareholder Return of 12-14% for the period 2024-2026.

Capital usage and allocation are subject to formalised authorisation limits, and decision processes at group level and portfolio company level, respectively. Overall investment capacity for the group is evaluated continuously, based on cash flow and the targeted debt-level. External borrowing is mainly centralised at Orkla ASA, and capital needs in fully owned subsidiaries are normally covered by internal loans from Orkla ASA, or equity. The capital structure of portfolio companies and their subsidiaries is adapted to commercial as well as legal and tax considerations. The short-term liquidity need of the companies is managed at group level through cash pools. Internal loans to partly owned subsidiaries can be provided subject to a separate evaluation, pro-rata jointly with other owners, or external funding is established. The portfolio company Orkla Food Ingredients AS has established an external long-term credit facility that will replace internal loans at closing of the transaction (see below).

Orkla targets to maintain an Investment Grade credit quality, and a level of net interest-bearing debt not exceeding 2.5x EBITDA.

Orkla has a credit rating from Scope Ratings GmbH with a long-term issuer rating of A-, and stable outlook, that was established in January 2022 and confirmed in January 2023 and January 2024. The same rating has been assigned for Orkla's bonds (Senior unsecured rating).

There were no fundamental changes to Orkla's priorities for capital allocation during 2023. However, Orkla has announced specific required rates of return on equity for acquisitions/sale of businesses and investments for expansion (> 15% post tax). Orkla has also established a framework for strategic priorities and capital allocation going forward, where the portfolio companies are divided into the categories: «Grow and Build», «Anchor» and «Transform or exit». The framework provides guidance for allocating capital to the portfolio companies within each category, which reflect current priorities, including growth ambitions, for the respective portfolio company. Specific and differentiated targets for financial development for the period 2024-2026 have also been defined for the portfolio companies.

The group's interest-bearing liabilities and equity consist of:

Amounts in NOK million	2023	2022
Non-current interest-bearing liabilities	(15 663)	(13 446)
Current interest-bearing liabilities	(2 780)	(3 685)
Non-current interest-bearing receivables	380	396
Current interest-bearing receivables	556	16
Cash and cash equivalents	991	1 502
Net interest-bearing liabilities, excl. leases	(16 516)	(15 217)
Lease liabilities	(2 331)	(1 971)
Net interest-bearing liabilities	(18 847)	(17 188)
Group equity[1]	46 748	43 156
Net gearing (net interest-bearing liabilities/equity)	0.40	0.40

1 The group's equity also includes the value of cash flow hedges taken to comprehensive income.

Orkla's net interest-bearing liabilities increased by NOK 1.7 billion in 2023, affected by acquisitions totalling NOK 1.0 billion, in addition to ordinary cash-flows, tax and dividend payment. Translation of debt denominated in foreign currencies increased the debt by NOK 1.3 billion.

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 2023.

Reconciliation of change in interest-bearing items against the group's cash flow statement

2023

Amounts in NOK million	Interest-bearing assets	Interest-bearing liabilities	Net interest-bearing liabilities
Balance 1 January 2023	1 914	(19 102)	(17 188)
Balance 31 December 2023	1 927	(20 774)	(18 847)
Change net interest-bearing liabilities	**(13)**	**1 672**	**1 659**
Of this change cash and cash equivalents	(511)	-	(511)
Change net interest-bearing liabilities excluding cash and cash equivalents	**(524)**	**1 672**	**1 148**
Items without cash effect:			
Interest-bearing items from acquired and sold companies	-	(135)	(135)
Interest-bearing liabilities new leases	-	(826)	(826)
Currency effects interest-bearing items	6	(1 394)	(1 388)
Net cash flow from financing activities in cash flow statement	**(518)**[1]	**(683)**	**(1 201)**

2022

Amounts in NOK million	Interest-bearing assets	Interest-bearing liabilities	Net interest-bearing liabilities
Balance 1 January 2022	1 576	(14 334)	(12 758)
Balance 31 December 2022	1 914	(19 102)	(17 188)
Change net interest-bearing liabilities	**(338)**	**4 768**	**4 430**
Of this change cash and cash equivalents	375	-	375
Change net interest-bearing liabilities excluding cash and cash equivalents	**37**	**4 768**	**4 805**
Items without cash effect:			
Interest-bearing items from acquired and sold companies	-	(174)	(174)
Interest-bearing liabilities new leases	-	(548)	(548)
Currency effects interest-bearing items	2	(422)	(420)
Net cash flow from financing activities in cash flow statement	**39**[1]	**3 624**	**3 663**

1 Of which interest-bearing derivatives amount to NOK -332 million (NOK 42 million as of 31 December 2022); see note 31.

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 loans 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 2023 NOK 4,014 million was drawn on these credit facilities (NOK 2,421 million as at 31 December 2022).

Orkla's main funding sources are bilateral loans from Orkla's relationship banks and loans in the Norwegian bond market. Orkla ASA 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 are issued under this framework.

In 2023 Orkla repaid loans totalling NOK 0.8 billion. New loans totalling NOK 1.5 billion were raised in the Norwegian bond market. The remaining time to maturity of NOK 4.2 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.

In connection with entering into the agreement for the sale of 40% of Orkla Food Ingredients AS it has been decided that the company will have its own external funding, and the company has entered into a long term credit facility without recourse to Orkla ASA, totalling NOK 6.4 billion, which remains unutilised on the statement of financial position date. The loan agreement contains compliance requirements with the financial key figures debt ratio (debt/EBITDA) and interest cover ratio (EBITDA/interest costs). At closing of the sale, Orkla Food Ingredients AS will repay outstanding loans from Orkla ASA.

Note 29 Interest-bearing liabilities

Amounts in NOK million	Book value 2023	Book value 2022	Fair value[1] 2023	Fair value[1] 2022	Currency	Notional in ccy[2]	Coupon[3]	Term
Non-current interest-bearing liabilities								
Bonds								
ORK 80 (10694680)	884	881	885	885	NOK	1 000	Fixed 4,35 %	2013/2024
ORK 83 (11774383)	-	675	-	675	NOK	1 000	Nibor +0,85 %	2016/2023
ORK 84 (11774391)	942	939	951	934	NOK	1 000	Fixed 2,35 %	2016/2026
ORK 87 (11095499)	1 495	1 494	1 493	1 467	NOK	1 500	Nibor +0,62 %	2021/2027
ORK 85 (11013708)	1 000	1 000	991	970	NOK	1 500	Nibor +0,62 %	2021/2028
ORK 88 (11095507)	1 338	1 329	1 356	1 317	NOK	1 500	Fixed 2,20 %	2021/2029
ORK 86 (11013716)	445	444	442	427	NOK	1 500	Fixed 2,44 %	2021/2031
ORK 89 (12862772)	500	-	502	-	NOK	1 500	Nibor +0,95 %	2023/2028
ORK 90 (12862780)	993	-	1 007	-	NOK	1 500	Fixed 4,41 %	2023/2030
Total bonds	**7 597**	**6 762**	**7 627**	**6 675**				
Of this current liabilities	(884)	(675)	(885)	(675)				
Bank loans	8 636	7 032	8 636	7 032				
Other loans	28	29	28	29				
Lease liabilities	1 796	1 529	1 796	1 529				
Interest-bearing derivatives	286	298	286	298				
Total non-current interest-bearing liabilities	**17 459**	**14 975**	**17 488**	**14 888**				
Current interest-bearing liabilities								
Bonds, maturity < 1 year	884	675	885	675				
Bank loans, overdrafts	896	472	896	472				
Commercial paper	1 000	2 500	1 000	2 500				
Other loans	-	4	-	4				
Lease liabilities	535	443	535	443				
Interest-bearing derivatives	-	33	-	33				
Total current interest-bearing liabilities	**3 315**	**4 127**	**3 316**	**4 127**				
Total interest-bearing liabilities	**20 774**	**19 102**	**20 804**	**19 015**				

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	2023	2022	2023	2022
Maturity < 1 year	3 315	4 127	-	-
Maturity 1–3 years	5 849	4 382	4 585	2 197
Maturity 3–5 years	6 470	4 538	1 453	4 871
Maturity > 5 years	5 140	6 055	-	-
	20 774	19 102	6 038	7 068

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, SEK and DKK.

As at 31 December 2023 the average remaining time to maturity of the group's combined interest-bearing liabilities (excluding lease liabilities) and unutilised credit facilities was 3.3 years, compared with 3.6 years as at 31 December 2022.

In addition to the unutilised credit facilities in the above table, Orkla Food Ingredients AS has entered into credit facilities with credit limits, that are unutilised as of the balance sheet date, of NOK 6.4 billion with maturity in 2027.

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, 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 companies, 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 companies. The guidelines for the Group Treasury are laid down in the group's treasury policy. The Orkla Management Team 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, 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.

Portfolio Companies

The companies 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 primary sources of financial risk within this business area are price risk on agricultural products and ingredients in food production, energy price risk, 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. Hedges have also been entered into for gas price risk.

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 to a limited extent. 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 2023 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
EUR	5	NOK	55	2024
EUR	8	SEK	91	2024
EUR	3	USD	3	2024
USD	3	DKK	20	2024

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, or the group's interest rate risk has increased due to other extraordinary factors.

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 2023 all of the group's interest-bearing liabilities (excluding lease liabilities) were at floating interest rates (also as of 31 December 2022) , and the average time to the next interest rate adjustment was 0.1 years (0.1 years as at 31 December 2022). 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

Amounts in NOK million	2023	2023 Next interest rate adjustment						2022	2022 Next interest rate adjustment					
	2023	0–3 months	3–6 months	6–12 months	1–3 years	3–5 years	> 5 years	2022	0–3 months	3–6 months	6–12 months	1–3 years	3–5 years	> 5 years
Bonds	**7 597**	3 884	-	-	942	-	2 771	6 762	3 169	-	-	881	939	1 773
Bank loans	**9 055**	8 985	70	-	-	-	-	7 285	6 941	344	-	-	-	-
Commercial paper	**1 000**	1 000	-	-	-	-	-	2 500	1 000	1 500	-	-	-	-
Overdrafts	**477**	477	-	-	-	-	-	220	220	-	-	-	-	-
Other loans	**28**	-	27	-	-	-	1	33	4	29	-	-	-	-
Interest rate swaps (fair value hedge)	**283**	4 001	-	-	(942)	-	(2 776)	292	3 635	250	-	(881)	(939)	(1 773)
Interest rate derivatives (other)	**3**	-	-	3	-	-	-	6	-	-	-	6	-	-
Currency derivatives	**-**	1	(2)	(1)	2	-	-	33	27	3	3	-	-	-
Lease liabilities	**2 331**	535	89		948	509	250	1 971	442	90	-	795	390	254
Interest-bearing liabilities	**20 774**	18 883	184	2	950	509	246	19 102	15 438	2 216	3	801	390	254

Table 2b

Interest-bearing liabilities by instrument and currency

Amounts in NOK million	2023	2023						2022	2022					
	2023	NOK	SEK	EUR	USD	DKK	Other	2022	NOK	SEK	EUR	USD	DKK	Other
Bonds	**7 597**	7 597	-	-	-	-	-	6 762	6 762	-	-	-	-	-
Bank loans	**9 055**	360	3 244	5 272	-	25	156	7 285	1 000	3 028	2 030	976	25	226
Commercial paper	**1 000**	1 000	-	-	-	-	-	2 500	2 500	-	-	-	-	-
Overdrafts	**477**	(35)	14	531	38	(129)	58	220	(21)	(2)	36	5	164	38
Other loans	**28**	27	-	-	-	1	-	33	26	-	-	-	2	5
Currency derivatives	**-**	(7 609)	1 448	628	627	2 398	2 508	33	(10 262)	2 067	2 692	92	1 932	3 512
Interest rate derivatives	**286**	286	-	-	-	-	-	298	292	-	6	-	-	-
Lease liabilities	**2 331**	770	278	961	1	111	210	1 971	687	120	835	-	120	209
Interest-bearing liabilities	**20 774**	2 396	4 984	7 392	666	2 406	2 930	19 102	984	5 213	5 599	1 073	2 243	3 990
Interest level borrowing rate	**5.3%**	6.6%	5.1%	4.7%	6.2%	4.3%	6.8%	3.7%	4.0%	3.1%	2.4%	5.1%	2.1%	6.7%

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 (negative numbers in parentheses).

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 related to instruments with floating interest rates. Similarly, forward prices are used to determine the future settlement amounts for currency derivatives.

Tabell 3

Maturity profile financial liabilities

	2023						2022					
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	18 443	18 732	2 781	4 873	5 965	5 113	17 068	17 365	3 622	3 493	4 290	5 960
Lease liabilities	2 331	2 516	668	1 018	549	281	1 971	2 124	558	852	427	287
Interest payments	118	2 503	793	1 047	463	200	89	2 246	560	889	534	263
Accounts payable and other current financial liabilities	8 660	8 660	8 660	-	-	-	8 237	8 237	8 237	-	-	-
Subscribed, uncalled partnership capital	-	4	4	-	-	-	-	7	7	-	-	-
Net settled derivatives[1]	308			-	-	-	330	-	-	-	-	-
Inflow	-	(1 080)	(288)	(375)	(260)	(157)	-	(1 042)	(259)	(377)	(247)	(159)
Outflow	-	1 372	456	481	310	125	-	1 393	364	517	314	198
Gross settled derivatives[1]	(329)	-	-	-	-	-	25	-	-	-	-	-
Inflow	-	(11 952)	(11 952)	-	-	-	-	(14 464)	(14 464)	-	-	-
Outflow	-	11 622	11 622	-	-	-	-	14 488	14 488	-	-	-
Total	**29 531**	**32 377**	**12 744**	**7 044**	**7 027**	**5 562**	**27 720**	**30 354**	**13 113**	**5 374**	**5 318**	**6 549**

1 Including derivatives recognised as assets (negative figures in parentheses).

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 6.0 billion at 31 December 2023 (NOK 7.1 billion at 31 December 2022).

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:

Table 4

Amounts in NOK million	2023	2022
Cash and cash equivalents	991	1 502
Accounts receivable and other trade receivables	8 660	7 706
Other current receivables	653	588
Non-current receivables	414	404
Derivatives	363	22
Total	**11 081**	**10 222**

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.

Orkla is also exposed to price risk on energy (gas and electric power). As of 31 December 2023 hedges of 3,950 Mt propane, and natural gas corresponding to 61 GWh for the years 2024-2025, had been entered into with a contractual value of NOK 92 million.

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 5, 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 2023. 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 5 is expected to offset the effects of the hedged items where financial instruments are part of a hedging relationship.

Note 31 Derivatives and hedging relationships

Sensitivity financial instruments pre tax

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.

Table 5 Amounts in NOK million	2023: Accounting effect on Income statement of: Increase[1]	Decrease	Comprehensive income of: Increase[1]	Decrease	2022: Accounting effect on Income statement of: Increase[1]	Decrease	Comprehensive income of: Increase[1]	Decrease
Financial instruments in hedging relationships								
Interest rate risk: 100 basis points parallel shift in interest curves all currencies	(152)	152	-	-	(132)	132	(1)	1
Currency risk: 10% change in FX-rate EUR	3	(3)	(456)	456	7	(7)	(365)	365
Currency risk: 10% change in FX-rate SEK	-	-	(115)	115	(5)	5	(206)	206
Share price risk: 10% change in share price	26	(26)	-	-	26	(26)	-	-
Gas price risk: 30% change in gas price			28	(28)	-	-	43	(43)

1 Currency risk: Strengthening of EUR and SEK against NOK.

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.

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			2023	2022	Nominal value[3] 2023	Nominal value[3] 2022	Purpose of hedging	Hedge accounting	Classification
Assets	Non-current	n.i.b.[1]	22	-	7 327	-	Interest rate swaps floating to fixed, hedging future interest payments	Cash flow hedge	Fair value through comprehensive income
Assets	Current	n.i.b.	73	-	2 708	-	Currency forwards hedging net investments in foreign subsidiaries	Net investment hedge	Fair value through comprehensive income
Assets	Current	n.i.b.	6	-	258	-	Total return swap hedging share exposure in pension obligations/LTI	-	Fair value through profit and loss
Assets	Current	i.b.[2]	259	-	9 246	-	Currency forwards hedging loans/deposits	-	Fair value through profit and loss
Assets	Current	n.i.b.	-	10	-	36	Forward contracts hedging future gas price exposure	Cash flow hedge	Fair value through comprehensive income
Assets	Current	n.i.b.	-	1	-	-	Currency forwards hedging monetary items in statement of financial position	-	Fair value through profit and loss
Assets	Current	n.i.b.	2	9	-	-	Currency forwards hedging future transactions	Cash flow hedge	Fair value through comprehensive income
Liabilities	Non-current	n.i.b.	-	(13)	-	5 600	Interest rate swaps floating to fixed, hedging future interest payments	Cash flow hedge	Fair value through comprehensive income
Liabilities	Non-current	i.b.	-	(6)	1 500	2 803	Interest rate swaps floating to fixed, hedging future interest payments	-	Fair value through profit and loss
Liabilities	Non-current	i.b.	(287)	(292)	4 885	3 035	Interest rate swaps fixed to floating, against fair value changes in the hedged loans	Fair value hedge	Fair value through profit and loss
Liabilities	Non-current	n.i.b.	(12)	(19)	27	103	Forward contracts hedging future gas price exposure	Cash flow hedge	Fair value through comprehensive income
Liabilities	Current	i.b.	-	(26)	-	10 334	Currency forwards hedging loans/deposits	-	Fair value through profit and loss
Liabilities	Current	i.b.	-	(7)	-	4 392	Currency forwards hedging net investments in foreign subsidiaries	Net investment hedge	Fair value through comprehensive income
Liabilities	Current	n.i.b.	-	(12)	-	260	Total return swap hedging share exposure in pension obligations/LTI	-	Fair value through profit and loss
Liabilities	Current	n.i.b.	(36)	-	65		Total return swap hedging gas price exposure	Cash flow hedge	Fair value through comprehensive income
Liabilities	Current	n.i.b.	(3)	-	-	-	Currency forwards hedging future transactions	Cash flow hedge	Fair value through comprehensive income
Liabilities	Current	n.i.b.	(3)	-	-		Currency forwards hedging monetary items in statement of financial position		Fair value through profit and loss
Total derivatives			**21**	**(355)**					

1 n.i.b. = non-interest-bearing asset/liability
2 i.b. = 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 forward contracts 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.
- Forward contracts on propane and natural gas are measured at fair value based on observed market prices for contracts with a corresponding term to maturity 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.
- Cash-settled forward contracts on propane and natural gas are designated as hedging instruments for highly probable expected consumption of propane and natural gas.

No effects from hedging inefficiency have been recorded in the income statement during 2023 or 2022. All expected cash flows hedged in 2023 still qualify for hedge accounting.

Changes in the equity hedging reserve

Amounts in NOK million	2023	2022
Opening balance hedging reserve before tax	(17)	(70)
Reclassified to profit/loss – operating revenues	-	-
Reclassified to profit/loss – operating costs	(2)	(2)
Reclassified to profit/loss – net financial items	36	43
Reclassified to statement of financial position	10	-
Fair value change during the year	(55)	12
Closing balance hedging reserve before tax	**(28)**	**(17)**
Deferred tax hedging reserve	5	3
Closing balance hedging reserve after tax	**(23)**	**(14)**

The change in the equity hedging reserve before tax in 2023 was NOK -11 million (NOK 53 million in 2022), and after tax, recognised in other comprehensive income, was NOK -9 million in 2023 (NOK 41 million in 2022). 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 2023 are expected to be recycled to the income statement as follows (before tax):

2024: NOK -73 million
After 2024: NOK 45 million

Hedges of net investments in foreign entities

When hedging the currency risk on foreign net investments, loans or currency derivatives are applied. In 2023 NOK -426 million was recorded in other comprehensive income after tax from net investment hedges (NOK -187 million in 2022).

No effects were recorded in the income statement related to net investment hedges of divested investments in 2023 or in 2022.

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 2023, NOK 9 million was recognised as income in the income statement related to fair value changes in the interest rate swaps, and NOK 9 million was recognised as costs 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 2023[1]

	Shareholders		Number of shares	% of capital[2]
1	Canica AS		200 236 000	19.99%
2	Folketrygdfondet		73 656 028	7.36%
3	Tvist 5 AS		50 050 000	5.00%
4	State Street Bank and Trust Comp		44 443 073	4.44%
5	JPMorgan Chase Bank, N.A., London		39 736 879	3.97%
6	State Street Bank and Trust Comp		24 738 995	2.47%
7	RBC Investor Services Trust	Nominee	21 636 962	2.16%
8	JPMorgan Chase Bank, N.A., London	Nominee	16 113 914	1.61%
9	State Street Bank and Trust Comp	Nominee	13 251 875	1.32%
10	State Street Bank and Trust Comp	Nominee	9 258 231	0.92%
11	Verdipapirfondet KLP Aksje Norge	Nominee	8 375 544	0.84%
12	State Street Bank and Trust Comp	Nominee	8 190 839	0.82%
13	State Street Bank and Trust Comp	Nominee	7 945 908	0.79%
14	VPF DNB AM Norske Aksjer		7 463 984	0.75%
15	The Bank of New York Mellon	Nominee	7 431 196	0.74%
16	Société Générale	Nominee	6 961 186	0.70%
17	Danske Invest Norske Instit. II.		6 696 332	0.67%
18	The Northern Trust Comp, London Br	Nominee	6 537 379	0.65%
19	Verdipapirfond Odin Norge	Nominee	5 725 902	0.57%
20	Verdipapirfondet DNB Norge		5 481 201	0.55%
	Total shares		**563 931 428**	**56.31%**

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 202.
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)
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
31.12.2022	1 001 430 970	1.25			1 251.8
31.12.2023	1 001 430 970	1.25			1 251.8

Treasury shares as at 31 December 2023

	Nominal value (NOK)	Number of shares	Fair value (NOK million)
Shares owned by Orkla ASA	4 704 909	3 763 927	297

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 2023:

	2023	2022
Treasury shares as at 1 January	4 286 980	4 852 874
Options exercised	(61 912)	-
External purchases of treasury shares	-	-
Orkla employee share purchase programme	(461 141)	(565 894)
Treasury shares as at 31 December	**3 763 927**	**4 286 980**

Options

Orkla has a long-term incentive programme (LTI programme) based on share options; see Note 11.

See the Corporate Governance section on page 40 regarding the authorisations granted by the General Meeting concerning share capital.

Dividend

The Board of Directors proposes a dividend of NOK 6.00 per share to be paid out, whereof NOK 3.00 per share is in addition to the company's ordinary dividend. Dividends paid out for the financial year 2023 will total NOK 5,986 million.

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

Accounting principles

Orkla has companies with non-controlling interests which are consolidated on a 100% basis, but reported on separate lines in the income statement, statement of financial position and statement of cash flows.

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.

Orkla Food Ingredients has several companies with non-controlling interests, the most material of which are related to the US company Denali Ingredients (84% interest) and the Dragsbæk group in Denmark (67% interest). In the Dragsbæk group there are also non-controlling interests in underlying subsidiaries. In addition, there are external ownership interests, primarily in Kanakis Group (Greece), Condite (Finland) and Hadecoup (Belgium) in Orkla Food Ingredients.

Orkla India purchased 67.8% of the Indian company Eastern Condiments in 2021. In 2023, a merger was carried out between MTR Foods and Eastern Condiments. This merger was already planned at the time Eastern Condiments was acquired. Since the merger, the share of non-controlling interests in Orkla India is 9.9%. The accounting effects of the merger have been recognised in equity.

Non-controlling interests in The European Pizza Company consist of the New York Pizza chain (75% interest) and the recently acquired Da Grasso pizza chain (74% interest).

The non-controlling interests in Hydro Power consist of a 15% interest in AS Saudefaldene, which is owned by Sunnhordaland Kraftlag.

Amounts in NOK million	2023	2022
Non-controlling interests' share of:		
Operating profit	305	383
Profit/loss before taxes	301	382
Taxes	(76)	(133)

Amounts in NOK million	2023	2022
Changes in non-controlling interests:		
Non-controlling interests 1 January	1470	910
Non-controlling interests' share of profit/loss	225	249
Acquisitions and capital increases in companies with non-controlling interests	0	369
Purchase of shares from minority shareholders	(5)	(13)
Merger in Orkla India	(89)	-
Capital decrease in companies with non-controlling interest	(5)	-
Hedging reserve taken to equity in companies with non-controlling interest	(1)	1
Dividends to non-controlling interests	(186)	(60)
Translation differences	72	14
Non-controlling interests 31 December	**1481**	**1 470**

Amounts in NOK million	2023	2022
Breakdown of non-controlling interests' share of profit/loss:		
Orkla Foods Europe	2	1
Orkla Food Ingredients	133	90
Orkla India	28	25
The European Pizza Company	6	14
Hydro Power	43	115
Orkla Financial Investments	13	4
Total non-controlling interests' share of profit/loss	**225**	**249**

	2023	2022
Breakdown of non-controlling interests:		
Orkla Foods Europe	1	0
Orkla Food Ingredients	736	668
Orkla India	295	330
The European Pizza Company	179	160
Hydro Power	259	294
Orkla Financial Investments	11	18
Total non-controlling interests	**1 481**	**1 470**

Note 34 Power and power contracts

The group both owns and leases power plants, all 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/contract volume	Ownership, status and remaining utilisation period/contract duration	Key financial items and conditions
Power plants			
Saudefaldene[2] Storlivatn power plant Svartkulp power plant Dalvatn power plant Sønnå Høy power plant Sønnå Lav power plant Storli mini power plant Kleiva small power plant Hydropower reservoir, Sauda, Rogaland	1 860 GWh	Operation started 1970 Operation started November 2001 Operation started Desember 2006 Operation started August 2008 Operation started Oktober 2008 Operation started Februar 2009 Operation started November 2009 Under lease agreements with Statkraft, AS Saudefaldene[1] operates all plants until 31 December 2030.	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 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 comply with the condition regarding use of power in Elkem's industrial operations. The terms are equivalent to the terms in the lease agreement with Statkraft. On hand-over to Statkraft, all the plants must be in good condition. Statkraft SF shall pay AS Saudefaldene[1] the residual tax value 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, Østfold	272 GWh	100% ownership, infinite licence period.	
Sarp power plant[2] Hydropower run-of-river, Sarpsfossen in Glomma, Sarpsborg, Østfold	240 GWh	50% ownership, infinite licence period. The remaining interest owned by Hafslund E-CO Vannkraft AS (45%) and Svartisen Holding (5%).	Hafslund E-CO Vannkraft 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, Østfold	12 GWh	100% ownership, partly infinite licence period.	
Power contracts			
SiraKvina replacement power Kvinesdal, Agder	35 GWh	Infinite.	Replacement for lost production in Trælandsfos.

1 Orkla owns 85% of AS Saudefaldene.
2 Actual median annual production (2014–2023) at current capacities.

Note 35 Pledges and guarantees

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.

Amounts in NOK million	2023	2022
Liabilities secured by pledges	198	227

Pledged assets

Amounts in NOK million	2023	2022
Machinery, vehicles etc.	131	60
Buildings and plants	302	407
Inventories	61	2
Accounts receivables	62	13
Other assets	1	26
Total book value	**557**	**508**

"Liabilities secured by pledges" and «Pledged assets" are mainly security for loans in partly-owned companies or companies in countries with non-convertible currencies.

Guarantees

Amounts in NOK million	2023	2022
Subscribed, uncalled limited partnership capital	4	7
Other guarantee commitments	163	185
Total guarantee commitments	**167**	**192**

Note 36 Related parties

Accounting policies

All intra-group receivables/payables and transactions, including unrealised profit and loss items derived from intra-group transactions, have been eliminated. Transactions are based on the arm's length principle.

Orkla ASA is a parent company and has direct and indirect control of around 280 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 accounted for using the equity method. There were no special material transactions between associates and joint ventures and the group in 2023.

Internal trading within the group is carried out in accordance with special arm's length agreements. 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 250,386,411 shares in Orkla (equivalent to 25.003% of shares issued) through the Canica system as at 31 December 2023. The Orkla group sells to companies in the Canica system. These sales are agreed on market conditions and totalled around NOK 20 million.

Apart from what is disclosed in this note, there were no material transactions with related parties.

Note 37 Contingent liabilities and other matters

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).

Tariff protection. While Non-Annex 1 products are subject to tariffs laid down in the EEA Agreement, the other "Norwegian" agricultural products have tariff protection laid down in the WTO Agreement. Norway can choose between applying Norwegian krone tariffs or percentage tariffs. Normally krone tariffs have been used, but there is now growing political pressure to switch to percentage tariffs, which often provide stronger protection. In December 2023, the Storting (Norwegian Parliament) adopted a change to percentage tariffs for certain vegetables and potatoes/potato 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 in Sao Paulo, while a court of first instance has found in favour of a request to have the VAT claim invalidated, but the decision is expected to be appealed to a court of second instance. Sao Paulo's Supreme Court recently allowed Denofa Do Brasil's appeal and has stated that the decision of the lower court (State Court) has several deficiencies and that not all relevant aspects of the case have been considered. The case has been returned for hearing by the lower court, where we await clarification. 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. No ongoing profit or loss from the companies is recognised in Orkla's consolidated financial statements.

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.

Dragsbæk. Orkla Food Ingredients (OFI) has a shareholder agreement with its partner in Dragsbæk which imposes an obligation on OFI 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, New York Pizza and Da Grasso contain agreements whereby Orkla will be able, in the longer term, to acquire full ownership of the businesses.

Note 38 Events after the balance sheet date

Disposals

Orkla has entered into a partnership agreement with Rhône, a global private equity firm that invests in businesses with a transatlantic presence. Investment funds affiliated with Rhône will acquire 40% ownership in Orkla Food Ingredients AS (OFI). The transaction implies an enterprise value of NOK 15.5 billion on a 100% debt-free cash-free basis. Orkla and Rhône expects this partnership to enable OFI to continue its growth journey. Rhône has experience from the consumer market, as well as the food and drink industry through prior and current investments. The partnership with Rhône will build on and strengthen OFI. The ambition is to create shareholder value through volume growth, margin improvements, capital efficiency and structural growth.

By the time the transaction is closed, OFI will replace existing financing from Orkla with a NOK 6.4 billion committed bank facility (not to be fully drawn at closing) with no recourse to Orkla ASA, containing net debt to EBITDA and interest cover covenants. In addition, OFI’s balance sheet will contain a subordinated long-term payable to Orkla ASA of approx. EUR 89 million. Inclusive of other adjustment items, the equity value of OFI on a 100% basis is approx. NOK 6.5 billion. Rhône will have the option, exercisable through 31 March 2027, to acquire an additional 9% of OFI equity at the same price per share as in the transaction disclosed above.

OFI will continue to be consolidated in Orkla’s financial statements. The net proceeds from the transaction will be used for net debt reduction at Orkla ASA and for future investments, including in OFI. Orkla’s dividend and leverage policies will remain unchanged following the transaction. The agreement between Rhône and Orkla contains customary provisions governing the partnership. Orkla and Rhône will both have representatives on the OFI board of directors.

The transaction is awaiting the approval of the relevant authorities, and is expected to be completed by the end of April 2024.

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.

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Income statement

Amounts in NOK million	Note	2023	2022
Operating revenues		7	11
Operating revenues group	1	387	707
Total operating revenues		394	718
Payroll expenses	2	(376)	(545)
Other operating expenses		(570)	(703)
Depreciation and write-downs	5,6	(73)	(121)
Operating loss		**(625)**	**(651)**
Dividends and contributions from group		4 237	9 356
Net gain on sale of subsidiaries		22 786	-
Interest income/costs from group	7	857	420
Other financial costs	8	(1 579)	(638)
Profit before tax		**25 676**	**8 487**
Taxes	10	(113)	(59)
Profit after tax		**25 563**	**8 428**

Statement of comprehensive income

Amounts in NOK million	Note	2023	2022
Profit after tax		25 563	8 428
Changes in fair value shares		-	-
Change in hedging reserve after tax		28	44
Change in actuarial gains and losses pensions		(11)	(5)
Comprehensive income		**25 580**	**8 467**
Proposed dividend (not provided for)		(5 986)	(2 991)

Statement of financial position - Assets

Amounts in NOK million	Note	2023	2022
Intangible assets	8	385	459
Deferred tax asset	10	96	207
Property, plant and equipment	7	226	667
Shares in subsidiaries	9	66 631	43 692
Loans to group companies, interest-bearing		20 996	19 315
Other financial assets		22	23
Non-current assets		**88 356**	**64 363**
Receivables external		397	128
Receivables group, non-interest-bearing		28	246
Receivables group contribution		1 725	1 200
Cash and cash equivalents		79	75
Current assets		**2 229**	**1 649**
Total assets		**90 585**	**66 012**

Statement of financial position - Equity and liabilities

Amounts in NOK million	Note	2023	2022
Paid-in equity		1 969	1 968
Retained earnings		60 903	38 226
Equity		**62 872**	**40 194**
Pension liabilities	2	607	649
Non-current interest-bearing liabilities		15 480	13 560
Non-current non-interest-bearing liabilities		0	13
Non-current liabilities		**16 087**	**14 222**
Liabilities to group, interest-bearing		9 012	7 562
Liabilities to group, non-interest-bearing		9	128
Tax payable	10	1	78
Other current liabilities		2 604	3 828
Current liabilities		**11 626**	**11 596**
Equity and liabilities		**90 585**	**66 012**

Statement of cash flows

Amounts in NOK million	2023	2022
Profit/loss before tax	25 676	8 487
Depreciation and write-downs	73	121
Write-down of shares	(2)	-
Changes in net working capital etc.	(50)	(81)
Dividends in kind recognised in income without cash flow effect	(285)	(5 279)
Sale of subsidaries transferred to investing activities	(22 786)	-
Transfer of profit items to other activities	476	633
Taxes paid	(84)	(345)
Cash flow from operating activities	**3 018**	**3 536**
Net sale of investments	117	(12)
Sold companies	56 002	3
Investments in subsidiaries/partly owned companies	(55 870)	(720)
Cash flow from investing activities	249	**(729)**
Dividends paid	(2 989)	(2 987)
Net sale/purchase of treasury shares	42	43
Net paid to shareholders	**(2 947)**	**(2 944)**
Proceeds from borrowings	3 304	4 613
Repayments of borrowings	(847)	(724)
Repayments of lease liabilities	(31)	(63)
Termination of leasing agreements	329	-
Net change in liabilities	(4 321)	1 848
Net change in interest-bearing receivables	1 250	(6 077)
Net cash flow from/(used in) financing activities	**(316)**	**(403)**
Cash flow from financing activities	**(3 263)**	**(3 347)**
Change in cash and cash equivalents	**4**	**(540)**
Cash and cash equivalents 1 January	75	615
Cash and cash equivalents 31 December	79	75
Change in cash and cash equivalents	4	(540)

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 2022	1 252	(6)	721	**1 967**	32 672	**34 639**
Comprehensive income Orkla ASA	-	-	-	**-**	8 467	**8 467**
Dividends paid	-	-	-	**-**	(2 987)	**(2 987)**
Net purchase/sale of treasury shares	-	1	-	**1**	42	**43**
Share based payment	-	-	-	**-**	32	**32**
Equity 31 December 2022	1 252	(5)	721	**1 968**	38 226	**40 194**
Comprehensive income Orkla ASA	-	-	-	**-**	25 580	**25 580**
Dividends paid	-	-	-	**-**	(2 989)	**(2 989)**
Net purchase/sale of treasury shares	-	1	-	**1**	41	**42**
Share based payment	-	-	-	**-**	45	**45**
Equity 31 December 2023	1 252	(4)	721	**1 969**	60 903	**62 872**

Note 1 Accounting policies

The financial statements of the parent company Orkla ASA cover all activities at group level and thus the “ownership level” above the operational businesses in the portfolio companies.

Besides the executive management, Orkla ASA comprises an investment team and corporate functions at Orkla Headquarters. The investment team undertakes investment activities and ownership tasks for Orkla’s portfolio companies. In addition, three Centres of Excellence have been established in the investment team to support the portfolio companies in the areas of sales, marketing and innovation, and sustainability. The corporate functions perform key services for the parent company in the areas of Finance, HR, Legal & Compliance and Communication & Corporate Affairs.

In addition to exercising parent company functions, some of the departments also carry out services for the portfolio companies and charge them for these services. The revenues from these activities are reported on the line “Operating revenues group”.

On 1 March 2023 Orkla was transformed into an industrial investment company; see Note 1 to the consolidated financial statements. As a result of this decision, Orkla ASA underwent a comprehensive reorganisation process in 2023. Previously, legal responsibility for the administration of the different business areas lay with Orkla ASA. As from 1 March 2023, the business areas were converted into portfolio companies and legal responsibility for administration of the former business areas was shifted to the portfolio companies.

On 1 March 2023, three separate Business Service companies were also established in the areas of IT, procurement and financial services. These companies took over functions which previously were administered from Orkla ASA, including centralised accounting services for subsidiaries and centralised procurement activities for the group. These companies deliver services to the portfolio companies that they charge the companies for. Responsibility for operations and administration of office functions, lease agreements and the like in Orkla Hus was transferred to Orkla Eiendom AS.

In the course of 2023, shares in underlying subsidiaries were sold to the portfolio companies, and liabilities have been converted to equity in the portfolio companies. As a result, Orkla ASA is now owner of the twelve portfolio companies, the three Business Service companies and the Financial Investments companies.

The Group Treasury acts as an internal bank and is responsible for the group’s external funding, management of the group’s liquid assets and overall management of the group’s currency and interest rate 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 group’s accounting policies also apply to Orkla ASA, and the notes to the consolidated financial statements will 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 6.00 per share, had adequate equity and liquidity at the end of 2023.

Note 2 Payroll and pensions

Amounts in NOK million	2023	2022
Wages	(284)	(422)
National insurance contributions	(51)	(72)
Remuneration of the Board and other pay-related costs	(7)	(11)
Pension costs	(34)	(40)
Payroll expenses	**(376)**	**(545)**
Average number of employees	159	232

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	2023	2022
Current service cost (incl. national insurance contribution)	(21)	(23)
Costs contribution plans	(13)	(17)
Pensions classified as operating costs	**(34)**	**(40)**
Pensions classified as financial items	(41)	28
Net pension costs	**(75)**	**(12)**

Breakdown of net pension liabilities as at 31 December

Amounts in NOK million	2023	2022
Present value of pension obligations	(607)	(649)
Pension plan assets	-	-
Capitalised net pension liabilities	**(607)**	**(649)**

The remaining net pension liabilities as at 31 December 2023 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.

Fees to group external auditor

Amounts in NOK million (excl. VAT)	2023	2022
Parent company		
Statutory audit	4.4	3.9
Other attest services	1.3	0.4
Tax consultancy services	0.6	-
Other non-audit services	0.6	-
Group		
Statutory audit	49.0	44.9
Other attest services	2.9	0.5
Tax consultancy services	1.5	1.5
Other non-audit services	0.7	0.1
Total fees to EY	**54.1**	**47.0**
Statutory audit fee to other auditors	4.4	8.0

Remuneration of the executive management

Remuneration of the Orkla Management Team during the year:

2023

Amounts in NOK 1 000	Paid salary and holiday pay	Benefits-in-kind	Total paid salary, holiday pay and benefits-in-kind	Accrued bonus	Allocations long-term incentive programme (LTI)	Accrued pension costs	Total accrued and allocated
Remuneration to President and CEO	11 792	239	12 031	7 200	3 600	2 641	13 441
Remuneration to other Orkla Management Team members	35 929	2 117	38 046	20 109	10 349	7 674	38 132

2022

Amounts in NOK 1 000	Paid salary and holiday pay	Benefits-in-kind	Total paid salary, holiday pay and benefits-in-kind	Accrued bonus	Allocations long-term incentive programme (LTI)	Accrued pension costs	Total accrued and allocated
Remuneration to President and CEO[1]	7 882	171	8 053	0	0	1 988	1 988
Remuneration to other Orkla Management Team members	23 824	1 664	25 488	3 103	4 560	5 583	13 246

1 Nils K. Selte assumed his role as President and CEO on 11 April 2022.

Orkla's Management Team had a total of 1,680,861 share options in Orkla ASA as at 31 December 2023. Information on the share option programme is provided under the section "Share-based incentive programmes" in this note.

NOK 7.0 million was paid out in 2023 in total remuneration to former President and CEO Jaan Ivar Semlitsch. To other members of Orkla's Management Team who have left the Orkla group, total remuneration of NOK 3.7 million was paid out in 2023. In 2022, a total of NOK 29.5 million was paid correspondingly to former members of the Management Team, including NOK 21.3 million to former President and CEO Jaan Ivar Semlitsch.

No loans or security interest on assets were provided to senior executives or members of Orkla's Board of Directors.
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 on page 50 of this annual report.

Share-based incentive programmes

Orkla's share-based incentive programmes are described in Note 11 of the consolidated financial statements.

Share-based incentive programmes relating to employees outside Orkla ASA are invoiced to the relevant company.

Note 3 Guarantees and assets pledged

Amounts in NOK million	2023	2022
Guarantees to subsidiaries	297	289
Other guarantee liabilities	20	19

Note 4 Loans to employees

Other financial assets include loans to employees.

Amounts in NOK million	2023	2022
Loans to employees	1	2

Note 5 Property, plant and equipment

Owned property, plant and equipment

Amounts in NOK million	Land, buildings and other property	Machinery, fixtures and fittings etc.	Assets under construction	Total
Book value 1 January 2022	**92**	**122**	**108**	**322**
Investments	1	3	34	38
Reclassifications[1]	-	4	(19)	(15)
Depreciation	(1)	(16)	-	(17)
Write-downs	-	(4)	-	(4)
Book value 31 December 2022	**92**	**109**	**123**	**324**
Investments	2	6	19	27
Reclassifications[1]	-	20	(24)	(4)
Sold assets	(1)	(9)	(89)	(99)
Depreciation	(2)	(18)	-	(20)
Write-downs	-	(2)	-	(2)
Book value 31 December 2023	**91**	**106**	**29**	**226**
Initial cost 1 January 2023	115	179	123	417
Accumulated depreciation and write-downs	(23)	(70)	-	(93)
Book value 1 January 2023	**92**	**109**	**123**	**324**
Initial cost 31 December 2023	116	190	29	335
Accumulated depreciation and write-downs	(25)	(84)	-	(109)
Book value 31 December 2023	**91**	**106**	**29**	**226**

1 Net reclassifications are related to the transfer from Note 6.

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 2022	**399**	**0**	**399**
Investments	0	0	0
Depreciation	(56)	0	(56)
Book value 31 December 2022	**343**	**0**	**343**
Investments			
Termination[1]	(329)		(329)
Depreciation	(14)	0	(14)
Book value 31 December 2023	**0**	**0**	**0**
Initial cost 1 January 2023	596	4	600
Accumulated depreciation and write-downs	(253)	(4)	(257)
Book value 1 January 2023	**343**	**0**	**343**
Initial cost 31 December 2023	596	4	600
Accumulated depreciation and write-downs	(267)	(4)	(271)
Termination	(329)		(329)
Book value 31 December 2023	**0**	**0**	**0**

1 Orkla ASA terminated the lease related to the rental of Drammensveien 149 with effect from 1 March 2023.

Note 6 Intangible assets

Amounts in NOK million	Trademarks, not depreciable	IT	Total
Book value 1 January 2022	**26**	**488**	**514**
Reclassifications property, plant and equipment[1]	-	15	15
Sold assets	(26)	-	(26)
Write-down	-	(1)	(1)
Depreciation/Amortisation	-	(43)	(43)
Book value 31 December 2022	**0**	**459**	**459**
Reclassifications property, plant and equipment[1]		4	4
Sold assets		(41)	(41)
Depreciation/Amortisation		(37)	(37)
Book value 31 December 2023		**385**	**385**
Initial cost 1 January 2023	-	577	577
Accumulated depreciation and write-downs		(118)	(118)
Book value 1 January 2023		**459**	**459**
Initial cost 31 December 2023		521	521
Accumulated depreciation and write-downs	-	(136)	(136)
Book value 31 December 2023	**0**	**385**	**385**

Note 7 Interest income and expenses group

Amounts in NOK million	2023	2022
Interest income group	1 152	536
Interest costs group	(295)	(116)
Net interest income group	**857**	**420**

Note 8 Other financial items

Amounts in NOK million	2023	2022
Foreign exchange gain/loss	(590)	(245)
Other financial income	32	3
Other financial costs	(1 021)	(396)
Total other financial items	**(1 579)**	**(638)**

Note 9 Shares in subsidiaries, directly owned

Amounts in NOK million	Share of ownership	Book value 2023	Book value 2022
Orkla Foods Europe AS	100%	23 843	0
Orkla Confectionery & Snacks AS	100%	19 348	0
Orkla Health Holding AS	100%	10 081	0
The European Pizza Company B.V.[1]	100%	3 454	1 324
Orkla Food Ingredients AS	100%	2 466	2 466
Orkla Energi AS	100%	1 765	1 765
Orkla Asia Holding AS	100%	1 410	1 410
Orkla House Care Norge AS	100%	897	865
Orkla Eiendom AS	100%	589	589
Orkla Home & Personal Care AS	100%	478	200
Health and Sports Nutrition HSNG AB	100%	463	463
Viking Askim AS	100%	400	400
Paint Holding AS	100%	305	305
Gøteborg Kex AB	100%	285	0
Sarpsfoss Limited			
Ordinary shares	100%	253	253
Preference shares	99.9%	43	43
Sandakerveien 56 AS	80%	165	173
Textile Holding AS	100%	152	9
Orkla Insurance Company DAC	100%	65	65
Trælandsfos Holding AS	100%	36	36
Orkla IT AS	100%	34	34
Lilleborg AB	100%	28	28
Øraveien Industripark AS	100%	15	15
Orkla Financial Services AS	100%	15	0
Lilleborg AS	100%	12	12
Orkla Investeringer AS	100%	10	10
Sandakerveien 56 Næring AS	80%	8	0
Nödinge AB	100%	7	7
Cederroth Intressenter AB	100%	3	3
Orkla China CO., LTD	100%	1	1
Orkla Foods Norge AS	0%	0	9 065
Orkla Foods Sverige AB	0%	0	5 469
Orkla Suomi Finland Oy AB[2]	0%	0	3 315
Orkla Confectionery & Snacks Danmark A/S	0%	0	2 997
Orkla Suomi Finland Oy AB[3]	0%	0	2 142
Orkla Health AS	0%	0	1 631
Orkla Eesti AS	0%	0	1 475
Kotipizza Group Oy	0%	0	1 424
Hamé s.r.o.	0%	0	1 354
SIA Orkla Latvija	0%	0	955
Orkla Confectionery & Snacks Norge AS	0%	0	906
Orkla Foods Česko a Slovensko a.s.	0%	0	900
Swebisquits AB	0%	0	512
SIA Orkla Foods Latvija	0%	0	246
Nói-Siríus HF	0%	0	208
Attisholz AB	0%	0	187
Orkla Foods Romania SA	0%	0	185
Orkla Foods Danmark A/S	0%	0	175
UAB Orkla Foods Lietuva	0%	0	39
Orkla Trading AB	0%	0	24
Orkla Foods Norge Marketing Service AS[4]	0%	0	5
Orkla Accounting Centre OÜ	0%	0	2
Total		**66 631**	**43 692**

1 Formerly Orkla Out of Home S.V.
2 Formerly Orkla Confectionery & Snacks Finland AB
3 Formerly Orkla Foods Finland OY
4 Formerly Orkla Design AS

The table shows only directly owned subsidiaries. The group comprises a total of around 280 companies. The most important indirectly-owned subsidiaries are shown in the Group Directory at the end of the annual report. Reference is made to Note 1 for Orkla ASA. During 2023 shares in underlying subsidiaries were sold to the portfolio companies, and the majority of the debt was then converted to equity. As a result, the total value of shares in subsidiaries is higher since shares in subsidiaries are recognised at cost, but are sold at fair value. This gave rise to substantial gains on shares in Orkla ASA in 2023.

Note 10 Taxes

Tax expense

Amounts in NOK million	2023	2022
Profit before taxes	**25 676**	**8 487**
Change in temporary differences	(505)	(21)
Of which change in temporary differences previous years	(2)	(29)
Correction for change in temporary differences taken to comprehensive income	21	51
Total change in temporary differences	**(486)**	**1**
Non-deductible expenses	136	23
Arbitration settlement Hame Hungary	(25)	-
Gain and loss on shares	(22 786)	-
Impairment of shares in subsidiaries	2	-
Dividends from subsidiaries	(2 511)	(8 155)
Total permanent differences	**(25 184)**	**(8 132)**
Total taxable income	**6**	**356**
Calculated current tax expense	(1)	(78)
Withholding tax foreign dividends	(2)	(2)
Correction in provisions for previous years' taxes	(4)	15
Total current tax expense	**(7)**	**(65)**
Change in deferred tax liabilities	(106)	6
Total tax expense	**(113)**	**(59)**

Deferred tax liabilities

Amounts in NOK million	2023	2022
Financial derivatives	393	8
Hedging reserve in equity	22	(13)
Property, plant and equipment	-	3
Fixed assets	(264)	(287)
Pension liabilities	(571)	(607)
Leases	0	(15)
Other current liabilities	(18)	(32)
Basis deferred tax	**(438)**	**(943)**
Deferred tax asset	96	207
Change in deferred tax	**(111)**	**(5)**
Change in deferred tax taken to comprehensive income	**5**	**11**
Change in deferred tax in the income statement	**(106)**	**6**

Reconciliation of total tax expense

Amounts in NOK million	2023	2022
22% of profit before taxes	(5 649)	(1 867)
Tax free dividends, share gains, share losses and write-downs of shares	5 013	-
Dividends from subsidiaries	552	1 794
Arbitration settlement Hame Hungary, tax-free	6	-
Non-deductible expenses	(30)	(5)
Withholding tax	(2)	(2)
Correction previous years' taxes	(3)	21
Total tax expense for Orkla ASA	**(113)**	**(59)**

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's 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 to hedge currency risk on internal loans, book equity and goodwill. In 2023, NOK -595 million was recognised in the income statement in connection with these hedges (NOK -243 million in 2022). The internal bank does not actively take on currency risk. Internal 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 2023, the fair value of these interest rate swaps was NOK -283 million (NOK -291 million in 2022). During the year NOK 9 million was expensed in the income statement related to changes in the fair value of the hedged loans.

When Orkla hedges future interest payments, interest rate swaps are used, whereby Orkla receives floating interest rates and pays fixed interest rates. These interest rate swaps are accounted for as cash flow hedges with changes in fair value recognised through comprehensive income. As at 31 December 2023, the fair value of these swaps amounted to NOK 22 million (NOK -13 million in 2022).

Equity hedging reserve. Change in the equity hedging reserve:

Amounts in NOK million	2023	2022
Opening balance hedging reserve before tax	(14)	(70)
Reclassified to profit/loss – operating revenues	0	(1)
Reclassified to profit/loss – net financial items	36	44
Fair value change during the year	0	13
Closing balance hedging reserve before tax	**22**	**(14)**
Deferred tax hedging reserve	(5)	3
Closing balance hedging reserve after tax	**17**	**(11)**

The hedging reserve is expected to be reclassified to the income statement as follows (before tax):
2024: NOK -36 million
After 2024: NOK 58 million

Note 12 Other matters

PAYE tax guarantee and guarantee for pension liabilities
Orkla ASA has a bank guarantee on behalf of its Norwegian subsidiaries to cover Pay-As-You-Earn (PAYE) tax payable by employees and pension liabilities for employees who earn more than 12G. The company has NOK 63 million in restricted assets such as margin deposits under derivative contracts.

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 2023 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, 14 March 2024
The Board of Directors of Orkla ASA

Stein Erik Hagen Chairman of the Board	Liselott Kilaas	Peter Agnefjäll	Anna Mossberg
Christina Fagerberg	Rolv Erik Ryssdal	Caroline Marie Hagen Kjos	Terje Utstrand
Sverre Josvanger	Karin Hansson	Roger Vangen	Nils K. Selte President & CEO

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

Independant Auditor's Report

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Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Orkla ASA

Report on the audit of the financial statements

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 2023 and the income statement, statement of comprehensive income, statement of cash flows and statement of 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 2023, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

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 2023 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 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting 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 2023. 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

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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 CEO) 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, 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 of the financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 the audit of the financial statements of Orkla ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Orklaasa-2023-12-31-no.zip, have 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 pursuant to 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 the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, 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. We conduct our work 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 about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include 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, 14 March 2024
ERNST & YOUNG AS

Petter Larsen
State Authorised Public Accountant (Norway)

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

Historical key figures

Historical key figures are presented for each of the last four years (2019–2022) 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		2023	2022	2021	2020	2019
Income statement							
Operating revenues		(mill. NOK)	67 797	58 391	50 441	47 137	43 615
EBIT (adj.)*		(mill. NOK)	6 921	7 411	6 145	5 492	5 088
Other income and expenses		(mill. NOK)	(687)	(514)	(415)	(930)	(561)
Operating profit		(mill. NOK)	6 234	6 897	5 730	4 562	4 527
EBIT (adj.) margin*	1	(%)	10.2	12.7	12.2	11.7	11.7
Profit/loss from associates and joint ventures		(mill. NOK)	1 836	861	855	1 000	659
Ordinary profit/loss before taxes		(mill. NOK)	6 966	7 345	6 366	5 348	4 931
Gains/profit/loss discontinued operations		(mill. NOK)	-	-	-	-	-
Profit/loss for the year		(mill. NOK)	5 421	5 268	4 898	4 422	3 898
Cash flow							
Net cash flow		(mill. NOK)	(409)	(4 053)	(6 971)	756	(2 064)
Capital as at 31 December							
Book value of total assets		(mill. NOK)	86 592	80 671	70 564	63 007	57 413
Market capitalisation	2	(mill. NOK)	78 656	70 737	88 058	87 081	88 987
Equity ratio	3	(%)	54.0	53.5	55.8	59.8	60.8
Net interest-bearing liabilities	4	(mill. NOK)	18 847	17 188	12 758	6 380	6 551
Net gearing	5		0.40	0.40	0.32	0.17	0.19

* EBIT (adj.) = Operating profit/loss before other income and expenses.

	Definition		2023	2022	2021	2020	2019
Interest coverage ratio	6		8.3	21.8	39.3	44.8	38.1
Average annual borrowing rate		(%)	5.1	2.4	1.5	1.8	2.5
Share of floating interest-bearing liabilities	7	(%)	100	100	96	57	49
Average time to maturity liabilities	8	(year)	3.3	3.6	3.5	3.2	3.7
Shares							
Average number of externally owned shares, diluted		(x 1 000)	997 449	996 876	997 105	1 000 461	999 929
Average number of externally owned shares		(x 1 000)	997 491	996 880	997 105	1 000 461	999 929
Share-related key figures							
Share price at 31 December		(NOK)	78.84	70.94	88.36	87.00	88.96
Earnings per share, diluted	9	(NOK)	5.21	5.04	4.82	4.37	3.84
Ordinary dividend per share (proposed for 2023)		(NOK)	3.00[12]	3.00	3.00	2.75	2.60
Payout ratio	10	(%)	57.6	59.5	62.2	62.9	67.7
Price/earnings ratio	11		15.1	14.1	18.3	19.9	23.2
Personnel							
Number of employees			19 671	20 471	21 423	18 110	18 348
Number of man-years			18 815	19 596	20 839	17 388	17 692

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 cash and cash equivalents (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
12 The Board of Directors proposes a total dividend of NOK 6.00 per share, whereof NOK 3.00 per share is in addition to the company's ordinary dividend.

Alternative performance measures (APM)

Contribution ratio

Contribution margin ratio is calculated by dividing the contribution margin by operating revenues. Operating revenues minus variable operating expenses constitute the contribution margin. Variable operating expenses are reported on the financial statement line "operating expenses" and consist of expenses directly related to sales volume. Variable expenses include costs related to input factors such as raw materials and packaging, and variable production costs such as electricity related to production and variable pay. They also include ingoing and outgoing freight costs directly related to sales volume. Costs related to finished goods purchased for resale are included as part of variable operating expenses. Production costs that are relatively constant over time and do not vary according to production volume are not included in the computation of contribution margin; such costs include warehouse costs, wages of factory administration and management staff, and depreciation of production equipment.

Contribution margin is a key internal financial figure that shows how profitable each portfolio company's product mix is and hence the company's ability to cover fixed expenses. Contribution margin is an important financial figure with regard to product innovation and product portfolio optimisation. A reconciliation of the Orkla group's contribution margin is presented in the table below.

	1.1.–31.12.	
Amounts in NOK million	2023	2022
Total operating revenues	67 797	58 391
Variable operating expenses	(41 207)	(34 384)
Contribution margin	26 590	24 007
Contribution ratio	39.2%	41.1%

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, the re-conclusion and loss of distribution agreements of a material nature, and currency effects. Intra-group transfers of companies and changes in distribution agreements between portfolio companies are also taken into account. 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 consolidated portfolio companies. Organic growth provides an important picture of the portfolio companies' ability to carry out innovation, product development, correct pricing and brand-building.

Segment information for each consolidated portfolio company shows how large a part of organic growth is related to price effects and how large a part is linked to volume/mix effects. Price effects are defined as net changes in prices to customers, i.e. changes in prices of customers adjusted for factors such as discounts, campaigns and price reductions. The price effects are calculated based on the assumption of unchanged volume. Volume/mix effects are calculated as a residual, and are organic growth minus price effects. Volume/mix effects consist of changes in sales volume and/or changes in the product mix sold.

Reconciliation of organic growth is shown in a separate table on page 186.

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, the renewal and loss of distribution agreements of a material nature, and currency effects. Transfers of companies within the group and changes in distribution agreements between portfolio companies are also taken into account. 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. Where underlying profit growth is mentioned in the report, it refers to underlying EBIT (adj.) growth. 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 portfolio companies' ability to 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 the consolidated portfolio companies is shown on separate tables on page 187 and 188.

Return on Capital Employed (ROCE)

ROCE is calculated by dividing a 12-month rolling EBITA (adj.) by the average capital employed in the consolidated portfolio companies.

EBITA (adj.) consists of EBIT (adj.) plus depreciation and write-downs of intangible assets. In the calculation a 12-month rolling EBITA (adj.) is used. Since depreciation and write-downs of intangible assets are not included in EBITA (adj.), they are also excluded from the capital base. Thus the historical cost of intangible assets is used in capital employed (see next paragraph).

Capital employed represents working capital in the consolidated portfolio companies and consists of:

- Net working capital
  Net working capital consists of the statement of financial position items "Trade receivables", "Trade payables" and "Inventories". It also includes public charges payable and some minor receivables and payables related to operations from "Other receivables and financial assets" and "Other current liabilities".
- Fixed assets
- Intangible assets at historical cost
  Consists of the statement of financial position line "Intangible assets" plus accumulated depreciation and write-downs
- Net pension liabilities
  Pension assets are included in the statement of financial position line "Associates, joint ventures and other financial assets", while pension liabilities are included in "Provisions and other non-current liabilities"
- Deferred tax on excess value
  This item is included in deferred tax which is part of the statement of financial position line "Provisions and other non-current liabilities"

Average capital employed is at all times an average of the closing balance for the five last reported quarters.

A reconciliation of rolling EBITA (adj.) and average capital employed, broken down by consolidated portfolio company, is presented from page 189.

ROCE shows the return that the Orkla group receives on the capital that is invested in the various consolidated portfolio companies. This is an important measurement parameter for assessing whether the portfolio companies' return exceeds the group's weighted average cost of capital (WACC), and for comparing the return on the current portfolio with another alternative return.

Earnings per share (adj.)

Earnings per share (adj.) show earnings per share adjusted for "Other income and 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, chiefly due to the fact that expensed M&A costs and the write-down of property, plant and equipment in Orkla Foods Česko a Slovensko are without tax effect. Non-taxable income increased the tax rate for OIE somewhat in 2013. The effective tax rate for OIE was 17% in 2023 and 17% in 2022.

If gains or losses related to sale/purchase of associates and joint ventures or major profit or loss effects related to abnormal tax conditions are reported, adjustments will also be made for them. No such adjustments were made in 2023 or 2022.

Orkla has an option programme for senior executives (see Note 11). This programme could have a dilutive effect for other shareholders, and for that reason dilutive figures are presented for earnings per share and earnings per share (adj.).

The calculation of earnings per share (adj.) is shown in Note 17.

Net replacement and expansion investments

When taking decisions regarding investments, the group distinguishes between replacement and expansion investments. Expansion investments are the part of overall reported investments considered to be investments either in 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) mainly concerns maintenance of existing operations and how large a part of the investments (expansion) is investments which must be expected to generate increased contributions to profit in future, exceeding expectations of normal operations. Net replacement and expansion investments are presented in the Orkla-format cash flow statement; see the Report of the Board of Directors and Note 7.

Cash conversion

Cash conversion is calculated as cash flow from operating activities as a percentage of EBIT (adj.). Cash flow from operating activities is defined and presented in the Orkla-format cash flow statement in Note 7 of the annual financial statements and in the Report of the Board of Directors. An overview of cash flow from operating activities and EBIT (adj.) for each of the consolidated portfolio companies is disclosed in Note 7.

Cash conversion is an important key figure for Orkla as it shows how much of EBIT (adj.) has been converted to net interest-bearing liabilities and thus the financial means available to the group. Net interest-bearing liabilities are the group's most important management parameter for financing and capital allocation (see separate paragraph).

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 cash and cash equivalents, interest-bearing derivatives and other interest-bearing receivables.

Net interest-bearing liabilities are the group's primary management parameter for financing and capital allocation, and are used actively in the group's financial risk management strategy. The Orkla-format cash flow statement 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 (acquisitions and disposals)

Structural growth includes adjustments for the acquisition of the businesses Norstamp, Bubs Godis, Da Grasso, Khell Food, Denali Ingredients, Lofoten Marine Oils, Healthspan and Hadecoup, and the winding-up of Hamé Foods in Russia and sale of the convenience business in Orkla Latvija and the Struer brand. Adjustments were also made for the loss of a distribution agreement with PepsiCo and Alpro, and the distribution of tea in Orkla India. Following the transition to a new operating model, the split-up of the former Orkla Care business area has entailed the transfer of the dental health business and adjustments for changes in distribution and production agreements between new portfolio companies.

In 2022, adjustments were also made for the acquisition of Vesterålen Marine Olje, Eastern, NutraQ, New York Pizza, Sigurd Ecklund, Hans Kaspar, Nói Síríus, Cake Décor Limited, For All Baking Ltd., Ambasador92 and SeaGood Fort Deli. Adjustments have been made for the sale of Credin Russland, the Struer brand, and the water business under the Everest brand in Orkla Latvija. A structural adjustment was made at business area level for the internal transfer of the Oolannin brand.

Organic growth by Portfolio Company

	1.1.–31.12.2023				1.10.–31.12.2023			
Sales revenues change %	Organic growth	FX	Structure	Total	Organic growth	FX	Structure	Total
Orkla Foods Europe	6.6	7.8	-0.5	14.0	5.1	7.5	-0.8	11.8
Orkla Food Ingredients	8.7	12.3	6.1	27.1	1.1	11.0	2.3	14.4
Orkla Confectionery & Snacks	9.2	8.0	0.0	17.2	8.1	8.3	0.2	16.6
Orkla Health	6.3	9.0	3.1	18.4	5.8	9.1	2.1	17.0
Orkla India	12.1	5.1	-1.3	15.9	12.4	5.5	-0.3	17.6
Orkla Home & Personal Care	8.8	2.7	2.5	14.0	11.5	3.3	3.3	18.1
The European Pizza Company	8.3	15.4	7.0	30.7	2.1	13.7	6.7	22.5
Orkla House Care	2.7	7.8	0.0	10.5	3.2	8.9	0.0	12.1
Health and Sports Nutrition Group	10.4	4.8	-3.2	12.0	1.2	6.5	-4.4	3.3
Pierre Robert Group	2.1	3.0	0.0	5.1	-8.7	2.8	0.0	-5.9
Lilleborg	15.4	0.0	0.0	15.4	20.5	0.0	0.0	20.5
Consolidated Portfolio Companies	**8.1**	**9.0**	**1.9**	**19.0**	**5.3**	**8.6**	**0.7**	**14.6**

	1.1.–31.12.2022				1.10.–31.12.2022			
Sales revenues change %	Organic growth	FX	Structure	Total	Organic growth	FX	Structure	Total
Orkla Foods Europe	7.2	-1.4	-0.3	5.5	7.2	1.1	-0.8	7.5
Orkla Food Ingredients	20.5	-1.2	2.8	22.2	18.5	3.4	3.8	25.7
Orkla Confectionery & Snacks	5.2	-1.1	-0.8	3.3	5.6	1.6	-2.8	4.4
Orkla Health	7.1	-1.0	23.4	29.5	3.5	2.1	11.9	17.4
Orkla India	15.5	6.8	13.8	36.0	11.2	7.3	0.0	18.5
Orkla Home & Personal Care	2.8	-2.3	0.0	0.5	5.6	-1.1	0.0	4.6
The European Pizza Company	11.3	-0.7	35.2	45.8	13.4	4.8	0.0	18.2
Orkla House Care	-11.2	-0.9	0.0	-12.2	-1.6	1.1	0.0	-0.5
Health and Sports Nutrition Group	9.3	-5.1	0.0	4.2	10.7	-3.6	0.0	7.1
Pierre Robert Group	7.7	0.0	0.0	7.7	17.7	0.9	0.0	18.7
Lilleborg	-1.8	0.0	0.0	-1.8	6.2	0.0	0.0	6.2
Consolidated Portfolio Companies	**9.6**	**-1.0**	**4.0**	**12.6**	**9.5**	**2.0**	**1.2**	**12.7**

Figures may not add up due to rounding.

Underlying EBIT (adj.) changes by Portfolio Company

	1.1.–31.12.2023				1.10.–31.12.2023			
EBIT (adj.) change %	Underlying growth	FX	Structure	Total	Underlying growth	FX	Structure	Total
Orkla Foods Europe	8.5	7.2	-1.2	14.5	6.0	6.8	-1.9	10.9
Orkla Food Ingredients	6.9	15.8	13.9	36.6	10.3	14.9	6.1	31.3
Orkla Confectionery & Snacks	-4.5	6.3	0.7	2.5	-6.9	6.8	1.2	1.1
Orkla Health	9.7	8.8	-2.9	15.6	-6.8	8.2	-2.9	-1.4
Orkla India	22.7	5.1	-0.5	27.4	22.5	5.3	0.0	27.7
Orkla Home & Personal Care	35.5	2.3	10.6	48.3	64.8	-3.1	48.5	110.2
The European Pizza Company	-5.2	14.3	11.4	20.6	10.8	15.9	13.9	40.6
Orkla House Care	40.3	5.0	3.2	48.4	134.3	13.8	-29.6	118.5
Health and Sports Nutrition Group	402.6	10.8	-136.1	277.4	39.4	5.5	-11.4	33.5
Pierre Robert Group	12.7	6.5	0.0	19.2	-8.1	5.5	0.0	-2.6
Lilleborg	-8.7	0.0	0.0	-8.7	51.1	0.0	0.0	51.1
Consolidated Portfolio Companies	**7.9**	**8.5**	**2.2**	**18.7**	**7.7**	**8.0**	**1.0**	**17.0**
Headquarters & Business Services	-21.5	0.0	0.0	-21.5	-16.0	0.1	-0.2	-16.0
Consolidated Portfolio Companies incl. Headquarters & Business Services	**6.9**	**9.2**	**2.4**	**18.5**	**6.9**	**8.8**	**1.2**	**17.1**

	1.1.–31.12.2022				1.10.–31.12.2022			
EBIT (adj.) change %	Underlying growth	FX	Structure	Total	Underlying growth	FX	Structure	Total
Orkla Foods Europe	-9.5	-1.3	-1.2	-12.0	-13.1	1.0	-1.6	-13.7
Orkla Food Ingredients	27.7	-1.8	6.1	32.0	20.1	3.4	2.8	26.3
Orkla Confectionery & Snacks	-9.2	-0.4	-1.7	-11.1	-12.8	1.8	-1.5	-12.5
Orkla Health	-9.4	1.4	11.9	3.9	-25.5	0.9	2.2	-22.4
Orkla India	21.1	6.7	4.7	32.5	3.0	6.8	0.0	9.8
Orkla Home & Personal Care	-53.3	-0.5	0.0	-53.9	-68.6	0.6	0.0	-67.9
The European Pizza Company	-0.8	-0.8	33.4	31.8	-12.7	3.9	0.1	-8.7
Orkla House Care	-58.8	-1.7	1.0	-59.6	-251.5	7.5	-7.8	-251.8
Health and Sports Nutrition Group	-67.1	0.2	0.0	-66.9	49.4	-5.1	0.0	44.4
Pierre Robert Group	-18.2	0.0	0.0	-18.2	71.0	1.2	0.0	72.2
Lilleborg	-17.8	0.0	0.0	-17.8	-15.8	0.0	0.0	-15.8
Consolidated Portfolio Companies	**-8.7**	**-0.8**	**2.6**	**-6.8**	**-14.8**	**2.0**	**-0.7**	**-13.5**
Headquarters & Business Services	-3.7	0.1	-0.2	-3.8	8.7	0.2	-0.4	8.5
Consolidated Portfolio Companies incl. Headquarters & Business Services	**-9.5**	**-0.8**	**2.8**	**-7.5**	**-15.3**	**2.1**	**-0.7**	**-13.8**

Figures may not add up due to rounding.

EBIT (adj.) margin growth by Portfolio Company

EBIT (adj.) margin growth Change in percentage points	1.1.–31.12.2023 Underlying growth	Structure/ FX	Total	EBIT(adj.) margin (%)	1.10.–31.12.2023 Underlying growth	Structure/ FX	Total	EBIT(adj.) margin (%)
Orkla Foods Europe	0.2	-0.1	0.0	11.1	0.1	-0.2	-0.1	11.5
Orkla Food Ingredients	-0.1	0.5	0.4	6.2	0.5	0.2	0.7	5.5
Orkla Confectionery & Snacks	-1.8	0.1	-1.6	11.4	-2.1	0.1	-2.0	13.3
Orkla Health	0.4	-0.8	-0.3	13.4	-0.9	-0.4	-1.3	6.8
Orkla India	1.1	0.0	1.2	13.1	1.0	0.0	0.9	11.9
Orkla Home & Personal Care	1.8	0.3	2.1	9.0	1.8	0.3	2.1	5.9
The European Pizza Company	-1.2	0.5	-0.8	9.0	0.8	0.5	1.2	9.6
Orkla House Care	2.7	-0.2	2.5	9.6	13.4	-1.0	12.4	1.8
Health and Sports Nutrition Group	2.3	-0.3	2.0	2.9	0.6	-0.1	0.5	2.2
Pierre Robert Group	0.4	0.1	0.5	4.4	0.0	0.2	0.2	6.3
Lilleborg	-2.3	0.0	-2.3	8.8	2.4	0.0	2.4	12.0
Consolidated Portfolio Companies	**0.0**	**0.0**	**0.0**	**9.8**	**0.2**	**-0.1**	**0.2**	**9.2**
Headquarters & Business Services	-2.3	0.2	-2.1	-53.0	2.5	0.1	2.6	-57.6
Consolidated Portfolio Companies incl. Headquarters & Business Services	**-0.1**	**0.1**	**0.0**	**9.0**	**0.1**	**0.0**	**0.2**	**8.4**

EBIT (adj.) margin growth Change in percentage points	1.1.–31.12.2022 Underlying growth	Structure/ FX	Total	EBIT(adj.) margin (%)	1.10.–31.12.2022 Underlying growth	Structure/ FX	Total	EBIT(adj.) margin (%)
Orkla Foods Europe	-2.0	-0.2	-2.2	11.1	-2.7	-0.2	-2.9	11.6
Orkla Food Ingredients	0.3	0.1	0.4	5.8	0.1	0.0	0.0	4.8
Orkla Confectionery & Snacks	-2.1	-0.1	-2.1	13.1	-3.2	0.3	-3.0	15.4
Orkla Health	-2.2	-1.2	-3.4	13.7	-3.0	-1.2	-4.2	8.1
Orkla India	0.6	-0.9	-0.3	11.9	-0.9	0.0	-0.9	11.0
Orkla Home & Personal Care	-8.1	-0.1	-8.2	6.9	-7.7	0.2	-7.5	3.3
The European Pizza Company	-1.5	0.4	-1.0	9.8	-2.5	0.0	-2.5	8.4
Orkla House Care	-8.5	0.1	-8.4	7.2	-18.6	1.0	-17.6	-10.6
Health and Sports Nutrition Group	-1.9	0.1	-1.8	0.8	0.4	0.0	0.4	1.7
Pierre Robert Group	-1.2	0.0	-1.2	3.9	1.9	0.0	1.9	6.1
Lilleborg	-2.2	0.0	-2.2	11.1	-2.5	0.0	-2.5	9.6
Consolidated Portfolio Companies	**-1.9**	**-0.1**	**-2.0**	**9.8**	**-2.5**	**-0.2**	**-2.7**	**9.0**
Headquarters & Business Services	4.2	0.8	5.0	-50.9	15.3	-0.1	15.2	-60.2
Consolidated Portfolio Companies incl. Headquarters & Business Services	**-1.9**	**-0.1**	**-1.9**	**9.1**	**-2.4**	**-0.2**	**-2.5**	**8.2**

Figures may not add up due to rounding.

Orkla Foods Europe

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**12.4%**	**11.7%**
EBIT (adj.) R12M	2 259	1 973
Amortisation and write-downs intangibles R12M	1	1
EBITA (adj.) R12M	**2 260**	**1 974**

Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	3 100	2 603
Total fixed assets (tangible)	5 607	5 268
Total intangible assets	9 219	8 841
Accumulated depreciation and write-downs intangible assets	1 417	1 354
Net pension liabilities	(692)	(846)
Deferred tax, excess values	(404)	(392)
Total average capital employed	**18 246**	**16 828**

1 R12M = Figures for last 12 months
2 Average of statement of financial position items in columns A, B, C, D and E
3 Average of statement of financial position items in columns E, F, G, H and I

Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	2 622	2 990	3 382	3 437	3 070	3 133	2 727	2 122	1 963
Total fixed assets (tangible)	5 520	5 641	5 762	5 709	5 399	5 368	5 292	5 076	5 204
Total intangible assets	9 258	9 173	9 371	9 385	8 906	8 926	8 859	8 701	8 812
Accumulated depreciation and write-downs intangible assets	1 458	1 422	1 421	1 426	1 356	1 377	1 362	1 315	1 360
Net pension liabilities	(762)	(687)	(691)	(695)	(627)	(906)	(895)	(880)	(921)
Deferred tax, excess values	(405)	(396)	(412)	(410)	(396)	(396)	(392)	(387)	(388)
Total capital employed	**17 691**	**18 143**	**18 833**	**18 854**	**17 708**	**17 503**	**16 953**	**15 948**	**16 030**

Figures may not add up due to rounding.

Orkla Food Ingredients

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**10.8%**	**10.6%**
EBIT (adj.) R12M	1 166	853
Amortisation and write-downs intangibles R12M	1	1
EBITA (adj.) R12M	**1 167**	**854**

Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	2 256	1 673
Total fixed assets (tangible)	3 458	2 815
Total intangible assets	4 456	2 992
Accumulated depreciation and write-downs intangible assets	842	730
Net pension liabilities	(163)	(177)
Deferred tax, excess values	(8)	(7)
Total average capital employed	**10 842**	**8 026**

1 R12M = Figures for last 12 months
2 Average of statement of financial position items in columns A, B, C, D and E
3 Average of statement of financial position items in columns E, F, G, H and I

Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	2 105	2 286	2 436	2 428	2 024	1 935	1 708	1 497	1 199
Total fixed assets (tangible)	3 624	3 471	3 580	3 440	3 177	2 806	2 748	2 619	2 727
Total intangible assets	4 447	4 506	4 632	4 498	4 196	2 791	2 761	2 586	2 625
Accumulated depreciation and write-downs intangible assets	849	847	881	860	771	768	751	685	673
Net pension liabilities	(185)	(170)	(169)	(164)	(127)	(193)	(190)	(185)	(189)
Deferred tax, excess values	(8)	(8)	(8)	(8)	(8)	(5)	(5)	(5)	(10)
Total capital employed	**10 833**	**10 933**	**11 352**	**11 056**	**10 033**	**8 102**	**7 773**	**7 198**	**7 025**

Figures may not add up due to rounding.

Orkla Confectionery & Snacks

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**9.9%**	**11.7%**
EBIT (adj.) R12M	1 013	989
Amortisation and write-downs intangibles R12M	1	0
EBITA (adj.) R12M	**1 014**	**989**

Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	511	312
Total fixed assets (tangible)	4 152	3 255
Total intangible assets	5 992	5 276
Accumulated depreciation and write-downs intangible assets	246	214
Net pension liabilities	(184)	(228)
Deferred tax, excess values	(448)	(404)
Total average capital employed	**10 269**	**8 426**

1 R12M = Figures for last 12 months
2 Average of statement of financial position items in columns A, B, C, D and E
3 Average of statement of financial position items in columns E, F, G, H and I

Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	528	864	362	445	355	517	286	222	181
Total fixed assets (tangible)	4 272	4 238	4 542	4 174	3 534	3 522	3 336	2 989	2 894
Total intangible assets	6 183	6 034	6 205	6 167	5 372	5 407	5 320	5 076	5 206
Accumulated depreciation and write-downs intangible assets	261	253	258	239	218	223	221	214	196
Net pension liabilities	(192)	(189)	(188)	(189)	(161)	(251)	(247)	(239)	(244)
Deferred tax, excess values	(463)	(449)	(463)	(456)	(410)	(414)	(407)	(388)	(398)
Total capital employed	**10 589**	**10 751**	**10 718**	**10 381**	**8 908**	**9 004**	**8 510**	**7 874**	**7 835**

Figures may not add up due to rounding.

Orkla Health

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**9.0%**	**8.5%**
EBIT (adj.) R12M	851	736
Amortisation and write-downs intangibles R12M	6	11
EBITA (adj.) R12M	**857**	**747**

Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	1 235	1 083
Total fixed assets (tangible)	878	729
Total intangible assets	7 439	7 033
Accumulated depreciation and write-downs intangible assets	240	174
Net pension liabilities	(12)	(6)
Deferred tax, excess values	(248)	(202)
Total average capital employed	**9 532**	**8 810**

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3 Average of statement of financial position items in columns E, F, G, H and I

Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	1 110	1 227	1 283	1 313	1 241	1 232	1 138	983	821
Total fixed assets (tangible)	939	882	886	880	804	777	764	718	581
Total intangible assets	7 489	7 461	7 583	7 453	7 211	7 233	7 254	7 114	6 355
Accumulated depreciation and write-downs intangible assets	281	268	225	220	205	208	153	154	148
Net pension liabilities	(14)	(12)	(11)	(11)	(9)	(6)	(6)	(5)	(5)
Deferred tax, excess values	(249)	(249)	(253)	(250)	(241)	(195)	(204)	(201)	(171)
Total capital employed	**9 556**	**9 578**	**9 713**	**9 604**	**9 210**	**9 249**	**9 099**	**8 764**	**7 728**

Figures may not add up due to rounding.

Orkla India

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**13.7%**	**11.5%**
EBIT (adj.) R12M	386	303
Amortisation and write-downs intangibles R12M	0	0
EBITA (adj.) R12M	**386**	**303**

Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	220	136
Total fixed assets (tangible)	613	561
Total intangible assets	2 208	2 163
Accumulated depreciation and write-downs intangible assets	7	7
Net pension liabilities	(2)	0
Deferred tax, excess values	(232)	(226)
Total average capital employed	**2 813**	**2 641**

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3 Average of statement of financial position items in columns E, F, G, H and I

Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	211	286	357	174	75	126	229	149	98
Total fixed assets (tangible)	583	631	654	633	562	611	580	517	538
Total intangible assets	2 157	2 246	2 304	2 239	2 095	2 341	2 214	2 081	2 084
Accumulated depreciation and write-downs intangible assets	7	7	7	7	6	7	7	6	6
Net pension liabilities	(12)	0	0	0	0	0	0	0	0
Deferred tax, excess values	(230)	(436)	(242)	(235)	(220)	(245)	(232)	(213)	(218)
Total capital employed	**2 714**	**2 734**	**3 081**	**2 818**	**2 518**	**2 840**	**2 798**	**2 540**	**2 508**

Figures may not add up due to rounding.

Orkla Home & Personal Care

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**15.1%**	**11.5%**
EBIT (adj.) R12M	225	152
Amortisation and write-downs intangibles R12M	0	0
EBITA (adj.) R12M	**225**	**152**

Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	129	123
Total fixed assets (tangible)	729	671
Total intangible assets	885	849
Accumulated depreciation and write-downs intangible assets	0	0
Net pension liabilities	(239)	(302)
Deferred tax, excess values	(11)	(17)
Total average capital employed	**1 495**	**1 325**

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3 Average of statement of financial position items in columns E, F, G, H and I

Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	127	83	181	174	83	256	131	68	79
Total fixed assets (tangible)	633	714	732	802	764	706	663	607	612
Total intangible assets	965	861	874	891	835	857	852	830	874
Accumulated depreciation and write-downs intangible assets	1	0	0	0	0	0	0	0	0
Net pension liabilities	(265)	(230)	(234)	(239)	(225)	(323)	(321)	(312)	(329)
Deferred tax, excess values	(11)	(10)	(11)	(11)	(10)	(10)	(10)	(10)	(43)
Total capital employed	**1 450**	**1 417**	**1 543**	**1 617**	**1 447**	**1 486**	**1 315**	**1 183**	**1 192**

Figures may not add up due to rounding.

The European Pizza Company

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**6.6%**	**6.5%**
EBIT (adj.) R12M	268	222
Amortisation and write-downs intangibles R12M	27	17
EBITA (adj.) R12M	**294**	**239**

Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	70	9
Total fixed assets (tangible)	786	630
Total intangible assets	3 612	3 092
Accumulated depreciation and write-downs intangible assets	143	72
Net pension liabilities	0	0
Deferred tax, excess values	(166)	(143)
Total average capital employed	**4 445**	**3 660**

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3 Average of statement of financial position items in columns E, F, G, H and I

Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	77	78	82	61	51	64	3	(17)	(59)
Total fixed assets (tangible)	833	774	826	795	700	679	629	565	576
Total intangible assets	3 564	3 607	3 801	3 691	3 396	3 143	3 073	2 883	2 965
Accumulated depreciation and write-downs intangible assets	280	144	107	97	88	75	71	64	63
Net pension liabilities	0	0	0	0	0	0	0	0	0
Deferred tax, excess values	(166)	(166)	(173)	(168)	(155)	(145)	(142)	(133)	(137)
Total capital employed	**4 587**	**4 437**	**4 644**	**4 477**	**4 080**	**3 815**	**3 633**	**3 362**	**3 408**

Figures may not add up due to rounding.

Orkla House Care

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**9.9%**	**6.9%**
EBIT (adj.) R12M	151	102
Amortisation and write-downs intangibles R12M	0	0
EBITA (adj.) R12M	**151**	**102**

Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	248	284
Total fixed assets (tangible)	341	323
Total intangible assets	646	641
Accumulated depreciation and write-downs intangible assets	347	279
Net pension liabilities	(2)	(2)
Deferred tax, excess values	(43)	(42)
Total average capital employed	**1 537**	**1 483**

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3 Average of statement of financial position items in columns E, F, G, H and I

Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	162	185	329	335	229	276	345	359	212
Total fixed assets (tangible)	272	369	373	362	328	346	336	305	299
Total intangible assets	717	629	642	633	609	611	672	651	661
Accumulated depreciation and write-downs intangible assets	349	351	366	348	318	322	257	245	254
Net pension liabilities	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Deferred tax, excess values	(43)	(43)	(44)	(44)	(42)	(43)	(43)	(42)	(42)
Total capital employed	**1 455**	**1 490**	**1 664**	**1 633**	**1 441**	**1 512**	**1 565**	**1 517**	**1 382**

Figures may not add up due to rounding.

Health and Sports Nutrition Group

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**6.1%**	**1.9%**
EBIT (adj.) R12M	36	9
Amortisation and write-downs intangibles R12M	0	0
EBITA (adj.) R12M	**36**	**10**

Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	61	63
Total fixed assets (tangible)	118	37
Total intangible assets	434	423
Accumulated depreciation and write-downs intangible assets	0	0
Net pension liabilities	0	0
Deferred tax, excess values	(25)	(25)
Total average capital employed	**588**	**498**

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Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	106	56	68	6	69	65	70	54	59
Total fixed assets (tangible)	195	177	93	79	47	53	29	27	28
Total intangible assets	442	430	434	445	417	425	424	415	432
Accumulated depreciation and write-downs intangible assets	0	0	0	0	0	0	0	0	0
Net pension liabilities	0	0	0	0	0	0	0	0	0
Deferred tax, excess values	(26)	(25)	(25)	(26)	(24)	(25)	(25)	(24)	(25)
Total capital employed	**717**	**638**	**570**	**505**	**508**	**518**	**499**	**472**	**494**

Figures may not add up due to rounding.

Pierre Robert Group

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**4.0%**	**3.8%**
EBIT (adj.) R12M	26	22
Amortisation and write-downs intangibles R12M	0	0
EBITA (adj.) R12M	**26**	**22**

Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	204	162
Total fixed assets (tangible)	7	34
Total intangible assets	129	101
Accumulated depreciation and write-downs intangible assets	311	287
Net pension liabilities	(5)	(4)
Deferred tax, excess values	0	0
Total average capital employed	**647**	**579**

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Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	117	227	214	229	232	252	138	101	86
Total fixed assets (tangible)	9	5	5	14	5	7	7	79	73
Total intangible assets	125	127	132	132	130	131	132	55	56
Accumulated depreciation and write-downs intangible assets	311	312	317	313	303	304	301	263	265
Net pension liabilities	(5)	(5)	(4)	(4)	(4)	(5)	(4)	(5)	(4)
Deferred tax, excess values	0	0	0	0	0	0	0	0	0
Total capital employed	**557**	**666**	**663**	**683**	**666**	**689**	**574**	**492**	**475**

Figures may not add up due to rounding.

Lilleborg

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**72.0%**	**129.2%**
EBIT (adj.) R12M	51	55
Amortisation and write-downs intangibles R12M	0	0
EBITA (adj.) R12M	**51**	**55**
Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	(11)	(40)
Total fixed assets (tangible)	55	57
Total intangible assets	18	18
Accumulated depreciation and write-downs intangible assets	12	12
Net pension liabilities	(4)	(4)
Deferred tax, excess values	0	0
Total average capital employed	**70**	**43**

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3 Average of statement of financial position items in columns E, F, G, H and I

Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	(12)	4	(13)	(15)	(18)	(45)	(43)	(51)	(42)
Total fixed assets (tangible)	66	51	52	53	52	54	57	59	61
Total intangible assets	18	18	18	18	18	18	18	18	18
Accumulated depreciation and write-downs intangible assets	12	12	12	12	12	12	12	12	12
Net pension liabilities	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Deferred tax, excess values	0	0	0	0	0	0	0	0	0
Total capital employed	**80**	**82**	**65**	**64**	**60**	**35**	**40**	**33**	**46**

Figures may not add up due to rounding.

Total portfolio companies incl. HQ and BS

Calculation of ROCE (return on capital employed)

Amounts in NOK million	31.12.2023	31.12.2022
ROCE (R12M[1])	**9.9%**	**9.7%**
EBIT (adj.) R12M	5 960	5 026
Amortisation and write-downs intangibles R12M	35	29
EBITA (adj.) R12M	**5 995**	**5 055**
Average capital employed:	31.12.2023[2]	31.12.2022[3]
Net working capital	7 917	6 235
Total fixed assets (tangible)	16 980	14 616
Total intangible assets	35 440	31 857
Accumulated depreciation and write-downs intangible assets	3 667	3 237
Net pension liabilities	(1 921)	(2 216)
Deferred tax, excess values	(1 585)	(1 456)
Total average capital employed	**60 497**	**52 272**

1 R12M = Figures for last 12 months
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3 Average of statement of financial position items in columns E, F, G, H and I

Specification of capital base for calculation of average capital employed

	A	B	C	D	E	F	G	H	I
Amounts in NOK million	31.12.2023	30.9.2023	30.6.2023	31.3.2023	31.12.2022	30.9.2022	30.6.2022	31.3.2022	31.12.2021
Net working capital	7 011	8 113	8 630	8 497	7 334	7 612	6 555	5 261	4 409
Total fixed assets (tangible)	17 164	17 189	17 742	17 182	15 610	15 166	14 681	13 789	13 834
Total intangible assets	35 746	35 487	36 397	35 962	33 606	32 315	32 019	30 810	30 535
Accumulated depreciation and write-downs intangible assets	3 934	3 713	3 691	3 620	3 375	3 395	3 232	3 108	3 073
Net pension liabilities	(2 064)	(1 894)	(1 906)	(1 923)	(1 818)	(2 290)	(2 285)	(2 295)	(2 391)
Deferred tax, excess values	(1 601)	(1 581)	(1 630)	(1 607)	(1 506)	(1 479)	(1 461)	(1 402)	(1 433)
Total capital employed	**60 190**	**61 028**	**62 925**	**61 731**	**56 601**	**54 719**	**52 741**	**49 270**	**48 027**

Figures may not add up due to rounding.

5. Key information

Share information

Market value

per 31.12.2023:

NOK 78.7 billion

Through efficient business operations, Orkla ensures shareholders long-term value growth that exceeds what they would have received through relevant, competitive investment alternatives. 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.

Market value and trading volume

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 13th largest company on the Oslo Stock Exchange as at 31 December 2023. At the end of 2023, its market capitalisation was NOK 78.7 billion, up NOK 7.9 billion from the end of 2022. In 2023, a total of NOK 3.0 billion was paid out in ordinary dividends. The average daily volume of Orkla shares traded on the Oslo Stock Exchange was 1.0 million, equivalent to 0.10% of the total number of Orkla shares issued. The Orkla share can also be traded through Orkla's Level-1 ADR programme in the USA. More information on the ADR programme may be found on Orkla's website, under "Investor".

Return

Orkla's shareholders have received a moderate 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).

Dividend policy

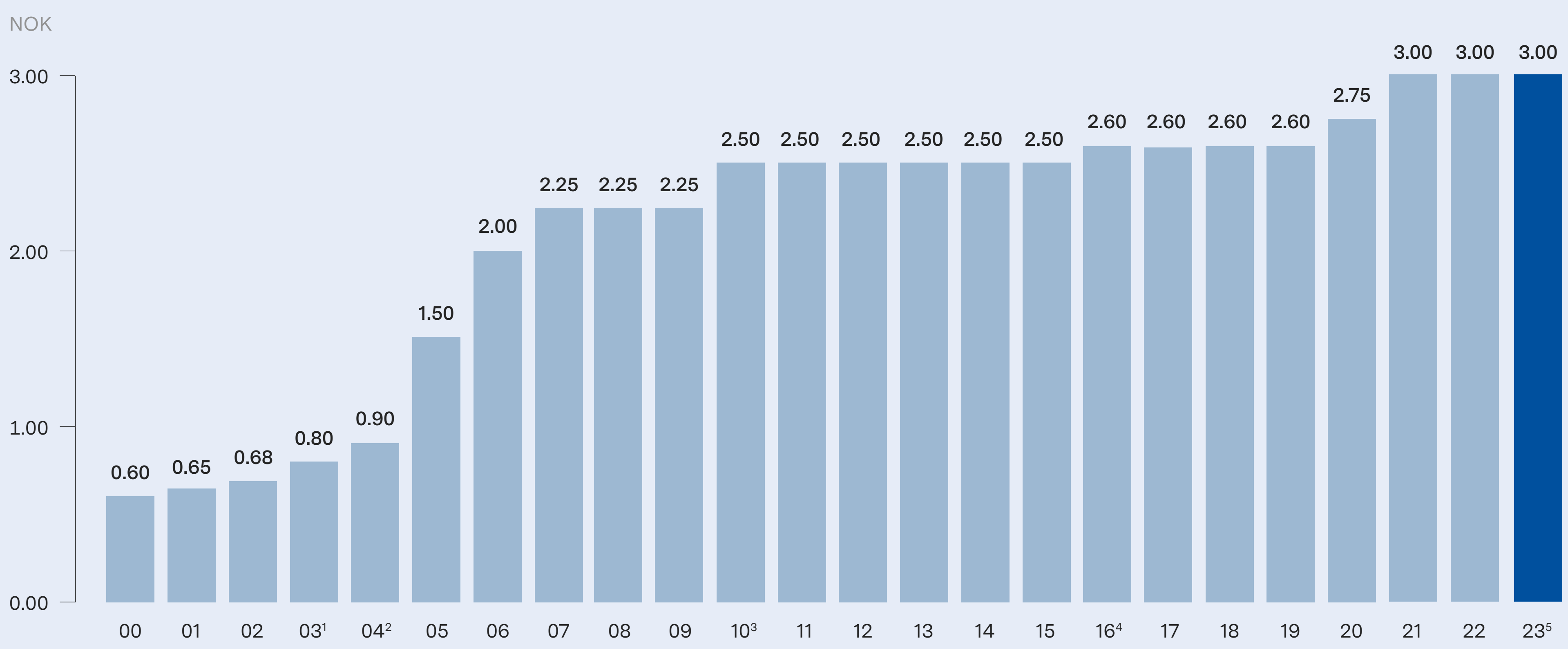
A combination of dividends and an increase in the share price will, over time, ensure that Orkla shareholders receive a competitive return on their investment. Orkla has maintained a steady, stable increase in the dividends paid out over time. The goal going forward is to increase the dividend per share, normally within 50–70% of earnings per share. The Board of Directors proposes a total dividend of NOK 6.00 per share for the 2023 financial year, including NOK 3.00 in addition to the company's ordinary dividend. The dividend will be paid out on 3 May 2024 to shareholders of record on the date of the Annual General Meeting.

Average annual return on investment, including reinvested dividends, as at 31 December 2023

Date	Orkla	OSEBX
Last year	15.7%	9.9%
Last 3 years	1.4%	34.2%
Last 5 years	6.7%	10.3%
Last 10 years	9.9%	9.1%

Source: Nasdaq

Ordinary dividend per share



1 Additional dividend of NOK 5.00 per share
2 Additional dividend of NOK 1.00 per share
3 Additional dividend of NOK 5.00 per share
4 Additional dividend of NOK 5.00 per share
5 Proposed ordinary dividend. Additional dividend of NOK 3.00 per share

Buyback of own shares

Orkla supplements the dividend by buying back a moderate number of its own shares. At the Annual General Meeting in 2023, 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 no later than by the 2024 Annual General Meeting. As at 31 December 2023, Orkla had not purchased any treasury shares under the authorisation. 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. As at 31 December 2023, Orkla owned 3,763,927 treasury shares.

Voting rights

Orkla has one class of share, and each share carries one vote. The nominal value of the share is NOK 1.25. Shareholders are entitled to vote according to the number of shares which they own and which are registered in the Norwegian Central Securities Depository (VPS) on 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 relating to these shares if the acquisition has been registered in VPS, or if proof is presented at the Annual General Meeting that the acquisition has been reported to VPS. Read more about Orkla's voting rights and the Annual General Meeting on Orkla's website, under "Investor".

Shareholders by geographical region[1]

Country	Percentage
Norway	51%
United States	18%
United Kingdom	9%
Others	22%

1 As at 31 December 2023
Source: Verdipapirsentralen (VPS)

Financial calendar 2024

Date	Event
18 April	Annual General Meeting
19 April	Shares trading ex-dividend[1]
3 May	Dividend payment
3 May	1st quarter report
15 July	2nd quarter report
29 October	3rd quarter report

1 Subject to approval of the proposed dividend at the Annual General Meeting.

The 20 largest shareholders as at 31 December 2023

Shareholders	Number of shares	% of capital[2]
Canica AS[1]	250,386,000	25.10%
Folketrygdfondet	73,656,028	7.38%
Mawer Investment Management Ltd.	58,111,978	5.82%
First Eagle Investment Management, L.L.C.	44,204,217	4.43%
The Vanguard Group, Inc.	29,823,291	2.99%
BlackRock Institutional Trust Company, N.A.	24,616,353	2.47%
DNB Asset Management AS	20,181,588	2.02%
Nordea Funds Oy	19,583,460	1.96%
KLP Fondsforvaltning AS	16,824,738	1.69%
Storebrand Kapitalforvaltning AS	16,810,224	1.68%
BlackRock Advisors (UK) Limited	11,233,953	1.13%
Handelsbanken Kapitalförvaltning AS	10,480,003	1.05%
State Street Global Advisors (UK)	10,262,635	1.03%
LSV Asset Management	9,224,625	0.92%
Danske Invest Asset Management AS	9,069,190	0.91%
Legal & General Investment Management Ltd.	9,065,788	0.91%
Acadian Asset Management	8,830,822	0.89%
Geode Capital Management, L.L.C.	7,712,942	0.77%
Amundi Asset Management, SAS	7,145,771	0.72%
Robeco Institutional Asset Management B.V.	6,906,026	0.69%
Total 20 largest shareholders	**644,129,632**	**64.56%**
Number of shares issued	**1,001,430,970**	
Number of shares outstanding	**997,667,043**	

Source: The list of shareholders has been supplied by Nasdaq.
1 Canica: Canica AS, Canica Investor AS, Tvist 5 AS, Stein Erik Hagen AS and shares privately held by Stein Erik Hagen.
2 Percentage of shares outstanding.

Additional information for valuation purposes

One possible model for valuing Orkla is based on distinguishing between the Portfolio Companies, where the value lies in future earnings from continued business operations, and the Group's other assets, which have identifiable market values and where earnings are not a part of Orkla's operating profit from the Consolidated Portfolio Companies.

Consolidated operations

Hydro Power

Power production

Hydro Power (2023)

2.5 TWh

The power operations have been fully consolidated into Orkla's income statement and are reported as Hydro Power. The power operations consist primarily of two assets: a reservoir power plant in Sauda (85% ownership) and a run-of-the-river plant in Sarpsfossen.

The Sauda hydropower operations (called Saudefaldene) are regulated by a private-law lease agreement with Statkraft. The lease agreement 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 tax value of the newly constructed power plants (approx. NOK 1.1 billion).

Saudefaldene has an average annual production (2014–2023) of 1,860 GWh. It leases approximately 1 TWh per year from Statkraft and has corresponding delivery commitments. The net effect of this is zero. The remaining power is sold in the spot market. Payroll expenses and other operating costs amounted to NOK 144 million in 2023*. Significant maintenance investments are generally recognised in the financial statements under operating expenses. Saudefaldene receives an annual amount from Statkraft in compensation for larger maintenance investments. The net investment was NOK 89 million in 2023, and NOK 57 million in 2022. Depreciation totalled NOK 46 million in 2023.

The Sarpsfossen power operations are based on power rights that are not subject to reversion, and average annual production (2014–2023) totals 589 GWh. The power is sold in the spot market. Payroll expenses and other operating costs totalled NOK 70 million in 2023. Depreciation amounted to NOK 9 million in 2023. Capitalised investments in upgrades and capacity expansions amounted to NOK 39 million in 2023.

In 2023, the average effective tax rate for the combined power operations was 51%.

* Figures excluding windfall tax

Orkla Real Estate

Orkla Real Estate is responsible for the administration, development and sale of real estate that are not related to Orkla's portfolio companies.

Orkla Real Estate also has a portfolio of both rental properties and development projects. The rental properties comprise approximately 40,000 m² and are attractively located at Skøyen, Oslo. Approximately 13,000 m² of this space are leased to external lessees. The remainder is leased to Orkla's portfolio companies and Orkla ASA with central administrative functions.

The development projects include housing development projects at Torshov, Oslo (called Torshovhøyden), and in Larvik (called Denja Hage), as well as the redevelopment of Orkla's former biscuit factory in Kungälv, Sweden (called Kexstaden).

As of 31 December 2023, the market value of Orkla's real estate rental portfolio was NOK 2.2 billion. The value is calculated based on estimated market returns. Orkla's headquarter, located at Skøyen, Oslo, is the Group's largest individual asset. The development portfolio had a book value of NOK 0.3 billion, calculated based on historical cost values for the plots of land. Current development projects entail a need for investments during the construction period, and gains will only be realised once properties are completed, and ownership is transferred. Based on the current portfolio of development projects, Orkla Real Estate expects to release approximately NOK 1.0 billion in capital over the next five years.

Read more at www.orklaeiendom.no/english/

Key figures for the Orkla share

	2023	2022	2021	2020	2019	2018	2017	2016
Share price, high (NOK)	83.86	88.58	91.60	97.14	91.98	87.30	87.30	83.55
Share price, low (NOK)	67.66	67.06	76.00	75.00	64.16	64.60	73.40	64.65
Share price, closing 31 Dec. (NOK)	78.84	70.94	88.36	87.00	88.96	68.04	87.05	78.20
Diluted earnings per share (NOK)	5.21	5.04	4.82	4.37	3.84	3.24	8.43	4.22
Ordinary dividend paid per share (NOK)	3.00[1]	3.00	3.00	2.75	2.60	2.60	2.60	2.60
Percentage of foreign shareholders	49%	49%	47%	51%	54%	51%	53%	52%
Number of shares issued as at 31 Dec.	1,001,430,970	1,001,430,970	1,001,430,970	1,001,430,970	1,001,430,970	1,018,930,970	1,018,930,970	1,018,930,970
Number of shares outstanding as at 31 Dec.	997,667,043	997,143,990	996,578,096	1,000,929,170	1,000,305,788	999,520,711	1,018,754,037	1,017,717,835

1 Proposed dividend. Orkla's Board of Directors proposes a total dividend of NOK 6,00 per share for the fiscal year 2023, of which NOK 3,00 is in addition to the company's ordinary dividend.

Analyst overview

Brokerage	Contact	Telephone	E-mail
ABG Sundal Collier	Petter Nystrøm	+47 22 01 61 35	petter.nystrom@abgsc.no
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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
Handelsbanken Capital Markets	Nicklas Skogman	+46 870 13 128	nicklas.skogman@handelsbanken.se
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Sparebank 1 Markets	Øyvind Mossige	+47 24 13 37 02	oyvind.mossige@sb1markets.no
UBS	Kate Rusanova	+44 207 568 9285	kate.rusanova@ubs.comt

Board of Directors

	Stein Erik Hagen (b. 1956)	Liselott Kilaas (b. 1959)	Peter Agnefjäll (b. 1971)
Position	Chairman of the Board Member of the Compensation Committee Elected to the Board in 2004, Board Chairman from 2006	Member of the Board Chair of the Compensation Committee Elected to the Board in 2017	Member of the Board Chair of the Audit Committee Elected to the Board in 2018
Nationality	Norwegian	Norwegian	Swedish
Education	Degree from the Retail Institute/the Norwegian School of Trade and Retail Management	M.Sc. in Mathematical Statistics, University of Oslo, Master of Business Administration, IMD Lausanne	M.Sc. i Business Administration, Linköping University
Experience and other positions	Mr Hagen has long experience in the retail, industrial and financial investment sectors and management. He established his first own business in 1976 and he and his children jointly own several family companies, including Canica AS. He is active in several of the family companies: Chairman of the Board of Canica Invest AS, Tvist 1 Invest AS, Tvist 1 AS, Tvist 3 AS, Tvist 5 AS, Tvist 8 AS, Nærutvikling AS and Stein Erik Hagen AS, member of the Board of Canica AS and Canica Eiendom AS and deputy member of the Board of Jernia AS. In addition, Mr Hagen sits on the Board of the family's charitable foundations. Mr Hagen is also member of the Board of the Prostate Cancer Foundation in the USA and Chairman of the Nomination Committee of Anora Group PLC.	Ms Kilaas has long experience in the health and care and medtech sectors, broad international experience in top executive positions, strategy, change management, general management, B2B, B2C and ESG, and experience from listed, private and P/E-owned companies. Ms Kilaas was CEO of Aleris Group from 2013 to 2017. Prior to that, she was Managing Director of Aleris Norge and then Aleris Norge and Danmark. Ms Kilaas is currently CEO of Evidia Group. She is member of the Board and of the Audit Committee of Folketrygdfondet and Peab AB, and a member of the Board of Avonova AB and Recover Nordic. In addition, she is Chair of the Board of Implantica and a member of the Supervisory Board of IMD.	Mr Agnefjäll was President and CEO of the IKEA Group (Ingka Holding B.V.) from 2013 to 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 Chair of the Supervisory Board of Ahold Delhaize N.V. and an independent advisor to the Private Equity team of the Abu Dhabi Investment Authority (ADIA).
Board meetings attended	9/9	9/9	9/9
Independent of main shareholders	No	Yes	Yes
Independent of management	Yes	Yes	Yes
Shareholding[1]	250,386,411	19,100	20,000

1 Shares owned as at 31 December 2023 by the Board member and related parties.




	Anna Mossberg (b. 1972)	Christina Fagerberg (b. 1973)	Rolv Erik Ryssdal (b. 1962)	Caroline Marie Hagen Kjos (b. 1984)
Position	Member of the Board Elected to the Board in 2020	Member of the Board Member of the Audit Committee Elected to the Board in 2022	Member of the Board Elected to the Board in 2022	Member of the Board Elected to the Board in 2023, Personal Deputy Member for Stein Erik Hagen since 2016
Nationality	Swedish	Swedish	Norwegian	Norwegian
Education	M.Sc. in Industrial Engineering & Management, University of Luleå, Executive MBA, Stanford University and IE University	M.Sc. in Economics and Business, Stockholm School of Economics	Master of Business Administration, Insead, and Master of Science, BI Norwegian Business School	Bachelor of Business Administration, Parsons The New School for Design in New York
Experience and other positions	Ms Mossberg has AI/tech skills, global commercial experience and investment and portfolio management experience. She has previously held various positions in Telia and as CEO of Bahnhof, SVP Strategy at Deutsche Telekom AB and Industry Leader at Google LLC. Ms Mossberg is currently a member of the Board and of the Finance Committee of Swisscom AG, of the Audit Committee and Compensation and Sustainability Committee of Swedbank AB and of the Compensation Committee of Ringier AG, as well as a member of the Ringier AI Advisory Board and a member of the Board of Directors of Volvo Cars AB. She is also member of the Advisory Board of Axcel Management and of the Board's Impact Forum.	Ms Fagerberg has broad experience of investment/private equity and transactions (M&A). She has worked at Goldman Sachs and IK Investment Partners (formerly Industri Kapital). In 2007 she founded her own private equity fund, Fagerberg & Dellby. Ms Fagerberg is member of the Board of the Idun Industrier AB investment company.	Mr Ryssdal has long experience of general management, growth companies and international expansion. Until August 2022, he was CEO of Adevinta, prior to which he was CEO of Schibsted from 2009 to 2018. Mr Ryssdal began his career at Schibsted/Adevinta in 1991 and served as CEO of Aftonbladet (1999–2005) and VG (2005–2008) before taking up the role of CEO at Schibsted. Mr Ryssdal is Chair of the Board of Spir Group ASA, Simployer Group AS and Ness, Risan & Partners AS.	Ms Hagen Kjos has experience and expertise in international relations and active ownership. She works as Project Manager at Canica Holding AG, Switzerland, where she shares responsibility for investments and strategy with the General Manager. She has previously worked as Project Manager in marketing and purchasing at JerniaGruppen. Ms Hagen Kjos is Chair of the Board of Directors of Canica AS and a member of the Board of Canica AG and Canica International AG.
Board meetings attended	9/9	9/9	9/9	9/9
Independent of main shareholders	Yes	Yes	Yes	No
Independent of management	Yes	Yes	Yes	Yes
Shareholding[2]	9,281	20,000	16,000	0[3]

2 Shares owned as at 31 December 2023 by the Board member and related parties.

3 Ms Hagen Kjos has a significant equity interest in the Canica companies, but does not have controlling influence in them.




	Terje Utstrand (b. 1964)	Sverre Josvanger (b. 1963)	Karin Hansson (b. 1960)	Roger Vangen (b. 1965)
Position	Board member, employee representative on the Board Member of the Compensation Committee Elected to the Board in 2012	Member of the Board, employee representative on the Board Member of the Audit Committee Elected to the Board in 2012	Member of the Board, employee representative on the Board Elected to the Board in 2016	Member of the Board, employee representatiive on the Board Elected to the Board in 2016
Nationality	Norwegian	Norwegian	Swedish	Norwegian
Experience and other positions	Mr Utstrand has been employed at Orkla Confectionery & Snacks since 1993, and has served as chief employee representative since 2010 and as Chair of the Board for LO Union members at Orkla. He is also Chair of Orkla's Committee of Union Representatives and the European Works Council. Mr Utstrand has been NNN union representative at Orkla Confectionery & Snacks Norge AS (formerly Nidar) since 1999 (chief employee representative from 2002 to 2010), and was a deputy member of the Board of Nidar AS from 2004 to 2010 and a member of the Board of Orkla Brands AS from 2008 to 2012. He has been a member of the trade union committees in Orkla since 2000.	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 a member of the Audit Committee. He has been employed at Orkla Confectionery & Snacks as a sales consultant since 1988. 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 a member of the European Works Council and has served on Orkla's Pension and Insurance Council (POFFO) since 2012, until the Council was wound up in mid-2023. He is a deputy member of the Board of Orkla Confectionery & Snacks Norge AS.	Ms Hansson is employed at Orkla Foods Sverige and is an elected representative of the Swedish Food Workers' Union at Orkla Foods Sverige. She is also a member of the Working Committee of the Orkla Foods Liaison Committee. Ms Hansson is also a member of Orkla's Committee of Union Representatives, the Working Committee of the Executive Committee and the European Works Council.	Mr Vangen has been employed at Orkla Foods for 38 years and has been a local union representative since around 1990. He is currently employed at Orkla Foods Norge and is 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.
Board meetings attended	9/9	9/9	9/9	9/9
Independent of main shareholders	Yes	Yes	Yes	Yes
Independent of management	Yes	Yes	Yes	Yes
Shareholding[4]	11,174	26,622	2,363	11,443[5]

4 Shares owned as at 31 December 2023 by the Board member and related parties.
5 Mr Vangen purchased 385 shares in Orkla on 23 February 2024, thereby increasing his shareholding, including related parties, to 11,828 shares.

Management team





	Nils Selte (b. 1965)	Hege Holter Brekke (b. 1969)	Audun Stensvold (b. 1972)	Maria Syse-Nybraaten (b. 1986)	Øyvind Torpp (b. 1975)
Position	President and CEO	EVP & Investment Executive	EVP & Investment Executive	EVP & Investment Executive	EVP & Investment Executive
Nationality	Norwegian	Norwegian	Norwegian	Norwegian	Norwegian
Education	M.Sc. Business (*siviløkonom*), BI Norwegian Business School	M.Sc. Business (*siviløkonom*), BI Norwegian Business School	M.Sc. Business (*siviløkonom*), Norwegian School of Economics (NHH)	M.Sc. Business (*siviløkonom*), Norwegian School of Economics (NHH)	M.Sc. (*sivilingeniør*), Norwegian University of Science and Technology (NTNU)
Experience	Mr Selte has been President and CEO of Orkla since 11 April 2022. He came to Orkla from Canica AS, where he had been employed since 2001, first as CEO, then as CFO from 2006 to 2014, and then as CEO again until 2022. Prior to that, Mr Selte served as Group Treasurer at ICA Ahold AB from 1999 to 2001 and CFO of Hakon Gruppen AS. From 1994 to 1996 he was Finance Director at Livi Norge AS and from 1991 to 1994 executive officer at the Office of the Auditor General of Norway. Until 2022, Mr Selte was a member of the Board of Directors of Orkla ASA, to which he was first elected in April 2014.	Ms Brekke became a member of the Orkla Management Team as CEO of Orkla Care in January 2021. She came from the position of CEO of Orkla Health. From 2015 to 2018 Ms Brekke served as CEO of Pierre Robert Group, and before that as SVP of Marketing & Innovation at Orkla Foods. Ms Brekke began her career at Orkla in 1996 and held several senior management positions at Orkla ASA and Nidar. From 2004 to 2014, she held various senior executive positions outside Orkla. She was a member of the Management Team of Plantasjen ASA from 2004 to 2006 and was Executive Vice President for Markets at TINE and a member of TINE's Corporate Management from 2007 to 2014). Ms Brekke began her career as a strategy advisor at McKinsey & Company. She also has extensive experience of service on internal and external boards.	Mr Stensvold has been a member of the Orkla Management Team since November 2022. From 2018 to 2022, he was CEO of Vinestor AS. From 2006 to 2018, he held various positions at Aker ASA, where he worked with active ownership, transactions, stock market listings and accounting/ finance, in addition to serving on the Board of Directors of several listed and unlisted companies. For a period, he was also CFO and Investment Director at Converto, which managed a portfolio of companies wholly or partly owned by Aker. Mr Stensvold was previously also a member of the Strategy and Finance Group at Advokatfirmaet Selmer (2002–2006) and a financial analyst at Gjensidige NOR Equities (1998–2022).	Ms Syse-Nybraaten has been part of the Orkla Management Team since 2022, first as CEO of Orkla Consumer & Financial Investments and subsequently as EVP for Investments at Orkla ASA. She came from the position of investment professional at Ferd Capital, where she held various positions since 2013, including responsibility for health investments in the Nordics. She has broad experience of Board work in a number of companies, including Dr. Fürst Medisinsk Laboratorium AS, Brav AS, Aidian OY and Fjord Line AS. She began her career as an analyst at SEB.	Mr Torpp has been a member of the Orkla Management Team since December 2022 and came from the position of Director at Canica. From 1999 to 2022, he worked at Boston Consulting Group (BCG), where he was a partner from 2008 and a senior partner from 2015. Mr Torpp headed BCG Norge from 2014 to 2018, as well as serving for many years as head of the Nordic and Norwegian consumer team. Mr Torpp has broad experience of supporting European consumer companies with emphasis on strategy development, transactions and major change processes.
Shareholding[1]	212,765	15,435	25,370	7,370	37,070[2]

1 Own and close relatives' shareholdings as at 31 December 2023.

2 Mr Torpp purchased 12,930 shares in Orkla on 12 February 2024, thereby increasing his shareholding, including related parties, to 50,000 shares.





	Harald Ullevoldsæter (b. 1963)	Christer Grönberg (b. 1961)	Camilla Tellefsdal Robstad (b. 1974)	Håkon Mageli (b. 1964)	Atle Vidar Nagel Johansen (b. 1963)
Position	EVP Finance and CFO[3]	EVP Human Resources	EVP Legal & Compliance	EVP Communication & Corporate Affairs	EVP & Investment Executive[4]
Nationality	Norwegian	Swedish	Norwegian	Norwegian	Norwegian
Education	Certified Financial Analyst, Norwegian School of Economics (NHH), M.Sc. Business (*siviløkonom*), BI Norwegian Business School	Education in Human Resources, Lund University and Kristianstad University	Master of Laws (LL.M.) (cand.jur), University of Oslo	M.Sc. Business (*siviløkonom*), BI Norwegian Business School, The Executive Programme, Darden School of Business	Certified Financial Analyst, Norwegian School of Economics (NHH), M.Sc. Business (*siviløkonom*), BI Norwegian Business School
Experience	Mr Ullevoldsæter has been a member of the Orkla Management Team since March 2020. He was CFO at Nortura SA from 2014 to 2019. Between 1996 and 2014 he held a number of management positions in finance at Orkla, including as SVP Finance and member of the management team of Orkla Brands and Orkla Brands Nordic. He previously worked for nine years as a financial analyst at DNB Markets.	Mr Grönberg has been a member of the Orkla Management Team since 2014. He has been head of Corporate Functions since 2018, before which he was head of HR. From 2010 to 2014, Mr Grönberg was HR Director at Orkla Foods, and from 2008 to 2010 he held the position of HR Director at Stabburet. Mr Grönberg was employed at Procordia Food from 1998 to 2008, including eight years as HR Director. From 1982 to 1998, Mr Grönberg pursued a career in the Swedish Armed Forces.	Ms Tellefsdal Robstad became a member of the Orkla Management Team in December 2022. She joined Orkla as a lawyer in 2010, with responsibility for competition law. In 2018 she became Director of Legal Affairs, and from 2020 she was also given responsibility for Orkla's Compliance function. She has served as Board Secretary since 2019. From 2000 to 2010 Ms Robstad worked as a lawyer for Kvale advokatfirma.	Mr Mageli has been a member of the Orkla Management Team since 2012. He was Director of Corporate Affairs at Orkla Brands from 2008 to 2012, and from 1995 to 2008, he was Information Director at Orkla Foods. From 1993 to 1995, he was Director of Public Affairs at Orkla Foods in Brussels, and Company Secretary at Nora Foods from 1991 to 1993. Mr Mageli worked as a journalist at Dagens Næringsliv from 1985 to 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 the Norwegian Food Foundation.	Mr Nagel Johansen has been a member of the Orkla Management Team since 2012. From 2005 to 2022 he was CEO of Orkla Foods and Orkla Foods Nordic, with a break from 2018 to 2021 when he headed Orkla Supply Chain and then Orkla Care. From 2001 to 2005 he served as CEO of Orkla Foods Polen, Marketing Director at Orkla Foods International and CFO at Orkla Foods. Mr Nagel Johansen was CFO at Tandberg Data ASA from 1999 to 2000. In the 1990s he held various financial management positions at Orkla and in the finance market.
Shareholding[3]	8,317	17,235	11,557	101,434[6]	29,215[7]

3 Arve Regland has been appointed new EVP Finance and CFO at Orkla ASA and will take up the position on 1 June 2024.
4 As from 1 November 2023 acting CEO of Orkla Foods Europe.
5 Own and close relatives' shareholdings as at 31 December 2023.
6 Mr Mageli purchased 10,000 shares in Orkla on 16 February 2024, thereby increasing his shareholding, including related parties, to 111,434 shares.
7 Mr Nagel Johansen purchased 10,000 shares in Orkla on 20 February 2024, thereby increasing his shareholding, including related parties, to 39,215 shares.

Governing bodies and elected representatives

Nomination Committee[1]
Nomination Committee elected by the General Meeting (see Article 6 of the Articles of Association):
Anders Christian Stray Ryssdal (1,315)
Nils-Henrik Pettersson (42,080)
Kjetil Houg (0)
Rebekka Glasser Herlofsen (0)

Board of Directors[1]
Stein Erik Hagen (250,386,411)
Liselott Kilaas (19,100)
Peter Agnefjäll (20,000)
Anna Mossberg (9,281)
Christina Fagerberg (20,000)
Rolf Erik Ryssdal (16,000)
Caroline Marie Hagen Kjos (0)[2]

Employee-elected Board members:
Terje Utstrand (11,174)
Sverre Josvanger (26,622)
Roger Vangen (11,443)[3]
Karin Hansson (2,363)

1 Figures in parentheses indicate the number of shares owned as at 31 December 2023, including shares owned by related parties.
2 Ms Hagen Kjos has a significant equity interest in the Canica companies, but does not have controlling influence in them.
3 Mr Vangen purchased 385 shares in Orkla on 23 February 2024, thereby increasing his shareholding, including related parties, to 11,828 shares

Auditor
Ernst & Young AS (0)
Petter Larsen (0), State Authorised Public Accountant

Corporate democracy at Orkla ASA
Active employee participation in the governing bodies, both at corporate level and in the individual portfolio 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 has been adapted to Orkla's new operating model and is set out in an agreement signed in 2023 between union representatives and the company's executive management.

In Orkla's Board of Directors the employees are represented by four of a total of 10 Board members. Orkla's Committee of Union Representatives covers employees of the Norwegian, Swedish and Danish companies. This arrangement ensures broad representation for Orkla employees across the portfolio companies, unions and countries. In Norway, there are also separate committees of representatives for LO union members and for salaried employees. The committees meet regularly with Orkla's executive management to discuss matters of corporate relevance.

A European Works Council (EWC) has been established at Orkla, and liaison committees have been set up at portfolio company level.

In addition to the corporate arrangements described above, the employees are represented on the Board of Directors of the portfolio companies in accordance with agreements and local legislation. The list below shows the members of Orkla's Committee of Union Representatives as at 31 December 2023.

Orkla Committee of Union Representatives

Working Committee
Terje Utstrand, Chair and corporate employee representative
Karin Hansson, member
Peer Sørensen, member
Sverre Josvanger, Secretary
Roger Vangen, member
Janne Halvorsen, member
Anders Nordgren, member

Committee of Representatives (in addition to the Working Committee)
Susanne Pedersen
Johan Stålbom
Anders Norgren
Mette Novak
Ingrid S. Nielsen
Robert Kollevåg
Frank Bjørneseth
Stig Gøran Nilsen
Morten Gilberg
Geir F. Engelbrethsen
Erik Nordby

6. Sustainability

General information

Sustainability at Orkla

Chapter navigation

At Orkla, we see responsible business practices as a prerequisite for building trust in our products, services and companies. We strive to minimise the footprint of our operations on people, the environment and society, and will facilitate a responsible transition towards net zero emissions and sustainable production and consumption in our companies.

We want to create long-term competitive and profitable operations through sound management of sustainability risks and actively exploring business opportunities for Orkla and its companies linked to meeting society's future needs.

Sustainability ambitions

Sustainable growth is a central component of Orkla's business strategy, and Orkla's overarching ambition as an investment company is to create sustainable value through active ownership of brand and consumer goods companies. In connection with Orkla's transition to an industrial investment company, we developed a new set of strategic values for Orkla in 2023, in which sustainable value-creation is one of five main pillars. Orkla's long-term sustainability ambition is to generate positive change by facilitating a responsible transition to net zero emissions and sustainable production and consumption.

New goals and ambitions have been developed for the work on environmental, social and governance topics. Among other measures, we have adopted science-based targets for reductions in greenhouse gas emissions, targeting net zero emissions by 2045. The new goals are more general than the previous goals, and allow Orkla's portfolio companies and other directly owned companies to define their own sustainability goals. We have emphasised meeting our existing voluntary commitments while transitioning naturally from Orkla's former sustainability goals for the period to 2025 to the new goals.

Through Orkla's new ambitions and goals, as well as our governing principles for sustainability and responsible business practices, we want to help ensure that all our companies address environmental, social and governance (ESG) issues in a way that ensures responsible business operations, good risk management, and long-term value creation. The ambitions and goals are further described in each of the main chapters on environmental topics, social topics, and topics related to governance and business ethics.

In 2023, the companies continued to work on their plans for the 2022–2024 period on the basis of Orkla's previous sustainability goals for 2025; in Orkla's Sustainability Report for 2023 we report on progress towards these goals. In 2024, the portfolio companies will update their sustainability goals and plans based on an assessment of the sustainability-related impacts, risks and opportunities experienced by them, Orkla's expectations and the companies' strategic priorities.

Figure 1: Orkla's sustainability ambitions

Orkla's Sustainability Ambition

We create positive change by enabling a responsible transition towards net zero and sustainable production and consumption

Protecting the environment

We strive to minimize and prevent adverse effects on the environment, and take actions to ensure that nature is protected, preserved, and restored.

Empowering people

We empower the people linked to our business to drive positive change. We build a culture of diversity & inclusion, and actively engage in the social challenges linked to our value chains.

Governance and Ethics in Business

We build a culture of integrity in everything we do, in every part of our organization. We only acknowledge success achieved through high integrity standards.

Progress in 2023

In connection with the transition to a new operating model, we gave priority to establishing robust management procedures for work on ESG topics in 2023, and all portfolio companies and other directly owned companies are making good progress on incorporating Orkla's new governing principles for sustainability and responsible business practices into their management systems and operating procedures.

While the internal reorganisation had some impact on the companies' capacity to execute other development projects in 2023, progress was still made in several important areas.

Orkla's total greenhouse gas emissions from own operations (scope 1 and scope 2) were 31% lower than in 2022 and 62% lower than in the base year 2016. The renewable energy proportion of total energy consumption was 50% in 2023. This means that we are well on the way to achieving our targets of a 65% reduction in greenhouse gas emissions from own operations and 60% renewable energy by 2025. Further improvement initiatives and investments are required to achieve the target of a 70% reduction in emissions from own operations by 2030. The cost of these measures is estimated at around NOK 360 million. The Orkla companies have continued their efforts to help reduce greenhouse gas emissions in the value chain (scope 3), but the overall emission reductions achieved thus far are modest. Orkla launched an internal programme focusing on the transition to net zero emissions in 2023, and we will develop more detailed plans for achieving emission reductions at both Orkla and company level in 2024.

During the year, the Orkla companies continued their efforts to develop new packaging solutions which minimise the use of fossil raw materials, are easy to recycle and facilitate higher recycling rates. In 2023, 97% of packaging materials used were recyclable, 69% of the materials were recycled or renewable, and 12% of plastic packaging materials were recycled or renewable. The Orkla companies have also made significant progress on ensuring that supply chains are deforestation-free. In 2023, 87% of Orkla's purchases of raw materials entailing a risk of deforestation either came from low-risk countries or were covered by certification programmes.

Several Orkla companies have plant-based products in their portfolios and are working to increase the number of vegetarian and vegan options they offer. In 2023, 31% of Orkla's food revenues came from vegan products[1]. Products which contribute to a healthier diet accounted for around 20% of sales by Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks and Orkla Food Ingredients in 2023[2]. The companies have continued their long-term efforts to reduce the use of salt, sugar and saturated fat. The combined estimated impacts of all measures implemented since 2015 are a reduction in sugar consumption of around 10%, a reduction in salt consumption of around 5% and a reduction of 7% in saturated fat consumption. Despite Orkla's extensive efforts over many years, the trend is somewhat below the adopted target.

Orkla intends to use its sustainability efforts to increase its competitiveness and long-term value creation. In recent years, the Orkla companies have renewed and strengthened several of their brands by improving their nutritional profile, packaging solutions or climate footprint. Good examples are TORO, Felix, Vitana, Cederroth First Aid and Pierre Robert. The companies have also launched new brands where sustainability is a core positioning factor. Examples of such brand innovations include Grumme, Lumme, Klar and Jordan Green Clean. These launches have contributed to revenue growth and provided learning which the companies are using in other parts of the product portfolio.

Gender equality is an important strategic priority for Orkla, and the companies have been working towards a goal of gender balance on all management levels for many years. These efforts have resulted in a steady increase in the proportion of women managers, and in 2023 the proportion of women managers at Orkla and company level was approximately 40%.

1 By Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks and Orkla Food Ingredients.

2 Relates to the 77% of revenues which come from products classified according to criteria for health and wellness.

Table 1: Sustainability-related revenue figures

Indicator references	Indicators	Unit	2023	2022	2021
Self-defined	Estimated share of revenues from vegan products[1, 2]	%	31	27	26
Self-defined	Estimated share of revenues from vegan and lacto-ovo vegetarian products[1, 3]	%	45	58	50
Self-defined	Estimated share of revenues from products which contribute to a healthier diet[4, 5]	%	20	19	16
Self-defined	Estimated share of revenues from products with a balanced nutrient profile[4]	%	41	41	37
Self-defined	Estimated share of revenues from indulgence products[4]	%	39	40	47
Self-defined	Estimated share of revenues from eco-labelled products[6] (Nordic Swan Ecolabelling, Good Environmental Choice, GOTS, MSC, EU Ecolabel etc.)	%	24	17	16
Self-defined	Estimated share of revenues from certified organic products[7]	%	3	4	2
Self-defined	Estimated share of revenues from keyhole products or other labelling schemes for health and wellness (Nøkkelhull, Brødskalaen, Sydanmärki)[1]	%	2.7	3.5	3

1 Applies to total revenues in Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks and Orkla Food Ingredients
2 Products suitable for vegan diets as defined by Food Drink Europe
3 Products suitable for vegetarian diets as defined by Food Drink Europe. May contain egg and dairy ingredients.
4 Applies to classified revenues in Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks and Orkla Food Ingredients. In 2023, 77% of revenue was classified according to criteria for health and wellness.
5 Includes foods with lower salt, sugar and saturated fat levels, healthier lacto-ovo vegetarian and vegan products, products containing more than 50% whole-grain cereals, official nutrition labelling and products with specific health benefits.
6 Applies to revenues in the non-food companies Orkla Home and Personal Care, Orkla Health, Lilleborg, Pierre Robert Group and Orkla House Care.
7 Applies to total revenues in Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks, Orkla Health, HSNG, Orkla Home and Personal Care, Orkla House Care, Lilleborg, Pierre Robert Group and Orkla Food Ingredients

Stakeholder perspectives

At both Orkla and company level, we maintain an active dialogue with various stakeholder groups on issues related to our business. As an investment company, Orkla ASA's most important stakeholders are investors, other capital market players, the authorities and our companies' employees. Consumers, customers, local communities and suppliers are also important stakeholder groups for Orkla's companies.

In connection with Orkla's Capital Markets Day in November, Orkla's new long-term sustainability ambitions were announced to investors and other external stakeholders. At the same time, we communicated the new goals to our own companies and employees. Throughout the year, we have held meetings and engaged in other forms of dialogue with investors who have contacted us to learn about Orkla's work on matters such as climate and biodiversity, the risk of tropical deforestation in supply chains, diversity and inclusion, living wages and ESG reporting.

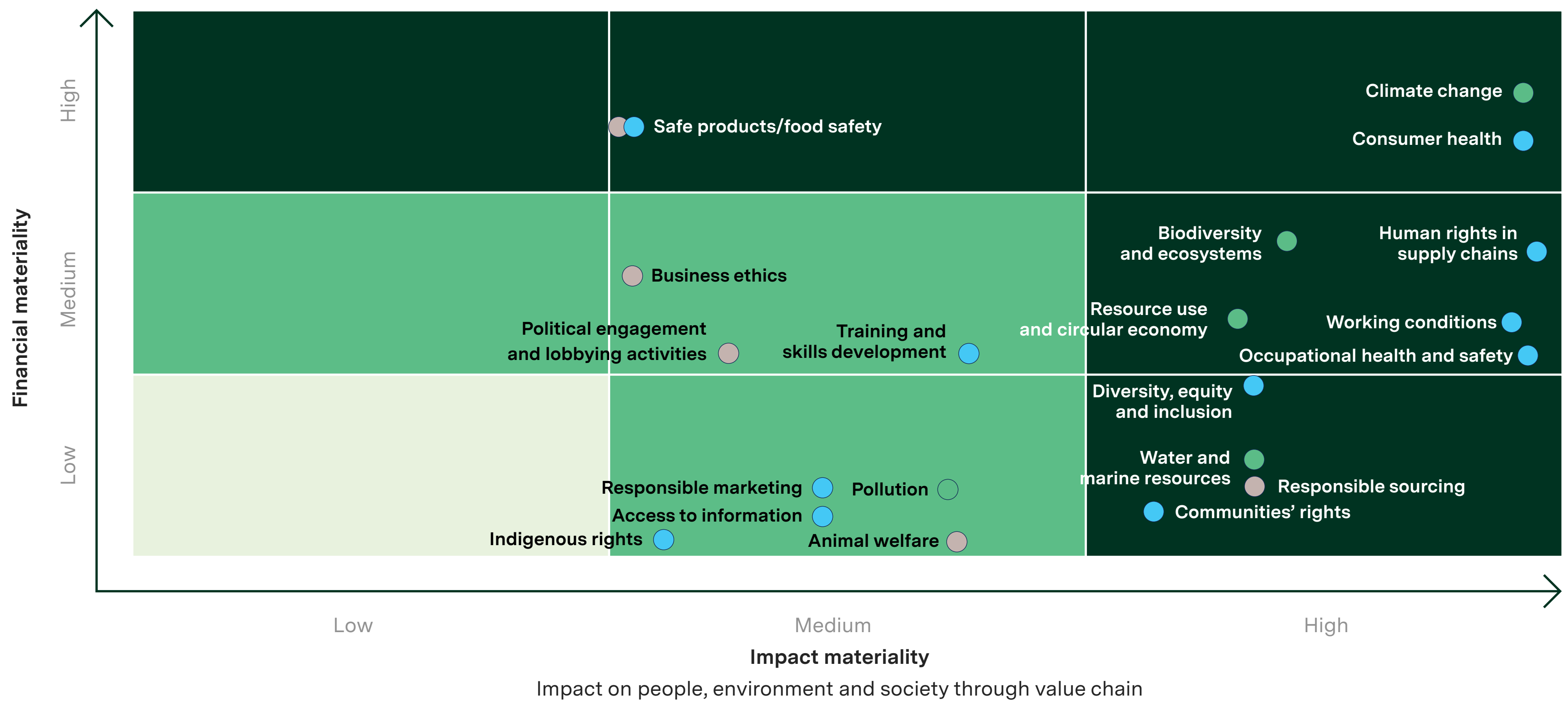
Orkla is a member of several organisations and initiatives that promote learning and collaboration on important sustainability topics. Among the most important at the central level are the UN Global Compact, Etisk Handel Norge (Ethical Trade Norway), AIM Progress, the Sustainable Agriculture Initiative (SAI) Platform, Sedex, the Science Based Targets Network and the Circular Plastics Alliance. Orkla also is a direct or indirect member of several organisations based in Brussels. Several Orkla companies are also members of employer organisations in various countries.

Table 2: Stakeholder dialogue procedures

Stakeholder group	Approach to dialogue
Investors	• The Investor Relations team maintains an ongoing dialogue with investors and analysts and regularly conducts surveys using structured interviews to identify what they expect from Orkla. Knowledge of the financial market's expectations is an important input to our strategy and reporting work. • Every two or three years, Orkla organises a Capital Markets Day to provide information about our long-term strategy and important individual topics.
Employees	• Orkla has a central corporate democracy programme and most of the companies have formal bodies for participation. This gives employees the opportunity to be heard in connection with decisions that can affect their work situation. • The Orkla Junior Board consists of younger employees from a wide range of companies and countries. The forum provides advice and input to Orkla's management on strategic issues. • Our companies conduct employee surveys to identify needs for improvements related to the working environment and management; in addition, they use town hall meetings, intranet pages and digital interaction to ensure effective involvement and dialogue. • Many of the companies conduct structured EHS dialogues and hold an annual EHS week to raise internal awareness and ensure dialogue on issues and possible improvement measures related to occupational health and safety.
Government authorities	• Orkla and several of the companies provide input to consultation processes on questions of particular importance to us, be it through direct feedback or through the organisations of which we are members. • Some of Orkla's companies take part in partnerships between the authorities and the food industry. For example, companies within Orkla Foods Europe are involved in such partnerships on nutrition and food waste.
Organisations	• Orkla and several of the companies engage in dialogue with special-interest organisations to discuss specific issues or obtain input for their work. • Several of the companies are members of industry organisations, multi-stakeholder initiatives and producer responsibility organisations to learn about and collaborate on important sustainability topics, such as recycling of packaging waste and supply chain issues.
Consumers and customers	• All companies which have consumers as end customers maintain consumer service functions to answer questions and handle complaints. The companies also conduct consumer surveys to identify product-related customer needs, and several companies run social media channels to facilitate consumer dialogue. Received feedback is used as input for the companies' brand and product development strategies. • Many of the companies negotiate conditions and product ranges annually with grocery retailers and other professional customers. In addition, the companies maintain an ongoing dialogue with their customers on current operational issues.
Local communities	• Many of the Orkla companies engage in dialogue with local supervisory authorities on food safety and other issues related to operations in order to obtain guidance and discuss relevant issues. • The companies have procedures for responding to enquiries from individuals, organisations and businesses in the local communities where production takes place, and many of the companies are engaged in positive initiatives for the local communities.
Suppliers	• Ethical requirements are included in contracts with suppliers. • Orkla Procurement and several of the companies' procurement departments are involved in dialogue with key suppliers about the reduction of greenhouse gas emissions and measures to solve challenges associated with raw material production. • The central organisation's procurement functions and the companies' procurement departments engage in dialogue with suppliers on relevant sustainability topics when entering into contracts, and through surveys and meetings as needed.

Figure 2: Orkla's material environmental, social and governance topics

- Environmental topics
- Social topics
- Governance topics



Materiality assessment

In 2023, building on the principle of double materiality, Orkla assessed which questions are material to our sustainability work and for reporting. The materiality assessment has provided important input for framing Orkla's strategy for the coming years, and has been processed by Orkla's management and Board of Directors. The assessment of what questions are material to Orkla is largely consistent with previous materiality assessments, but the definitions of some topics have been modified in line with the concepts used in the European Sustainability Reporting Standards (ESRS).

Methodology

The materiality assessment is based on the guidelines set out in ESRS 1, and has been prepared as a high-level assessment by a working group consisting of key professionals in Orkla ASA and Orkla Procurement, with guidance from the auditing and advisory firm Deloitte. We have taken the list of topics and sub-topics defined in ESRS 1 as our starting point, and added the topics food safety and nutrition and health, as these are important topics for Orkla given our focus on food products.

In our impact assessment, we have taken into account the severity and scope, as well as the likelihood, of any impact occurring. The assessment of financial materiality is based on approximate estimates of the potential financial effects of key risk factors and commercial opportunities. The financial effects associated with the respective topics are classified as low, medium and high, based on their estimated impact on Orkla's EBIT in a five-year perspective; however, impact in the short term (one-year perspective) has also been assessed. This timeframe has been chosen to reflect importance over time while nevertheless managing the uncertainty associated with the estimates, to keep it at an acceptable level. In the assessment, we have also included the likelihood of the risk factors occurring and whether they are one-off effects or persistent effects.

The impact assessment is based on an analysis prepared in 2021 of Orkla's actual and potential impact on people, the environment and society through the value chain, and on a more detailed mapping of climate and water-related risks from the same year. In the financial risk assessment, we have taken into account existing and future ESG legislation, ESG assessments of Orkla by external analysts, and internal risk factor reporting from Orkla's companies.

Impacts, financial risks and commercial opportunities

Table 3: Orkla's impact, dependency and risks related to relevant ESG topics

Topics	Impact	Dependency and financial impact	Implications for strategy
Environmental topics			
Climate change	**High** The food value chain accounts for around 25% of global greenhouse gas emissions from farm to fork. Given Orkla's high proportion of food companies, our indirect impact on greenhouse gas emissions through the sourcing of raw materials is considered high.	**High** Orkla's food companies require agricultural raw materials; crops can be adversely affected by drought and extreme weather. In a five-year perspective, we expect raw material costs to increase as a result of this. Costs related to the purchase of renewable energy certificates are also expected to rise. The food companies' focus on plant-based products is expected to result in continued sales growth.	Orkla Procurement closely monitors commodity price risk and supports the companies in drawing up procurement plans. Orkla is in the process of preparing a programme for transitioning to net zero emissions, which will include active monitoring of suppliers, collaboration on restructuring the production of raw materials and plans for changes in the product portfolio and choice of raw materials.
Biodiversity and ecosystems	**High** Orkla's indirect impact is high due to the use of raw materials from the land-intensive agriculture and forestry sectors. More than half of the raw materials for Orkla's own production come from agriculture.	**Medium** Orkla's food companies rely on agricultural raw materials; crops can be negatively impacted by impaired soil health and pollination. Some companies use marine raw materials, where pressure on fish stocks may adversely affect supply. The ability to offer products with verified sustainable raw material production is important to protect the revenue generated by Orkla's product portfolio and to avoid fines.	Orkla Procurement closely monitors food commodity supply and supports the companies in drawing up procurement plans. Companies that use raw materials that may be high-risk are considering the use of alternative raw materials. The companies contribute to the transition to sustainable agriculture and fishing by buying certified raw materials, following up suppliers and collaborative projects.
Water and marine resources	**High** Water consumption in Orkla's own operations is medium-high. Agriculture has a large need for irrigation, and Orkla's indirect impact through purchases of agricultural raw materials is considered high.	**Low** Given that most of our operations are in the Nordics, the impact of increased water supply costs is expected to be low for Orkla's companies. Water shortages can lead to higher raw material prices and/or reduced supply of raw materials. The impact on EBIT is considered to be limited in a five-year perspective.	The Orkla companies are working purposefully to reduce water consumption in their own organisations. Orkla Procurement closely monitors commodity price risk and supports its companies in drawing up procurement plans.

Topics	Impact	Dependency and financial impact	Implications for strategy
Pollution	**Medium** Orkla companies' own operations cause little pollution, but have medium impact in terms of pollution from raw material production and other upstream activities.	**Low** Orkla companies pose a low inherent pollution risk, and have good control over operations and very few reported emissions or discharges. Pollution events can disrupt supply chains, but the financial risk to Orkla is considered low.	The Orkla companies have good procedures in place to minimise the risk of emissions and discharges.
Resource utilisation and the circular economy	**High** The companies have a high negative impact on resource utilisation due to food waste in the supply chain and their own operations, and to packaging waste that is not recycled. Companies can have a high positive impact on industry practices by promoting circular value chains for packaging, solutions to reduce food waste, and innovations for circular packaging and products.	**Medium** Reducing food waste and recycling packaging waste are important for the successful transition to net zero emissions and ensuring the long-term supply of food commodities and packaging. In a five-year perspective, we estimate that Orkla will realise cost benefits from more resource-efficient solutions (energy, water, raw materials) and potential revenue growth from packaging and product innovation.	Going forward, Orkla will actively monitor its portfolio companies to ensure good, pro-active plans to achieve efficient resource utilisation and explore opportunities for product and process innovation.

Topics	Impact	Dependency and financial impact	Implications for strategy
Social topics			
Working conditions	**High** Orkla's companies have a total of around 20,000 employees. By offering good working conditions and terms of employment, we have a significant positive impact on employees' personal finances, lives and wellbeing.	**Medium** Orkla is dependent on employees that are competent and engaged. Offering attractive workplaces is important for recruitment, as well as employee loyalty and engagement. The financial impact of undesired turnover is estimated as medium.	Through Orkla's governing principles and the Orkla Human and Labour Rights Policy, we clearly define what is expected from the companies as regards facilitating good working conditions and fair terms of employment.
Occupational health and safety	**High** More than 50% of employees in Orkla companies work in production or sales with a high inherent risk of developing musculoskeletal disorders or work-related injuries. The likelihood of injury is significantly reduced through systematic EHS work.	**Medium** Sickness absence has a negative impact on productivity and labour costs. Sickness absence in Orkla's companies is higher than the defined target, and costs related to sickness absence are expected to be medium-high in the coming five-year period.	Orkla requires its companies to ensure that they have good systems and make targeted efforts to prevent injuries and promote good occupational health. The companies regularly analyse the risk of injury or reduced health in their own operations and have plans for risk-mitigating measures.
Diversity, equity and inclusion	**High** With 20,000 employees, Orkla can have a potentially large impact on employee well-being and opportunities for personal development through professional efforts focusing on diversity, equity and inclusion.	**Low-Medium** Having a diverse workforce with a range of backgrounds and skills is important for success in a demanding competitive environment. We believe that ambitious efforts to promote diversity, equality and inclusion are important for employee engagement and productivity, and for benefitting from employee talent. The direct financial impact in the coming five-year period is assessed as low to medium.	Orkla considers diversity, equity and inclusion to be of strategic importance and requires companies to work to achieve gender balance among managers, including establishing long-term plans to this end.
Training and skills development	**Medium** As large employers with good systems for skills development, the Orkla companies can have a significant positive impact on employees' mastery, personal development and wellbeing.	**Medium** Skills development and organisational learning are considered to have a significant positive impact on EBIT by improving capacity to deliver on strategy, increase productivity and reduce staff turnover.	Orkla considers skills development to be a strategically important topic and requires the companies to prepare long-term plans and programmes for this.

Topics	Impact	Dependency and financial impact	Implications for strategy
Human rights in the supply chain	**High** Many Orkla companies can potentially have a significant indirect impact on labour conditions in the supply chain through raw materials sourcing. In some supply chains, serious human rights violations such as child labour and forced labour can occur.	**Medium** Conscious efforts to prevent human rights violations in the supply chain are important for consumer confidence in the companies' products and for the financial sector's confidence in Orkla. An upcoming EU regulation related to supply chain due diligence will require increased investment in better traceability systems and improvement measures in the coming years. Breaches of the regulation could potentially lead to high fines for affected companies. The Orkla companies have procedures in place for the monitoring of suppliers, and the likelihood of fines is considered low. Overall, the financial impact of work focused on human rights in the supply chain is assessed as medium in a five-year perspective.	Orkla requires the companies to review and strengthen their due diligence procedures to prevent human rights violations in their supply chains and contribute to good industry practice.
Safe products	**Medium** The Orkla companies have strict procedures for quality assurance and compliance with regulations for safe products. The production of household products (non-food) nevertheless entails an inherent risk of ingredients that can prove to have adverse health impacts. This is an area that requires continuous efforts, and the impact is assessed as medium-high.	**High** The financial impact of any events that result in the recall of products from the market may be high for the company in question. For Orkla as a whole, the impact will normally be limited. Systematic quality work requires continuous resource expenditure.	Orkla requires companies to have good systems for quality assurance of products, raw materials and production processes.

Topics	Impact	Dependency and financial impact	Implications for strategy
Consumer health	**High** Around 40% of Orkla's food revenues come from sweets, snacks and other indulgence products with a high content of salt, sugar and/or saturated fat. This can potentially have a negative impact on public health in terms of the risk of obesity and lifestyle-related diseases. Around 20% of food revenues come from products that contribute to a healthier diet and thus have a positive impact.	**High** The negative financial impact of potentially stricter regulation of marketing of sweets and snacks is considered material in a five-year perspective. At the same time, we estimate that the potential for a rise in revenue from the development of healthier foods will remain significant in the years ahead.	Orkla requires its food, confectionery, snacks and dietary supplement companies to work systematically to improve their nutritional profile and promote healthy eating through innovation and other initiatives.
Responsible marketing and access to information	**Medium** With their market-leading positions, the companies have a significant influence on consumers through marketing and communications, with an effect that can be positive or negative. Through marketing campaigns, companies can influence consumers' diets and lifestyles in a positive direction.	**Low** Reliable information, responsible marketing and the labelling of products are important for trust in the companies and their products. A new EU regulation on the use of health and sustainability-related claims could result in higher fines than current levels. The Orkla companies have good procedures for regulatory compliance, and the financial impact of any fines is considered to be low.	Orkla requires companies to engage in responsible marketing and to provide robust documentation of claims made, and encourages the companies to engage in marketing and communication that promotes a healthier lifestyle and a balanced diet.
Community rights	**High** Orkla has local operations in more than 100 communities. Through providing employment, paying taxes, and buying from local suppliers, Orkla has a positive impact on local communities. The companies can also have a positive, indirect impact on local communities through their supply chains by promoting responsible business practices and contributing to improvement projects.	**Low** The likelihood that Orkla's companies will be involved in any cases related to violations of local communities' cultural or economic rights is considered low. There could be a reputational risk associated with any projects that result in fewer jobs in local communities, but the potential financial impact is considered to be low. Through their involvement in local communities, companies can earn goodwill.	Orkla requires companies to prepare plans to manage any negative impacts on local communities and to create a positive impact.

Topics	Impact	Dependency and financial impact	Implications for strategy
Indigenous rights	**Medium** Some companies can potentially have an indirect negative impact on indigenous peoples through the sourcing of raw materials from tropical areas; however, this risk is mitigated by purchasing certified raw materials.	**Low** Any violations of indigenous rights in the companies' supply chains could result in reputational risk for the company in question. With improvement measures in place, the financial impact is considered to be limited.	Orkla requires companies to have clear due diligence procedures in place to mitigate the risk of human rights violations in the supply chain.
Governance and business ethics topics			
Business ethics	**Medium** Orkla's presence in many countries, its high market shares, and many employees give rise to an inherent risk of regulatory non-compliance relating to competition law, corruption and GDPR. With strict requirements and monitoring of the companies, the likelihood of regulatory non-compliance is considered low; the opportunity to influence industry practice in a positive direction is considered medium.	**Medium** Business ethics and responsible business practices are essential for trust in the organisation. We consider the direct and indirect financial impact of potentially unethical conduct (including poor business decisions) to be significant. The actual risk is mitigated by the compliance measures implemented.	The Orkla Code of Conduct sets strict requirements for employees, managers and business partners, and is followed up through procedures for training and follow-up in areas with high inherent risk.
Food safety	**Medium** The production of food products entails an inherent risk of bacteria or other risk factors that can lead to serious illness. Orkla's systems and the companies' systematic food safety work mean that there is a low likelihood of serious illness. This is an area that requires continuous efforts, and the overall impact is assessed as medium.	**High** The financial impact of any incidents that result in the recalling of products from the market may be high for the company in question. The impact on Orkla as a whole will normally be limited, but may be material if it involves several products and companies. Systematic food safety work requires continuous resource expenditure.	Orkla's food safety standard applies to all organisations that produce or sell food products. In line with the standard, the companies have clear procedures for risk mapping, training and follow-up. Orkla's central food safety team monitors the companies by means of audits.

Topics	Impact	Dependency and financial impact	Implications for strategy
Responsible sourcing (corresponds to the ESRS topic "relationship with suppliers")	**High** Orkla's companies have more than 25,000 direct suppliers and can have a major, positive impact on suppliers' operations through responsible sourcing procedures.	**Low** Responsible procurement practices can give Orkla companies commercial advantages in the form of fewer quality non-conformities and priority customer status in the event of limited raw material availability. The financial impact is currently assessed as limited.	Orkla requires companies to ensure that all suppliers accept Orkla's ethical supplier requirements, map any risk of non-compliance with these requirements in the supply chain, and draw up improvement plans.
Animal welfare	**Medium** Orkla's food companies purchase dairy products, meat products and other animal-based raw materials. Some products come from countries and regions where there is a risk of poor animal welfare.	**Low** Cases of poor animal welfare may affect the reputation and sales of individual products and companies. The financial impact at Orkla level is considered to be limited.	Orkla requires companies that purchase animal raw materials to draw up an animal welfare policy and plans to ensure good animal welfare.
Political influence	**Medium** Political influence can be inherently negative or positive for society. Orkla is engaged in dialogue on regulations that will affect our companies with the authorities in Norway and selected other markets, both directly and through industry organisations, and is committed to maintaining a constructive, cooperative approach. We engage in voluntary co-operation agreements between authorities and industry on improvement measures related to important issues (such as reducing food waste and salt in food).	**Medium** The financial impact of engaging in consultation processes and other dialogue with authorities on regulations that will have consequences for Orkla's companies is considered to be medium for the coming five-year period.	Orkla engages in consultation processes and other dialogue on issues that are considered particularly important for our competitiveness.

Governance procedures for sustainability and responsible business practices

Orkla is committed to responsible operations with respect for people, the environment and society. As owner, we require all Orkla companies to take the necessary steps to ensure responsible business practices in line with legal requirements, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Policies and guidelines

In connection with our transition to an industrial investment company, we have reviewed Orkla's policies and governing documents. Orkla's governing principles for sustainability and responsible business practices were launched in March and describe our ownership requirements and expectations of Orkla's portfolio companies and other directly owned companies with regard to the management of key environmental, social and business ethics topics. The purpose of these requirements is to promote good corporate governance and compliance with ESG-related regulations and to help ensure that Orkla achieves its sustainability objectives. The document has been adopted by Orkla's Board of Directors and will be updated annually to reflect changes in statutory requirements, risk factors, stakeholder expectations and strategic changes.

The Orkla Code of Conduct describes the business ethics and personal responsibility requirements applicable to employees and board members in Orkla companies. The document was revised in 2023 and adopted by Orkla's Board of Directors.

As a supplement to Orkla's governing principles for sustainability and responsible business practices and the Orkla Code of Conduct, we have policies that describe overall principles for our work on important individual topics. These have been adopted by the Orkla Management Team.

Orkla's governing documents linked to environmental, social and governance topics are available on Orkla's website, https://www.orkla.com/guidelines/

Roles and responsibilities

The boards of the portfolio companies and other directly owned companies are responsible for ensuring that their activities are conducted in compliance with relevant regulations and Orkla's ownership requirements. Orkla's Executive Vice Presidents for Investments are represented on the companies' boards and ensure implementation of Orkla's governing documents for ESG topics through CEO instructions and dialogue with the management teams of the companies they are responsible for monitoring.

The CEO of each of the companies mentioned above is responsible for developing management procedures, targets and action plans for sustainability efforts in line with Orkla's ownership requirements. As a consequence of the transition from a group structure with business areas to a system of portfolio companies, the Orkla companies started work in 2023 on reviewing and improving their governance procedures for ESG topics. All of the portfolio companies estimate that they will have established systems and procedures in line with the requirements of Orkla's governing principles for sustainability and responsible business practices by the end of 2024.

To support the companies in their efforts to introduce robust sustainability management procedures, we established the Orkla Centre of Excellence ESG & Sustainability in 2023. During the year, the centre held training sessions for Orkla's investment team and met with CEOs and sustainability managers from all the portfolio companies to review Orkla's new sustainability goals and ownership requirements. We have also launched an internal network for those responsible for sustainability in the portfolio companies, and have organised networking sessions to provide guidance on the governing principles and important topics such as double materiality assessment, reporting and the transition to zero-emission operations.

Monitoring

Orkla monitors the companies' work on sustainability and responsible operations through board representation and annual internal reporting. Orkla's Board of Directors oversees this work through annual assessment of the progress of sustainability work and ongoing discussion of individual issues deemed to be of material importance to the organisation. The Board also processes Orkla's annual sustainability report, including the progress of due diligence work and an assessment of Orkla's dependency and impacts on, and risks and opportunities related to, climate issues, water, forests, nature and human rights.

In 2023, the members of Orkla's Board of Directors underwent training in the management of ESG topics, and sustainability is one of several areas covered in the Board's annual evaluation of its own work.

As part of the Board's consideration of Orkla's business strategy, the Board has reviewed an analysis of material topics based on the principle of double materiality and adopted new sustainability ambitions for Orkla in 2023. The Board has also provided input to Orkla's preparation of a plan for the transition to net zero emissions. The Board's Audit Committee has received a report on developments in reporting regulations and Orkla's plan for the transition to the European Sustainability Reporting Standards (ESRS).

Due diligence procedures

Through Orkla's guiding principles for sustainability and responsible business practices, we require the Orkla companies to adopt due diligence procedures relating to people and the environment which comply with relevant rules and regulations and the principles in the OECD Due Diligence Guidance for Responsible Business Conduct. The procedures must include guidelines for conducting risk assessments, improvement activities, complaint handling, monitoring of progress and external communication.

In 2023, the Orkla Centre of Excellence ESG & Sustainability prepared a guide to support the companies' work on human rights due diligence and will conduct relevant internal training in 2024.

The companies' work on due diligence is discussed in the following sections of the report:

- human rights in our own organisation: p. 251-269
- human rights in the supply chain: p. 270-279 and 299-300

Sustainability reporting

We seek to build trust among key stakeholders by reporting openly on aspects of our operations which are important for Orkla's value creation in a broad sense. The report is prepared in accordance with the GRI Standards. In drawing up Orkla's Sustainability Report for 2023, we have adapted the structure and content to prepare for reporting in accordance with the European Sustainability Reporting Standards (ESRS), which are expected to come into force as of the 2024 financial year.

Orkla's Sustainability Report and taxonomy reporting for 2023 are included as separate sections in the Annual Report. In addition, certain matters are discussed in other sections of the Annual Report. We report on climate risk in accordance with the framework issued by the Task Force for Climate-Related Disclosures (TCFD). This is integrated into the Sustainability Report. An overview of where the information on TCFD requirements can be found is provided below. The report also includes an account of Orkla's human rights due diligence procedures, negative impacts and activities. A separate report on the progress according to the requirements of the Transparency Act will be published on Orkla's website before end of June 2024. In addition, it contains an overview of gender differences with respect to compensation and other conditions affecting employees of Orkla's Norwegian companies, in line with the requirements of section 26 of the Equality and Anti-Discrimination Act.

Orkla's Sustainability Report covers all operations in which we had an ownership interest of more than 50% as at 31 December 2023, with the exception of the business entities Denali, BUBS, New York Pizza and Da Grasso. The report covers all material topics identified through our double materiality assessment, including a description of impacts, risks and opportunities, and policies, targets and related measures. The information mainly covers Orkla's own operations, but the reporting related to climate, nature and biodiversity, and human rights also covers important supply chain issues. Reporting on circular resource use, consumer health, responsible marketing and product information deals with important issues in the companies' downstream value chains. Unless otherwise stated in footnotes to the tables, the key figures relate to the period from 1 January to 31 December. Information on targets and plans relates to the period 2024–2026, with an emphasis on 2024.

Data relating to Orkla's own operations and suppliers is collected through our regular enterprise management systems and an annual questionnaire sent to all Orkla's business units. The progress assessment is based on progress reviews prepared by Orkla's portfolio companies and other directly owned companies, where the companies have assured the quality of the information.

Orkla's climate accounts are prepared in accordance with the Greenhouse Gas (GHG) Protocol. The environmental and climate accounts have been verified by the auditing and consultancy firm EY. As regards the sustainability work done by Jotun, in which Orkla has an ownership interest of less than 50%, we refer to Jotun's own reporting.

Orkla reports environmental information to the Carbon Disclosure Project CDP, as well as information on its work on responsible sourcing to the member-based organisation Ethical Trade Norway.

Risk management and internal controls related to sustainability reporting

The Orkla Centre of Excellence ESG & Sustainability is responsible for Orkla's sustainability reporting in close collaboration with other relevant functions in Orkla ASA. Orkla's Sustainability Report for 2023 has been approved by the Orkla Management Team and Orkla's Board of Directors. The report has also been subject to quality assurance by the companies. This has taken place as follows:

- Reported figures for each operation are quality checked by key specialists within the portfolio companies and other directly owned companies.
- Reports on activities and progress in each company have been reviewed in meetings with the companies.

The sustainability reporting covers many topics and data points, and data are collected and analysed using several different systems, by both Orkla and the companies. This entails a risk of incorrect reporting and poor data quality. Orkla implemented several measures in 2023 to reduce this risk and prepare for the transition to ESRS reporting as of the 2024 financial year, including the following:

- surveyed the need for adjustment of key figures and the structure and content of the Sustainability Report to meet ESRS requirements, and already implemented various changes in the 2023 report
- developed a new reporting dashboard for reporting key figures related to social and business ethics topics. The dashboard simplifies and improves quality assurance of data at Orkla, company and operational level
- prepared an assessment of improvement points related to

- reporting of data in connection with ESRS S1 "Own workforce" as input for further improvements in 2024
- carried out external verification of environmental data in line with previous years' practice
- initiated the preparation of a long-term plan to refine Orkla's reporting procedures and systems further.

Orkla's TCFD report for 2023 – TCFD Index

Orkla follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD Index is structured according to the main elements of the TCFD framework, and provides updated information on Orkla's efforts by reference to recommendations in the guidelines. The TCFD report provides insight into how climate change-related risks and opportunities may impact Orkla's financial situation and business. Going forward, these efforts will entail developing the Orkla Net Zero Transition Plan (NZTP). Descriptions and information relevant to the TCFD report can be found in the following reports:

- Orkla Annual Report 2023 (abbreviation: OAR)
- Orkla CDP Climate Change disclosure for 2023 (abbreviation: C)
- Orkla TCFD Report 2022

Table 4: TCFD (Task Force on Climate-Related Financial Disclosures) Index

TCFD recommendations		References to Orkla reports
Governance Describe Orkla's governance of climate-related risks and opportunities.	A. Describe the Board of Directors' oversight of climate-related risks and opportunities.	OAR page 27, 46 C1.1b
	B. Describe management's role in assessing and managing climate-related risks and opportunities.	OAR page 36-37, 215, 225 C1.2, C1.2a
Strategy Describe current and potential impacts of climate-related risks and opportunities on Orkla's operations, strategy and financial planning.	A. Describe climate-related risks and opportunities identified by Orkla in the near, medium and long term.	OAR page 221 C2.1, C2.1a, C2.2, C2.3, C2.3a, C2.4, C2.4a
	B. Describe the impact of climate-related risks and opportunities on Orkla's business, strategy and financial planning.	OAR page 231 C2.3, C2.3a, C2.4, C2.4a, C3.1
	C. Describe the potential impact of different scenarios, including a 2C scenario, on Orkla's business, strategy and financial planning.	OAR page 231 C3.1b
Risk management Describe how Orkla identifies, assesses and manages climate-related risks.	A. Describe the processes Orkla uses to identify and assess climate-related risks.	OAR page 220, 226 C2.2, C2.2a
	B. Describe Orkla's processes for managing climate-related risks.	OAR page 231, 233 C2.2
	C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into Orkla's overall risk management.	OAR page 34 C2.2
Targets and methods Report on methods, targets and parameters used to assess and manage relevant climate-related risks and opportunities.	A. Describe the methods used by Orkla to assess climate-related risks and opportunities by reference to Orkla's risk management strategy and processes.	OAR page 231 C4.1, C4.2, C9.1
	B. Report on scope 1, scope 2 and scope 3 greenhouse gas emissions and associated risk factors.	OAR page 217, 233-237 C6.1, C6.3, C6.5
	C. Describe the targets Orkla uses to manage climate-related risks and opportunities, and the results achieved by reference to the targets.	OAR page 25 C4.1, C4.1a, C4.2

Environmental topics

Strategy pillar no. 1: Protecting the Environment

Chapter navigation

Nature and the environment are being destroyed faster than ever. 2023 is set to be the hottest year on record. More than one million plants, animals and other living organisms are facing the threat of extinction. The results of climate change, biodiversity loss, and pollution are becoming increasingly noticeable for humans, as exemplified by extreme flood damage, droughts, destroyed ecosystems and plastic pollution. Such events have led to poor harvests, causing a rise in the prices of many important agricultural raw materials in 2023. Furthermore, the war in Ukraine has contributed to reduced energy supplies and high energy prices.

These events demonstrate the need for increased action and the importance of concerted efforts to reach the climate targets and stop biodiversity loss. Through Orkla's work to achieve net zero emissions and efforts to preserve and restore nature, we seek to contribute to the necessary transition to a low-emission society, while also laying the foundation for a competitive business in the long term.

Orkla's ambitions

As an investment company, Orkla seeks to ensure commitment in all our companies to protecting and preserving the environment. Therefore, one of our main ambitions is to minimise and prevent emissions, depletion of farmland and other adverse environmental impacts, and to take action to ensure that nature is protected, preserved and restored. This implies reducing greenhouse gas (GHG) emissions in line with the 1.5-degree target throughout our value chain and avoiding and reducing pressure on nature. We want to contribute to increased biodiversity through collaboration and innovation and ensure the transition to sustainable production.

Impacts, risks and opportunities

Orkla is a member of the Science Based Targets Network (SBTN)'s Corporate Engagement Program. The programme's objective is to devise a methodology for setting science-based targets for nature and biological diversity. We will use this framework for developing Orkla's strategy and targets for nature and biodiversity.

To map impacts, the SBTN has also developed a Materiality Screening Tool (SBTN Tool) that we used in 2023 to assess Orkla's impact on nature and biodiversity throughout our value chain. The SBTN Tool describes different types of environmental impacts in the value chain linked to relevant sectors, production processes and activities.

In Orkla's materiality assessment, carried out in 2023, we considered the following environmental topics to be material: "Climate change", "Biodiversity and ecosystems". "Resource use and circular economy" and "Water and marine resources". Financial materiality was assessed to be low for water and marine resources, medium for resource use and circular economy and for biodiversity and ecosystems, and high for climate change.

The topic of "Pollution" was assessed as not material for Orkla since the companies operate in sectors that are not considered to cause high levels of pollution, and they have effective control over their operations. Pollution upstream of Orkla, in agriculture or in production of raw materials, may be more significant.

A detailed description of impacts, risks and opportunities will be presented for each topic.

Orkla's approach

We understand that Orkla's companies have an impact on the environment and are aware of the growing significance of climate change for our operations. It is therefore important that Orkla shoulder its responsibility by adopting clear targets for reducing its impact on climate and nature, and by ensuring that its companies take relevant action. Orkla has committed to achieving net zero emissions by 2045 and to meeting our science-based climate targets (SBT).

The Orkla Nature and Climate Policy was developed in 2022. The policy covers all the companies in Orkla and our activities globally, including procurement, manufacturing, logistics, innovation, product development, marketing and sales, investment, finance, and mergers and acquisitions. It provides guidelines on how to achieve our climate and nature targets and entails the following commitments:

- we will avoid pressures on nature and ensure that we do not contribute to deforestation and conversion of natural ecosystems.
- we will work with partners to increase biodiversity by restoring and regenerating nature, with focus on agriculture from which we source the majority of the raw materials we use.
- we will reduce greenhouse gas (GHG) emissions in the value chain to meet our short-term and long-term targets and achieve net zero emissions by 2045.

The policy will be revised during 2024 to align it with Orkla's current structure as an investment company.

Orkla sets clear requirements for its companies and expects them to adopt a systematic, comprehensive approach to their environmental work. The companies are responsible for setting targets, planning

Figure 3: Orkla's environmental ambitions

Pillar 1

Protecting the environment

We strive to minimize and prevent adverse effects on the environment, and take actions to ensure that nature is protected, preserved and restored.

Reduce GHG emissions throughout the value chain aligned with the 1.5°C pathway and work towards Net-Zero by 2045

Reduce GHG emissions in accordance with the Science-Based Targets (SBT)

Establish and implement a concrete and credible **Net-Zero Transition Plan**

Avoid or reduce pressure on nature and support the transition to sustainable production in the whole value chain

Deforestation- and conversion-free production of raw materials sourced from risk areas by end of 2025

Ensure **certifications** or programs in place by end of 2025 for raw materials with high environmental risk

Promote innovation and development of **products that minimize environmental impact** throughout the whole value chain

All companies shall aim for all packaging to be **recyclable** and significantly increase the use of **recycled and renewable materials** in products and packaging

Contribute to increased biodiversity through collaboration and innovation

Develop targets and plans based on a **nature-related** risk and opportunity assessment

Encourage engagement with suppliers, scientists, industry experts and other relevant partners to enhance **biodiversity** in agriculture, forestry and aquaculture

Challenge and inspire our companies to explore innovation opportunities linked to new production systems and products, including **regenerative agriculture** and **plant-based products**

Engage in nature **restoration and regeneration** and implementing measures and for putting in place systems and procedures for monitoring this work.

We take nature and climate aspects into account in our strategy development, business decisions and work processes. Our most important environmental impact derives from the raw materials that we use, which come from agriculture, forestry and fishing. This means that innovation, product portfolio development and responsible sourcing of these materials are fundamental to achieve our targets. When sourcing high-risk raw materials, we choose suppliers who maintain high standards and have their own sustainability programmes. In addition, we often use third-party certification standards that include requirements and monitoring procedures for specific risks.

In 2024, in close collaboration with all the Orkla companies, we will draw up a Net Zero Transition Plan (NZTP) to ensure necessary action and continuous focus on reducing GHG emissions.

Climate change

Climate change is the greatest long-term threat to nature and humanity. Global GHG emissions continue to rise, and the planet is feeling the effects of climate change more quickly than feared. Many types of extreme weather, including heatwaves, heavy downpours, hurricanes and wildfires, are becoming more powerful and more severe. The latest Intergovernmental Panel on Climate Change (IPCC) report on the climate crisis makes it clear that the actions we take over the next few years will be crucial and will shape our ability to ensure a sustainable planet.

Orkla recognises that our activities have an impact on climate. At the same time, we have a unique opportunity to make changes in a positive direction. Climate change represents both a strategic risk and an opportunity for Orkla, thereby exerting a major influence on our strategy and decision-making.

We will be transitioning our operations in line with a scenario in which global warming is limited to 1.5 degrees (+1.5°C climate scenario). This implies reducing GHG emissions throughout the value chain and attaining a year-on-year reduction to meet our Net Zero target by 2045.

Impacts, risks and opportunities

We identify and assess climate-related risks based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). These recommendations address how an organisation manages climate-related risks and opportunities and consequences.

A thorough climate risk and opportunity assessment was conducted in 2021 and updated in 2023 to reflect relevant changes. The assessment was based on generic data information, discussions, and workshops with key personnel in Orkla companies and various specialised areas at Orkla ASA. The impact analysis showed that our carbon footprint is particularly large in our supply chain, from which more than 90% of Orkla's GHG emissions stem. As part of the double materiality assessment conducted by Orkla in 2023, climate-related issues were revisited and have been defined as material.

We assess relevant environmental impacts in two risk categories: transition risks associated with the transition to a low-emission economy, and physical risks, such as the increased probability of extreme weather events in the future. The assessment describes how climate change will affect Orkla using three scenarios based on different socio-economic assumptions relevant for our sector. The scenarios are:

i) net zero emissions in 2050 (+1.5°C scenario, which assumes that the goals set in the Paris Agreement are met through policy changes),
ii) delayed transition (+2°C scenario, which assumes a delay in the policy changes included in the 1.5°C scenario),
iii) business as usual (above 4°C scenario, which assumes that no changes are made in climate policy).

More than half of all direct raw materials used by Orkla derive from agriculture. We see that physical risks, such as biodiversity loss, increased extreme weather, and higher mean temperatures in combination with overexploitation of land areas, increasingly affect crops. This leads to higher commodity prices, which in turn affect product prices for the consumer and can lead to lower demand and sales.

To meet these challenges, Orkla will increase its knowledge of how new production systems that are more resilient to climate change can be developed in collaboration with relevant partners. The Orkla companies are actively involved in the value chain and work closely with suppliers to diversify their sourcing and use third-party certifications to ensure sustainably produced raw materials. Orkla has long experience of sourcing raw materials globally, and we strive to have flexible product portfolios and choices of raw materials. This enables us to change suppliers and product origins as necessary.

Storms and weather conditions causing power outages and flooding can result in production stoppage. Based on the evaluation of climate scenarios, we currently assume that the risk of climate change-related events for Orkla's own operations is low. Where relevant, the companies have put in place systems for managing extreme weather and other nature-related impacts.

The main transition risks for Orkla include the potential financial impact of a substantial rise in carbon pricing and other taxes. We expect that a reduction in GHG emissions from our own operations will reduce this risk, in both the long and short term. To achieve our targets and to control risks, we adapt to local and international legislation. The EU Fit for 55 climate package includes proposed climate and energy-related regulations which we expect to have a financial effect on Orkla companies in the form of investments, increased energy costs and possibly taxes.

The transition risks also present opportunities for Orkla, through investment in plant-based food production and further product and packaging innovation. Development of circular and resource-efficient products and solutions is high on the agenda of all the companies.

An in-depth update of the assessment of climate impact, risks and opportunities will be undertaken in 2024.

For more information and details about climate impact, risks and opportunity see Orkla's reporting under the TCFD framework (TCFD report) for 2023, presented in the TCFD Index (see page 227).

Orkla's ambitions and approach

We commit to reducing GHG emissions throughout the value chain with focus on reducing emissions in the short and long term and achieving the target of net zero emissions by 2045.

Table 5: Orkla's climate targets (Scopes 1, 2 and 3)

Science Based Target		
Year	**Scope 1 & 2** Own operations	**Scope 3** Value chain
2025	65%	-
2030	70%	TBD
2045	Net-Zero	

Orkla's climate targets are validated and approved by the Science Based Targets Initiative (SBTi) and cover scopes 1, 2 and 3 in accordance with the Greenhouse Gas (GHG) Protocol. As part of the revision of Orkla's sustainability ambitions, we have decided to maintain the Science Based Target (SBT) for GHG reductions at Orkla level. Reductions in own operations (Scopes 1 & 2) will be measured against the base year 2016. For GHG emissions from the value chain (Scope 3), we will update the climate targets in 2024 to include emissions associated with Forest, Land use and Agriculture (FLAG)-related production.

In 2023, we initiated a programme across all our companies for preparing a plan for the transition to net zero emissions. We also maintained the target of verified sustainable production of all raw materials that entail a high risk of tropical deforestation.

As an investment company, Orkla ASA has integrated climate-related issues into governance mechanisms, and the portfolio companies are required to establish a systematic approach to contributing to reduce GHG emissions. We expect all companies to develop their own emission reduction plans and integrate them in their business plans to ensure that Orkla reaches the overall target of net zero emissions by 2045.

It is critical that the portfolio companies decarbonise their own operations, and this is where we have prioritised efforts so far. However, Orkla's biggest emissions derive from our value chain (Scope 3), and we therefore need to contribute to reducing emissions in this area as well.

We will build resilience to manage the physical risks (sites, supply chain) and transitional risks (regulatory, market and product) and opportunities arising from climate change throughout the value chain by implementing a clear Net Zero Transition Plan (NZTP).

Orkla's Net Zero Roadmap describes actions taken to achieve GHG emission reductions and the initiatives needed to reach the target of net zero emissions by 2045. The roadmap will be updated regularly to explain results and performance as part of Orkla's overall NZTP work. The development and implementation of the NZTP will be carried out in close collaboration with all the companies.

Information on and a description of governance, strategy, and risk management of climate-related issues can be found in various disclosures. We expressly refer to the topics in the TCFD (see page XX) which are relevant to Orkla's TCFD report for 2023.

Progress in 2023

Orkla's portfolio companies work resolutely to reduce their climate impact and their GHG emissions (Scope 1, 2 and 3), and have implemented several successful initiatives in 2023.

Orkla reports annually on its GHG emissions, strategy, targets and plans to the global reporting initiative Carbon Disclosure Project (CDP), and for several years we have achieved the CDP score A-. This reflects the leadership responsibility that we assume in our climate work, striving to continuously improve our results and delivering transparency on climate-related issues. Moreover, Orkla is ranked in the Leadership category (A-) in CDP's Supplier Engagement Rating (SER).

Reduction of GHG emissions in own operations
We are on track towards meeting Scope 1 and 2 emission reduction targets for our own operations. Emissions in 2023 were 31% lower than in 2022 and 62% lower than in the base year 2016.

In 2023, renewables accounted for 50% of total energy consumption compared to 34% in 2022. The main source of renewable energy was electricity, primarily from hydropower. To reach our 2030 targets for reducing GHG emissions from our own operations, further improvement initiatives and additional investments are required. Each portfolio company draws up its own plans for lowering emissions.

Orkla Energi produces electricity from hydropower and the company's production of electricity in 2023 totalled 2,285 GWh from the companies Saudefaldene and Sarpsfoss.

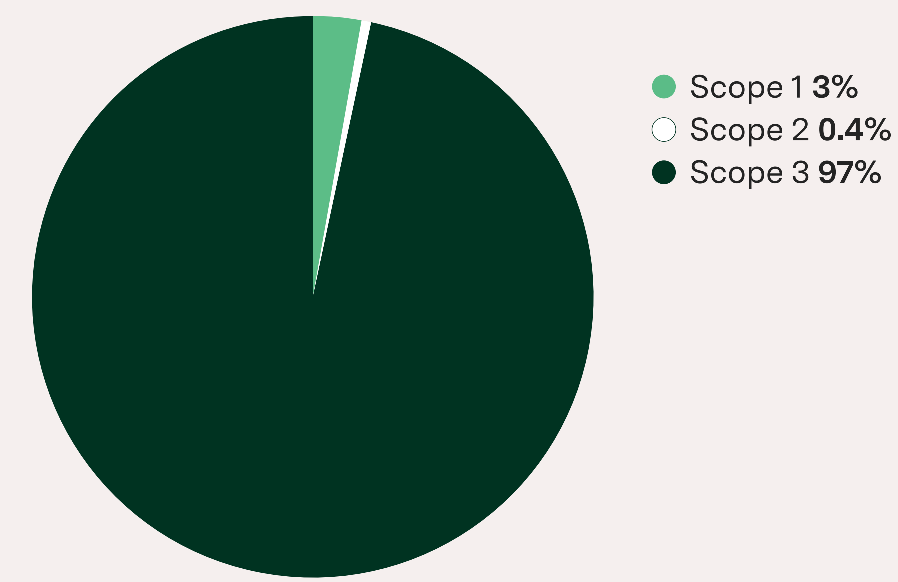
One of the most important initiatives for reducing GHG emissions in all the portfolio companies in 2023 was the purchase of renewable energy certificates (RECs). Through this action the companies secure 100% renewable energy. In 2023 this resulted in a 76% reduction in Scope 2 emissions, compared with 2022.

To ensure reduction of Scope 1 and Scope 2 GHG emissions, all the companies use energy mapping as the basis for preparing plans and actions. These include increasing energy efficiency, installing energy and heat recovery systems and transitioning to renewable energy sources. Several Orkla companies have already achieved considerable GHG emission reductions by improving their energy efficiency and securing renewable energy for their plants.

Orkla Foods Europe has drawn up plans for several of its factories for a gradual transition to fossil-free production. In addition to implementing energy efficiency measures and reducing consumption of fossil fuel, reduction initiatives in 2023 included installation of solar panels at the Spilva factory in Orkla Latvia, full implementation of wood pellets as an energy source at the Kumla factory in Orkla Foods Sverige and installation of a solar energy system at Felix Austria.

In 2023, Orkla Confectionery & Snacks started production at its new biscuit factory in Latvia. The factory uses much less energy than the previous production plants, and the company is targeting a 25% reduction in GHG emissions from biscuit production. In addition, solar panels were installed at the Laima chocolate factory and the Adazu crisps factory in Latvia. Energy consumption was also substantially reduced through the installation of new cooling machines at the Nidar factory in Norway and the upgrading of the ventilation systems at the Skreia, Filipstad and Vaajakoski factories.

Figure 4: Breakdown of Orkla's GHG emissions (Scopes 1, 2 and 3) as a percent of total emissons



Orkla Danmark's crisps factory in Søndersø has worked for several years on recovering heat from production processes. In 2023, this resulted in a 92% reduction in energy consumption for heating buildings, compared with the baseline. The factory in Haraldsby, Finland, has switched from propane to hydrogen, and increased its use of biogas to reduce use of fossil fuels.

Health and Sports Nutrition Group moved to a new warehouse in 2023 with solar panels that will contribute 425,000 kWh/year renewable electricity. Orkla Home and Personal Care has also started using a new warehouse in Falun, which in addition to improved energy use also has optimised transportation.

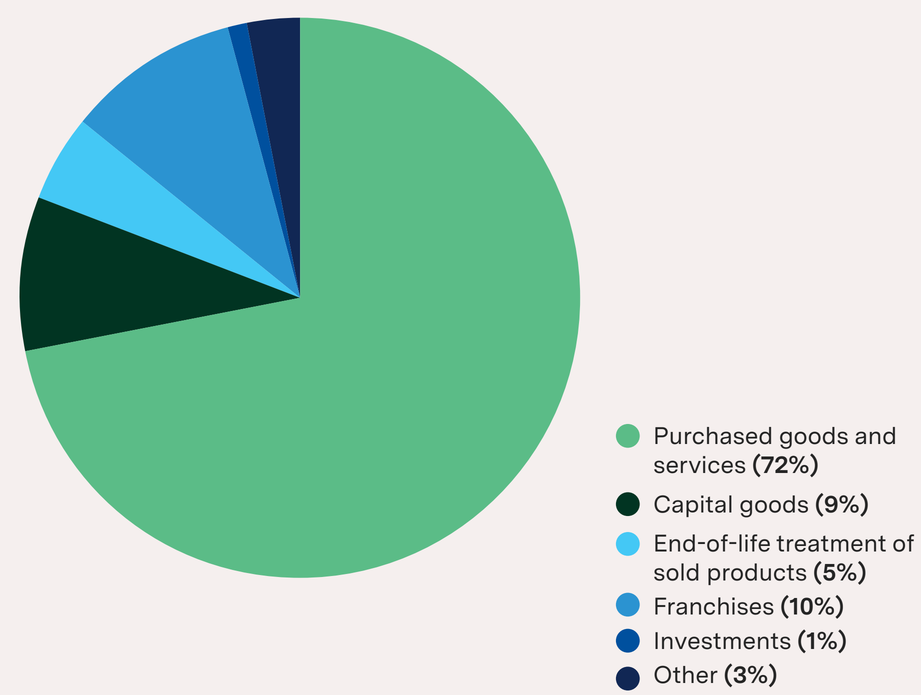
Orkla Health has taken several steps to reduce use of fossil energy in its own production processes and logistics. Examples of measures include phasing out fossil fuel cars in Heathspan, fossil-free production of cod liver oil and refined fish oil in Orkla Health Norway, and installation of solar panels at Orkla Wound Care in Spain. The factory in Bigues has been given a score of "A", the highest energy efficiency rating for buildings in Catalonia for 2023.

Installing solar panels has been an important initiative for Orkla Food Ingredients' factories in the Credin group and NEE in Poland. In addition, Orkla Sweet Ingredients has been a pioneer with its "Zero" project, aimed at developing a map for net zero emissions, improving data and introducing necessary measures for reducing GHG emissions. Significant improvements were also made at Odense Marcipan in Denmark by replacing gas with electric solutions, such as heat pumps and electric ovens.

Reduction of GHG emissions in the value chain (Scope 3)
In 2023, we took important steps towards reducing GHG emissions in the value chain (Scope 3). We have continued to work on understanding the impact from all 15 categories in scope 3. However, there are still high uncertainties in data and challenges associated with access to information and emission factors. We aim to improve quality of data going forward. As Figure 5 shows, Orkla's main climate impact is determined by the raw materials and ingredients used in the production of food and other products.

Product development and portfolio strategy are fundamental elements for meeting our targets for reducing GHG emissions in the value chain (Scope 3). To support innovation, we have developed a tool for calculating the climate footprint of products (Orkla Climate Impact Tool). The tool is used by a growing number of companies, and in 2023 climate footprint calculations were made for several new products. Orkla has also developed dashboards showing GHG emission data for raw materials and packaging, which can be used to analyse emission figures for various raw material categories and suppliers.

Figure 5: Breakdown of Orkla's Scope 3 GHG emissions by category (%)



The availability and quality of climate data vary, and we consider it important to update and expand databases and tools in cooperation with suppliers and research institutes. We are currently working on updating the baseline for emissions and implementing the SBTi's Forest, Land and Agriculture (FLAG) Guidance. The land-intensive sectors are industries that are highly exposed to the impacts of climate change, while also being a significant source of emissions. Based on the FLAG Guidance, we have started to prepare for an update of Orkla's Scope 3 targets, and we will apply for SBTi validation in the course of 2024. In 2023, Orkla ASA also entered into cooperation with HowGood, which delivers a data platform that enables access to data on FLAG emissions.

Companies that use raw materials of animal origin, such as Orkla Foods Europe, Orkla Confectionery & Snacks, Orkla Food Ingredients and Orkla Health, focus on innovation and on increasing the share of plant-based alternatives. For example, the ratio of beef to pork has been changed in parts of Orkla Foods Sverige's meatball portfolio. Orkla Foods Sverige has teamed up with several partners (Volta Greentech and Protos) on an innovation project to develop meat raw materials that generate lower methane emissions. Methane emissions from cows, mainly in the form of burps, are the largest source of beef-related GHG emissions. The project seeks to reduce the amount of methane produced by turnips in animal feed. Orkla has now tested production of around 1 tonne of meatballs made of low-methane beef, equivalent to about 2,000 packages of Felix meatballs.

Another example is the work being done by the companies in The European Pizza Company, they developed new vegetarian and vegan pizzas with plant-based ingredients.

Other concrete measures implemented in 2023 to expand the plant-based portfolio are described in the chapter “Biodiversity and ecosystems”.

For the Orkla companies, GHG emissions are primarily linked to raw material production. In 2023, the companies strengthened their dialogue with suppliers of the most critical raw materials to encourage them to take steps to reduce GHG emissions in their operations. For example, Orkla Foods Sverige continued to pursue a dialogue with its 20 largest raw material suppliers, its six largest suppliers of packaging and its two largest suppliers of commodities to identify activities for reducing climate impacts and engaging in potential joint projects.

Orkla Home and Personal Care is in dialogue with its suppliers to obtain carbon footprint data for purchased raw materials. In Orkla Food Ingredients, the Sonneveld group has included questions on GHG emissions in supplier tender processes. Orkla Procurement supports the companies in their dialogue with key suppliers. We urge the suppliers to set science-based targets for GHG reduction, and believe that these activities will increase awareness of this issue and spur action and initiatives in the value chain.

Orkla Food Ingredients’ company Dragsbæk in Denmark is participating in a research project with several partners, including the University of Aarhus. The KlimÆPRO project is supported by national research funding and aims at investigating production of plant-based raw materials and foods made from Danish-produced peas.

All the companies have begun work on and have plans for collaboration with relevant actors on measures to reduce the climate impact of transport. Orkla Health commenced use of long-distance marine transport with lower climate impacts as from May 2023 for most of Orkla Wound Care’s intercontinental routes, in partnership with freight forwarder Kuehne+Nagel. Lilleborg entered into a new transport agreement that includes biofuel as an energy source for all its marine transport from Asia. The companies in The European Pizza Company group introduced use of electric scooters to reduce emissions from transport used for pizza deliveries.

Efforts to reduce climate impacts also include collaboration with customers. For example, both The European Pizza Company, through its Kotipizza Ps brand, and Lilleborg developed climate impact calculators to help customers make choices that generate lower GHG emissions. Lilleborg is introducing the EnduroPower method combined with a climate impact calculator for its customers, enabling them to identify potential improvements and monitor energy and water savings.

The companies also aim to increase sales of products with a lower climate impact. In 2023, Orkla Wound Care continued to scale up sales of Cederroth’s first aid stations and dispensers containing recycled plastic, and Pierre Robert Group has set a target of increasing use of recycled synthetic materials from 57% to 65%.

Future plans

We will continue to align Orkla’s climate-related disclosures with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and relevant frameworks for reporting on progress made on Net Zero Transition Plans (NZTP).

Work on Orkla’s NZTP programme will be further developed in 2024 with the adoption of clear targets and action plans in each company to support the general Orkla goals. Key measures will be to continue the transition to renewable energy sources and implement action to increase resource efficiency in both the companies’ own operations and in raw material production. We will increasingly engage in research programmes, networks and partnerships to develop methods, indicators and technical solutions.

Reduction of GHG emissions in own operations (Scope 1 and 2)
All the companies will prepare clear plans that contain necessary emission reduction measures targeting a reduction of 70% of GHG emissions by 2030, compared with 2016. Reaching the 2030 target will necessitate further improvements and investments in the form of energy efficiency initiatives and renewable energy solutions at all factories. Plans include the installation of solar energy systems in Orkla Foods Česko a Slovensko factories, and at Orkla Health sites in Malaysia, Denmark and the UK.

The main measures for further GHG emission reduction focus on the transition from fossil to renewable energy sources. Several Orkla companies have drawn up plans for necessary action towards 2030. These plans will be further elaborated through the work on the NZTP.

Reduction of GHG emissions in the value chain (Scope 3)
The companies will intensify their dialogue with key suppliers regarding possible measures to ensure sustainable production of raw materials and fossil-free transport and ensure that the suppliers commit to establishing their own plans for reducing GHG emissions.

Product and business innovation will play a crucial role in reducing GHG emissions in our value chain. Several Orkla companies plan to increase their range of plant-based alternatives and further develop circular products and services. We believe that our efforts to develop products with a smaller environmental footprint have been very successful in the past few years. We will continue this work with the help of Orkla's climate footprint calculation tool, which facilitates management of improvements and innovations.

Through the establishment of Orkla's NZTP, we will specify projects and investments that are necessary for achieving the targets for reductions in the value chain.

Table 6a: Key figures, GHG emissions

Indicator references	Indicators	Unit	2023	2022	2021	Base year[1]
GRI 305-1	Greenhouse gas emissions from own operations, Scope 1[2]	tCO_2e	102,949	115,213	120,051	136,424
GRI 305-1	Biogenic greenhouse gas emissions, Scope 1[2]	tCO_2e	610	595	493	428
GRI 305-2	Indirect greenhouse gas emissions, Scope 2, location-based calculation[2,3]	tCO_2e	51,985	51,963	62,805	87,233
GRI 305-2	Indirect greenhouse gas emissions, Scope 2, market-based calculation[2,3]	tCO_2e	12,255	51,372	11,485	167,239
GRI 305-3	Greenhouse gas emissions, Scope 3[4]	tCO_2e	3,140,917	3,407,729	3,482,022	3,921,106
GRI 305-4	Greenhouse gas emissions (Scope 1 and 2 market-based) per FTE[5]	tCO_2e/ FTE	6.1	9.1	6.5	15.6
GRI 305-4	Greenhouse gas emissions (Scope 1 and 2 market based) by revenue[5]	tCO_2e/ NOK mill.	1.7	3.0	2.4	6.9
GRI 305-6	Emissions of ozone-depleting substances (ODS) used in cooling media	tCFC-11e	0	0.0004	0.002	0.007
GRI 305-7	Emissions of sulphur dioxide[7]	tonnes	12	16	10	17
GRI 305-7	Emissions of nitrogen oxide[7]	tonnes	110	118	107	116

1 For GHG emission figures the baseline year is 2016. For other figures the baseline year is 2014
2 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 the new information.
3 Location-based emissions reflect the average GHG emissions intensity of grids on which energy consumption occurs. Market-based emissions take into account the effect of contractual instruments that Orkla has used (Guarantees of Origin, Renewable Electricity Certificates and Power Purchase Agreements).
4 The number presented is a total of Scope 3 for Orkla ASA and includes all 15 categories. Improved Scope 3 data coverage is the reason for the significant increase compared to figures reported in 2022. mill. Orkla mainly uses conversion factors for greenhouse gas emissions from a database owned by the RISE institute, as well as conversion factors for energy from DEFRA and the IEA.
5 The intensity figures reported for previous years have remained unchanged and have not been adjusted for structural changes.
6 Average emission factors for various fuel types are used. Emission factors are based on DEFRA.

Table 6b: Key figures, energy

Indicator references	Indicators	Unit	2023	2022	2021	Base year[1]
GRI 302-1	Electricity from internally generated hydropower, sold	GWh	2,285	2,237	2,065	2,570
GRI 302-1	Total energy consumption, own operations	GWh	1,005	1,111	1,130	1,097
GRI 302-1	Total energy consumption from renewable sources[1]	GWh	499	381	506	11
GRI 302-1	Energy consumption from non-renewable sources[2]	GWh	507	729	623	1,085
GRI 302-1	Energy consumption – electricity	GWh	406	422	452	462
GRI 302-1	Energy usage – purchased thermal energy, incl. remote heating	GWh	75	73	55	48
GRI 302-3	Energy usage per FTE[1,2,3]	MWh/FTE	53	55	60	66
GRI 302-3	Energy usage by revenue[1,2,3]	MWh/NOK mill.	15	18	22	29

1 Includes documented renewable electricity, renewable part of district heating, renewable electricity produced on site and energy from renewable biomass. Orkla uses standard conversion factors for various types of fuel, updated annually based on DEFRA and IEA.

2 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.

3 The intensity figures reported for previous years have remained unchanged and not adjusted for structural changes.

Biodiversity and ecosystems

Orkla operates in a variety of sectors such as consumer goods, food, hydropower and real estate. This means that our operations have an impact on biodiversity and ecosystems. Moreover, our production is dependent on natural resources for the production of raw materials. Orkla's efforts to preserve and protect biodiversity therefore involve preventing deforestation and conserving vital ecosystems, in addition to promoting sustainable agriculture, forestry and fishing.

Around 96% of Orkla's raw material purchases relate to agricultural products. These are classified as renewable if production is carried out in a sustainable manner.

Impacts, risks and opportunities

Due to our use of raw materials from land-intensive sectors such as forestry and agriculture, we assess Orkla's impact on biodiversity and ecosystems as high.

The financial risk related to nature and biodiversity is assessed as medium. The greatest financial impact for our companies is indirect and is linked to the primary production of raw materials, first and foremost in agriculture. Serious negative impacts can arise if the production of raw materials leads to tropical deforestation, farmland degradation or reduction of fish stocks. Therefore, we have both a responsibility for, and a commercial interest in, stepping up our engagement to protect valuable ecosystems and promote farming practices that improve ecosystems.

We are also exposed to potentially higher raw material costs due to regulatory requirements, such as the upcoming EU Regulation on Deforestation-free products and physical risks such as biodiversity loss and ecosystem degradation. The financial implication of those risks is nonetheless considered to be medium, due to the low risk posed by many purchased raw materials and to our close cooperation with high-risk raw material suppliers.

Orkla's ambition and approach

Nature and biodiversity are at the core of Orkla ASA's sustainability ambition. Our commitments to avoid and reduce pressure on nature and contribute to increased biodiversity are clearly set out in both our ambitions and the Orkla Nature and Climate Policy. As an investment company we will assume our responsibility for accelerating actions to preserve nature, both for our companies and for society as whole. Orkla wants to contribute to progress through collaboration and innovation, and we urge our companies to:

- develop targets and plans for collaboration with suppliers, scientists, industry experts and other relevant partners to enhance biodiversity in agriculture, forestry and aquaculture,
- explore innovation opportunities linked to new production systems and products, including regenerative agriculture and plant-based products,
- engage in nature restoration and regeneration,
- ensure that by the end of 2025 raw materials from risk areas do not contrbute to deforestation or conversion of natural ecosystems
- ensure that certification or certificate programmes are in place by the end of 2025 for raw materials with high environmental risk.

Orkla expects the companies to establish procedures to prevent their operations from contributing to deforestation or conversion of natural ecosystems. We use the Sustainable Agriculture Initiative (SAI) Platform's framework, the Farm Sustainability Assessment (FSA), for assessment of third-party certifications, and our aim is for all agricultural raw materials associated with high environmental risk to be produced according to at least FSA Silver level.

The SAI Platform is a member-driven collaboration platform for global food and drink industry actors aimed at developing sustainable agriculture solutions. The organisation works with its members and external stakeholders to catalyse change and establish sustainable agriculture as a prerequisite for doing business throughout the supply chain. The SAI Platform's FSA framework includes a set of tools designed to assess, improve and validate on-farm sustainability in supply chains.

To ensure that nature is protected and restored, we work with our suppliers through certification programmes and using other tools to avoid deforestation and conversion of ecosystems, and promote sustainable agriculture, forestry and fishing. We also participate in certain research projects and support the companies in their development of innovative solutions that could increase biodiversity.

Plant-based products
Investing in plant-based food is an important initiative for protecting biodiversity and ecosystems, since vegetarian food products require considerably less agricultural land than meat and dairy products and thus leave more space for natural areas. Several Orkla companies aim to increase the proportion of plant-based food products. In 2023, the SAI Platform launched its global framework,

Regenerating Together, to promote regenerative farming, which will be used by the companies as inspiration for improving and changing production systems. Regenerative farming aims at restoring natural soil cycles, increasing biodiversity and reducing pollution to water from agriculture. Farming practices that reduce GHG emissions and use the soil's ability to hold carbon play a key part in achieving climate targets.

Deforestation-free supply chains
In the past ten years, the Orkla companies have worked purposefully to prevent deforestation in their supply chains, and Orkla has signed the UN New York Declaration on Forests. Our most important work to ensure deforestation-free supply chains is to source raw materials that pose low risk of deforestation and to purchase high-risk raw materials covered by third-party certification programmes.

Most of the raw materials used in the companies' production come from countries where the risk of deforestation is low. However, there are certain exceptions, such as cocoa and palm oil. For these raw materials which are defined as high-risk, we collaborate with selected suppliers who carry out their own programmes to ensure deforestation-free production. These programmes involve satellite-based deforestation monitoring, farmer training and local improvement projects carried out in relevant regions. In addition, the companies are increasing their purchases of raw materials certified in accordance with reliable third-party standards that include requirements for deforestation-free production. The certification programmes include continuous efforts to increase the traceability level of the raw materials.

Progress in 2023

We established the Orkla Zero Deforestation Policy as early as 2014 and have come a long way in our efforts to ensure deforestation-free supply chains.

All our companies have a high focus on sustainable sourcing of raw materials and packaging to avoid deforestation and changes in natural ecosystems. Certification schemes are used to prevent and reduce negative environmental impacts from high-risk raw materials. Some of the companies also purchase packaging certified by the Forest Stewardship Council (FSC), which guarantees sustainable forest management. The way our companies are working with high-risk raw materials is described in the chapter "Human Rights in the Supply Chain", since purchasing certified raw materials helps to reduce risk related not just to the environment, but also to social challenges.

In 2023, to ensure sustainable farming, Orkla India developed a training programme for chilli farmers on sustainable agricultural practices, and the project has resulted in improved soil quality. The company is providing 1 500 chilli farmers with training in good farming practices, pesticide usage and water management. Eventually, Orkla India also wants to include black pepper farmers in this project.

Several Orkla food companies have a plant-based product portfolio and are working to increase the number of vegetarian and vegan options. Orkla Foods Europe offers a wide range of plant-based alternatives, and launched a number of new products in 2023. Orkla Foods Sverige introduced plant-based innovations such as "Baljväxtfärs" (legume mince). Orkla Foods Danmark partnered up with Ferm Food to co-develop organic, plant-based meat replacements that contain no additives, and Orkla Eesti continues to develop Tex-Mex rice dishes with vegan mince. Orkla Confectionery & Snacks offers several vegan in addition to gelatine-based confectionery products, and the company continues to create vegan formulas. Orkla Health offers plant-based alternatives within a broad range of its brands such as Maxim, Nutrilett, Vitaminbjørner, Healthspan and Edge of Arctic dietary supplements.

Orkla participates in several research projects, such as BIOPATH and Mistra Food Futures. One objective is to develop indicators to enable companies to measure and take biodiversity into account when making investments and other decisions.

Orkla Food Ingredients' company Dragsbæk in Denmark participates in a joint project with partners including SEGES Innovation and the Innovation Centre for Organic Farming (ICOEL). The project aims to explore the possibility of using ancient oat varieties in future sustainable organic agricultural production. The project is funded by the Foundation for Plant-Based Food.

In 2023, 87% of Orkla's purchases of raw materials entailing a risk of deforestation either came from low-risk countries or were covered by certification programmes.

Future plans

The Orkla companies continue their efforts to learn more about their impact on nature and ecosystems, and gather supplier data on raw materials to identify at-risk areas and understand how their own efforts can be intensified.

Orkla will continue to participate in relevant research projects. In 2024 we aim to use the experience gained in the work in BIOPATH and from our participation in the Science-Based Target Network (SBTN) to establish initiatives related to biodiversity and ecosystems. This includes developing strategy, targets, action plans and indicators to monitor the results of initiatives and measures.

Orkla companies will further develop a plant-based portfolio and obtain certification of high-risk raw materials. Moreover, several companies plan to increase the quantity of FSC-certified raw materials and packaging they use.

Table 7: Key figures related to biodiversity and ecosystems

Indicator references	Indicators	Unit	2023	2022	2021
301-1	Consumption of raw materials[1]	tonnes	952,033	1,043,158	1,078,590
301-1	Share of renewable raw materials[2]	%	96	94	95
Self-defined	Raw materials and packaging at risk of tropical deforestation that are certified or produced in low-risk areas, share of purchase value.	%	87	86	-

1 Raw materials purchased, excluding finished goods
2 Includes raw materials from agriculture, share of total raw materials (purchase value)

Water and marine resources

As an investment company with a broad portfolio of companies, Orkla is dependent on access to sufficient quantities of high-quality freshwater. Water is used for many purposes in our companies' value chains and is a particularly important input for cultivating various raw materials. Water is also used directly as an input in many Orkla products and for important cleaning procedures in production processes.

Marine resources are key raw materials for several Orkla companies, such as Orkla Health, Health and Sport Nutrition Group and Orkla Foods Europe. Several fish species are threatened by overfishing, independently of geographical origin. The companies therefore join forces with suppliers in systematic, targeted efforts to preserve marine resources.

We encourage our companies to reduce their impact on water bodies in both their supply chain and their own operations, and to source marine resources from sustainable stocks.

Impacts, risks and opportunities

Orkla companies depend on water in both their supply chain and their own operations. Orkla’s impact on water and marine resources is therefore assessed as high. The overall financial risk related to water was assessed as low, as most of the businesses are located in areas where there is normally no shortage of water, and there are several possible suppliers of important raw materials.

Nonetheless, we take account of the risk of drought and water scarcity, which can affect both suppliers and our own operations by disrupting deliveries in the supply chain and interrupting our own production. The risk of water scarcity is highest for Orkla India. However, price effects are assumed to be low, since Orkla works closely with its suppliers and has introduced water-saving measures in water-stressed areas.

Assessments of impacts, risks and opportunities related to marine raw materials and ecosystems are included in the biodiversity and ecosystem analysis. Among other things, several fish stocks are threatened by overfishing. It is important to prevent overfishing to maintain the natural balance in the marine ecosystem.

Orkla’s ambition and approach

Orkla’s ambition to ensure sustainable management of freshwater and oceans is described in the Orkla Nature and Climate policy as well as in Orkla’s governing principles for sustainability and responsible business practices. Orkla requires that the portfolio companies establish guidelines for use of freshwater and marine resources, including sustainable fishing criteria. Based on an assessment of impacts, risks and opportunities, the companies will be able to identify relevant aspects related to water and marine resources and develop their own targets, action plans and procedures to avoid negative impacts in these areas.

Progress in 2023

Our companies are taking steps to reduce pressure on freshwater and marine resources through water reduction initiatives in their own operations, certification of marine raw materials, development projects and water stewardship.

Water stewardship
Water consumption both in their own operations and in their value chain is still a relevant topic for the majority of our companies. They therefore focus actively on introducing initiatives to reduce water consumption, for instance by optimising and improving cleaning processes. At the KiMs factory in Orkla Confectionery & Snacks in Denmark, a 38% reduction has already been achieved by means of better management and control of water consumption. Orkla Foods Europe has implemented several measures to reduce the amount of water used for cooling, such as installation of a cooling tower and leakage monitoring. An important project concerns recycling of water used in sterilisation in one of Orkla Foods Europe’s largest factories, the Babice plant in the Czech Republic. In 2023, water consumption was reduced by 50% from the previous year, and once the project is in full operation, savings of 75% are expected. The Czech Ministry of the Environment gave this initiative an award for responsible water management, which is valid for a five-year period. The project also makes a crucial contribution to solving the problem of critical groundwater levels in wells in the Babice area. Besides reducing water use, the initiative resulted in several other improvements, such as reduced energy consumption, lower maintenance costs and lower risk of operations being interrupted due to water shortage. Orkla Eesti has initiated a relevant water reduction project, the first step of which is to install a filtering system for water used to wash cucumbers. This makes it possible to reuse the water in the first washing stage. In 2024 the plan is to roll out the same solution for other vegetables.

Orkla India, being located in a water stress area, has a high focus on water management and in 2023 continued work on measures to improve its water recycling. Furthermore, the company established a facility with storage capacity for 40 million litres of rainwater for the benefit of the community around the factory in Bangalore. This measure is also helping to raise the groundwater table in the area.

Through the measures described above and other water-saving initiatives, the companies have reduced water consumption by 35% compared with 2014 (base year) which is in line with the target of a reduction of 30% by 2025.

Some of our companies can also have a positive impact on water consumption through the value chain. Some examples of measures implemented to promote good water management in the value chain, both upstream and downstream, are described below.

Lilleborg continues to offer the EnduroPower system to new customers. This system features an innovative cleaning method that helps to reduce customers' water consumption.

Through its supply chain, Pierrre Robert Group impacts on nature, including water resources. It therefore implements recognised certification programmes that ensure responsible production throughout the value chain and thereby source raw materials that have minimal impact on the environment. In 2023, Pierre Robert Group became a member of the Better Cotton Initiative (BCI), an organisation that works to improve cotton production. One of the biggest challenges in cotton production is water use. BCI has developed a comprehensive framework for water stewardship that benefits both people and nature.

Marine raw materials

Most of Orkla's marine raw materials come from the North East Atlantic, where several fish species are threatened by overfishing, regardless of geographical origin. Preventing overfishing is crucial to maintaining the natural balance in the marine ecosystem.

In the last few years, the total mackerel catch has exceeded the recommendations of the fishery advisory body ICES, making it impossible to obtain mackerel certification. The situation improved in 2023, and for the first time since 2020 coastal states have reached an agreement on the total mackerel quota to be fished in 2024. They will continue negotiations in 2024 to determine how the quota should be distributed.

Certification programmes such as the Marine Stewardship Council (MSC) and KRAV standards help ensure that the fish stocks from which Orkla companies source fish are monitored and maintained at satisfactory levels. Unfortunately, due to the lack of political agreement on fishing quotas, the availability of certified raw materials has declined since 2019. In 2023 25% of the marine raw materials purchased by Orkla's companies were certified.

The companies also conduct their own analyses of changes in relevant stocks. We are also in dialogue with the industry, authorities and external centres of expertise on how to address challenges related to the fish species purchased by Orkla.

Orkla Foods Europe, Health and Sport Nutrition Group, Orkla Health and The European Pizza Company use a variety of marine resources and strive to source sustainably managed raw materials. For instance, Health and Sport Nutrition Group purchases only certified omega-3 products. Orkla Health ensures that fish oils are sustainably produced through programmes such as Friends of the Sea, an accreditation programme from the World Sustainability Organization. The European Pizza Company's Kotipizza chain ensures that its seafood ingredients are MSC-certified, and Orkla Foods Europe is working towards certifying 100% of its marine raw materials.

Future plans

Going forward, Orkla companies will prepare their own plans and set targets based on risk assessments in order to ensure water stewardship and sustainable use of marine resources. Some companies already plan to expand their current water conservation projects or secure investments for new projects.

Orkla ASA will continue to help achieve MSC certification for raw materials sourced by our companies. We will also continue to engage in dialogue with the authorities on sustainable fisheries management. Reaching international political agreement on how the herring and mackerel quotas for the North East Atlantic should be shared among coastal states will be crucial to ensuring sustainable fishing and certification of these fish species. We have also participated in discussions with the MSC and Norwegian authorities to find a solution for certifying North Atlantic cod.

Orkla Home and Personal Care carries out several activities to reduce and reuse water in its processing plants. An example is conversion of the Clean-in-Place (CIP) system of the toothpaste processing plant, where treated washing water can be reused to clean the processing plant. A more extensive measure is to replace the system or reuse the water from the disinfection plant that supplies the processing plant with clean water. In addition

Table 8a: Key figures, water withdrawal and discharge

Indicator references	Indicators	Unit	2023	2022	2021	Base year 2014
GRI 303-3	Total water withdrawal, own operations	MI	6,775	7,721	7,630	10,385
GRI 303-3	Water withdrawal from collected rainwater and surface water[1,2]	MI	0	0	0	0
GRI 303-3	Water withdrawal from groundwater[1]	MI	2,657	3,152	2,888	3,051
GRI 303-3	Water withdrawal from external water works (third-party)[1]	MI	4,118	4,569	4,742	7,334
GRI 303-3	Total water withdrawal, own operations in water-stressed areas[1,3]	MI	219	231	234	208
GRI 303-3	Water withdrawal from surface water in water-stressed areas[1,3]	MI	0	0	0	0
GRI 303-3	Water withdrawal from groundwater in water-stressed areas	ML	70	110	51	44
GRI 303-3	Water withdrawal from third-party water in water-stressed areas	ML	149	121	183	164
Self-defined	Water recycled in own operations	%	3	4	8	0
GRI 303-4	Total water discharge to all areas[1]	MI	3,721	4,213	4,497	7,175
GRI 303-4	Discharge of wastewater to seawater[1]	MI	0	0	0	0
GRI 303-4	Discharge of wastewater to external treatment plants (third-party)[1]	MI	2,142	2,425	2,588	6,201
GRI 303-4	Discharge of wastewater to surface water[1]	MI	1,580	1,788	1,909	974
GRI 303-4	Discharge of wastewater to groundwater[1,4]	MI	0	0	0	0
GRI 303-4	Emissions to water – BOD[5]	tonnes	3,804	3,483	3,592	7,289
GRI 303-4	Emissions to water – COD[5]	tonnes	9,464	5,305	5,982	9,749
GRI 303-4	Emissions to water – particles[5]	tonnes	233	239	188	528
GRI 303-4	Total water discharge to all water-stressed areas[3]	MI	106	153	140	147
GRI 303-5	Total water consumption from all areas	MI	3,054	3,508	3,224	3,210
GRI 303-5	Total water consumption from all water-stressed areas[3]	MI	112	79	94	62

1 The breakdown of water into freshwater and "other water" has not been reported, due to lack of information
2 Orkla does not use water withdrawn from surface water; rivers, lakes and wetland areas
3 Water-stressed area is defined by the WRI Aqueduct tool and represents locations in India, Romania, Spain and Portugal
4 None of the Orkla companies discharge wastewater into groundwater, and values are therefore set as zero
5 We report on the substances which are identified as relevant for Orkla; BOD, COD and particles. These parameters are required to be monitored by the local authorities. Other potential substances of concern will be assessed going forward.

Table 8b: Key figures, certification of marine raw materials

Self-defined	Share of certified marine raw materials (MSC or ASC) of total volume purchased	%	25	27	52

to implementing technical changes, the company is considering establishing production procedures and planning production that entails less switching between products and longer series so as to reduce cleaning.

Resource use and a circular economy

Sustainable resource use and a circular economy are about using materials, energy and water more efficiently and developing circular value chains. This also includes using renewable energy and recycled materials, reducing waste throughout the value chain, promoting packaging recycling and reducing consumer waste. We work purposefully to reduce the environmental impact of our products and are investigating potential circular solutions.

Packaging has an important function in terms of protecting products, prolonging shelf life, and facilitating easy use. The biggest challenge posed by packaging is that it is often not recycled or reused, leading to excessive use of resources. Orkla seeks to prevent plastic pollution and achieve efficient use of resources by contributing to circular value chains for packaging materials.

Impacts, risks and opportunities

Orkla's impact is assessed as high due to significant food wastage in the value chain and its own operations, and use of packaging materials which are largely not recycled despite being designed for that purpose. Orkla could potentially have a high positive impact on industry practices by promoting circular solutions for improved packaging and circular product innovations. Among other things, this can reduce food waste or other environmental impacts.

Changes in regulations and guidelines related to resource management, waste disposal, recycling and environmental standards may result in significant financial losses for Orkla. However, our companies track regulatory developments closely. They explore opportunities for circular product innovation, develop packaging based on recyclable and recycled materials and collaborate with suppliers and the waste sector to increase recycling of packaging waste and contribute to circular solutions. Because of these measures, the financial risk for Orkla is assessed as medium.

Orkla's ambition and approach

Orkla's ambition is to support the transition to sustainable production throughout the value chain and its goal is to develop products that are suitable for a circular economy. We will continue to promote innovation and develop products that minimise environmental impact in every part of the value chain.

The goal of all the companies must be to ensure that all packaging is recyclable, and to increase use of recycled and renewable materials in products and packaging.

Orkla's ambition is expressed and clarified in the governing principles for sustainability and responsible business practices. Orkla expects the portfolio companies to set clear targets for reducing consumption of natural resources such as raw materials, energy, and water.

Improvement and reduction of packaging materials is important for all Orkla companies, which have made targeted efforts for many years to use recycled or renewable plastic. Several companies are now using recycled plastic, which is a critical factor for advancing the transition to circular value chains. The companies also devise creative ways of reducing the amount of material in packaging. By reducing the material's thickness and avoiding unnecessary packaging, they can make more effective use of resources and optimise transportation. The ambition is to design products to ensure that their environmental impact is as low as possible throughout the value chain.

Progress in 2023

The companies make targeted, systematic efforts to achieve efficient resource utilisation. Better resource use and a circular economy have been high priorities for many years, and considerable work has been done to reduce waste from the companies' own plants and in the value chain, implement circular solutions and accelerate packaging innovation.

In 2023, Orkla Procurement continued to support the companies in their work to find more sustainable packaging solutions. This includes cooperating with packaging suppliers and other partners to minimise use of fossil raw materials, make packaging easy to recycle and utilise new materials. Monitoring and assessing the impact of upcoming legislation have also been high on the agenda.

Waste management
Orkla's Centre of Excellence ESG & Sustainability has provided training and webinars on efficient resource use, implementation of circular economy principles and waste management.

The problem of waste generation in own operations and the downstream value chain is relevant for the majority of our companies. They address this problem by analysing waste, training employees, replacing equipment, improving waste handling methods, joining forces with local players, donating surplus food and renewing waste management systems.

As a result, we have reduced the amount of organic waste by 17% since 2014. In relation to turnover, however, the reduction was 63%, which reflects increased sales and production in the period.

In Orkla Foods Europe, Orkla Foods Norge has implemented new waste tracking procedures at the company's factory at Stranda. In 2023, this initiative increased the sorting rate of waste to 71% and reduced the amount of residual waste by over 50%. Thanks to implementation of a new maintenance procedure for the start-up of production lines, the factory now saves 428 tonnes of pizza crust per year.

Orkla Foods Česko a Slovensko has also improved its waste management procedures across its factories. As a result of improved sorting, a larger share of waste goes to recycling.

Felix Austria participated in the Altstoff Recycling Austria (ARA) recycling campaign in 2023 with the brands Knusperli and FELIX. The campaign builds awareness of the importance of consumer collection and recycling of waste. Several Orkla Foods Europe companies donate surplus food to external organisations.

A number of companies in Orkla Food Ingredients work continuously to find better waste management solutions through joint agreements with waste reception facilities and programmes, with the aim of achieving zero waste.

Orkla Health has implemented several initiatives for mapping and reducing waste across plants and divisions. This includes efficient sorting and tracking of waste in factories, providing recycling information on consumer packaging, promoting paper-less administrative operations and controlling humidity at storage sites.

Circular solutions

As part of the efforts to reduce waste throughout the value chain, some companies have developed circular solutions for their customers.

Orkla Home and Personal Care is in the process of expanding På(fyll) in the Norwegian and Swedish markets. På(fyll) is a new digital platform and circular service developed jointly by Orkla Home and Personal Care, Bakken & Bekk and Æra Strategisk Innovasjon to help consumers use more sustainable solutions and reduce use of single-use plastic. The service offers delivery of household products such as soaps and cleaning products to consumers' homes in reusable containers. When the container is empty, it is collected, refilled and redelivered. This solution will make it possible to reduce packaging waste in both companies' own operations and in the downstream value chain.

Orkla Foods Norge has implemented the campaign "Redd restene med TORO" (Save the Leftovers with TORO), which focused attention on how consumers can reduce food waste with TORO products. This campaign has led to increased sales for the brand. Orkla Foods Sverige launched a new fish mince made from herring meat which previously remained stuck to the backbone. Thanks to new technology, this high-quality meat is now utilised instead of becoming food waste. So far, the fish mince has only been launched in the food service sector.

Lilleborg offers a circular return system for Intermediate Bulk Containers (IBC) and vats in collaboration with Mauser-Noreko. Empty IBCs and vats are collected from customers, washed and reused at the Orkla Home and Personal Care factory in Ski, Norway. In 2023 the return percentage for IBCs was around 50% and 35% for vats. Lilleborg collaborates actively with its customers to increase this percentage.

In 2023 Orkla Health launched an interesting cod liver oil project, the "Next Generation Cod Liver Oil Facility", and this work will continue in the coming years. The project aims at optimising use of marine residual raw materials by upcycling animal feed into marine proteins for food applications. As part of the project, Orkla Health will improve the production process and use enzymatic hydrolysis in production, thereby reducing overall marine food waste by up to 1 400 tonnes per year.

Pierre Robert Group developed a circular design guide in 2023. The guide is a tool for their designers and product developers to foster products based on circular principles. Pierre Robert Group seeks to minimise waste, prolong product life and increase products' recycling potential, as well as reduce the business's environmental impact.

Several of the companies plan to collaborate more with start ups on circular innovation, design products for circularity and work cross-functionally to achieve optimal results.

Innovative packaging solutions
In 2023, the Orkla companies continued to develop innovative packaging solutions that minimise use of fossil raw materials, are easy to recycle and promote more recycling.

In 2023, 97% of the packaging materials used were recyclable, 69% of materials were recycled or renewable, and 9% of plastic packaging materials were recycled or renewable.

Several of the companies are focusing on introducing thinner packaging for their products, using mono-materials and new renewable solutions. Orkla Home and Personal Care invested in two additional carton lines to expand its innovative carton packaging to new categories and sizes. The two new production lines enable Orkla Home and Personal Care to produce cleaning products in larger cartons (1 500–2 000 ml) and personal care products in standard cartons (500–1 000 ml). This means that both Orkla Home and Personal Care factories now have the capacity to produce cartons catering to a broader market and more segments.

The companies in the European Pizza Company group offer reusable packaging for salads and pasta dishes,and have rolled out a pilot project for reusable pizza boxes.

Orkla Foods Sverige has introduced recyclable, mono-material packaging for the Anamma portfolio for both consumers and food service customers. The new design also includes less printing ink and lacquer, further improving recyclability. Anamma packaging has been made of 50% bio-based plastic since 2018, and the new packaging is both recyclable and bio-based.

Another initiative from Orkla Foods Sverige is the development of standing bags designed to be recyclable. In autumn 2023, the company launched two new varieties of Paulúns granola, where the products are packed in a standing plastic bag instead of a plastic bag in a cardboard box. Eliminating the cardboard reduced both packaging material and costs compared to the previous packaging. So far the new packaging has been very well received by consumers.

Orkla Health has launched mono film with a better recycling design for Nutrilett bars and Fiberhusk bags, along with the relaunch of interdental products such as Flosser and Easy Slide Floss, made of 100% recycled plastic. In Jordan's portfolio of toothbrushes for adults, the polypropylene in all products with polypropylene handles was changed from new to post-consumer recycled polypropylene in 2023. Orkla Health has also worked on a joint initiative called Project Circle with Norner and Replast AS. The project is aimed at proving that polypropylene from toothbrushes can be recycled and used in the manufacture of high-value products, hopefully for toothbrushes, instead of being sent to incineration as is the case today. NutraQ, Healthspan and Orkla Health Danmark are all companies in the process of switching to using mono material for blister packaging so as to increase waste recycling.

Future plans

The companies plan to maintain their current strategy for waste reduction and to implement several initiatives in both their own operations and the value chain, as well as to improve waste sorting and ensure that waste management is carried out in accordance with the waste hierarchy.

Despite the progress made in packaging, a great deal of work remains to be done in the coming years to achieve the ambition of making all packaging recyclable and contributing to ensure that packaging waste is in fact recycled in municipal and national waste management systems. Our companies will continue their efforts to replace non-recyclable packaging material with recyclable material, switch to mono materials and renewable materials, and develop new packaging solutions. For example, Orkla Health is working on designs to facilitate the recycling of food supplement packaging and increased recycling of toothpaste tubes. Orkla Home and Personal Care plans to launch a recyclable deodorant container made of 100% mono material, and to improved Jif disposable mops. Orkla House Care is working on a thinner packaging solution. In 2024 Idun in Orkla Food Ingredients will introduce fossil-free bottles and Orkla Confectionery & Snacks plans to launch paper-based packaging solutions for chocolate.

All the companies aim to continue to focus on innovation, replacing non-recyclable materials and close collaboration with customers and suppliers.

Table 9a: Key figures, resource use and circular economy

Indicator references	Indicators	Unit	2023	2022	2021	Base year 2014
GRI 306-3	Total waste	tonnes	98,282	108,645	114,214	124,613
GRI 306-3	Organic waste[1,2]	tonnes	75,210	82,038	86,017	90,206
GRI 306-3	Organic waste by revenue	tonnes/NOK mill.	1.1	1.4	1.4	3.0
GRI 306-3	Non-hazardous waste – sorted	tonnes	87,311	94,468	99,136	106,228
GRI 306-3	Non-hazardous waste – mixed	tonnes	10,711	13,632	14,549	17,887
GRI 306-3	Hazardous waste	tonnes	260	545	530	499
GRI 306-4	Total waste diverted from disposal	tonnes	80,952	88,672	87,831	93,768
GRI 306-4	Hazardous waste diverted from disposal by preparation for reuse	tonnes	0	0	0	0
GRI 306-4	Hazardous waste diverted from disposal by recycling	tonnes	19	18	50	3
GRI 306-4	Hazardous waste – other measures	tonnes	0	30	1	0
GRI 306-4	Non-hazardous waste diverted from disposal by preparation of reuse	tonnes	0	0	0	0
GRI 306-4	Non-hazardous waste diverted from disposal by recycling	tonnes	9,402	10,557	11,775	13,400
GRI 306-4	Non-hazardous waste diverted from disposal by other recovery operations	tonnes	71,532	78,067	76,005	80,365
GRI 306-5	Total Waste directed to disposal	tonnes	17,330	19,972	26,383	30,846
GRI 306-5	Hazardous waste directed to disposal by incineration (with energy recovery)	tonnes	240	497	478	496
GRI 306-5	Hazardous waste directed to disposal by incineration (without energy recovery)	tonnes	0	0	0	0
GRI 306-5	Hazardous waste directed to disposal by landfilling	tonnes	0	0	1	0
GRI 306-5	Non-hazardous waste directed to disposal by incineration (with energy recovery)	tonnes	12,323	14,604	20,911	27,520
GRI 306-5	Non-hazardous waste directed to disposal by incineration (without energy recovery)	tonnes	0	0	0	0
GRI 306-5	Non-hazardous waste directed to disposal by landfilling	tonnes	4,767	4,871	4,993	2,830

1 Orkla centrally gathers data on waste generation, which is mostly supplied by companies through invoices from waste management companies or waste reports.

2 The breakdown of waste directed to disposal onsite and offsite has not been reported, due to lack of information.

3 The intensity figures reported for previous years are unchanged and have not been adjusted for structural changes.

4 Values for waste diverted from disposal by preparation for reuse has been set as zero due to lack of data on this topic.

5 Amount of waste disposed via incineration without energy recovery has been set as zero due to unavailability of data.

Table 9b: Key figures, resource use and circular economy

Indicator references	Indicators[1]	Unit	2023	2022	2021
GRI 301-1	Share of packaging materials made from renewable sources[2,3]	%	40	41	36
GRI 301-2	Share of total packaging materials which are fully or partly recycled[3]	%	54	54	51
Self-defined	Share of total packaging materials which is made of recycled or renewable sources[3]	%	69	68	67
Self-defined	Share of total packaging materials that are recyclable[3]	%	97	96	95
GRI 301-1	Packaging consumption, all types[2,3]	tonnes	159,416	173,066	179,499
GRI 301-1	Plastic packaging consumption[3,4]	tonnes	36,554	37,410	44,680
GRI 301-2	Share of plastic packaging materials from renewable or recycled sources[3]	%	9	9	13
GRI 301-1	Consumption of packaging by revenue, all types	tonnes/NOK mill.	2.3	3	3.3
GRI 301-1	Consumptions of plastic packaging materials by revenue[4]	tonnes/NOK mill.	0.5	0.6	0.7

1 For the time period 1 November 2022 to 31 October 2023
2 Includes paper-based materials and bio-based plastics
3 Based on collected supplier data
4 Includes both pure plastic packaging and composite materials

Pollution

Pollution is a global challenge. It is one of the largest causes of disease, premature death and nature degradation. Pollution control is therefore essential for our companies. Orkla strives to prevent adverse effects on the environment and to ensure strict control of emissions and hazardous substances. Understanding of pollution to air, water and soil from factories and products is necessary if we are to minimise our environmental impact. Orkla ensures control and proper management by setting ownership requirements for portfolio companies.

Impacts, risks and opportunities

In the materiality assessment prepared in 2023, we assessed Orkla's impact on the environment through pollution as medium and the financial risk as low. The basis for this assessment was that Orkla companies operate in low-polluting sectors and have good environmental management systems in place. The financial risk of pollution incidents in the supply chain and own operations was assessed as low, since mitigating actions are in place and the companies have not had any incidents resulting in serious pollution for many years. Overall, we therefore assess pollution as a non-material topic for Orkla.

Orkla's ambition and approach

Pollution control is ensured through Orkla's governing principles, the companies' environmental management systems, and control measures executed at operational level. Orkla ASA expects the companies, based on their environmental impact assessment, to manage pollution and minimise, substitute, handle or phase out hazardous chemical substances. We require the companies to implement prevention and control measures to minimise the risk of accidents, emissions and discharges. By applying these principles Orkla minimises the risk of pollution in its own operations and supply chain.

Progress in 2023

Control of water pollution is relevant for most of the companies in Orkla, such as Orkla Foods Europe, Orkla India, Orkla Home and Personal Care, Orkla Health, Orkla Confectionery & Snacks and Orkla Food Ingredients. It is ensured through preventive actions, such as improved wastewater treatment and regular monitoring. A number of factories have already installed an Industrial Effluents Treatment Systems (IETS).

In 2023, Orkla Confectionery & Snacks Filipstad was fined for breaching the environmental permit for the food oil content in its wastewater. The breach concerned discharges to a municipal wastewater treatment plant. The Filipstad factory takes this incident very seriously and is making targeted efforts to improve the treatment and control of wastewater and reduce the amount of food oil in its wastewater. In 2023 an upgraded oil separator was installed to ensure compliance with prescribed levels of discharges to municipal plants. Improvement initiatives have commenced, but several measures still remain to be introduced. This incident has caused no damage to the environment, but affected the capacity of the municipal treatment plant.

Future plans

Efforts to avoid and minimise pollution will continue in the coming years, and the companies will implement their own preventive actions and plans based on an environmental risk assessment.

To minimise the negative effects of discharges to water, Orkla Health plans to upgrade the discharge treatment facility at its factory in Malaysia. In addition, the Orkla Home and Personal Care factory in Falun, which manufactures personal care products, plans to build a separate treatment plant for wastewater. This plant will process around 30 000 tonnes of wastewater from the CIP systems in the processing plant. The target, in line with official requirements, is a TOC content of less than 300 mg/L C. The treatment plant will be operational from the second quarter of 2025.

Social topics

Strategy pillar No. 2: Empowering people

Chapter navigation

Orkla’s ambitions

Orkla aims to offer local solutions to major global challenges. We believe in empowerment, and therefore seek to build the capacity of people connected to our operations to drive forward positive change. By enabling employees in our companies and supply chains to use their knowledge and resources to resolve challenges at or outside the workplace, we can have a positive impact on individual lives and achieve positive financial results. We want to build a culture characterised by diversity and inclusion, and to take responsibility for people in our supply chains.

As an investment company, we seek to achieve these goals by engaging actively with the companies we own through board representation, by facilitating collaboration and by offering guidance and support through Orkla’s centre of excellence for ESG and sustainability.

We aim to leverage our ownership position to ensure that all the portfolio and other directly-owned companies have policies, targets and plans in place for addressing important social topics affecting their stakeholders. Key stakeholders for the Orkla companies include employees, consumers, workers in supply chains and local communities.

Orkla’s materiality analysis includes an overall assessment of the actual and potential impact of the Orkla companies' operations on such stakeholders, as well as their importance for economic value creation. Based on Orkla’s current portfolio of companies, we have identified the following social topics as material from a double materiality perspective: “working conditions”, “occupational health and safety”, “training and skills development”, “diversity, equity and inclusion”, “consumer health” and “communities’ rights”. “Responsible marketing” and “access to information” are considered to be of medium importance. Orkla’s reporting on social topics covers all of these topics, emphasising the most material ones.

Human and labour rights

Orkla wants its companies to actively promote equal opportunities, equality and human rights. Through our governing principles for sustainability and responsible business practices, we require our companies to adopt human rights due diligence procedures for both their own operations and their supply chains.

The Orkla Human and Labour Rights Policy applies to all Orkla-owned companies and is based on both the UN Guiding Principles on Business and Human Rights and the due diligence requirements specified in the Norwegian Transparency Act. The policy sets out the main principles governing how Orkla and its companies should address those human and labour rights which are most relevant to day-to-day operations, including respect for children’s rights. The policy also contains guidelines on how the companies must conduct and follow up on due diligence assessments in both their own operations and their supply chains.

Responsible employer

The companies in which Orkla has a majority ownership interest employed a total of 19,600 persons in 29 countries in 2023. Of these, approximately 52% are employed in production, at warehouses and in similar positions, while approximately 48% are employed in administrative positions. As an investment company, Orkla recognises both the importance of employees for value creation and its responsibility to provide good working conditions and safeguard workers' rights throughout its portfolio of companies. Orkla ASA and the companies have well-established channels for dialogue between management and employee-elected representatives on matters of importance to employees, and employee perspectives are taken into account in strategy development and restructuring processes. Participation and employee development are key elements in Orkla's governing principles for sustainability and responsible business practices.

Due diligence in the companies’ own organisation

Orkla requires its companies to conduct an annual risk assessment of their own organisations, focusing on compliance with the principles laid down in the Orkla Human and Labour Rights Policy. In 2023, 91% of Orkla’s portfolio companies carried out this assessment in cooperation with their subsidiaries.

In 2023, none of the operations considered that they had a high risk of undesirable conditions included in the policy. Several companies identified areas of improvement associated with diversity and discrimination, the right to freedom and privacy, fair working conditions, employee involvement, freedom of thought, and opinion and expression. Further comments on these follow under each topic.

Figure 6: Orkla's social topics ambitions

Pillar 2

Empowering people

We empower the people linked to our business to drive positive change. We build a culture of diversity & inclusion, and actively engage in the social challenges linked to our value chains.

Empower people in our organizations and supply chains

Challenge and inspire our companies to build a culture of **inclusion, trust** and **organizational learning**

All companies shall implement **positive impact plans** for handling important human right issues in own organization and supply chains

Ensure that **certifications** or programs are in place by end 2025 for raw materials with risk of serious human rights violations

Be a driving force for diversity and gender equality

Aim for a **balance in gender** representation in management teams at all levels by 2026

All companies are required to work systematically towards a non-discriminatory **equal pay** practice

Actively address diversity and gender balance in **investments and sourcing** decisions

Positive health impacts

Challenge and inspire our companies to explore opportunities for growth from products and services contributing positively to **consumers' health**

By end of 2024, all food companies shall prepare positive **nutrition impact plans** with a horizon towards 2030

Diversity, equity and inclusion

Impacts, risks and opportunities

Having an organisational culture characterised by diversity, equity and inclusion (DE&I) is important for employee job satisfaction, learning and sense of belonging. With a workforce of approximately 20,000 employees in total, Orkla's companies have a high potential to positively influence employees through dedicated initiatives focusing on these topics. Even small improvements in DE&I can have a major impact on both Orkla's own employees and the many communities in which Orkla operates. The companies can also positively influence society more generally by exploring DE&I-related opportunities through marketing and communication.

There is a documented link between a strong diversity profile and financial performance[1], and Orkla has noted increasing expectations among investors and regulatory authorities related to DE&I, especially regarding the gender balance in management. Ambitious DE&I work is important for the capacity for organisational learning, for innovation, engagement and productivity, and for realising employee potential. The recruitment of employees with diverse backgrounds, expertise and life experience provides a robust foundation for new perspectives and better business assessments. The work with DE&I can also be an advantage in a competitive labour market, as the companies can be considered more attractive employers. This is why we regard diversity, equity and inclusion as material topics for Orkla.

1 https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-interactive

Orkla's ambitions and guidelines

Orkla seeks to be a driving force for diversity and gender equality, and it is Orkla's ambition that all companies shall have balanced gender representation in management teams at all levels by 2026 and non-discriminatory equal pay practices.

The Orkla Human and Labour Rights Policy sets out clear guidelines on how Orkla companies must handle diversity and non-discrimination. The companies must work systematically to promote diversity in the workplace and prevent discrimination on the basis of gender, religion, race, national or ethnic origin, cultural background, caste, social group, disability, sexual orientation, marital status, age or political views. Orkla's companies must promote a culture in which personal differences are respected and valued, as well as equal opportunities in recruitment, compensation and benefits, promotions and training.

Orkla's approach

Orkla requires that the companies:

- develop a tailored DE&I policy to systematically promote diversity, equity and inclusion in the workplace, where specific DE&I targets shall be defined and integrated into business strategies and processes.
- strive for balanced gender representation in management teams at all levels.
- develop and systematically follow non-discriminatory equal pay practices.

Orkla wants all its companies to develop their own DE&I strategy based on the "Orkla House Model". This is a framework that ensures a holistic perspective on DE&I and provides a method for integrating DE&I thinking into existing processes such as culture building, leadership development, recruitment processes and leadership evaluation. Clear DE&I goals and monitoring of KPIs increase the likelihood of continuous progress and provides a good basis for communication with the companies' own employees and external stakeholders.

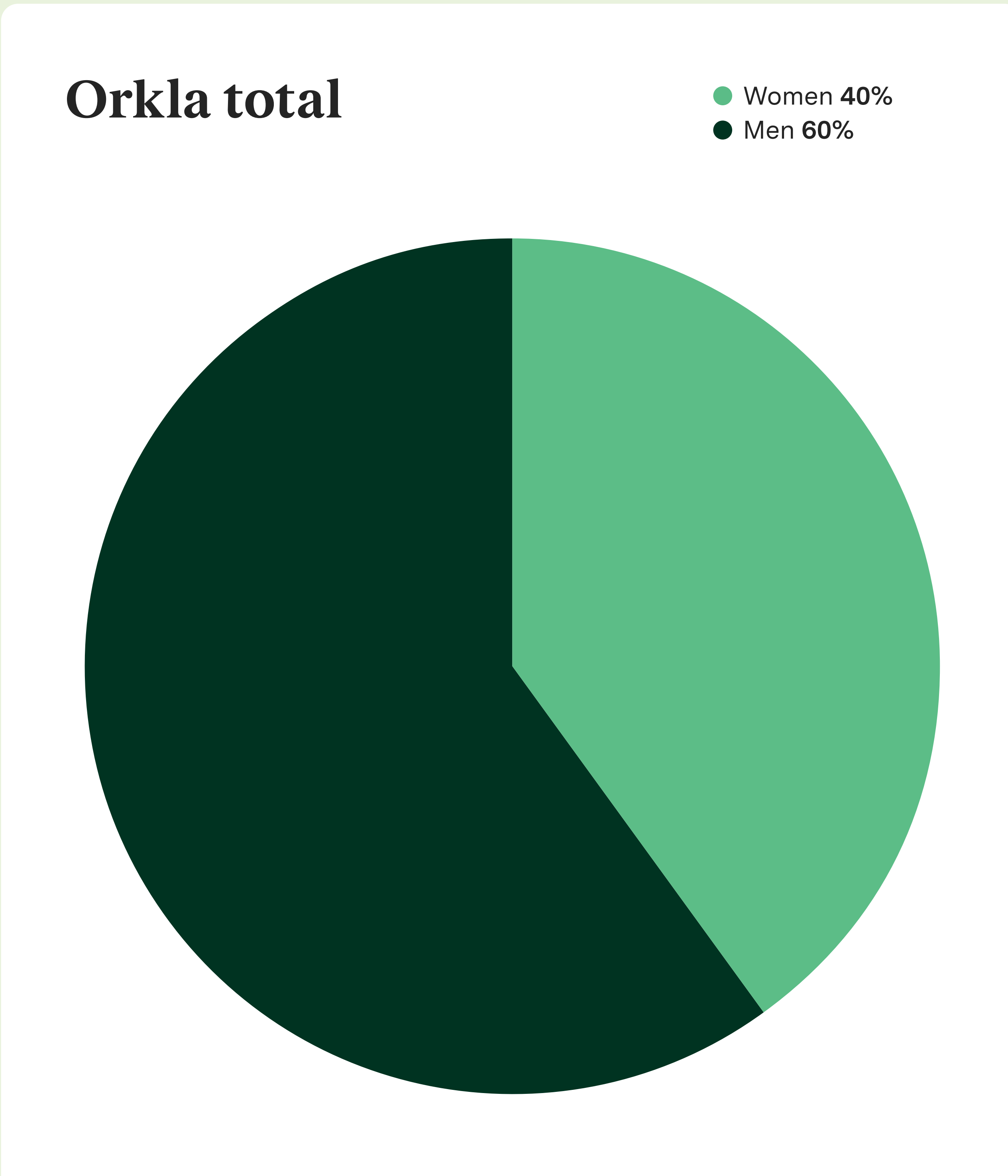
Progress in 2023

Policy and routines
In 2023, the majority of the portfolio and other directly-owned companies (Orkla Health, Orkla Home and Personal Care, Orkla House Care, Orkla Confectionery & Snacks, Orkla Foods Europe and Orkla IT) started developing their own DE&I strategies. The other companies will start this work in 2024.

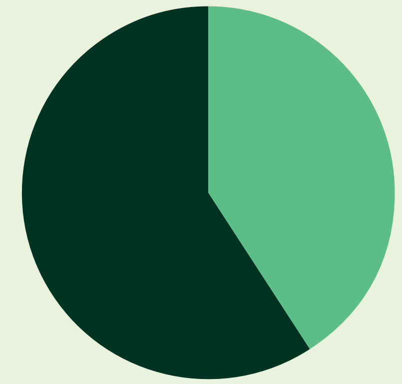
Approximately 69% of the companies' operations have procedures to avoid unintentional discrimination in wage-setting and promotions; 68% have procedures for avoiding unintentional discrimination in recruitment. Examples of the companies' procedures include strict routines in HR and recruitment processes, wage-setting frameworks, trade union-negotiated salaries, salary mappings, benchmarking of salary structures, the inclusion of both genders in recruitment teams, structured employment interviews and objective aptitude tests.

Gender balance and activities in the companies
Most Orkla companies pursue inclusion and non-discrimination along multiple dimensions, including gender, age, ethnicity, functional ability, sexual orientation and gender identity. Gender equality has been an important strategic priority for Orkla, and all companies have worked towards the goal of an even gender balance among managers at all levels.

Figure 7: Gender balance at management level at Orkla, overall



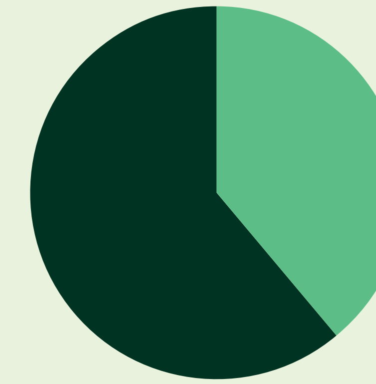
Gender balance at management level in Orkla companies*



Orkla ASA

Key activities in 2023:

- In line with its new operating model, Orkla ASA has worked actively to recruit and put together professional boards in all its portfolio companies. Diversity considerations, such as gender balance and variations in nationality, experience and age have been important in this work.
- In connection with Orkla's transition to an investment company, we have revised Orkla ASA's DE&I strategy and prepared a plan with measures tailored to Orkla ASA
- We have held several gender equality events, including internal events in connection with International Women's Day, and with external partners through the FiftyFifty programme, under the auspices of the research foundation AFF.

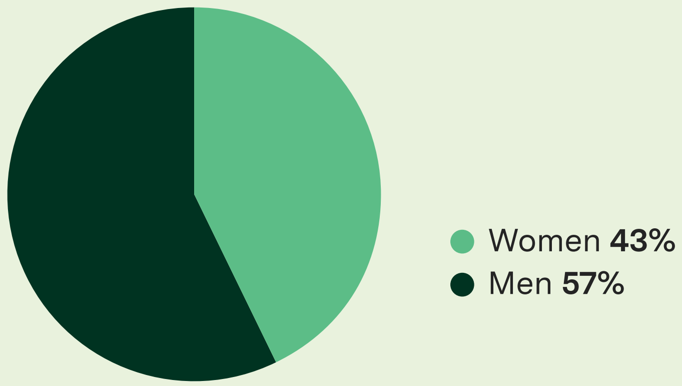


Orkla Foods Europe

Key activities in 2023:

- Orkla Foods Sverige, Orkla Foods Danmark, Orkla Eesti, Orkla Česco a Slovensko, Orkla Foods Norge and Orkla Suomi have organised courses and training in DE&I for managers and other key personnel.
- Orkla Česco a Slovensko has started a project offering flexible working hours at its factories to improve work-life balance and offer more flexible work arrangements to employees approaching retirement age. 51% of the company's employees are over the age of 50.

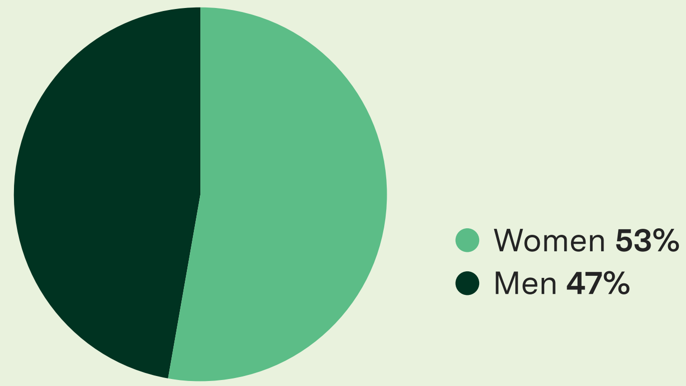
*the figures show gender balance in management teams



Orkla Confectionery & Snacks

Key activities in 2023:

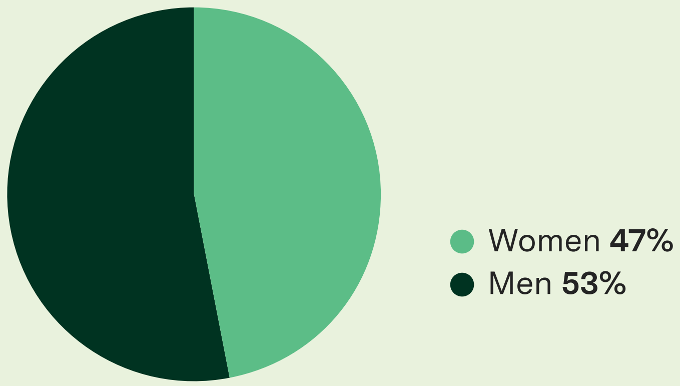
- Both portfolio companies and subsidiaries have held workshops for their managers to raise DE&I awareness.
- All companies have developed DE&I strategies based on Orkla's framework (the Orkla House Model).



Orkla Health

Key activities in 2023:

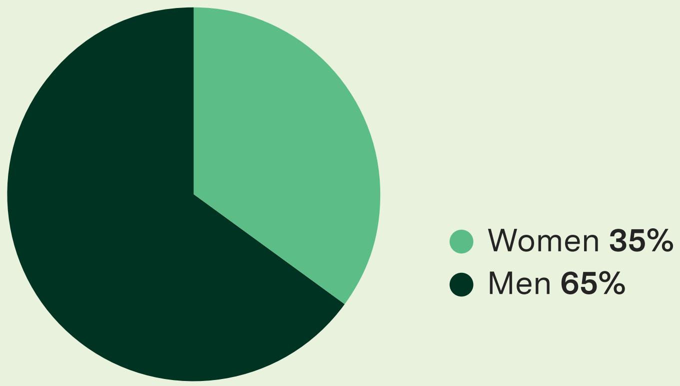
- All businesses in Orkla Health have conducted DE&I training at senior management level.
- Several businesses have implemented measures to ensure greater diversity of candidates in recruitment processes.



Orkla Home and Personal Care

Key activities in 2023:

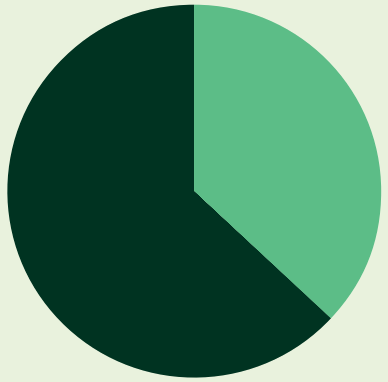
- Orkla Home and Personal Care has introduced new routines to prevent bias in recruitment processes.
- The company has introduced DE&I questions in the regular pulse surveys to measure engagement and well-being in the workplace.
- The company has started work on a DE&I framework, which will be concluded in 2024.



Orkla House Care

Key activities in 2023:

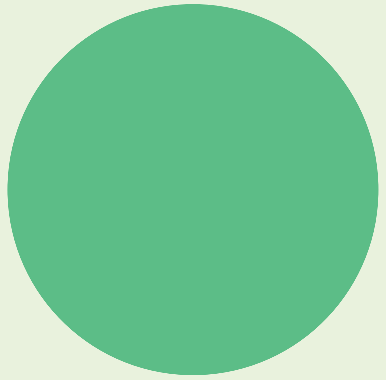
- Orkla House Care has established a DE&I committee which in 2023 prepared a policy for the company's diversity and inclusion work.
- The company has introduced a mandatory e-learning course on DE&I for all employees, and workshops with the company's managers.
- The company has conducted an in-depth analysis of the company's impact on human rights with respect to its own employees.



Health and Sports Nutrition Group (HSNG)

Key activities in 2023:

- HSNG has introduced a more structured recruitment process to reduce bias in recruitment. As a result, both genders are now represented in the final round of all recruitment processes.
- The company has launched several initiatives aimed at bringing people who have long been unemployed back into the labour market and, in the long term, into permanent employment in HSNG.

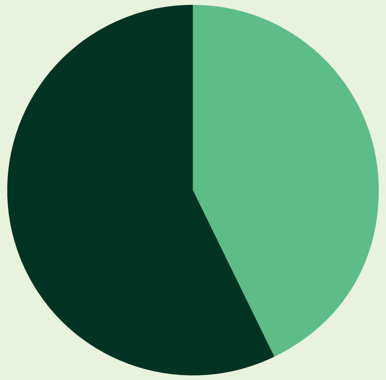


Pierre Robert Group

As the gender balance in the company as a whole is unsatisfactory (17% men and 83% women), Pierre Robert Group has identified diversity and discrimination as an area of improvement. The company is working actively to attract more men, and is carrying out DE&I training for recruiting managers.

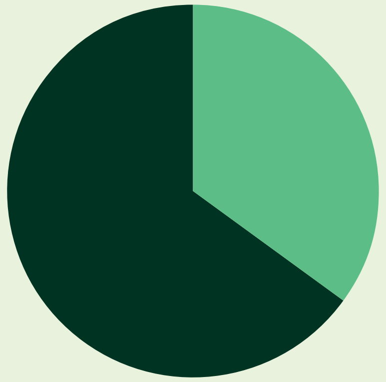
Key activities in 2023:

- Pierre Robert Group has held workshops to raise managers' awareness with respect to a variety of diversity topics.
- The company encourages a wide range of persons to apply for the positions it advertises, and ensures that at least one male candidate is invited to interview. In addition, it has started to use digital tools to create more gender-neutral job advertisements.



Lilleborg

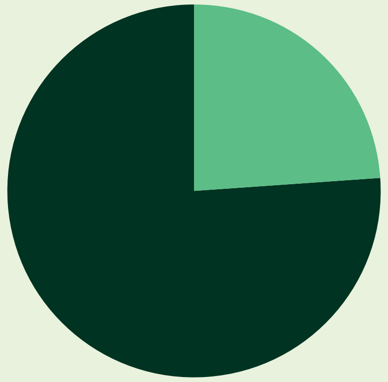
- Lilleborg has continued its long-term efforts to promote an inclusive culture, including by making accommodations for employees with disabilities and language challenges.
- The company plans to conduct surveys to map the employees' sense of belonging and any experiences of discrimination. Through active recruitment programmes, Lilleborg has achieved a more diverse workforce.



Orkla Food Ingredients (OFI)

Key activities in 2023:

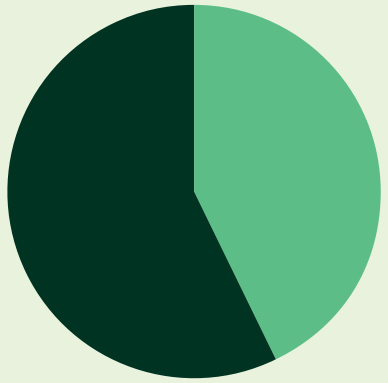
- Credin Poland and Dragsbæk have conducted leadership training focused on DE&I.
- The OFI Cup is held every year and all OFI's employees are welcome to take part in the tournament. This is an event where employees at all levels can gather and play football.



Orkla India

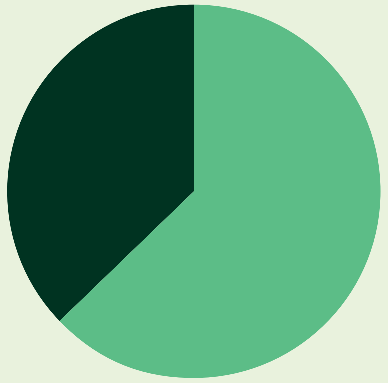
Orkla India works actively to promote equal opportunities for women and men, and its objective is to increase the percentage of women in managerial positions to 25% in 2024.

Key activities in 2023:
- Eastern Condiments and MTR Foods have completed DE&I training.
- The companies have implemented several measures to prevent sexual harassment.
- Orkla India continued its tradition of marking International Women's Day 8 March with a week of events to acknowledge and celebrate women's many roles in society.



The European Pizza Company

Key activities in 2023:
- Kotipizza Group provided thorough DE&I training for all of the group's employees.
- The company also began work on developing a comprehensive DE&I approach for the group and restaurant chains.



Orkla IT

Orkla IT has a good gender balance among managers at all levels and works actively to promote an inclusive culture so as to benefit from the diversity of its employees.

Key activities in 2023:
- Orkla IT has developed a diversity strategy based on Orkla's framework.
- The company offers courses in Norwegian and support for visa and work permit applications.
- All employees have completed an e-learning course in DE&I.
- Orkla IT has updated its recruitment policy and included specific information on DE&I in its recruitment processes.

Orkla Procurement

- Orkla Procurement facilitates a flexible everyday working life adapted to employees' needs.
- The company conducts regular surveys to ensure that there are no gender-based pay differences.

Survey of wage differences and taking of parental leave

Orkla companies survey wage differences and the taking of parental leave annually to enable systematic efforts to rectify disparities. In 2023 gender differences in wages and bonus payments were surveyed in 39 companies in 12 countries, based on data as at 31 December 2022. The survey covered wage and other benefits at four different position categories: the management teams in the companies, other managers, salaried employees and skilled workers.

Table 10: Categories of positions

Category 1	The management teams in the companies, excluding CEO
Category 2	Other managers
Category 3	Salaried employees (employees with a theoretical background)
Category 4	Employees with technical training/background

Table 11: Average total compensation for women compared with men

Categories of positions	Total number of women and men	Share of women, in %	Share of men's salary, total compensation, in %*
Category 1	338	43 %	59 %
Category 2	1,191	43 %	68 %
Category 3	3,552	54 %	89 %
Category 4	8,133	42 %	107 %
Total	**13,286**	**46 %**	**87 %**

Table 12: Average total compensation for women compared with men in Orkla's Norwegian companies

Categories of positions	Total number of women and men	Share of women, in %	Share of men's salary, total compensation*, in %	Share of men's salary, taxable payments in kind, in %
Category 1	121	49 %	73 %	79 %
Category 2	448	45 %	105 %	99 %
Category 3	884	59 %	99 %	81 %
Category 4	1,668	40 %	101 %	75 %
Total	**3,121**	**47 %**	**100 %**	**90 %**

* Total compensation includes salary, yearly bonus, overtime pay and irregular supplements

Figure 8: Women's share of men's pay globally, total compensation as a %

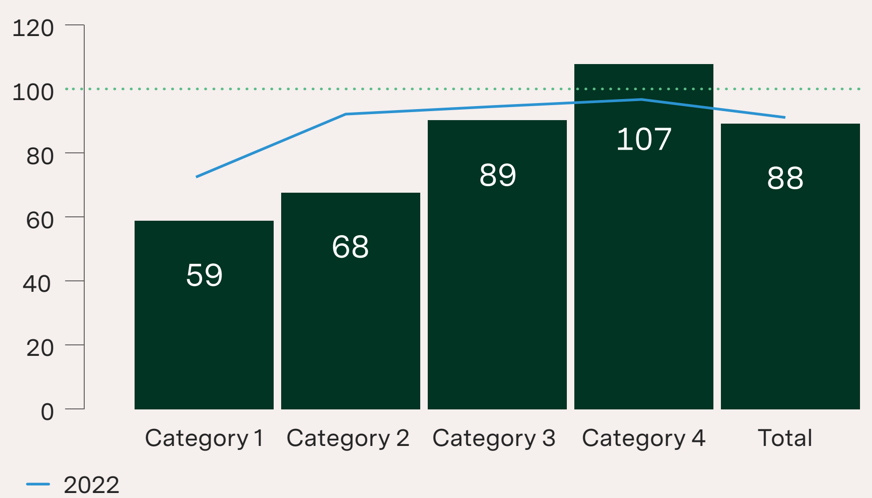
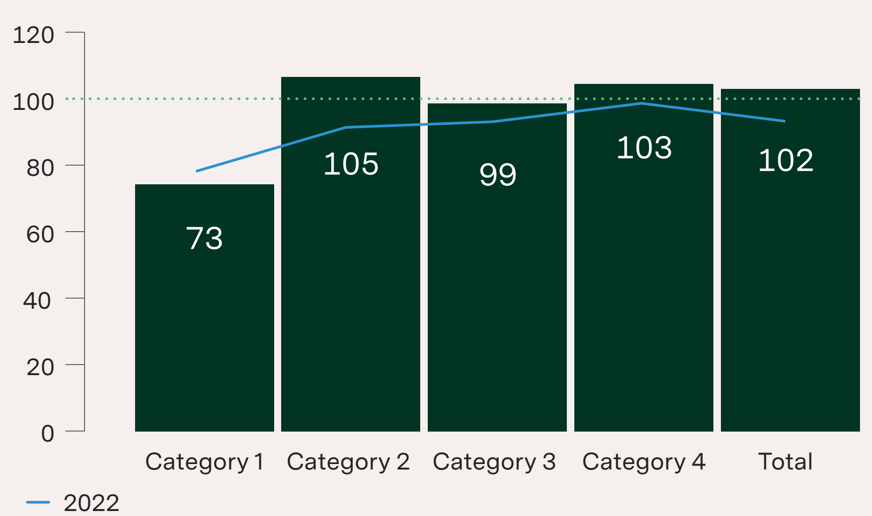


Figure 9: Women's share of men's pay in Orkla's Norwegian companies, total compensation as a %



To give a more accurate picture of the gender wage gap, the companies' CEOs are excluded from the survey as their salary level is generally higher than that of other management team members. The CEOs' salaries are published in the respective companies' annual reports. In 2023, more global companies completed the survey than in previous years, and the relevant companies have a total of approximately 13,000 employees, or about 66% of Orkla's employees.

Orkla's global reporting is based on the GRI 405-2 reporting standard. Overall, women's basic salary is on average equivalent to 82% of men's salary. If we look at total compensation including bonuses, women's average earnings are 88% of men's. The figures show that we have some way to go to close the pay gap between women and men. In 2024, we will look into this more closely to see why this is the case and what measures can be taken to reduce the gaps.

The Norwegian companies have carried out a more comprehensive survey based on the requirements of the Equality and Anti-discrimination Act. The survey shows that women in Norwegian companies on average receive a total compensation that is equal to that of men, and we see that the work done to correct previous biases has yielded results. However, we still see a difference among managers at level 1, where women have 73% of men's total compensation. We will continue to focus on this in order to even out differences.

Figures for temporary appointments, parental leave and part-time work in the Norwegian companies were also mapped. The analysis shows that the percentage of employees in temporary positions and part-time positions is low, at 3% and 7% respectively. There are small gender differences between those in temporary positions: 47% are women and 53% are men. There is a larger percentage of women (70%) than men (30%) among part-time employees. Internal surveys indicate that there is little involuntary part-time work in the companies. Having a part-time position is regarded as a benefit in most companies.

Orkla ASA wishes to make it easier for all parents to be able to take parental leave, regardless of gender. The survey shows that men take about 38% of the amount of parental leave taken by women in the Norwegian companies. This is about the same level as in 2022. The continued difference is probably partly attributable to some men in higher positions only taking the statutory portion of their parental leave.

Future plans

In the period 2024-2026, all portfolio companies and other directly-owned companies will develop and implement DE&I strategies and continue to work towards the goal of an even gender balance at all management levels.

Several companies (Lilleborg, Pierre Robert Group, Orkla India, Orkla Care Finland, Orkla Home and Personal Care, Orkla House Care, Orkla Confectionery & Snacks and Orkla Health) have plans to explore new recruitment methods to avoid unintentional discrimination and ensure greater diversity among employees.

Table 13a: Trend in key figures related to diversity, equity and inclusion

Indicator references	Indicators	Unit	2023	2022	2021
GRI 2-7, GRI 405-1	Total number of employees[1]	Number	19,670	20,471	21,423
	- Total share of women employees[2]	%	46.5	46.9	47
	- Share of employees under 30 years[2]	%	13	13.4	14.5
	- Share of employees 30–50 years[2]	%	54	54.2	52.4
	- Share of employees over 50 years[2]	%	33	32.3	33.1
GRI 2-7	Share of employees per region[2]				
	- Asia	%	17.6	19.2	0
	- Baltics	%	9.7	9.4	0
	- Nordics	%	46.2	44.7	0
	- Rest of Europe	%	26.5	26.5	0

1 Total number of employees as of 31 December 2023 based on an internal system for financial reporting. We have uncertain data for permanent and temporary employees due to varying degrees of registration of employment type and have therefore not included this breakdown in this year's reporting

2 Based on an internal HR reporting system and covers 98% of total number of employees as at 31 December 2023

Table 13b: Trend in key figures related to diversity, equity and inclusion

Indicator references	Indicators	Unit	2023	2022	2021
GRI 405-1	Share of employees in commercial and staff functions[1]	%	47	45.8	46.2
	- Share of women	%	49	47.9	51.4
	- Under 30 years	%	12	12.2	12.3
	- 30–50 years	%	59	61	59.5
	- Over 50 years	%	29	26.7	28.3
	Share of employees within production, maintenance and warehouse (not managers)[1]	%	53	53.2	53.8
	- Share of women	%	44	47.9	43.2
	- Under 30 years	%	14	14.8	16.4
	- 30–50 years	%	50	49.5	46.3
	- Over 50 years	%	36	35.5	37.3

1 Based on an internal HR reporting system and covers 98% of total number of employees

Table 13c: Trend in key figures related to diversity, equity and inclusion

Indicator references	Indicators	Unit	2023	2022	2021
GRI 405-1	Diversity in management[1]				
	- Total number of managers at all levels	Number	2,405	2,512	2,535
	- Total share of women in management	%	40.2	40.0	41.8
	- Total share of managers under 30 years	%	2	3.2	3.4
	- Total share of managers 30–50 years	%	61	63.7	63.0
	- Total share of managers over 50 years	%	37	33	33.6
	- Managers on Orkla's Group Executive Board	Number	10	10	9
	- Share of women on Orkla's Group Executive Board	%	30	30	22
	Managers in management teams in portfolio companies and business unit level[2]	Number	546	470	363
	Share of women in portfolio companies and business unit level[2]	%	40.1	39.5	38.0

1 Based on an internal HR reporting system and covers 98% of total number of employees

2 The figures for 2023 are not directly comparable with previous years due to changes in the organizational structure

Working conditions

Impacts, risks and opportunities

With a total workforce of approximately 20,000 employees, Orkla can have a significant positive impact on employees' personal finances, lives and well-being by being a responsible employer offering fair terms and good working conditions. Offering attractive workplaces is important for recruitment, and for employee loyalty and engagement. When a workplace is unattractive, the employer risks undesirable employee turnover resulting in increased costs. Good working conditions are a prerequisite for retaining expertise, which is important for Orkla's competitiveness. We therefore regard poor working conditions as a potentially significant business risk and – correspondingly – good working conditions as an opportunity. Overall, we see labour conditions as an important topic for Orkla and our companies.

Orkla's ambitions and guidelines

Orkla wants to offer good working conditions and fair and competitive terms of employment. All Orkla companies respect the right of employees to form trade unions, and wish to facilitate meaningful dialogue between management and employee representatives. The Orkla Human and Labour Rights Policy covers various aspects of working conditions, including freedom of thought, opinion and expression, regulated working hours, written employment contracts and procedures for participation. Orkla values open, fact-based, honest and respectful communication and wants all Orkla companies to make it easy for employees and external stakeholders to raise concerns, and ensures that stakeholder dialogues are conducted in a respectful, fair and professional manner.

Orkla's approach

Orkla requires that the companies:
- conduct employee surveys at regular intervals, prepare improvement plans and monitor their implementation.
- establish formal channels for employee consultation.
- regularly review employee pay, ensure that pay is at least sufficient to meet basic needs, and prepare plans to close potential gaps.

Pay
The Orkla Human and Labour Rights Policy states that all full-time employees shall, as a minimum, receive pay and benefits sufficient for the employees and their families to maintain a decent standard of living. A decent standard of living includes sufficient food and water, housing, education, healthcare, transport, clothing and other essential needs, including preparedness for unexpected events. Based on the Anker model, Orkla has developed a calculator tool companies can use to identify risks related to the provision of a living wage.

In 2023, several of the Orkla companies implemented additional pay adjustments in various markets to compensate for employees' increased living costs. None of the companies provide pay lower than the national minimum wage, and many Orkla companies offer significantly higher starting pay. Orkla House Care's business in the United Kingdom, LG Harris & Co. Ltd., renewed its Living Wage accreditation in accordance with the Real Living Wage Employer framework in 2023. However, a few businesses have identified a risk that the starting pay for some positions may be lower than what is considered to be the national living wage level. This year, some companies report increased risks related to fair wages, mainly due to high inflation and cost increases. To improve the pay situation of employees in some countries with increased inflation, Orkla Health, Orkla Confectionery & Snacks and Orkla Food Ingredients have conducted pay audits.

Companies with collective wage agreements use negotiations to set pay levels, and in 2023 around 50% of all permanent employees were covered by collective agreements. The pay of other employees is set using benchmarking tools incorporating factors such as country, sector, job type and the competition situation.

Processes and forums for employee participation
The active participation of employees in governing bodies is an important element of Orkla's decision-making processes. Employees hold four of a total of eleven seats on Orkla ASA's Board of Directors. Orkla's Works Council (OFR) is a co-operative arrangement between Orkla's management and representatives from several portfolio companies. In accordance with EU rules and regulations, Orkla ASA has a dedicated forum for its European employees from across the portfolio companies: the European Works Council (EWC).

The Orkla Human and Labour Rights Policy states that all Orkla companies must allow their employees to be heard in decision-making processes relevant to the employees and the workplace, and employees must be given an opportunity to be informed about the company's strategy and progress. Orkla's companies are required to respect the freedom to organise and the right to engage in collective bargaining, and all companies must establish channels for dialogue and cooperation between management and employee representatives.

Most of the portfolio companies have employee-elected representatives on their boards. The largest have liaison committees composed of management and employee representatives, while the smaller companies have works councils.

The Orkla Junior Board is an internal body which serves as an advisory forum for Orkla's Management Team. Its members are elected for a period of two years. The members are under 32 years old and represent different companies and geographical operating regions. In 2023, the forum provided input on how Orkla and its companies can strengthen their protection of children's rights, and on how Orkla's reporting can be further developed.

Progress in 2023

No incidents, complaints or cases related to serious human rights impacts have been reported for our own workforce in 2023.

Good working conditions
The companies' survey of nonconformities from Orkla's Human and Labour Rights Policy for 2023 identified no serious risk of breach of employee rights in Orkla's own operations.

All the Orkla companies consider their risk of breaching children's rights, the right to organise and the right to take part in collective bargaining to be low. Forced labour does not occur in the Orkla companies. Most companies practise an 18-year age limit for employment. Companies with employees under the age of 18 follow national regulations to ensure safe working conditions for young employees.

Several companies have implemented measures to increase employee wellbeing and motivation. Kotipizza Group has introduced a management programme for team managers that focuses on leadership skills, including emotional intelligence to enable them to provide employees with a clearer sense of direction in their work. Orkla Foods Norge, Lilleborg and Orkla Food Ingredients offer various social activities, such as company sports teams, social gatherings and outdoor activities. Several companies forming part of Orkla Health, Orkla Home and Personal Care, Orkla Foods Europe, Orkla Confectionery & Snacks, Lilleborg, Orkla IT and Orkla ASA have introduced pulse surveys and other tools for company culture which measure employee engagement and well-being and are intended to make it easier to identify employee concerns related to the working environment. Orkla India offers several medical examinations to employees as part of a broader healthcare programme.

For Orkla ASA, the transition to an investment company has had a significant impact on employees' working conditions. In 2023, we redefined the organisational structure, and many employees have been given new positions and responsibilities. In 2024, we will continue our efforts to create good working conditions, predictability and a sense of belonging for all employees. The implementation of a pulse survey just before the end of the year is merely one of several measures to equip us to work purposefully to address this issue in 2024.

Dialogue with employees
In addition to the formal participation channels, as required by Orkla ASA, all Orkla companies have various channels, procedures and processes in place for dialogue with employees – both formal and informal. Examples include town hall meetings, newsletters, various types of employee survey, 1–1 meetings, intranets, digital collaboration tools and social events.

Through the companies' dialogue with employees, surveys, discussions with employee representatives and performance reviews, the following topics have been brought up as important for employees in 2023: organisational changes, pay and compensation, the working environment, health and safety, well-being at work, skills development, work-life balance and diversity, equity and inclusion.

Restructuring and social impact
In order to create an organisation that is competitive in the long term, Orkla carried out a number of major restructuring projects in 2023. A total of 15 companies have carried out restructuring processes that have affected employee working conditions.

In Orkla Foods Europe, Orkla Foods Česko a Slovensko closed two factories in the Czech Republic and one factory in Slovakia and acquired a company in Hungary. Orkla Foods Norge reorganised its head office in Oslo and the Stranda factory. Operations related to Orkla Ocean and NATURLI' Café in Oslo were also discontinued. Felix Austria closed down a warehouse, and Orkla Foods Sverige implemented efficiency measures that involved redundancies and downsizing.

In Orkla Confectionery & Snacks, Orkla Confectionery & Snacks Norge implemented efficiency measures that entailed redundancies and downsizing. Due to lower production and restructuring, Orkla Eesti reduced its workforce. Orkla Latvija has cut staff in connection with the company's biscuit production being moved to other Orkla factories.

In Orkla Food Ingredients, four companies have reduced the number of employees following reorganisation and changes in routines. In Orkla Health, the relocation of parts of Orkla Wound Care's production from the factory in Vennesla to Bigues i Riells in Spain resulted in redundancies and job losses.

Orkla Home and Personal Care's reorganisation led to redundancies. The European Pizza Company restructured New York Pizza's operations in Germany to simplify and streamline operations; a significant number of employees lost their jobs in consequence. For Orkla ASA the changes following from the new operating model did not result in significant redundancies; the restructuring was organised such that the vast majority of employees found new roles in Orkla's portfolio companies.

In total, around 640 employees lost their jobs as a result of reorganisation in 2023.

Future plans

The companies will continue their efforts to promote a good working environment that fosters job satisfaction and motivation. Focus on ensuring a living wage for all employees will also be a priority. Several companies are planning measures to develop more systematic follow-up of working conditions.

Table 14a: Trend in key figures related to working conditions

Indicator references	Indicators	Unit	2023	2022	2021
GRI 401-1	Number of new employee hires[1]	Number	2,802	2,492	2,076
	Share of employee hires (new employees/total number of employees)[1]	%	14.6	12.3	10.4
	- Under 30 years	%	36	31.3	36.1
	- 30–50 years	%	46	53.2	48.4
	- Over 50 years	%	18	17	15.5
	- Women	%	47	52.2	51.8
	- Nordics[2]	%	13.2	10	-
	- Baltics[2]	%	35	33	-
	- Rest of Europe[2]	%	11	13.6	-
	- Asia[2]	%	12	6.2	-
WEF People	Lowest entry wage compared to local legal minimum wage[3]	Ratio			
	- Baltics	%	1.1	1.2	1.5
	- Rest of Europe	%	1.2	1.2	1.2
	- Asia	%	1.0	1.7	4.4
WEF People	The CEO's financial compensation related to the average compensation for the group's other employees	Ratio	43.7	30.6	28.3

1 Based on an internal HR reporting system and covers 98% of total number of employees

2 Historical data for new hires per region has been adjusted due to a change in the calculation principles. Data for new hires broken down by age is missing for some companies

3 Shows the lowest salary level (entry level) in Orkla's companies compared to the legal minimum wage, and the vast majority of employees receive a higher salary. The figure per region shows the average lowest salary for the companies in the region weighted by the number of employees per company

Table 14b: Trend in key figures related to working conditions

Indicator references	Indicators	Unit	2023	2022	2021
GRI 404-1	Total employees who have left the company[1]	Number	3,669	3,828	2,952
	Employee turnover (employees left/total number of employees)[1]	%	19.1	19	14.8
	- Women	%	18.6	17.3	0
	- Under 30 years[2]	%	33.2	46.9	0
	- 30–50 years[2]	%	13.5	14.7	0
	- Over 50 years[2]	%	13.5	12.7	0
	- Nordics	%	15.8	17.2	0
	- Baltics	%	24.4	17.7	0
	- Rest of Europe	%	21	20.6	0
	- Asia	%	21.7	21.1	0

1 Based on an internal HR reporting system and covers 98% of total number of employees
2 Historical data for turnover per age group and region has been adjusted due to a change in the calculation principles. Data for turnover broken down by age is missing for some companies

Occupational health and safety

Impacts, risks and opportunities

Orkla's portfolio companies have a high degree of in-house manufacturing. Consequently, the company's many employees face a high inherent risk of several types of injury, including potentially critical injuries. All companies must assess risk of accidents and undesirable incidents regularly and work to ensure that all employees understand the actual and potential risks associated with their own work. Risk factors for injuries are the use of machines, work at different heights and on slippery floors, and storage and handling of raw materials and chemicals. Important causes of work-related illness in Orkla's businesses are ergonomic conditions and psychosocial problems.

A good physical and psychosocial working environment is important to promote job satisfaction, safety and good health. Well-being in the workplace, mastering responsibilities at work and a good work-life balance are factors that lower the risk of sickness absence, and illness. These factors also help make the companies attractive employers. A working environment marked by high injury frequency and sickness absence will adversely impact costs and productivity and can lead to greater strains on and stress for the remaining employees. High inherent risk and the great potential impact on our own employees make the environment, health and safety (EHS) a material topic for Orkla.

Orkla's ambitions and guidelines

Orkla's Human and Labour Rights Policy requires the companies to do their utmost to protect the health and safety of employees and others associated with the business. All Orkla companies must commit to the vision of zero harm to people and work purposefully to create safe, healthy and attractive workplaces.

Orkla's approach

Orkla requires that the companies:

- establish a management system for occupational health and safety that builds on international standards (e.g. ISO 45001 – occupational health and safety management systems). The system shall comprise all organisational levels.

The companies shall ensure that all employees, contractors and suppliers are made aware of their responsibilities for occupational health and safety and are engaged in activities to assess, monitor and improve conditions in their workplace.

In connection with the establishment of independent portfolio companies, responsibility for implementing policies and systems for occupational health and safety has been transferred from Orkla ASA to the portfolio companies. This includes routines for systematic training, risk mapping and improvement work.

Progress in 2023

The portfolio companies are well on their way to implementing management systems and procedures in accordance with Orkla ASA's expectations. The companies have established processes for follow-up of injuries and sickness absence. To support the companies in the transition phase, we have organised training and established learning and collaboration networks.

Some companies have, as part of their annual overall mapping of risk associated with human and labour rights, identified medium risk factors related to the two human rights topics "the right to life and safety" and "fair working conditions". In addition to the annual overall risk assessment, the companies conduct systematic and more detailed risk assessments of occupational health and safety in their business operations.

Injuries and sickness absence

Orkla has a vision of zero injuries, and all companies work continuously on accident prevention. Several organisations are experiencing an adverse trend in injury frequency, and the number of injuries in Orkla as a whole increased in 2023. The lost-time injury frequency rate[2] (H1) was 4.4 and the total[3] injury frequency rate (H2) was 6.4 in 2023, compared with 3.8 and 5.9 respectively in 2022.

The companies work systematically with preventive measures to reduce sickness absence, and all companies have implemented activities to reduce sickness absence in 2023. The activities include systematic measurement and good follow-up of those on sick leave, close collaboration between management and HR and dialogue with trade unions to find solutions together.

2 Number of injuries involving absence from work per million working hours.
3 Number of injuries involving absence from work, a need for medical care or work restrictions per million working hours.

Musculoskeletal disorders due to ergonomic conditions are one of the main causes of work-related sickness absence. One example of a concrete measure to improve the situation is the Orkla Health company Orkla Care Finland, which has introduced thinner cardboard in the equipment used to display products. This measure has reduced ergonomic load and pressure on wrists and fingers, and the number of medical consultations has been significantly reduced. The most important measures to improve ergonomic conditions are the modernisation of factories and the installation of new and automated equipment. In 2023, sickness absence in Orkla as a whole was 4%, with 1.8% for short-term absence and 2.2% for long-term absence. Total sickness absence has been reduced, from 4.9% in 2022.

Skills development and engagement
Several companies (Orkla India, Orkla House Care, Orkla Home and Personal Care, Orkla Foods Europe and Orkla Confectionery & Snacks) organised special EHS weeks in 2023. The purpose of such events is to strengthen internal engagement and involve all the employees in developing the culture required to achieve Orkla's vision of zero injuries. Important topics have included vehicle safety, culture building, mental health and work-life balance.

Lilleborg systematically trains and follows up all employees on the risk factors associated with handling chemical products. Orkla House Care, Orkla India, Orkla Health, companies in Orkla Foods Europe, Orkla Confectionery & Snacks and several companies in Orkla Food Ingredients conducted "EHS dialogues" in 2023. The EHS dialogue is a structured dialogue between a manager and an employee to promote a good working environment, health and safety.

Future plans

All Orkla's portfolio companies will continue their efforts to prevent and reduce injuries and sickness absence. Several companies aim to achieve an even more systematic and uniform approach to EHS work through risk management, training and employee involvement.

All companies will continue to provide good training and education, with several focusing particularly on training managers.
Several companies (Orkla India, Orkla Food Ingredients, Orkla Confectionery & Snacks) have made plans to strengthen and further develop their EHS culture in various ways, including through EHS dialogues, first aid courses, and sharing experiences and best practices across the organisations (digital interaction).

Table 15: Trends in key figures related to occupational health and safety

Indicator references	Indicators	Unit	2023	2022	2021
GRI 403-10	Sickness absence[1]				
	- Sickness absence, total	%	4.0	4.9	4.4
	- Sickness absence, Norway	%	5.8	6.1	5.4
	- Sickness absence, Nordics (excl. Norway) and Baltics	%	4.2	5.2	4.9
	- Sickness absence, rest of world	%	3.3	4.2	3.8
GRI 403-9	Injuries			-	
	- Lost Workday Rate[2] (LDWR), total	%	4.4	3.8	3.8
	- Lost Workday Rate[2], Norway	%	2.9	4.0	1.5
	- Lost Workday Rate[2], Nordics (excl. Norway) and Baltics	%	6.6	5.2	6.2
	- Lost Workday Rate[2], rest of world	%	3.3	2.8	2,.8
	- Total Recordable Rate[3] (TRR), total	%	6.4	5.9	8.3
	- Total Recordable Rate[3] (TRR), Norway	%	4.5	6.3	5.0
	- Total Recordable Rate[3], Nordics (excl. Norway) and Baltics	%	10.3	8.9	15.0
	- Total Recordable Rate[3], rest of world	%	4.2	3.5	4.5
	- Work-related fatalities	%	0	0	0
GRI 403-8	Share of employees covered by the Orkla Environment, Health and Safety standard (or other standards)	Number	100	100	100

1 Figures for contracted workers are not reported due to lack of data
2 Number of injuries leading to absence per million hours worked
3 Number of injuries leading to absence, need for medical treatment or restricted work per million hours worked

Training and skills development

Impacts, risks and opportunities

Training and skills development are important for being an attractive employer and succeeding as a business. Orkla companies have good systems for developing employee skills, and they thus have a significant positive impact on employees' personal development, sense of accomplishment and job satisfaction.

Continuous skills-building promotes innovation and helps Orkla's companies to adapt to changing market conditions and technological advances. Investing in skills development can enhance Orkla's reputation as an employer of choice and a forward-looking organisation. Developing a skilled workforce strengthens Orkla's competitiveness in the market by ensuring that companies have the necessary talent, stay abreast of industry trends, and proactively adapt to change to meet tomorrow's needs.

Insufficient skills development could lead to the emergence of a growing skills gap in Orkla companies, potentially involving a risk of lower adaptability and employee dissatisfaction. This in turn could lead to reduced engagement and motivation, and the possibility of higher staff turnover. Overall, we therefore consider skills development to be a material topic for Orkla.

Orkla's ambitions and guidelines

Orkla's overall ambition is to challenge and inspire our companies to build a culture of inclusion, trust and organisational learning. Orkla recognises that employee development is important in order to be an attractive workplace and for achieving business goals. We want people to grow and flourish so that they can achieve their full potential. In accordance with Orkla's Human and Labour Rights Policy, Orkla companies should invest in skills development to ensure that employees have relevant competencies in the face of new technology and working patterns.

Orkla's approach

Orkla requires that the companies:
- establish an internal plan for strategic skills development,
- establish procedures for individual performance reviews that cover all employees.

In connection with Orkla's change to an investment company, responsibility for defining needs, setting goals, developing systems, and implementing skills development activities has been transferred to the companies. Orkla believes it is important that skills development takes place close to the employees, so that it can be more closely aligned with employees' wishes and the companies' competency needs. Following Orkla's reorganisation, most of the portfolio companies have strengthened their HR departments in order to better focus on strategically important topics, putting skills development centre stage. Where there are common needs, several of the portfolio companies engage in skills development across their organisations, for example in sustainability and leadership development.

Progress in 2023

In 2023, approximately 68% of the employees had a performance appraisal interview. This is about the same level as in 2022. All the companies have completed organised training involving courses and programmes, primarily within the areas of sustainability, governance and management, food safety, quality training, IT, sales, marketing, occupational health and safety, anti-corruption and DE&I. Skills development has been a key part of the companies' strategy work. Both Orkla ASA and several portfolio companies have carefully assessed whether they possess the expertise they need to realise the ambitions set out in their business plans.

To promote skills development, Orkla IT's bonus targets for managers require that all employees spend 37.5 hours a year on skills upgrading.

As part of Orkla's reorganisation into an investment company, Orkla Foods Europe and Orkla Confectionery & Snacks established a joint learning and development function in 2023. Together with the initiatives carried out at operational level, this overarching learning and development programme plays a crucial role in attracting, engaging and retaining employees. The companies have continued the two global leadership programmes Orkla Leadership Compass and Orkla Management Programme; strengthening the leadership network across Orkla continues to be regarded as an advantage. The Orkla Leadership Compass programme has been updated with three new modules: Growth Mindset, Change Leadership and Inclusive Leadership.

Orkla Sustainability Academy
The Orkla Sustainability Academy is a comprehensive programme that offers sustainability work training. It was developed by Orkla Foods Europe in collaboration with Orkla ASA in 2022. The programme has been implemented for about 3,000 employees in administration and sales in Orkla Foods Europe, Orkla Confectionery & Snacks, Orkla India and several other companies in 2023 and has significantly increased sustainability awareness and expertise. The Academy has been very well received, and evaluations conducted in Orkla Foods Europe show significantly increased engagement in sustainability following participation in training.

Orkla Centres of Excellence
In connection with the reorganisation of Orkla, three central Centres of Excellence have been established. These centres will assist the companies with skills development related to branding, sales and sustainability management. In 2023, the Centre of Excellence ESG & Sustainability prepared guidance materials for double materiality analyses and due diligence, and implemented training for Orkla's management team on board responsibilities. The centre has also started a programme for restructuring plans in order to reach the zero emissions goal in 2045, in which all portfolio companies are taking part.

The Centre of Excellence Orkla Sales offers guidance, training and inspiration on strategic sales topics. The centre has a global sales academy that is available to all Orkla branded consumer goods companies. In 2023, Orkla Sales organised courses for Orkla's new investment team and trained more than 200 sales employees in Orkla's companies in sales strategy, customer planning, key account management, revenue management, negotiations and sales management.

Continuous development and application of core skills in branding and innovation are an important competitive advantage for Orkla. Orkla's joint Centre of Excellence for branding, Orkla Marketing & Innovation, plays a key role in this work, and conducted a number of training programmes and workshops on brand growth in 2023. Key initiatives have been Orkla's own brand school Orkla Brand Academy, the Orkla Brand & Innovation Fundamentals programme, the Orkla Marketing Forum, brand workshops, and several webinars on Artificial Intelligence and the media. In 2023, Orkla Marketing & Innovation has offered training to more than 1,000 participants in marketing, innovation and management.

Future plans

Training and skills development will continue to be a strategical focus area for all Orkla companies in the years ahead. Several companies (Orkla Confectionery & Snacks, Orkla Health and Orkla Food Ingredients) are planning to adopt new digital tools to streamline training and courses. Training in various sustainability topics will be a pivotal component of the skills development of most Orkla portfolio companies in the years ahead. Orkla Foods Europe aims to establish a suitable training format for sustainability topics for production and warehouse employees, as the current range of courses is best suited to employees with digital access.

Table 16: Trend in key figures related to competance development

Indicator references	Indicators	Unit	2023	2022	2021
GRI 404-1	Average hours of organised training per employee[1]	Hours	12.4	7.1	9.6
GRI 404-3	Share of employees covered by procedures for regular performance appraisal[2]				
	Total	%	67	70	60
	Women	%	64	0	0
	Men	%	62	0	0
	Managers	%	82	93	88
	Administrative employees	%	95	90	83
	Sales personnel	%	89	91	95
	Employees within production, maintenance, and warehouse	%	58	56	46

1 Includes both centrally organised training and training organised by business units
2 Based on an internal HR reporting system and covers 98% of total number of employees

Human rights in supply chains

Most of the companies in Orkla's portfolio produce consumer goods and are significant purchasers of products and raw materials. In total, the companies have more than 25,000 direct suppliers, which means that a large number of employees are linked to Orkla's operations throughout the supply chain. The scale of sourcing makes it possible to have a positive impact on a large number of people in several countries, and responsible sourcing, including human rights, is one of the main aspects of Orkla's sourcing strategy.

Impacts, risks and opportunities

Several of Orkla's companies have comprehensive supply chains and Orkla is a large buyer of many raw materials. This involves a significant indirect impact on both employees working for direct suppliers and on employees engaged in commodity production and an opportunity to exert a positive influence on business practice within their supply chains. A number of the raw materials come from countries where poverty, weak government, and lack of good infrastructure create a scenario where low pay, poor working conditions, and serious human rights violations such as child labour and forced labour can occur. First and foremost, human rights violations in Orkla's supply chains trigger a duty to take action; in addition, they represent a reputational risk for Orkla, its companies and brands.

The upcoming due diligence requirements in the EU Corporate Sustainability Due Diligence Directive (CSDDD) and the existing Norwegian Transparency Act impose strict requirements on companies to map risks of negative impact on human rights and to implement remedial measures. Orkla expects that these statutory requirements will help improve industry practices. We also expect Orkla companies to further increase their investments in certifications and systems in the years to come.

The Orkla companies work to reduce the risk of human rights violations in their supply chains by conducting due diligence, monitoring their suppliers and implementing improvement measures. An elaboration of risk and Orkla's approach related to key raw materials is presented on page 237-278.

Orkla's ambitions and policy

Orkla's ambition is that all companies shall have clear procedures for due diligence and follow-up related to human rights involving their own organisation, supply chains or business partners.
The companies shall ensure that certifications or programmes for raw materials that involve a risk of serious human rights violations are in place by the end of 2025. In addition, the companies shall prepare and implement a Positive Human Rights Impact Plan with 2030 as the horizon, pursuing the aim of creating enduring positive impacts in areas that are considered particularly relevant to the company within its own operations and supply chains.

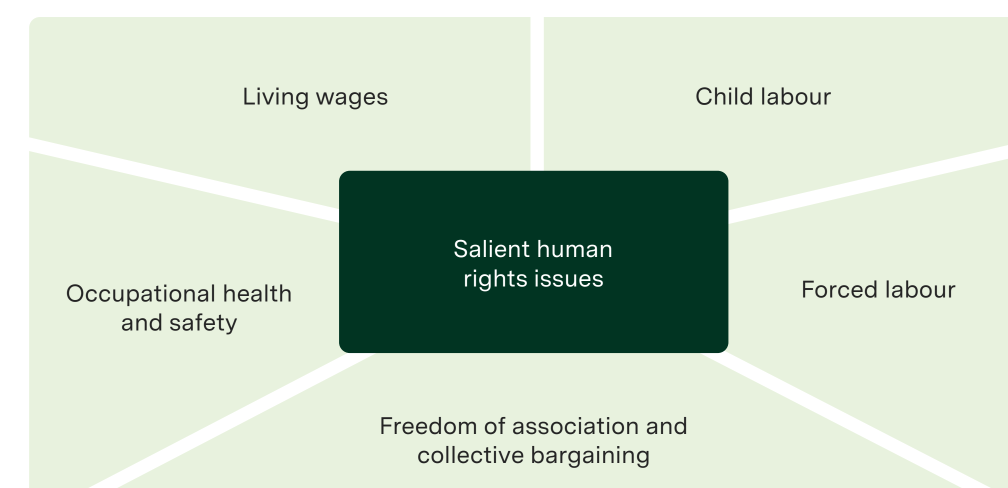
Orkla's Human and Labour Rights Policy states that Orkla companies shall adjust their purchasing practices so as to reinforce and not undermine suppliers' ability to deliver on Orkla's human rights requirements.

This can be done by seeking relationships with suppliers that exhibit a willingness and the ability to create positive developments for workers in the supply chain, and by contributing to capacity-building or providing resources that enable suppliers to comply with Orkla's requirements.

Salient human rights issues

Based on a risk assessment of suppliers and commodity producers, Orkla has identified the five most salient human rights issues associated with the companies' supply chains. Orkla applies the definition used in the UN Guiding Principles on Business and Human Rights (UNGPs), which define the most salient human rights challenges as "those human rights that stand out because they are at risk of the most severe negative impact through the company's activities or business relationships."

Figure 10: Salient human rights issues in Orkla's supply chains



Working environment, health and safety

According to the UN, 7,500 people die every day from unsafe and unhealthy working conditions, and many develop long-term physical and mental health problems due to conditions in the workplace. Orkla wants to contribute to ensuring safe working conditions in our supply chains. Through the Orkla Supplier Code of Conduct, we among other things require that the suppliers provide their workers with safe and healthy working conditions, including protective equipment, drinking water, adequate sanitation, lighting, temperature, ventilation, and health and safety training. The requirements are followed up by means of supplier dialogues, the suppliers' own assessments and in some cases Code of Conduct audits. Examples of non-compliance that have been identified at supplier facilities are safety (inadequate fire exits), worker health and the handling of chemicals. When instances of non-compliance are identified, the supplier must create a corrective action plan for closing the non-compliance issue by a specific deadline set by Orkla.

Child labour

UNICEF estimates that nearly 1 in 10 children are exposed to child labour. Child labour can lead to extreme physical, mental and social harm, and often occurs when families face poverty. The Orkla Supplier Code of Conduct includes requirements to prohibit and prevent child labour, and that suppliers must take the necessary measures to ensure that child labour does not occur at their own production or operating sites or at the production or operating sites of their subcontractors.

Unfortunately, the purchase of some raw materials involves a risk of child labour occurring in connection with raw material production. Some of Orkla's suppliers use the Child Labour Monitoring and Remediation System (CLMRS) in supply chains where child labour has been identified as an intrinsic risk. Part of the companies' strategy to prevent and eradicate child labour in these supply chains is to purchase certified and traceable raw materials. The Rainforest Alliance which the companies use for products including cocoa is an example of a certification standard that includes specific guidelines for reducing the risk of child labour. However, certification is no guarantee that child labour does not occur, and Orkla expects the companies to select suppliers carefully and engage in relevant collaborative initiatives to prevent child labour.

Forced labour

According to the International Labour Organization (ILO), forced labour can be defined as work performed involuntarily and under threat of punishment. The organisation estimates that 27.6 million people were in forced labour in 2021. Forced labour can occur under the auspices of state authorities, private companies or individuals, and in all types of economic activity. Through the Orkla Supplier Code of Conduct, the Orkla companies require suppliers to not permit forced labour, involuntary or exploitative prison labour, slavery or human trafficking. Despite setting these requirements for our suppliers, we know that there is a risk that forced labour may occur in some of the companies' supply chains as they may involve many subcontractors, making preventive work complicated.

Orkla's main approach to eliminating forced labour in our supply chains is to buy raw materials certified by third parties according to standards that address forced labour. It is also important for us to select suppliers who work actively to address this matter.

Living wages

No universal definition of a living wage has been established, but the Global Living Wage Coalition describes a living wage as "The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events"[4]. According to UN estimates, around 15% of wage earners worldwide receive wages that are below the living wage level.

In the Orkla Supplier Code of Conduct, we require that suppliers' wages and social benefits must, as a minimum, fulfil national legal standards or industry standards, whichever is higher. Wages should be sufficient to cover basic needs and provide some discretionary income. Social benefits should at least comply with national law or applicable industry standards, whichever is higher.

Through buying certified raw materials, the companies help improve farmers' incomes. In addition, some of the companies' suppliers implement their own sustainability programmes. Some of the Orkla companies implemented measures to promote living wages in the supply chain in 2023. For example, Pierre Robert Group launched a project that addresses living wages among its suppliers.

Freedom of association and collective bargaining

The UN defines the right to freedom of association as the right of individuals to interact and organise to collectively express, promote, pursue, and defend their common interests, including the right to form trade unions. The right to collective bargaining, which is a fundamental right in the ILO's core conventions, is closely related

4 www.globallivingwage.org/about/what-is-a-living-wage

to freedom of association. The Orkla Supplier Code of Conduct includes a requirement that all employees shall have the right to legally form and join trade unions, bargain collectively, seek representation and join works councils, in line with local legislation and international conventions. In some of the countries and regions from which we source raw materials, there are challenges regarding freedom of association. We are working with specialist communities and other stakeholders to learn more about how we can improve the situation and we will raise awareness of this issue by providing guidance to Orkla companies.

Orkla believes in empowering people connected to the companies' supply chains as a core principle for driving positive change. By engaging in dialogue, developing skills, and providing meaningful support, Orkla companies can contribute to employees working in our supply chain being engaged in improvement activities that will have a lasting positive impact on their working conditions and lives.

Progress in 2023

At-risk raw materials
Several Orkla companies purchase some raw materials from areas where human rights violations are known to occur and there are poor environmental standards, as well as breaches of responsible business practices. The companies employ due diligence to avoid becoming involved in such violations and to help resolve problems in their supply chains. →

Cocoa

Cocoa is a key raw material in chocolate production; it is used in a number of local chocolate brands in the Nordic and Baltic regions. The companies under Orkla Confectionery & Snacks and Orkla Food Ingredients purchase substantial quantities of cocoa, both as ingredients and as finished chocolate products. In addition, Orkla Foods Europe buys a smaller amount of cocoa.

Risk factors: The cocoa sector in West Africa, particularly Côte d'Ivoire, 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 harvests, lack of farming expertise, pests and disease. Serious issues such as child labour, deforestation and soil impoverishment are linked to underlying problems such as poverty, low prices, inadequate infrastructure and weak supervisory authorities.

Orkla's approach and work progress

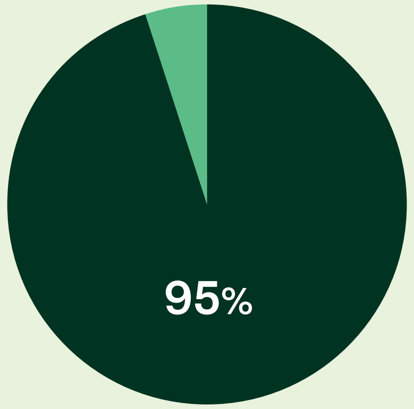
The food-producing companies are close to the goal of having all cocoa certified by the Rainforest Alliance Certified programme; in 2023, 95% of the cocoa that was used was certified (Segregated, Mass Balance). Orkla Confectionery & Snacks and Orkla Foods Europe have reached 100% certification, and Orkla Food Ingredients achieved 82% certified cocoa in 2023. About 56% of the cocoa ingredients used in our own chocolate production were traceable, which is an increase from 2022. In 2023, Orkla was assessed by the organisation Mighty Earth, which annually assesses measures to promote responsible cocoa production among companies in the chocolate industry. Orkla achieved a medium score, and in the future we will look at additional traceability, living income and child labour measures.

The companies' plan for 2024 is to continue the transition to certified, traceable cocoa.

Countries of origin:

- Ghana
- Côte d'Ivoire

Share of certified cocoa in 2023:



Share of certified cocoa of total purchased volume
(Rainforest Alliance, Segregated, Mass Balance)

Countries of origin:

- Indonesia
- Malaysia

Palm oil[5]

The companies in Orkla Foods Europe and Orkla Confectionery & Snacks have worked actively with product development for many years to replace palm oil with alternative raw materials. Orkla's use of palm oil is mainly associated with those companies in Orkla Food Ingredients that use this raw material for margarine production.

Risk factors: Palm oil is linked to a risk of deforestation, which leads to greenhouse gas emissions and destruction of natural ecosystems with subsequent loss of biodiversity. There is also a risk of workers' rights violations in the palm oil value chain, particularly in connection with the cultivation of oil palms.

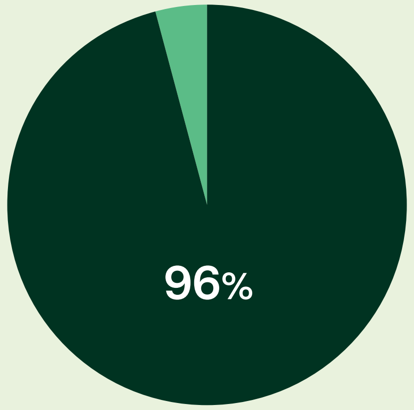
Orkla's approach and progress

Orkla's goal is that 100% of the palm oil sourced by its companies shall be certified by 2025. With a view to reducing the risk of deforestation and human rights violations in the value chain, the palm oil-buying companies use the Roundtable on Sustainable Palm Oil (RSPO) certification scheme. The companies in Orkla Food Ingredients, Orkla India, Orkla Home and Personal Care and Lilleborg are all working to ensure that the palm oil, palm kernel oil and palm-based derivatives they purchase are RSPO-certified.

In 2023, 96% of the palm oil purchased by Orkla companies was certified (RSPO SG, RSPO MB and RSPO Credits). In 2022, some of our businesses switched from sunflower oil to palm oil due to supply issues caused by the war in Ukraine. These went back to using sunflower oil in 2023, reversing the 2021–2022 rise in the use of palm oil. In 2024, the companies will work with their suppliers to meet the requirements of the upcoming EU Regulation on Deforestation-free products. In addition, the companies will continue their efforts to increase the share of RSPO-certified palm oil in their portfolios.

5 Here, "palm oil" refers to palm oil, palm kernel oil and palm-based derivatives.

Share of certified palm oil in 2023:



Share of certified palm oil, palm kernel oil and derivatives of total purchased volume (RSPO SG, RSPO MB and RSPO Credits)

Countries of origin:

- Turkey
- Italy
- USA
- India
- Cambodia
- Vietnam
- China
- Nigeria
- Côte d'Ivoire

Nuts

Orkla buys seven types of nuts, and nuts are an important ingredient in many of Orkla's products. There are challenges associated with the production of some of these, particularly cashews, hazelnuts and peanuts. Hazelnuts are used in brands such as Nugatti, Ballerina, Nidar, Panda, Kalev and Laima; cashew nuts are used in brands such as KiMs, Kalev and Laima.

Cashew nuts

Risk factors: The production of cashew nuts involves a risk of poor working conditions; traceability in the supply chain is limited. Approximately 90% of cashew nuts purchased by Orkla companies are grown in West Africa and processed in Vietnam.

Orkla's approach and progress

The process of ensuring that cashews are sustainably produced is very difficult as there is no certification system that is sufficiently comprehensive or quality-assured. Despite the challenges with certification and traceability, Orkla's goal is to have 100% verified sustainably-produced cashew nuts that are certified at Farm Sustainability Assessment (FSA) silver level by 2025.

Together with Orkla Procurement, Orkla Confectionery & Snacks Norge and Danmark have for several years been part of a project organised by Ethical Trade Norway to develop sustainable supply chains for cashew nuts in Vietnam. From 2018 to 2021, the project concentrated on managing the sustainability risks that were identified in the baseline study in 2018. This included training both farmers and producers in sound farming practices and good labour standards. The second phase of the project, which runs from 2022 to 2024, focuses on scaling up the training offered to farmers, environmental management, and labour standards; exploring sustainable supply chain linkages; and training and supporting cashew producers and their subcontractors on labour standards and social dialogue. We have also continued to work with our suppliers to benchmark their projects against the FSA and hope that this will yield positive results in 2024.

Hazelnuts

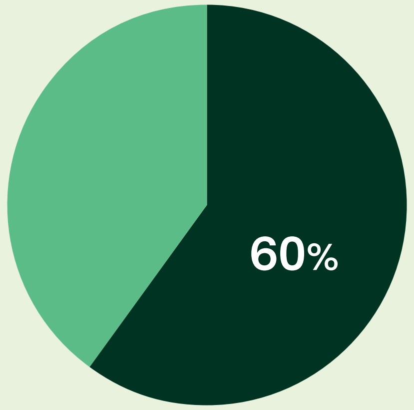
Risk factors: The cultivation of hazelnuts can involve challenges such as low productivity, poor working and living conditions for seasonal workers and instances of child labour. The biggest cultivation-related issues are found in the areas surrounding the Black Sea.

Orkla's approach and progress

Orkla's goal is that by the end of 2025, all hazelnuts purchased by the company will be Rainforest Alliance-certified or produced in accordance with standards that qualify for FSA silver level certification.

In 2023, 60% of the hazelnuts used by our companies were Rainforest Alliance-certified, which is on a par with 2022. The share was 95% for Orkla Foods Europe, 60% for Orkla Confectionery & Snacks and 18% for Orkla Food Ingredients. In the period 2022–2023, Orkla Procurement has collaborated with Rainforest Alliance and Orkla's suppliers in Italy to establish this certification scheme among Italian producers.

Share of certified hazelnuts in 2023:



Share of certified hazelnuts of total purchased volume (Rainforest Alliance)

Soy

Soy is used as a source of protein in several of Orkla's plant-based products in brands such as Anamma, NATURLI' and Frankful.

Risk factors: Growing demand for soy can lead to deforestation, especially in countries like Brazil, which accounts for much of the world's soy production. This leads to greenhouse gas emissions, loss of biodiversity and the risk of violations of indigenous peoples' rights. Orkla primarily buys soy protein from countries with a low risk of deforestation in Europe and North America. 80% of global soy production is used for animal feed, and only a small share of total production is certified.

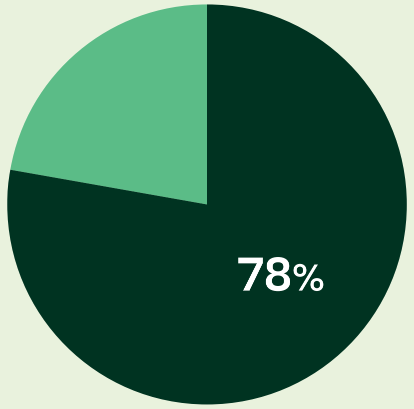
Orkla's approach and progress

Orkla's goal is that 100% of purchased soy will be certified by 2025. In 2023, 78% of the soy purchased by Orkla companies was certified (RTRS – Roundtable on Responsible Soy, ProTerra, Donau Soja, Field to Market, ISCC, FSA Silver equivalent standards).

Countries of origin:

- USA
- Serbia

Share of certified soy in 2023:



Share of certified soy of total purchased volume (Roundtable on Responsible Soy, ProTerra, Donau Soja, Field To Market, ISCC, FSA Silver equivalent standards)

Countries of origin:
- Sweden
- Canada
- Poland
- Ukraine

Wild forest berries
The Orkla companies do not buy wild forest berries to any great extent, but wild blueberries, lingonberries and cloudberries are used in some of Orkla Foods Europe's products, primarily in jams.

Risk factors: For forest berries, challenges can arise in relation to berry pickers' working conditions. This may include issues related to living wages, and there have previously been incidents of forced labour in Scandinavia involving migrant workers from Thailand.

Orkla's approach and progress
Orkla works together with industry organisations and specialist communities to address these issues and promote human rights and fair working conditions in the industry. It is Orkla's goal that all companies will purchase 100% verified sustainably-produced wild forest berries by 2025.

Orkla Procurement participates in industry cooperation on berries led by the Swedish Food Federation and the Swedish Food Retailers Federation. The members of this forum have developed guidelines for responsible sourcing that are now used by Orkla's suppliers in Scandinavia. Since working conditions are a material risk factor for forest berry-picking in Scandinavia, Orkla has decided to also require certifications for working conditions, such as the Swedish IP Standard for Working Conditions (IP Arbetsvillkor).

Orkla Procurement has also participated in a collaboration with specialist communities under the auspices of the SAI Platform to establish an internationally accepted industry standard for wild-grown crops. This was launched in 2022.

In 2023, 14% of the wild forest berries purchased by Orkla companies were certified. In 2023, Orkla Foods Sverige audited the two largest suppliers of forest berries. It is the goal of Orkla Foods Sverige that all Scandinavian forest berries shall be covered by the IP Standard for Working Conditions by 2026, with the ambition that the IP Standard will become the business standard for working conditions.

Countries of origin:

- India
- China
- South Africa

Textile raw materials

The Orkla company Pierre Robert Group (PRG) has taken a leading role in the textile industry to reduce negative impact on the environment and social conditions. The company consistently chooses raw materials that are less harmful to the environment and focuses on recognised certifications that ensure responsible production throughout the value chain.

Merino wool

Risk factors: The challenges associated with merino wool are primarily a question of animal welfare, but wool may also be treated with environmentally harmful chemicals and processes during production. There is also a potential risk of labour rights violations; in addition, climate change poses a challenge for wool production.

Orkla's approach and progress

PRG has zero tolerance for animal abuse and requires that all of the merino wool purchased by the company comes from farms with high animal welfare standards. In 2023, 100% of the merino wool was documented as being mulesing-free. Most of Pierre Robert Group's wool garments are also Nordic Swan Ecolabelled, which means that both the product and production meet strict environmental and social requirements. In 2023, all merino wool garments under the Pierre Robert brand (with the exception of socks) were Nordic Swan Ecolabelled.

Cotton

Risk factors: Cotton is a natural, renewable fibre, but production processes require a great deal of water, fertiliser and pesticides. This, combined with non-sustainable farming practices, can lead to the degradation of natural ecosystems and loss of biodiversity. The chemicals used in processing can cause water pollution, and 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 and progress

It is a PRG goal to ensure that all the cotton purchased by the company shall be produced in accordance with recognised sustainability criteria; PRG mainly uses the Global Organic Textile Standard (GOTS) certification programme. 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.

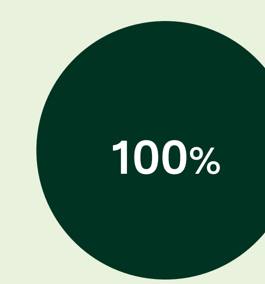
All cotton underwear from the Pierre Robert brand is made with certified organic cotton and is GOTS-certified. PRG's other cotton products are either recycled or purchased through the Better Cotton Initiative (BCI). In 2023, PRG became a member of BCI, an organisation that works to make global cotton farming better for the environment and for the farmer.

In 2023, Pierre Robert Group risk-mapped its cotton value chain. Based on this, the company decided not to use cotton from the Xinjiang province in China in its products. The Xinjiang province has drawn international attention due to reports of human rights violations against Uyghurs and other Muslim minorities in the region. GOTS and BCI both have the same policy, and it was therefore natural for PRG to follow these standards.

Share of mulesing-free merino wool in 2023:

Share of mulesing-free merino wool of total volume purchased

Share of more sustainable cotton in 2023:



Share of more sustainable cotton of total cotton purchase value. Includes cotton that is GOTS or OCS certified or manufactured in accordance with the principles of the Better Cotton Initiative

Future plans

All Orkla's portfolio companies will continue efforts to increase their share of certified raw materials and follow up suppliers that have an actual or potential risk of human rights violations.

Table 17: Developement in the share of certified raw materials

Indicator references	Indicators	Unit	2023	2022	2021
Self-defined	Share of certified cocoa ingredients (Rainforest Alliance) of total volume purchased[1]	%	95	92	81
	Segregated	%	56	37	36
	Mass Balance	%	39	55	45
Self-defined	Share of certified palm oil, palm kernel oil and derivatives of total volume purchased[1]	%	96	98	96
	- RSPO SG	%	48	43	44
	- RSPO MB	%	30	28	21
	- RSPO Credits	%	18	28	31
Self-defined	Share of certified soya of total purchased volume (RTRS – Roundtable on Responsible Soy, ProTerra, Donau Soja, Field to Market, ISCC, FSA Silver equivalent standards)[1]	%	78	64	15
Self-defined	Share of certified hazelnuts of total purchased volume (Rainforest Alliance)[1]	%	60	59	54
Self-defined	Share of revenues from textile products from products with environmental product labelling (Nordic Swan, GRS, Modal)	%	27	18	24
Self-defined	Share of cotton purchase value from certified organic cotton (GOTS, OCS)[2]	%	100	97	96
Self-defined	Share of verified mulesing-free merino wool of total volume purchased[2]	%	100	100	100

1 Purchased raw materials excluding finished goods.
2 Includes cotton that is GOTS or OCS certified or produced according to the principles of the Better Cotton Initiative.

Communities' rights[6]

Impacts, risks and opportunities

Orkla companies operate in more than 100 local communities, where they make a positive impact by providing jobs, paying taxes and buying from local suppliers, and by contributing to local initiatives and charitable organisations. By promoting responsible business practices towards suppliers, the companies can have a positive indirect impact on sourcing practices in the industry. The companies can also positively influence sourcing practices by engaging in improvement programmes in at-risk supply chains.

Orkla's companies can have a possible indirect negative impact on indigenous peoples through the purchase of tropical raw materials; however, by purchasing certified raw materials, the risk of negative impact is mitigated. Any violations of local communities' cultural or economic rights related to the companies' supply chains could have a negative impact on the reputation and the potential sales of the affected products. If such cases are detected, the companies will implement improvement measures and any financial impact will be temporary.

Factory closures and other restructuring projects give rise to reputational risk. Orkla believes that this risk is reduced if the processes are managed responsibly, engaging in professional stakeholder dialogue and communication. Orkla's role in various local communities also offers potential for positive reputational impact as this can provide the companies with important support.

6 Reporting covers the two topics "communities' rights" and "indigenous rights".

Overall, we consider communities' rights to be a topic where Orkla has a material impact, but low financial risk.

Orkla's ambitions and guidelines

Orkla wants to have a positive impact on the local communities in which the companies have operations. Through responsible and financially robust business practices, we will seek to create economic ripple effects for local communities in the form of jobs, tax revenues, and purchases from local suppliers.

Orkla's Human and Labour Rights Policy states that all Orkla companies must ensure that their operations do not interfere with the self-determination of indigenous peoples, for example in relation to land or other natural resources on which they rely. If an Orkla company has business plans that could affect a marginalised population, the company shall establish a dialogue with representatives of the population group to find a solution that is satisfactory to both parties.

Orkla's approach

Orkla companies engage in informal dialogue with neighbours and stakeholders in the local communities around their factories. In addition, Orkla has several suppliers that have improvement programmes aimed at local communities in connection with the cultivation of raw materials that are associated with social challenges.

Orkla requires that the companies:

- assess actual or potential negative impacts on local communities and update the assessment at least every two years.
- establish goals and plans to address negative impacts, promote positive impacts and manage material risks and opportunities affecting local communities.

Progress in 2023

Restructuring projects with an impact on local communities
Orkla has a strong local presence, with 114 factories in 24 countries. Many of our companies are cornerstone enterprises and important employers in their local communities. Closure or relocation of enterprises can therefore have a potential negative effect on the local communities in which the companies have operations. In 2023, Orkla Foods Česko a Slovensko in Orkla Foods Europe closed two factories in the towns Panenské Břežany and Bzenec in the Czech Republic and one factory in the town Prešov in Slovakia. In Orkla Confectionery & Snacks, Orkla Latvija made staff cutbacks in connection with moving the company's biscuit production from Riga to other Orkla factories in Kungsälv, Sweden, and Ādaži, Latvia. In Orkla Health, the number of staff at the factory in Vennesla, Norway, has been reduced as parts of the production of plasters have been moved to the company's factory in Bigues in Riells, Spain.

Community engagement
In 2023, several Orkla companies have maintained an active dialogue and engagement in the local communities affected by their operations.

Orkla Foods Sverige is part of the Sustainable Food Chain initiative, which aims to accelerate the transition to sustainable food production and consumption in Sweden. The initiative is led by WWF and has been running since 2015. Today, the network has 15 members who rank among Sweden's major food producers, grocery retailers, and restaurant wholesalers. All material generated by the network is open source and all members have committed to take active steps to make all food production and consumption significantly more sustainable by 2030. In 2023, the work was scaled up with a joint roadmap towards 2030. This initiative brings together some of Sweden's largest food players in efforts to address climate, biodiversity, resource efficiency, animal welfare and human rights issues.

The Orkla companies support socially beneficial projects by working with local authorities, schools and organisations. In 2023, we contributed about NOK 46 million to support different types of projects to benefit communities. Orkla Latvija backs one of Orkla Confectionery & Snacks' important initiatives. For the past twelve years, they have opened the doors of Laima Charity House in the pre-Christmas period. The employees encourage the local community to donate gifts to families in need. The charity house is a collaboration project with the local social services, and 1,200 children received presents in 2023. Over the past 12 years, the charity house has fulfilled more than 12,200 Christmas wishes.

In Orkla Foods Europe, Orkla Suomi has continued its long-term partnership between the seafood brand AHTI and Turun Meripelastusyhdistys, a local voluntary marine rescue organisation that supports safe sailing for Finnish seamen. In Finnish folklore, Ahti is the god of water, and supporting safety at sea is a cause close to the brand's heart.

As a way of helping to keep children in India in school, Orkla India, through MTR Foods, has been providing children in need with nutritious school meals since 2015 through the Midday Meal Programme. The company partners with the Akshaya Patra Foundation, and in 2023 the programme delivered more than 1.3 million meals to about 30,000 children.

In Orkla Health Group, Vitaminbjørner donated NOK 850,000 to Sykehusklovnene (the Hospital Clowns), and Möller's Pharma donated NOK 335,000 to Hjernerådet (the Norwegian Brain Council). NutraQ donated NOK 350,000 to Zulufadder, a school project in South Africa.

HSNG has made it possible for consumers to make a donation to the United Nations High Commissioner for Refugees (UNHCR) when making purchases. From January to November 2023, consumers donated a total of NOK 600,000 to support Ukrainian refugees.

In Orkla Health, Orkla Care Finland has given funding to the Finnish Cancer Foundation and its cancer research work. Orkla Care Finland is also a proud and long-standing supporter of the Liikuttava Lahja Christmas Collection. The goal of this project is to raise money to enable more families to take part in organised leisure time physical activities. The company wants all children to have the opportunity to experience the joy of being physically active and have a sense of mastery and belonging.

In 2023, Orkla Home and Personal Care donated more than NOK 3 million to the Pink Ribbon Campaign, bringing total donations since 2018 to approximately NOK 20 million. The Pink Ribbon Campaign raises awareness on preventing breast cancer and its treatment and gives money to various research projects.

Through the campaign "A warmer society", KIWI customers across the country have helped support a good cause every time they buy hygiene, cleaning and laundry products from Orkla Home and Personal Care. For every product sold from Define, Dr Greve, Jif, OMO and Comfort in October, a full NOK 2.50 was donated to the Church City Mission's work. The campaign's primary focus has been to highlight the importance of building a warmer society, and not least to raise funds for the work to make this a reality. Through the collaboration with KIWI, the campaign message reached a large number of people, both in all of KIWI's 700 shops and through the digital platforms used by KIWI and Orkla Home and Personal Care. Orkla Home and Personal Care raised more than NOK 823,000 for the Church City Mission's important work in 2023, and has raised a total of NOK 3.4 million over the past four years.

Orkla House Care has donated 8,000 units of equipment for the reconstruction of homes in the war-torn regions of Ukraine to the value of NOK 135,000. The company Farby Kolorit delivered the humanitarian cargo at its own expense, informed the public about the project in the media, collected applications for aid and provided the necessary tools to the people of Ukraine.

Pierre Robert Group has continued its long-standing collaboration with the Salvation Army and conducted a campaign in which they donated a pair of socks to the Salvation Army for every pair of socks sold.

In 2023, Lilleborg organised a campaign in which employees applied for support for eight different charitable causes in the local community, such as a marching band event, a car club and support for participation in various sports events.

Future plans

In 2024–2025, Orkla will implement relevant measures to guide and support the companies in their efforts to identify and manage risks related to communities' and indigenous rights.

Table 18: Trend in key figures related to community engagement

Indicator references	Indicators	Unit	2023	2022	2021
GRI 203-1, self-defined	Support for external organisations and projects	Mill. NOK	45.8	95.6	40.3
	Investment in local infrastructure[1]		4.8	0	0.5
	Donations and support for external projects[2]		16.2	71.4	32.4
	Estimated value of product donations and pro bono work		24.8	24.2	7.4
	Financial support received from government during the year	Mill. NOK			
	– Subsidies for operational, energy investments, innovation, labour and environmental measures		6.2	28.5	43.5
	– Raw material price compensation[3]		99	131.6	132.7

1 Includes support for projects related to water supply, road construction, etc.
2 Includes support for charities and other socially beneficial initiatives. Fewer types of projects are included in the reporting for 2023 than in previous years
3 Price reduction when purchasing Norwegian agricultural raw materials where the customs duty is not sufficient to compensate for different price levels in Norway and abroad

Consumers and end users

The majority of Orkla's companies produce and sell products aimed at consumers, either directly or indirectly through the sale of ingredients. Therefore, Orkla's most important influence on consumers occurs through their consumption of the companies' products and marketing.

Consumer service

The Orkla companies receive information about consumers' needs and interests through consumer surveys, consumer services and social media. All Orkla companies whose end customers are consumers, offer consumer services. The Norwegian companies collaborate on a joint consumer service function, while other companies organise their consumer services locally.

Safe products

Impacts, risks and opportunities

Extensive production of food products can potentially impact consumer safety if Orkla's companies do not have sufficient control over hygiene and pathogenic bacteria throughout their value chain. Due to Orkla's Food Safety Standard and related procedures, the likelihood of Orkla's products leading to consumer illness is low. More information about Orkla's work on food safety can be found in the chapter on food safety.

Several of Orkla's hygiene and household products contain ingredients which could potentially cause allergic reactions and irritation, and some products contain chemicals which could cause serious harm. Those Orkla companies which manufacture household products, personal care products, textiles and other non-food products (Pierre Robert Group, Orkla House Care, Orkla Home and Personal Care, Orkla Wound Care, HSNG and Lilleborg) have established systems and procedures for strict quality assurance. This ensures that all products in the detergents, personal care, textiles, paint and wound care segments are assessed for relevant risk factors. The companies take product safety into consideration when developing new products and making changes to production processes. In addition, they systematically track external research to keep abreast of potential health risks.

Orkla's ambitions and guidelines

Orkla's Human and Labour Rights Policy requires companies to do their utmost to protect the health and safety of consumers and customers.

Orkla's approach

Orkla requires that companies which manufacture and sell household products (non-food) shall:

- implement systems to ensure that products are safe and meet all legal requirements.

Progress in 2023

Orkla Home and Personal Care and Lilleborg continuously monitor potential risks associated with the raw materials they use, and phase out raw materials which may be associated with health risks. Based on the precautionary principle, Orkla Home and Personal Care and Lilleborg have for several years applied internal product safety guidelines that go beyond applicable rules and regulations. In 2023, the companies substituted certain components to comply with the Nordic Swan Ecolabel criteria and new regulations.

Pierre Robert Group applies stringent requirements in respect of chemicals for its textile products. In both Orkla Wound Care and Orkla House Care, implementation of a new ERP system has led to improved collection, storage and monitoring of product data. The work to ensure safe products will continue along the same lines in 2024.

Consumer health

Impacts, risks and opportunities

Orkla's food companies have a broad portfolio of both food and indulgence products, and many millions of people in the Nordic and Baltic countries, Eastern Europe and Southern India consume Orkla's products on a weekly basis. This means that Orkla has a high potential impact on consumer health, both positive and negative. Approximately 39% of the revenue from Orkla's food companies comes from indulgence products, which contain relatively high levels of salt, sugar and/or saturated fat[7]. Excessive consumption of salt, sugar and/or saturated fat increases the risk of lifestyle-related diseases.

More consumers want to maintain a healthier and more sustainable diet. This often entails consuming less meat and more plant-based foodstuffs and natural ingredients. This trend is reflected in changing habits and consumption patterns, which grocery chains and other professional customers must take into account. For Orkla, this trend represents opportunities for innovation, and a chance to make a difference. Approximately 20% of Orkla's food revenue comes from healthy food and indulgence products which have been given a more favourable nutritional profile through recipe changes. By developing healthier food products, Orkla companies can help to reduce the population's intake of salt, sugar and saturated fat.

7 This applies to Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks and Orkla Food Ingredients

Orkla's ambitions and guidelines

Orkla's overall ambition is to challenge and inspire companies to explore growth opportunities linked to products and services which contribute positively to consumer health. For several years, Orkla's food-producing companies have been working towards the target of a 15% reduction in salt and sugar by 2025 compared with 2015. As a consequence of Orkla's new business model, the portfolio companies will in 2024 define new long-term health and nutrition goals. By the end of 2024, all of Orkla's food companies will also prepare plans for making a positive impact on nutrition and health towards 2030.

Orkla's approach

Orkla wants to influence consumer health positively by developing foods and other products which contribute to a healthier diet, and to actively guide and inspire people to adopt a healthier lifestyle. To be part of the shift towards sustainable and healthy foods, the Orkla companies must offer attractive and tasty solutions that make it easy for consumers to make healthy and more sustainable choices.

Orkla expects the companies that produce foods and beverages to:

- work systematically to improve the nutritional profile of products.
- strive to increase the nutrient density of their products by using nutritious, wholesome ingredients such as whole grains, legumes, vegetables and other nutritious raw materials, and reduce the content of salt, sugar and saturated fat.
- promote a healthy diet by using the Keyhole label and other similar government-approved nutrition labels.
- work with authorities and other stakeholders in the food and drink value chain to make healthy, attractive food and beverage products more accessible and affordable.

Industry collaboration and dialogue with authorities

For years, several of Orkla's companies have worked actively with the authorities, industry players and external specialist communities to contribute to better public health by changing the practices of the entire industry. In Norway, the companies have been working actively since 2016 to fulfil the goals of the letter of intent for healthier food. This is a joint initiative between the authorities and the industry to promote healthier choices among consumers. Salt reduction is a key goal of the cooperation, with good results: The Norwegian companies have reduced the content of salt both in the new products that have been launched and in many of their existing products. The companies have also used the experience gained from the Norwegian Salt Partnership in their efforts to reduce the use of salt in other markets.

Processed food

In recent years, food processing has been highlighted as a current consumer health issue. The scientific discussion largely centres on whether processing in itself can cause negative health effects, or whether it is the level of salt, sugar and saturated fat that mainly determines the product's health effects, regardless of the degree of processing.

All of Orkla's food companies process food, and many Orkla products fall into the ultra-processed category. There are several reasons why food is processed, including to create more durable products, utilise a greater proportion of the ingredients, and produce good food that is eaten by many people and easy to prepare. Processing products can also make some nutrients more readily available to the consumer. For example, it is easier to eat mackerel in tomato sauce than pure mackerel, and easier to eat liver pâté than pure liver. In addition, processing makes it possible to consume seasonal produce such as cabbage, beetroot and cucumbers all year round.

It is not primarily the processing of a food product that determines its nutritional content. However, the level of salt, sugar and saturated fat is an important criterion for the product's nutritional profile. For many years, Orkla companies have been working purposefully to reduce the amount of salt, sugar and saturated fat and increase the content of fibre, whole grains and other healthy ingredients in their products.

Processed foods sometimes include additives intended to give them a longer shelf life and ensure consistent, good quality in line with consumer demands. This is an important topic for several of Orkla's companies, which have been restrictive in their use of additives for a long time, and only use what is necessary to meet quality and flavour requirements.

Progress in 2023

Products that contribute to a healthier diet accounted for around 20% of sales in Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks and Orkla Food Ingredients in 2023. The companies have continued their long-term efforts to reduce the use of salt, sugar and saturated fat. The combined effect of all the measures implemented since 2015 is a downward trend in the consumption of sugar of around 11% and a reduction in the consumption of salt of around 5%[8]. In 2023, the companies concentrated mostly on measures to reduce salt levels in foods, and the overall effect of the reduction measures was a 0.9% reduction in salt compared with 2022. Reduction measures for sugar have had less impact in 2023, with a reduction of 0.1% from 2022. Despite the companies' extensive efforts over many years, the overall development is somewhat short of the goal. This is partly due to the acquisition of new businesses.

Orkla Foods Europe

Orkla Foods Europe has reached its target of a 15% reduction in sugar by 2025 compared with 2015, measured in terms of reduction through direct reduction activities. In 2023, the company achieved a cumulative sugar reduction from reduction activities of around 18% compared with 2015, primarily in Orkla Foods Norge, Orkla Foods Sverige and Orkla Suomi. The largest companies have already exceeded the target by a good margin. Smaller companies within Orkla Foods Europe are also making good progress towards the sugar target. Although the target of a 15% reduction of salt levels is more challenging, Orkla Foods Norge, for example, has achieved a significant salt reduction. Orkla Eesti has launched pancake mixes containing less salt. Altogether, the companies in Orkla Foods Europe have achieved a cumulative salt reduction from reduction activities compared with 2015 of around 5%. The reduction targets for sugar and salt will be revised in 2024 as part of the update of Orkla Foods Europe's sustainability strategy.

Orkla Foods Europe launched several healthier products in 2023. Orkla Foods Sverige launched Felix Bowls containing more than 50% vegetables, as well as vegan mince under the Anamma brand. Anamma Baljväxtfärs is made from Swedish legumes, coarsely ground and blended with Swedish pea protein for a fine texture and nutty flavour. The ground beans, lentils and peas are less processed and provide important nutrients. Baljväxtfärs is Keyhole-labelled, has a low carbon footprint, and is rich in protein and a source of fibre.

In the plans for 2024–2026, developing healthier products is a priority area for Orkla Foods Europe. This includes innovation in brands with low or no sugar content and extra efforts to find salt-reducing measures. In addition, Orkla Foods Norge, Orkla Foods Sverige and Orkla Foods Danmark are planning projects in the fields of nutritional content, processing and plant-based products.

Orkla Confectionery & Snacks

Orkla Confectionery & Snacks aims to double the sale of products that contribute to a healthier lifestyle, and to reduce salt, sugar and saturated fat levels by 15% by 2025 compared to 2015. In 2023, the company achieved a cumulative reduction from reduction activities of 11% in salt content and 16% in the level of saturated fat compared with 2015. Almost the entire reduction of saturated fat comes from using less palm oil. Progress has been slower on reducing sugar content, which has been cut by about 3%.

In 2023, the companies in Orkla Confectionery & Snacks focused on reducing salt levels. Orkla Confectionery & Snacks Latvija ensures that the salt levels of all new products are below average (1.4g vs 1.66g per 100g of product). Further, Orkla Confectionery & Snacks Sverige has adopted the aim that all new product launches should be compliant with the guidelines drawn up by the Salt Partnership, an industry collaboration. In the 2024–2026 period, the companies in Orkla Confectionery & Snacks will continue their work to make the major brands healthier. In connection with drawing up a new

8 Due to uncertainty in historical figures, changes in calculation methods over time and incomplete reporting, the figures are estimates. The figures cover the companies Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks and Orkla Food Ingredients.

sustainability strategy, the portfolio company will set new targets for health and nutrition in 2024.

Health and Sports Nutrition Group (HSNG)

In 2023, 60 new product launches by HSNG were aimed at enabling a healthier lifestyle for consumers, in line with the company's aim of ensuring that all new product launches contribute to a healthier lifestyle. In the 2024–2026 period, the company wants to continue its innovation in products with low salt, sugar and saturated fat content.

Orkla India

Orkla India's target is to reduce salt content in Ready to Eat, breakfast, Masala and pickle products towards 2025. In 2023, MTR Foods trialled several well-known products with lower salt content. Consumer reception has been mixed, and some products have been withdrawn. Eastern Condiments reduced the salt content of ten pickle recipes by 1% in 2023 and wants to make further cuts towards 2025. MTR Foods wants to play a leading role in promoting sustainability and healthier products in several categories, such as Masalas, Breakfast and Fresh.

Orkla Food Ingredients

While a majority of Orkla Food Ingredients' products are indulgence products, the company's goal is to innovate to promote the consumption of healthier products. In 2023, several companies ran projects to reduce salt, sugar and additive levels. Credin Sverige has decided to eliminate salt from all future bread recipes, and has started producing sugar-free fillings. Several companies are dialoguing with suppliers to find substitutes for certain additives. Sonneveld and its European Bakery Innovation Centre (EBIC) have developed BARLEYmax, bread mixes with 30% more fibre, 35% more protein and 26% more iron compared to whole grain bread. EBIC

Table 19: New trend in key figures related to consumer health

Indicator references	Indicators	Unit	2023	2022	2021
Self-defined	Decrease in salt consumption due to reduction activities compared to previous year[1]	Kg %	111,381 0.9	45,131 0.4	62,000 0.5
Self-defined	Consumption of salt (own production) per revenue[1]	Kg pr. NOK mill.	229	264	321
Self-defined	Decrease in saturated fat consumption due to reduction activities compared to previous year[1]	Kg %	504,650 0.9	1,331,364 2.4	1,142,000 2.3
Self-defined	Consumption of sugar (own production) per revenue[1]	Kg pr NOK mill.	1,996	2,506	2,713
Self-defined	Decrease in sugar consumption due to reduction activities compared to previous year[1]	Kg %	95,960 0.1	437,017 0.4	1,602,000 1.7

1 Applies to Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks and Orkla Food Ingredients (production businesses). Historical figures have not been adjusted for later changes in group structure. The figures are associated with uncertainty due to variations in the calculation method over time and between companies

continuously contributes to research on the health effects of food, with gut health being a prioritised topic. Orkla Food Ingredients will continue to reduce the salt, sugar and saturated fat content of its products in the period 2024–2026. Several businesses plan to expand their range of vegan products, products with low sugar content and products with higher content of nutritious ingredients.

Orkla Health
Orkla Health has set as a target that 10% of net sales value every year shall derive from new innovations. All of Orkla Health Group's products are considered to contribute to a healthier lifestyle, and the company launched 26 new products in 2023. In 2024, the company will adopt more specific health and nutrition targets for its product portfolio.

The European Pizza Company
In 2023, Kotipizza Group developed a pizza dough base adapted to the keto diet, which has received good feedback from consumers. In addition, New York Pizza has worked on creating a pizza dough with less sugar and salt. The European Pizza Company wants to evolve a more holistic approach with a view to fostering good consumer health. This will include measures to increase expertise in product development, elaborate healthier products and plant-based alternatives, reduce additives and improve communication to consumers.

Projects and stakeholder dialogue focused on health and nutrition
Orkla Foods Norge has initiated the collaborative project "SOUP" with the research institute Nofima. With financial support from the Research Council of Norway, the project will research the health effects of ultra-processed food.

Orkla Foods Danmark has implemented the Naturli' campaign "Eat as usual – in a new way", with the aim of inspiring consumers to eat more plant-based foods.

For 14 years, Orkla Foods Lietuva has been a partner in the "Sveikatiada" programme, which aims to establish a culture of healthy nutrition, physical activity and sustainability at the country's educational institutions. In the 2022/23 school year, the programme reached over 77,000 children and 5,000 parents.

In Orkla India, Eastern Condiments has collaborated with local influencers to promote the use of Eastern Vermicelli pasta in healthier recipes. The recipes were featured on social media and in a recipe booklet distributed to consumers in stores.

In Orkla Food Ingredients, Kåkå launched a concept in 2023 which is intended to help consumers to bake without added sugar. New products have been launched in connection with the project, together with tips on healthier alternatives for home bakers.

Several companies in Orkla Food Ingredients offer customers digital solutions for product information and guidance. The Premium Pro portal includes a recipe system that, among other things, helps artisan bakers to understand and improve the nutritional content of their recipes and how to meet keyhole and whole grain labelling requirements.

In Orkla Health, Orkla Care UAB is part of the Food Supplement Manufacturers Association (FSMA), which regularly conducts research into the diet and lifestyle habits of the local population. Orkla Care Danmark contributed Nutrilett products to a research project at Aarhus University in Denmark on the effect of different protein doses on muscle protein synthesis during Very Low Calorie Diets (VLCD).

Responsible marketing and access to information

Impacts, risks and opportunities

Most of Orkla's companies have strong brands with market-leading positions in several categories. Through marketing campaigns and product design, Orkla can influence consumers' diets or behaviour in a positive or negative direction. Examples of influences which promote positive behaviour include recycling waste or choosing a plant-based alternative as the protein element of a soup. Negative influences include encouraging consumers to buy excessive amounts of unhealthy food or creating demand for unhealthy food among children.

Information and guidance can help consumers understand the nutritional and health effects of products and sustainability issues. Due to their high market shares, Orkla companies can influence consumer behaviour through labelling, such as Keyhole labelling of healthier food products and the Globe Label for a low climate footprint. The EU Unfair Commercial Practices Directive is intended to regulate the misleading use of claims and imposes strict guidelines on companies when it comes to labelling product attributes related to sustainability. We believe that the Orkla companies' professional marketing departments are well prepared to manage this risk effectively.

Orkla's ambitions and guidelines

Orkla wants its companies to develop marketing materials that are effective and truthful, and exercise due caution, in accordance with applicable legislation. It is particularly important that marketing claims that concern sustainability, health, quality and similar claims are based on objective, verifiable facts. Orkla companies are aware of the potential health and environmental effects which overconsumption can lead to, and seek to develop marketing activities which promote a healthy, more sustainable lifestyle.

Marketing aimed at children
None of the Orkla companies have direct marketing targeting children under the age of 12.

Several companies support the principles of the EU Pledge, which is a voluntary initiative by leading food manufacturers to protect children and young people against the marketing of products with a high content of salt, sugar and/or saturated fat. In addition, Orkla ASA is represented on the voluntary board of the Food and Drink Industry's Professional Practices Committee (MFU), which promotes responsible marketing to children and young people in Norway. The committee has tightened its guidelines on marketing to young adults, and will initiate measures to increase consumer awareness of these efforts.

Orkla expects the companies to:

- ensure that the impression created by marketing materials and marketing claims is not misleading for the target group of customers and consumers.
- avoid vague and unsubstantiated sustainability claims which may be perceived as greenwashing.
- focus on using marketing and communication to promote a healthy lifestyle and contribute to a balanced and varied diet.
- avoid targeted marketing of foods high in sugar, salt and saturated fat to children, and commit to the EU Pledge and other relevant national self-regulation initiatives.

Table 20: Cases and complaints related to marketing and product labelling

Indicator references	Indicators	Unit	2023	2022	2021
GRI 417-2	Formal complaints and matters related to non-compliance with product labelling regulations	Number	1	2	0
GRI 417-3	Formal complaints and matters related to non-compliance with product labelling regulations	Number	4	4	3

Progress in 2023

Cases
In Orkla Confectionery & Snacks, Orkla Confectionery & Snacks Sverige AB received a complaint from the Swedish Advertising Ombudsman's Jury (Reklamombudsmannens opinionsnämnd — RON) regarding a Göteborgs Kex advert on Facebook. The company is involved in a dialogue with the ombudsman to explain the case, which will be heard during February 2024.

In Orkla Health, NutraQ's Danish operations were fined by the Danish Veterinary and Food Administration for making non-approved health claims in connection with one of its products, and the company changed its marketing accordingly.

Orkla Care Danmark received a warning from the Danish food authorities, which considered the labelling of one of the company's dietary supplements to be in violation of the national food supplement directive. The reason was that the recommended daily dose on the product was higher than what the food supplement definition allows for powder dissolved in water. The company changed the recommended daily dose for the product. The company changed the recommended amount of water with which the powder is mixed so that the total daily dose was within the definition of 'less measured amount'.

In 2023, there were two complaints to the Swedish RON jury about Orkla Care AB dietary supplements. In the complaint against the marketing of Active Care Vitaminbjörnar, RON rejected the complaint that the marketing suggested that the product was candy. In the other case, RON found that the marketing of Pharbio dietary supplements had given the impression that they could replace a healthy and varied diet. Orkla Care AB adjusted its marketing communication in line with the decision and has taken steps to communicate about Pharbio more accurately.

Responsible marketing
As at the end of 2023, the following Norwegian Orkla companies have signed the Guide Against Greenwashing: Orkla Foods Norge, Orkla Health, Idun Industri, NutraQ, Orkla Home and Personal Care, Lilleborg and Pierre Robert Group. Greenwashing was an important topic in the Orkla Sustainability Academy's skills-building programme, which was rolled out to 3,000 employees in 2023.

For several years, Pierre Robert Group has been participating in the public debate by being visible in the media and relevant networks. The company strives to reflect population diversity, including in terms of body, age and background, and uses models with different body shapes and appearance on its packaging and in advertising. Pierre Robert Group has taken a stand against retouching for a number of years and has a "100% human" policy for all images. In 2023, Pierre Robert Group collaborated with fashion personality Janka Polliani. Janka has for several years used her influence to promote self-acceptance and instil self-confidence among her followers and was a distinct advocate and contributor to the new Retouching Act that came into force in 2022. The act requires that all retouched ads, including influencer ads, must be labelled as retouched.

Business ethics topics

Strategy pillar #3: Governance and Ethics in Business

Figure 11: Orkla's ambitions related to business ethics

Pillar 3

Governance & Ethics in Business

We build a culture of integrity in everything we do, in every part of our organization. We only acknowledge success achieved through high integrity standards.

Demonstrated commitment to integrity

All companies shall implement a systematic approach to assess **integrity and compliance risk** broadly in all ESG topics

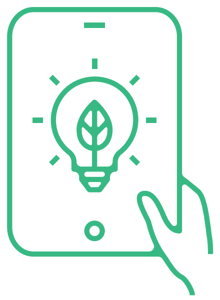
All company BoDs and management teams shall proactively drive a **culture** of integrity, with business ethics, food and product safety, EHS and responsible sourcing as important dimensions

All companies shall document a robust **compliance** program

A **responsible investment** policy is at the foundation of our M&A processes

Conduct effectful and efficient sustainability due diligence

All companies shall have robust procedures for **sustainability due diligence** which cover own organization, the supply chains and business partners



Business ethics

Business ethics is one of the main pillars of Orkla's sustainability ambitions:

We build a culture of integrity in everything we do, in every part of our organisation. We only acknowledge success achieved through high integrity standards.

The work of ensuring responsible business operations and respect for rules and regulations is integrated into the daily activities of Orkla companies, with clear expectations and ethical guidelines set by Orkla for all employees.

The boards of the portfolio companies and other directly owned companies have overall responsibility for ensuring proper implementation of Orkla's governing principles for sustainability and responsible business practices in their subsidiaries, and for monitoring these efforts. Orkla wants the companies' boards and management teams to actively promote a culture of integrity in which business ethics, food and product safety, environment, health and safety (EHS) and responsible sourcing are important topics.

The CEO of each company is responsible for adopting necessary policies, management procedures, systems, targets and action plans to meet Orkla's requirements and expectations related to business ethics and responsible business practices.

Training and awareness-raising are key aspects of building a strong culture of integrity throughout the organisation, and in 2024 Orkla ASA will run training programmes in ESG and sustainable business operations for the boards and management teams of the portfolio companies.

Impact, risks and opportunities

Orkla's international business operations expose its companies to different cultures, ethical standards and business conduct. As a result, there is a high inherent risk of individuals engaging in unethical conduct. At the same time, the strong market positions held by the companies in various markets represent an opportunity to exert positive influence on local business practices. Orkla and the portfolio companies are making targeted efforts to raise awareness of their ethical guidelines in order to prevent undesirable conduct, both among their own employees and in dealings with business partners. By applying strict requirements and monitoring the companies, we reduce the risk of regulatory breaches with potentially severe financial consequences to a low level.

Orkla's ambitions and guidelines

Orkla works continuously to promote a culture based on high ethical standards. Our efforts in this regard include setting clear requirements for the companies, clarifying the board's responsibilities and implementing training programmes. In 2023, we established an internal sustainability network to ensure that Orkla's requirements are communicated to and followed by the companies, and to facilitate cross-company collaboration.

Orkla's governing principles for sustainability and responsible business practices contain clear requirements which the companies must meet in their work in the area of business ethics. Among other things, the portfolio companies and other directly owned companies must:

- implement measures to ensure that all employees are familiar and comply with the Orkla Code of Conduct and conduct annual risk-based, targeted training
- establish internal procedures to make it easier for stakeholders to report breaches of the Orkla Code of Conduct in accordance with Orkla's whistleblowing policy
- develop and implement a competition law manual which explains the rules and describes conduct which will or may violate competition law, and conduct training for employees in potentially at-risk positions
- implement and comply with the Orkla Privacy Policy where companies are subject to EU data protection legislation (GDPR), or with relevant local regulatory frameworks where companies are subject to other data protection laws
- implement effective anti-corruption activities in accordance with the Orkla Anti-Corruption Programme
- develop and implement an anti-corruption manual and conduct annual risk-based training
- take active steps to monitor sanction risk and ensure compliance with relevant sanction rules, implement the Orkla Business Partner and Sanctions Programme, and conduct annual training.

Work approach and progress in 2023

The Orkla Code of Conduct is Orkla's most important governing document, and provides clear guidance on how the companies should operate their businesses. The Code represents Orkla's fundamental commitment to acting in a sustainable, ethical and socially responsible manner, practising good corporate governance and complying with all applicable legal requirements. Orkla's Code of Conduct applies to Orkla ASA, subsidiaries of Orkla ASA and all individuals working for Orkla. This includes employees at all levels, board members, hired personnel, consultants, contractors and others acting on behalf of or representing Orkla. In the case of investments (e.g. partnerships and minority investments) which fall outside the scope of Orkla's Code of Conduct, we expect board members appointed by Orkla ASA to seek the adoption of guidelines which uphold the same standards as the Code of Conduct. The Code is reviewed and approved annually by the Board of Directors of Orkla ASA.

The Code of Conduct has been translated into all local languages used in our operations. The boards of directors and CEOs of the individual companies are responsible for ensuring implementation of and compliance with the Code of Conduct. The Board of Directors of Orkla ASA and the board of each company bear overall responsibility for monitoring application of the Code of Conduct.

In 2023, the Code of Conduct was revised as a result of Orkla's restructuring into an industrial investment company. A practice has been introduced at both Orkla and individual company level to run an annual awareness-raising campaign in which all employees with an email address are urged to confirm digitally that they have read the Code of Conduct. Local adjustments are made for employees who cannot be reached on digital platforms. In 2023, approximately 63% of employees in contacted categories provided this confirmation.

Orkla's sustainability-related whistleblowing mechanism received 65 reports concerning potential breaches of the Orkla Code of Conduct in 2023. The matters varied in terms of scope and type, and were or are being handled in accordance with internal and external guidelines. In the majority of the cases considered in 2023, the final conclusion was that there were no breaches of the Code.

Anti-corruption

Corruption undermines legitimate business activity, distorts competition, harms the reputation of companies and individuals, leads to prison sentences and other civil and criminal liability, and prevents compliance with human rights. This is why Orkla gives priority to complying with anti-corruption laws at all times and never offering or accepting anything that could raise doubt about its professionalism and ethical way of doing business. Orkla prohibits bribery and corruption in any form.

We make active efforts to prevent corruption in our operations. Orkla previously had an anti-corruption manual which was mandatory for all employees. Following introduction of the new operational model, this manual has been replaced by the portfolio companies' own anti-corruption manuals, which are designed to ensure local support, ownership and relevance. The companies' anti-corruption manuals must be based on Orkla ASA's current guidelines.

Local anti-corruption programmes are founded on a detailed analysis of corruption risk. In 2023, various frameworks were developed to support the Orkla companies in this area. While the companies bear individual responsibility for conducting such analyses, the Orkla compliance team provides guidance and support as needed.

Orkla requires all its companies to have dedicated compliance roles in place to support management's implementation of the anti-corruption programme. A further requirement is that each portfolio company must have a compliance function. The largest portfolio companies have established Governance, Risk and Compliance roles and/or Compliance Officer roles. The companies' compliance functions are responsible for reporting to their respective boards reports on the implementation status of the anti-corruption programme. Although Group Compliance provides guidance and support in this area, the companies are individually responsible for implementation and monitoring. Separate internal compliance networks have been established between Group Compliance and the portfolio companies.

Providing employees with knowledge about and training in recognising and avoiding all forms of bribery is a further important measure to reduce corruption risk, as well as a key element of Orkla's anti-corruption programme. In order to act responsibly, Orkla's employees must know what is right and wrong in specific situations. Orkla's e-learning course on anti-corruption (translated into 24 languages) was launched in September 2022. The course provides various examples of what bribery and corruption entail in practice, in addition to guidance on how to handle such situations. Anti-corruption training is a crucial means of building awareness among employees, and Orkla aims to ensure that all employees in administrative positions undergo training every other year. Orkla also wants the companies to conduct digital classroom training for persons in particularly high-risk functions (such as management, purchasing, sales, marketing and finance) in the jurisdictions deemed to be at greatest risk from Orkla ASA's perspective. In 2023, 30% of employees in administrative positions completed anti-corruption training.

Orkla practises a zero-tolerance approach to corruption among suppliers, distributors and other third parties. This is described, among other things, in the ethical guidelines we communicate to our partners (the Orkla Supplier Code of Conduct and the Orkla Business Partner Code of Conduct). Orkla is constantly seeking to strengthen its monitoring of third parties, and continued to implement the Orkla Business Partner & Sanctions Programme in 2023. This programme defines minimum measures which Orkla companies must implement to reduce corruption and sanction risk among third parties. Orkla's digital portal solution for suppliers facilitates risk-based integrity investigations and sanction checks of third parties. While other business partners are monitored by means of manual checks, sanction and integrity investigations are still carried out using an external search engine. Orkla has recently launched an e-learning course as part of the Orkla Business Partner & Sanctions Programme, where participants will be nominated based on risk. Orkla also carries out investigations to assess corruption risk in connection with acquisitions and major investments.

Sanctions

Trade sanctions are restrictions on trade with specific organisations, individuals or companies in certain countries. Orkla is committed to complying with national and international trade restrictions and sanction rules applicable in the countries in which it operates. All Orkla companies have a responsibility to adopt adequate procedures to ensure compliance with relevant sanction provisions. The Orkla Business Partner & Sanctions Programme defines minimum requirements which the companies must meet to prevent sanction breaches.

Data protection

Orkla respects the privacy of all persons whose personal data it processes. All processing must be carried out in accordance with applicable laws, and the work involved must be documented. We seek to be transparent about our processing activities, and to give necessary and relevant information to persons whose data we process.

A key element of our efforts to comply with applicable legislation is Orkla's Privacy Policy, which was updated in 2023 to align it with the new organisational structure. The policy sets out the companies' responsibilities related to the EU General Data Protection Regulation (GDPR), as well as roles and activities to ensure compliance with the rules.

Each company has its own GDPR coordinator. A dedicated internal GDPR network has been established to connect these coordinators, overseen by Orkla ASA's data protection officer. The coordinators are responsible for making status reports on implementation of data protection requirements to their respective boards. While Orkla ASA provides guidance and support for the work, the companies are individually responsible for implementation and monitoring.

In 2023, the main activity for companies subject to GDPR was to implement a complete update of their processing protocols (GDPR Article 30) in order to obtain a complete overview of activities within the organisation which involve the processing of personal data. The purpose is to ensure compliance with statutory requirements, promote accountability and support transparency about data processing. The project is wide-ranging, and also includes identifying privacy risks. The companies will continue the work in 2024.

The Orkla companies reported three potential breaches of data protection regulations to national supervisory authorities in 2023. In August 2023, NutraQ submitted a report to the authorities in Poland and the Czech Republic concerning a safety breach involving a sub-contractor, although the incident had limited data protection consequences. In November 2023, New York Pizza reported a cryptolocker incident to the authorities in the Netherlands. In this case, the company was able to retrieve all data with the authorities' assistance. In December 2023, NutraQ reported an incident to the Norwegian Data Protection Authority which involved incorrect despatch of invoices to end customers.

Compliance with competition law

Orkla is committed to fair competition, and requires its companies to comply with relevant competition legislation at all times.

The companies regularly conduct targeted training and activities to raise awareness of rules, regulations and risk factors related to competition law for employees in senior management positions and other positions deemed to be of high relevance.

In 2023, the portfolio companies worked on developing and implementing their own competition law manuals. These efforts will continue in 2024.

No breaches of competition law were reported for Orkla ASA or its companies in 2023.

Complaints, resolution and whistleblowing

Orkla's governing principles for sustainability and responsible business practices state that the Orkla companies must establish procedures for handling complaints from external stakeholders and for delivering resolution in cases where it is concluded that the company has caused or contributed to negative impacts. These procedures are part of responsible business practice.

Orkla's Whistleblowing Policy encourages internal and external stakeholders to report actual and potential breaches of the Orkla Code of Conduct. The policy sets out requirements relating to the submission, receipt and handling of whistleblowing reports. These requirements apply to all Orkla companies.

Orkla ASA has a central whistleblowing mechanism which all Orkla companies, and all internal and external stakeholders, can use. This mechanism supplements any local mechanisms established by the companies pursuant to local requirements. Orkla's central whistleblowing mechanism is run by an external supplier, is available 24/7 in all relevant languages and ensures whistleblower anonymity. All forms of retaliation against a person who has submitted a whistleblowing report in good faith concerning possible unacceptable conduct are prohibited by law.

Table 21: Key figures related to business ethics

Indicator references	Indicators	Unit	2023	2022	2021
GRI 205-2	Number of employees trained in anti- corruption during the year	Number	5,663	11,163	3,830
	Share of employees trained in anti-corruption during the year	%	30	54.3	17.9
GRI 205-3	Formal complaints and cases related to breaches of anti-corruption regulation	Number	0	0	0
GRI 206-1	Formal complaints and cases related to breaches of competition law	Number	0	0	1
GRI 418-1	Formal complaints and cases related to breaches of privacy regulation (GDPR)[1]	Number	3	1	2
GRI-406-1	Formal complaints or cases related to regulations for discrimination	Number	0	0	0

1 Historic figures have been adjusted to include self-reported cases from Orkla's companies to national data protection authorities

Political engagement and lobbying

Political initiatives and regulations can have significant consequences for the portfolio companies' operations. Favourable framework conditions are important in order for the companies to be able to build strong, sustainable businesses and make a positive contribution to their local community. In Norway and other markets where Orkla has a strong position, Orkla's engagement can help influence regulatory frameworks. We are committed to supporting positive social development, and wish to maintain a constructive, cooperative attitude.

Orkla's interaction with authorities is based on the fundamental principles of openness, honesty, accessibility, consistency and long-term commitment. These principles are key to building trust on the part of authorities and securing constructive dialogue.

Orkla and the companies engage in dialogue with politicians and public officials both directly and through relevant industry organisations. Our engagement focuses on both specific business issues and broader industry challenges. Orkla often takes a positive and collaborative approach, and the companies often engage in voluntary improvement projects. Some of the most important topics on which Orkla focused in 2023 are a possible Norwegian ban on the marketing of unhealthy foods and beverages aimed at children and young people, the European Commission's proposed changes to the rules on the acrylamide content of foodstuffs and regulation of the competitive situation in the Norwegian grocery retail market.

Marketing aimed at children and young people

The Norwegian Parliament has proposed a ban on the marketing of unhealthy foods and beverages to children and young people under the age of 18. Orkla has been actively involved in opposing this proposal. The high age limit means that such a ban would have a broad impact, and would in practice entail the prohibition of all marketing of unhealthy products. This would have significant negative consequences for some of Orkla's companies. Overweight and obesity among children and young people are a major societal problem. Orkla wishes to help overcome the related challenges and support the achievement of strategic health policy goals. This is why Orkla is actively involved in the Minister of Health's business group, which aims to facilitate collaboration on the promotion of healthier dietary habits. Orkla's companies can make their best contribution by continuing to develop products containing less saturated fat, sugar and salt, providing good information on products and marketing products in a responsible manner.

Acrylamide content of foodstuffs

The European Commission has proposed changes to the rules regulating the acrylamide content of foodstuffs, and wishes to adjust reference values and introduce maximum content levels. Orkla considers the current rules requiring the food industry to reduce acrylamide content to ALARA levels – as low as reasonably achievable – sufficient to ensure a high level of consumer safety. In Orkla's view, it is unnecessary to set maximum levels for the acrylamide content of foodstuffs, since this will not increase consumer safety and will instead impose a disproportionate burden on industry, especially in the Nordic countries. Orkla's companies have significantly reduced average acrylamide content over the past 10 years, and we consider that consumers' consumption of acrylamide can be better decreased by focusing on lowering the acrylamide content of entire product categories, rather than that of individual products. Acrylamide content levels are affected by natural variations in ingredients, and can vary by up to 50% even in individual batches. If absolute maximum levels are introduced, this variation may lead to the recall of batches of safe foodstuffs, thus doubling the amount of food waste.

Regulation of competition in the Norwegian grocery retail market

The Norwegian grocery retail market is highly concentrated, with traditional grocery sales flowing through just three grocery chains. The market has become increasingly consolidated, and there is strong political interest in addressing the situation. Orkla is in favour of introducing measures to promote greater competition, and competition on equal terms.

Orkla does not allow its companies to support political parties or campaigns, although they may engage in dialogue with local authorities on issues important to their operations.

Table 22: Key figures related to political engagement and lobbying

Indicator references	Indicators	Unit	2023	2022	2021
GRI 415-1	Total value of political contributions	Mill. NOK	0	0	0

Food safety

Impact, risks and opportunities

Food safety is essential for building strong consumer and customer relationships and enduring, robust and profitable businesses. Robust, uniformly applied food safety and quality systems are important to protect consumer health, and have high priority for the Orkla companies.

The complex risk profile of the global food production industry encompasses everything from increasing globalisation (entailing an elevated risk of the spread of diseases and hazardous chemical compounds) to challenges posed by food fraud and regulatory breaches. New technological solutions which enable traceability are making it easier for Orkla and other food companies to maintain a full overview of the production process throughout the value chain. Robust internal systems and continuous vigilance are essential to ensure a high and stable level of food safety.

Orkla's ambitions and guidelines

Orkla has adopted an uncompromising approach to food safety, which is an important component of Orkla's food safety and quality culture.

Orkla requires its companies which handle foods and beverages to:

- comply with the Orkla Food Safety and Quality Policy, which requires the companies to fulfil all requirements in the Orkla Food Safety Standard and the Orkla Food Safety Standard for Storage and Distribution at all times
- apply the food safety requirements in the Orkla Supplier Portal (Orkla's food safety standard for suppliers).

Orkla's approach

Following the reorganisation, Orkla has retained its central food safety team and two central food safety standards: one for factories and one for sales and distribution companies. These apply to all companies which handle foods and beverages. The Orkla Food Safety Standard has been implemented in all foodstuff operations in all relevant countries. In the case of The European Pizza Company, the standard is applied to the dough factory and in the context of supplier approval and monitoring. The standard imposes strict requirements on the production, storage and transportation of foodstuffs. The Food Safety Standard is based on the internationally recognised standard issued by BRCGS, and was updated in 2023 to meet the requirements of Edition 9. This has entailed further improvements, including an even stronger emphasis on root-cause analysis and monitoring of non-conformances and complaints concerning food safety and quality.

Orkla's central food safety team conducts regular audits of factories and warehouses which handle foods and beverages. This helps secure compliance with applicable guidelines and supports the continuous improvement and upholding of applicable standards. Ingredient safety and quality is a key aspect of Orkla's food safety and quality efforts. All suppliers are risk-assessed prior to approval, and responsibility for these assessments is split between the companies based on risk level or usage volume. The company which bears approval responsibility on behalf of the group is also responsible for supplier monitoring.

Progress made in 2023

The number of audits fell slightly in 2023 and, with a few exceptions, all of Orkla's factories are compliant with the requirements of the Orkla Food Safety Standard, and thus achieving green level. None of Orkla's factories are classified as red level. Where it represents a competitive advantage, factories and warehouses are certified by a third party. This is additional to Orkla's own audit and monitoring systems.

There is still a need to intensify efforts to reduce the number of non-compliance matters related to quality and food safety. Although no major or serious incidents were reported in 2023, the number of reports received was higher than in previous years. One situation involving products of reduced quality affected six countries and was therefore somewhat larger in scale, but was resolved quickly. Less serious incidents are handled quickly and effectively to limit their scale and any negative consequences.

Orkla's supplier risk assessment and approval system related to food safety and quality was transferred to the Orkla Supplier Portal in 2023. The portal collects all supplier risk overviews and monitoring measures in a single location. Many companies and factories chose to concentrate on further improvement of the food safety and quality culture, and marked this focus during the Food Safety & Quality Week 2023.

Orkla will maintain its efforts to ensure robust, cost-effective monitoring of food safety risks, and is always prepared to respond quickly to new risks in the best possible way.

Table 23: Key figures related to safe food production

Indicator references	Indicators	Unit	2023	2022	2021
GRI 416-1	Share of significant product and service categories for which health and safety impacts are assessed for improvement[1, 2]	%	100	100	100
GRI 416-2	Incidents of non-compliance concerning food safety, risk level 1 (life threatening health hazard)[1]	Number	0	0	1[3]
GRI 416-2	Incidents of non-compliance concerning food safety, risk level 2 (serious health hazard or serious quality deviation)[1]	Number	10	5	9

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 One incident linked to possible salmonella contamination of product

Responsible sourcing

Impact, risks and opportunities

Orkla companies have more than 25,000 direct suppliers, and can thus have a major, positive impact on suppliers' operations by following responsible sourcing procedures. Responsible sourcing practices are important to maintain consumer confidence in the companies' products, and more generally for society's confidence in Orkla and our companies. Responsible sourcing practices can also help to ensure that purchased materials are of stable quality, reduce the number of quality non-conformities and make sure that Orkla companies are high-priority customers in situations where the supply of ingredients is limited.

Orkla's ambitions and guidelines

Orkla's ambition is for its companies to have effective procedures in place for conducting due diligence on responsibility topics with positive effects on their supply chains.

Orkla requires its companies to:

- comply with the Orkla Human and Labour Rights Policy and integrate the principles of the policy into relevant internal procedures
- ensure that all suppliers read and accept the Orkla Supplier Code of Conduct
- adopt due diligence procedures for their own operations and supply chains which fulfil statutory requirements and the principles of the OECD Due Diligence Guidance for Responsible Business Conduct
- cooperate with suppliers and other partners to establish responsible business practices.

Orkla's approach

Orkla Procurement provides the companies with guidelines, tools and systems for responsible sourcing, and supports the companies in their work on due diligence assessments, supplier monitoring and the certification of high-risk ingredients. The companies follow a risk-based approach to ensure effective cooperation with Orkla's many suppliers and safeguard responsible business practices. This approach involves having procedures for risk assessment, supplier monitoring and reporting.

In their responsible sourcing efforts, the companies prioritise suppliers and supply chains presenting the greatest risk of non-compliance with the Orkla Supplier Code of Conduct. In collaboration with Orkla Procurement, the companies conduct an annual risk assessment of their suppliers based on criteria linked to working conditions, EHS, the environment and ethics. High-risk suppliers undergo a more detailed risk assessment using a standardised method developed by the Sedex organisation. The method involves completion of a self-assessment form and an ethical audit based on the SMETA framework, if deemed necessary. When it comes to high-risk materials, the companies choose suppliers who maintain high standards and have dedicated sustainability programmes. In addition, the companies often use third-party certification standards which include requirements and monitoring procedures for specific risk factors.

The Orkla Supplier Code of Conduct

The Orkla Supplier Code of Conduct describes Orkla's ethical requirements and expectations of suppliers. The requirements are based on the UN Declaration of Human Rights, the ETI Base Code and the UN Global Compact's ten principles for responsible business conduct. The Supplier Code of Conduct contains clear prohibitions against child labour and forced labour, and includes provisions on the right to organise and engage in collective bargaining, acceptable working conditions, adequate wages, work-life balance, health and safety, and equal opportunities. Together with Orkla Procurement, the companies implement measures to ensure compliance with relevant principles through supplier dialogue, supplier self-assessment and ethical audits.

Cooperation and partnership

As part of Orkla's efforts to address human rights and environmental challenges, Orkla Procurement participates actively in industry initiatives involving companies, authorities and expert organisations, such as Ethical Trade Norway, AIM-Progress, Sedex and the Sustainable Agriculture Initiative (SAI) Platform. Pierre Robert Group, Orkla House Care, Orkla Health, Lilleborg, Orkla Foods Norge and Orkla Confectionery & Snacks Norge are all members of Ethical Trade Norway and report annually to the organisation on their progress.

Progress in 2023

Orkla maintained its efforts in the area of risk assessment and close supplier monitoring in 2023. A digital supplier portal implemented in 2022 – the Orkla Supplier Portal – has enabled the companies to monitor their suppliers better and more efficiently in 2023 with respect to various risk categories, resulting in more effective monitoring of these risk factors. All suppliers are required to accept the Orkla Supplier Code of Conduct in order to be approved in the system.

In 2023, Orkla completed a risk survey of all new suppliers, covering both social and environmental risks. The number of audited suppliers has increased compared to 2022, while the number of detected non-conformities has remained at approximately the same level. Most non-conformities were registered in the areas of health and safety, working hours, management systems and payroll. Efforts to resolve outstanding non-conformities are progressing well.

Table 24: Key figures related to responsible sourcing

Indicator reference	indicator	Unit	2023	2022	2021
GRI 308-1	Share of new suppliers screened for environmental risk	%	100	100	100
GRI 308-2	Suppliers screened for environmental risk through audit or self-assessment	Antall	109	64	66
GRI 308-2	Suppliers with identified environmental non-compliances	Antall	6	8	11
GRI 308-2	Share of suppliers with environmental non-compliances where improvement has been agreed	%	100	100	100
GRI 308-2	Share of environmental non-compliances that have been remedied	%	85	50	71
GRI 308-2	Share of suppliers with environmental non-compliances where the agreement has been terminated	%	0	0	0
GRI 414-1	Share of new suppliers screened using social criteria	%	100	100	100
GRI 414-2	Suppliers screened using social criteria through audit or self-assessment	Antall	109	64	66
GRI 414-2	Suppliers with identified social non-compliances	Antall	45	48	52
GRI 414-2	Share of suppliers with social non-compliances where improvement has been agreed	%	100	100	100
GRI 414-2	Share of social non-compliances that have been remedied	%	62	73	66
GRI 414-2	Share of suppliers with social non-compliances where the agreement has been terminated	%	0	0	0
GRI 204-1	Share of sourcing from local suppliers[1]	%	56	56	56

1 By local suppliers we mean suppliers located in the same country as Orkla's receiving business

Animal welfare

Impact, risks and opportunities

Orkla wants to make a difference by safeguarding animal welfare in its value chain. Animal welfare is an important topic for consumers and many stakeholders. Several Orkla companies manufacture products which contain ingredients or components derived from animals.

Orkla's approach and progress

Orkla requires companies which purchase products of animal origin to:

- adopt an animal welfare policy based on the five freedoms, in line with guidelines issued by the World Organisation for Animal Health (WOAH), and to adapt the specific focus areas to relevant species
- adopt goals and plans to ensure continuous improvement of animal welfare throughout the value chain, and to work with suppliers and other partners to drive this work forward.

While most of the portfolio companies which purchase products of animal origin continued to follow the Orkla Animal Welfare Policy in 2023, they are also working on their own animal welfare guidelines for implementation in 2024.

Orkla's Taxonomy report for 2023

1. Introduction

Purpose

The EU Taxonomy Regulation is a classification system with criteria for determining whether an economic activity should be considered environmentally sustainable. The purpose of the EU Taxonomy is to scale up investments in environmentally sustainable activities and further contribute to achievement of the EU's climate and environmental goals for 2050 and the goals of the European Green Deal.

The reporting requirements applicable to large Norwegian companies under the EU Taxonomy Regulation have changed from 2022 to 2023, becoming mandatory rather than voluntary for environmental objectives 1 and 2 relating to climate change mitigation and climate change adaptation. Reporting remains voluntary for environmental objectives 3–6, which concern sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

1 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment.

2 Communication from the European Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 11 December 2019 on the European Green Deal.

3 Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of the information to be disclosed.

Scope

Orkla ASA is subject to the EU Taxonomy Regulation. The reporting obligation applies to all listed companies that have more than 500 employees and are classified as large enterprises under the EU Accounting Directive.

In July 2021, a delegated EU regulation (the Disclosures Delegated Act) came into force. It contains the first mandatory reporting requirements for Norwegian non-financial companies with financial years ending on or after 31 December 2023. In this report, Orkla ASA, whose financial year runs from 1 January to 31 December, provides Taxonomy information for the reporting period 1 January 2023 to 31 December 2023.

Orkla ASA changed its operating model in March 2023, becoming the parent company in an industrial investment group comprising twelve independent portfolio companies: Jotun (42.6% ownership interest), Orkla Foods Europe, Orkla Food Ingredients, Orkla Confectionery & Snacks, Orkla Health, Orkla Home and Personal Care, Orkla India, The European Pizza Company, Orkla House Care, Health and Sports Nutrition Group, Pierre Robert Group and Lilleborg. Orkla ASA's Taxonomy report covers the activities of eleven of the portfolio companies, as Jotun is not included in Orkla's reporting.

The disclosures in this report cover all six environmental objectives in the EU Taxonomy, as Orkla has decided to also report on environmental objectives 3–6 on a voluntary basis for the 2023 financial year. However, the figures for Taxonomy-aligned activities in this report only cover the first two objectives, climate change mitigation and climate change adaptation, in line with current requirements.

2. Orkla's Taxonomy-eligible and aligned activities

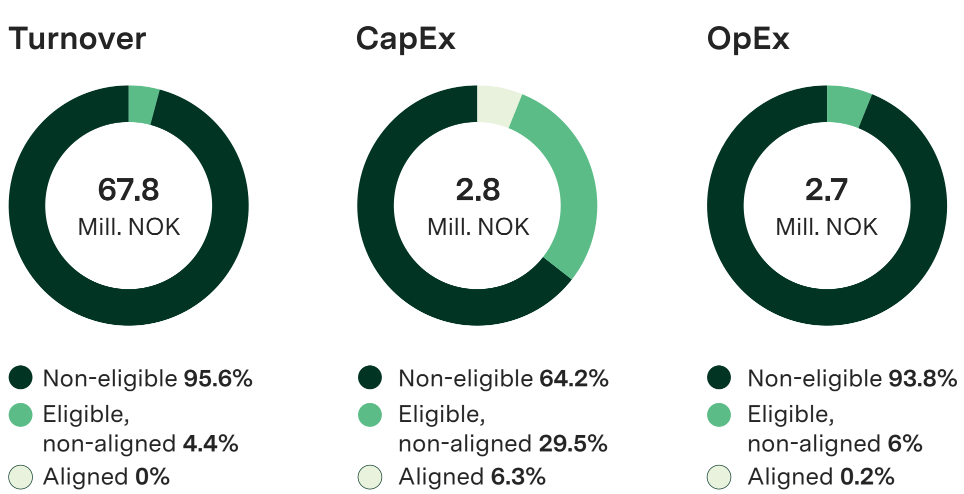
Orkla has assessed which of its activities fall within the scope of the Taxonomy and thereby eligible. The assessment is based on applicable laws and regulations, as well as available guidance and information. Changes in factual circumstances and framework conditions, particularly amendments to laws and regulations, future legislation, guidance and information, may lead to a different assessment of Orkla's economic activities under the Taxonomy Regulation in the future.

Orkla's economic activities consist mainly of the industrial production of food and other consumer goods. As activities within these sectors are still not included in any of the Taxonomy's environmental objectives, Orkla's eligible activities in 2023 mainly relate to energy production from hydropower, real estate operations and – to some extent – the installation of individual energy efficiency measures and renewable energy solutions by its companies.

In the following section, we present the proportion of Orkla ASA's net turnover, capital expenditure (CapEx) and operating expenses (OpEx) attributable to Taxonomy-eligible and Taxonomy-aligned economic activities covered by the six environmental objectives in the EU Taxonomy in the financial year 2023.

The figure below shows the overview of Orkla's economic activities subject to the Taxonomy. The share of Taxonomy-eligible and Taxonomy-aligned economic activities remains low, because industrial production of food and other consumer goods are not yet covered by the taxonomy. Orkla will continue its work to understand the EU Taxonomy regulation and improve reporting.

Figure 1: Distribution of economic activities



Description of Taxonomy activities

Orkla has identified the following economic activities as being covered by the Taxonomy, across the six environmental objectives. Five of these, highlighted in bold, are considered to be both Taxonomy-eligible and Taxonomy-aligned.

Climate change mitigation:
4.5 Electricity generation from hydropower
4.25 Production of heat/cool using waste heat
5.3 Construction, extension and operation of waste water collection and treatment
5.5 **Collection and transport of non-hazardous waste in source segregated fractions**
6.5 Transport by motorbikes, passenger cars and light commercial vehicles
7.1 Construction of new buildings
7.2 Renovation of existing buildings
7.3 **Installation, maintenance and repair of energy efficiency equipment**
7.4 **Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings**
7.5 **Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings**
7.6 **Installation, maintenance and repair of renewable energy technologies**
7.7 Acquisition and ownership of buildings

Transition to a circular economy:
5.1 Repair, refurbishment and remanufacturing
5.3 Preparation for reuse of end-of-life products and product components
5.5 Product-as-a-service and other circular use- and result-oriented service models
7.1 Construction of new buildings
7.2 Renovation of existing buildings

Pollution prevention and control:
1.1 Manufacturing of active pharmaceutical ingredients (API) or active substances

Orkla has conducted a climate risk and vulnerability assessment across all its group activities, concluding that climate change poses an immaterial risk to the activities covered by this report. As a result, no adaptation solutions have been deemed necessary, and we therefore only assess alignment against Climate Change Mitigation. The following section aims to describe each eligible activity and the alignment assessment.

Environmental objective 1 – Climate change mitigation

4.5 Electricity generation from hydropower

Orkla Energi owns and operates eleven hydropower plants in Norway. These plants generate and supply electricity to the Nordic power market and produce an average annual volume (2014–2023) of 2.4 TWh, of which 1 TWh is a fixed delivery commitment with a zero net effect on profit.

Substantial contribution to climate change mitigation: Several of Orkla's plants are run-of-the-river, and therefore compliant with the alignment criteria.

Do no significant harm (DNSH): Most of Orkla’s plants were built before implementation of current licence (concession) schemes and are thus licence-free. Consequently, the power plants do not fulfil the Taxonomy’s DNSH criteria with respect to environmental objectives 3 and 6.

This activity is therefore considered to be non-Taxonomy-aligned.

4.25 Production of heat/cool using waste heat
In 2023, several major projects related to the reuse of waste heat were carried out by Orkla Foods Europe and Orkla Confectionery & Snacks. One of the most important projects was the construction of new ventilation systems for the reuse of heat from production at Orkla Foods Norway’s factory in Arna.

Substantial contribution to climate change mitigation: This activity in itself fulfils the criteria.

Do no significant harm (DNSH):
- Transition to a circular economy: Through contracts with our suppliers, we aim to ensure that purchased equipment has a high durability and is suitable for recycling.
- Pollution prevention and control: Suppliers of equipment must comply with strict local rules and regulations. In addition, Orkla requires deliveries to be in line with the best available technology.
- Protection and restoration of biodiversity and ecosystems: Orkla has conducted an initial impact assessment of the impact of its operations on biodiversity, and has identified potential risks. However, the assessment is currently not at the level required by the EU Taxonomy.

This activity is therefore considered to be non-Taxonomy-aligned.

5.3 Construction, extension and operation of waste water collection and treatment
Most of the Orkla companies produce food and consumer goods. Therefore, water consumption and water discharge are relevant to their operations. In 2023, several factories upgraded their waste water treatment plants to reduce and control the environmental impact.

Substantial contribution to climate change mitigation:
Screening for alignment was paused due to complexity of Orkla operations and time limitations. The activity is therefore not included in the reporting of Taxonomy-aligned activities.

5.5 Collection and transport of non-hazardous waste in source segregated fractions
Waste collection and sorting are carried out at all Orkla plants, and improvement work is ongoing. Only significant projects are included in the reporting for 2023.

Do no significant harm (DNSH):
- Transition to a circular economy: Responsible waste management is ensured through Orkla’s agreements with waste management companies. We have therefore concluded that this activity fulfils the DNSH criteria in the Taxonomy.

This activity is therefore considered to be Taxonomy-aligned.

6.5 Transport by motorbikes, passenger cars and light commercial vehicles
Orkla companies purchased and leased company cars and vehicles in 2023, which have been used by employees for commuting, transporting goods and business travel.

Substantial contribution to climate change mitigation:
A number of vehicles have been reported to be low and/or zero emission vehicles, and thus contribute to climate change mitigation.

However, further assessments have been postponed due to the complexity of the DNSH criteria.

The activity is therefore not included in the reporting of Taxonomy-aligned activities.

7.1 Construction of new buildings
Orkla had several projects related to the construction of new buildings in 2023. The largest project was the construction of a new factory for the Orkla Confectionery & Snacks subsidiary Orkla Biscuit Production in Latvia.

Substantial contribution to climate change mitigation:
Despite the adoption of a focus on energy-efficient solutions in all new buildings, it is uncertain whether these fulfil the definition of zero-emission buildings. However, further assessments been postponed due to the complexity of the criteria.

The activity is therefore not included in the reporting of Taxonomy-aligned activities.

7.2 Renovation of existing buildings
Orkla's portfolio companies have carried out numerous renovations of factories and plants, including the replacement of floors and roofs and the upgrading of warehouses.

Substantial contribution to climate change mitigation: None of the renovations were compliant with major renovation criteria, therefore screening for DNSH criteria was not performed and activity been reported as not aligned.

The activity is therefore not included in the reporting of Taxonomy-aligned activities.

7.7 Acquisition and ownership of buildings
Orkla has acquired and exercised ownership of several buildings in 2023. One of the largest costs was associated with renting a new energy-efficient warehouse by HSNG.

Substantial contribution to Climate Change mitigation:
Although the rented buildings were considered highly energy efficient, they did not fully comply with the strict criteria. No further assessments of the DNSH requirement have therefore been made.

The activity is therefore not included in reporting on taxonomy-aligned activities.

7.3 Installation, maintenance and repair of energy efficiency equipment
Orkla Portfolio companies continuously working with improvement of energy efficiency on sites, in 2023 significant amount of actions been taken, however this year we are reporting just measures related to improvement of energy efficiency of building, since it is within the scope of this activity as of today.

Substantial contribution to climate change mitigation:
The measures include the installation of energy-efficient doors, windows, light sources and ventilation systems, as well as low-water consumption systems. The components used are compliant with EU Directive 2010/31/EU (Energy Performance of Buildings Directive), and are classified as highly energy-efficient according to EU Regulation (EU) 2017/1369 on energy labelling. On this basis, we consider that this activity fulfils the climate change mitigation criteria.

Do no significant harm (DNSH):
- Pollution prevention and control: The materials in installed equipment and systems fulfil the criteria in Appendix C of the EU Taxonomy and do not contain hazardous substances. According to contracts signed by all Orkla suppliers, approval and monitoring processes must be carried out to ensure compliance with the regulations specified in the DNSH criteria. We therefore consider that our activities fulfil the DNSH criteria.

The activity is therefore included in the reporting of Taxonomy-aligned activities.

7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings
Substantial contribution to climate change mitigation: Orkla's portfolio companies installed several charging stations for electric cars in 2023 at their locations, thereby fulfilling the criteria for climate change mitigation.

Do no significant harm (DNSH): Currently, there is only one DNSH criterion related to the environmental objective of climate change adaptation for this activity. As described below, Orkla's assessment is that all its activities satisfy this generic criterion.

The activity is therefore included in the reporting of Taxonomy-aligned activities.

7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling the energy performance of buildings
A significant proportion of Orkla companies installed, maintained or repaired equipment related to the energy performance of buildings in 2023.

Substantial contribution to climate change mitigation:
The measures include the implementation of energy management systems, lighting control systems and façade elements incorporating solar shading. Based on this, we consider that this activity meets the substantial contribution criteria for climate mitigation.

Do no significant harm (DNSH): Currently, there is only one DNSH criterion related to the environmental objective of climate change adaptation for this activity. As described below, Orkla's assessment is that all its activities fulfil this generic criterion. We therefore consider that our activities fulfil the DNSH criteria.

The activity is therefore included in the reporting of Taxonomy-aligned activities.

7.6 Installation, maintenance and repair of renewable energy technologies
In 2023, the Orkla companies carried out a number of projects related to the installation, maintenance and repair of renewable energy solutions, systems and technology. For example, Orkla Food Ingredients, Orkla Confectionery & Snacks and Orkla Foods Europe carried out a substantial number of energy recovery

projects. At a number of sites in Orkla companies, solar panels have been installed.

Substantial contribution to climate change mitigation: The projects related to this activity include the installation of photovoltaic and heat exchanger systems. The activity is therefore assessed as contributing substantially to climate change mitigation.

Do no significant harm (DNSH): Currently, there is only one DNSH criterion related to the environmental objective of climate change adaptation for this activity. As described below, Orkla's assessment is that all its activities fulfil this generic criterion. We have therefore concluded that this activity is Taxonomy-aligned.

The activity is therefore included in the reporting of Taxonomy-aligned activities.

Do no significant harm (DNSH) – climate change adaptation:
We have also assessed our activities in accordance with Appendix A of the EU Taxonomy. Since the DNSH criteria for the environmental objective of climate change adaptation are generic for all activities, we have assessed whether the activities fulfil this criterion.

In 2021, Orkla conducted a climate risk and vulnerability assessment in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The assessment was updated in 2023, and is described in Orkla's Annual Report (ref). Orkla identified temperature- and water-related climate risk as relevant to its operations. Risks were assessed for three different global warming impact scenarios in accordance with IPCC5 and NGFS6. The conclusion of the vulnerability assessment is that the economic impact is low in relation to the risks outlined in Appendix A of the EU Taxonomy (Generic criteria for application of the principle of doing no significant harm (DNSH criteria) to climate change adaptation), such as heat stress, water stress, sea level rise and drought. Hence, for the 2023 assessment Orkla has not found it necessary to map relevant adaptation measures.

Environmental objectives 3–6
Although reporting on environmental objectives 3–6 remains voluntary, Orkla has chosen to report on Taxonomy-eligible activities for the 2023 financial year. No criteria have yet been established for assessing whether activities are Taxonomy-aligned. The assessments will therefore only focus on whether Orkla's activities are Taxonomy-eligible.

The Orkla companies' operations mainly consist of the production of food and other consumer goods, which are not currently covered by the Taxonomy regulatory framework. In 2023, we conducted assessments to identify qualified projects.

Transition to a circular economy
5.1 Repair, refurbishment and remanufacturing
Lilleborg offers maintenance agreements for its cleaning machines, which is defined as a Taxonomy-eligible activity.

5.3 Preparation for reuse of end-of-life products and product components
Assessments have been conducted and several qualified projects have been identified, but due to unclear definitions, we have chosen to report on only one of these. In 2023, Lilleborg began recycling containers and drums for reuse in production, which is defined as a Taxonomy-eligible activity.

5.5 Product-as-a-service and other circular utilisation and result-oriented service models
Several Orkla companies have been working on circular business solutions for several years. For 2023, we have chosen to include two of them in this report: The På(fyll) (Refill) project run by Orkla Home and Personal Care and Lilleborg's project related to servicing of leased washing machines.

In addition to the above activities, Orkla has identified Taxonomy-eligible activities related to activities 3.1 Construction of new buildings and 3.2 Renovation of existing buildings. However, to avoid double counting of the associated KPIs, these activities are described and included under environmental objective 1, climate change mitigation.

Pollution prevention and control
1. Manufacture of active pharmaceutical ingredients (API) or active substances
Orkla Health manufactures vitamins and other dietary supplements considered to be active pharmaceutical ingredients. This is defined as a Taxonomy-eligible activity.

Minimum social safeguards
The Taxonomy Regulation describes minimum safeguards in line with the principles defined in the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the ILO's eight fundamental conventions and the International Bill of Human Rights.

Human rights (including labour rights and consumer interests, as well as issues related to science, technology and innovation)

Orkla requires all its portfolio companies and other directly owned companies to have sustainability due diligence procedures that fulfil statutory requirements and the principles of the OECD Guidelines for Multinational Enterprises. The procedures must include guidelines on conducting risk assessments, improvement activities, complaint procedures, monitoring of progress and external communication of progress. The companies must update their due diligence assessments and improvement plans annually, and report progress to the Orkla Board of Directors. Orkla's Human and Labour Rights Policy is based on the UN Guiding Principles on Business and Human Rights and the requirements relating to due diligence assessments specified in the Transparency Act. The policy covers all internationally recognised human rights and describes the main principles for how companies should deal with the human and labour rights that are most relevant to their day-to-day operations.

Orkla's companies are not involved in the production or sale of controversial weapons, and this is included as one of the factors to be considered as part of the companies' due diligence assessments.

The Orkla Centre of Excellence for Sustainability provides guidance to the portfolio companies in their human rights due diligence work, and Orkla Procurement supports the companies in their operational work to identify and monitor human rights-related risks in their supply chains. More information on Orkla's approach and progress in this area is provided in the sustainability section of the Annual Report.

Corruption
Orkla has zero tolerance for corruption, and clearly communicates its stance on this issue in its ethical guidelines (the Orkla Code of Conduct), and ethical supplier requirements (the Orkla Supplier Code of Conduct). Orkla Group Internal Audit is responsible for Orkla's internal whistleblowing service, which is tasked with ensuring compliance with the Code of Conduct. In addition, Orkla regularly renews and strengthens its anti-corruption programme. Among other things, we have established a compliance network comprising a compliance coordinator in each company who supports the introduction and implementation of the programme. An ongoing e-learning programme focused on anti-corruption and competition law has also been established. Further, Orkla has conducted risk-based dilemma training for companies in regions exposed to corruption risk, and for employees in corruption-prone positions. Through Orkla's Supplier Code of Conduct, the companies require their suppliers to practise zero tolerance for corruption. Suppliers are also subject to risk-based monitoring. These measures demonstrate Orkla's compliance with the anti-corruption requirements described in the minimum safeguards of the EU Taxonomy.

Tax
Through their presence in many countries, Orkla's companies contribute to local communities by paying a variety of direct and indirect taxes, including corporation tax. Orkla's corporate tax strategy sets out important tax principles to which all Orkla-owned companies must adhere. These principles are based on the desire to practise transparency, compliance with regulatory frameworks and effective risk management. Orkla companies must pay tax in accordance with the laws and regulations of the countries in which they operate. Overall, Orkla complies with the tax requirements of the minimum safeguards of the EU Taxonomy.

Fair competition
All employees of Orkla companies must accept Orkla's Code of Conduct as part of their employment contract. The Code of Conduct includes requirements related to competition law and Orkla's fair competition principles. Targeted training and awareness-raising activities relating to competition law are carried out regularly for employees in senior management positions and other positions considered to be exposed to risks related to competition regulations. Orkla's requirements and internal compliance procedures fulfil the fair competition requirements of the minimum safeguards of the EU Taxonomy.

3. KPIs and accounting principles

Turnover

The turnover KPI is calculated as the proportion of net turnover derived from Taxonomy-eligible and Taxonomy-aligned activities, divided by total net turnover.

The denominator in the turnover KPI is based on Orkla's consolidated net turnover in accordance with paragraph 82(a) of IAS 1. For further details of our accounting policies relating to consolidated net turnover, see page 97 of the 2023 Annual Report. Our consolidated net turnover can be reconciled with the consolidated financial statements; see the income statement on page 73 of the 2023 Annual Report.

Capital expenditure

The CapEx KPI is calculated as the proportion of capital expenditure that is related to assets or developments associated with Taxonomy-eligible or Taxonomy-aligned activities, divided by total capital expenditure.

Total CapEx is defined in accordance with IFRS standards IAS 16, IAS 36 and IFRS 16, and can be found as "additions" in Note 19 (Intangible assets), Note 20 (Property, plant and equipment) and Note 21 (Leases) to the consolidated financial statements. Disposals/investments linked to assets are reported here and are included in capital expenditure. Acquired companies are reported on a different line in the cash flow statement.

Further information on capital expenditure and investments may be found in the section on Alternative Performance Measures (APM) on page 183 of the Annual Report.

The part of Orkla's capital expenditure included in this KPI comprises capital expenditure on assets related to Taxonomy-eligible or Taxonomy-aligned activities and capital expenditure on production linked to such activities. As a result of time constraints, CapEx plan has so far been excluded from Taxonomy reporting.

Operating expenses

The OpEx KPI is defined as operating expenses related to Taxonomy-eligible or Taxonomy-aligned assets or processes, divided by direct, off-balance sheet expenses related to research and development and any other direct costs related to the day-to-day maintenance of fixed assets. Other indirect operating expenses such as selling expenses and general administrative expenses are not covered by the OpEx KPI in the Taxonomy.

The Taxonomy requires that operating expenses include maintenance, repair and research and development. Any variable product costs (raw materials, inventory change, etc.) as well as any selling, general and administrative (SG&A) costs should be excluded along with any depreciation, amortisation and impairments. If costs are split to define direct expenses related to adjusted assets and other assets, a best estimate approach should be applied.

In the Taxonomy report for 2023, Orkla's operating expenses are based on the current possibilities for extracting data from financial statements and are therefore not entirely consistent with the Taxonomy definition. Orkla will continue its work during 2024 to adequately extract the OpEx from its financial statement applicable to the taxonomy.

Other operating expenses are recognised as and when they are incurred, and are types of expenses that are not classified on the lines for material costs, payroll expenses or depreciation and write-downs. The other operating expenses are linked to Note 13 (Other operating expenses) to the financial statements.

The part of Orkla's operating expenses included in this KPI comprises operating expenses related to assets associated with Taxonomy-eligible or Taxonomy-aligned activities, as well as operating expenses related to individual measures that result in low-carbon measures or specific building improvement measures. Due to time constraints for assessing operating expenses related to CapEx plans, these are not included in the KPI.

Table 1: Economic activities

Code*	Economic activities	Turnover Absolute (TNOK)	%	CapEx Absolute (TNOK)	%	OpEx Absolute (TNOK)	%
	Environmentally sustainable actvitities (Taxonomy-aligned)						
CCM	5.5 Collection and transport of non-hazardous waste in source segregated fractions	0	0	1,349	0.05	0	0
CCM	7.3 Installation, maintenance and repair of energy efficiency equipment	0	0	110,690	3.9	1,923	0.1
CCM	7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	0	0	1,963	0.1	295	0
CCM	7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	0	0	2,301	0.1	0	0
CCM	7.6 Installation, maintenance and repair of enewable energy technology	0	0	61,183	2.2	2,119	0.1
	Total taxonomy-aligned activities	**0**	**0**	**177,487**	**6.3**	**4,337**	**0.2**
	Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)						
CCM	4.5 Electricity generation from hydropower	1,426,298	2.1	140,314	5.0	117,059	4.3
CCM	4.25 Production of heat/cool using waste heat	0	0	5,041	0.2	0	0
CCM	5.3 Construction, extension and operation of waste water collection and treatment	0	0	35,740	1.3	4,028	0.1
CCM	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	0	0	7,606	0.3	16,532	0.6
CCM	7.1 Construction of new buildings	0	0	528,404	18.8	0	0
CCM	7.2 Renovation of existing buildings	0	0	12,689	0.5	1,524	0.1
CCM	7.7 Acquisition and exercising ownership of buildings	0	0	97,756	3.5	1,349	0.05
PPC	1.1 Manufacture of active pharmaceutical ingredients (API) or drug substances	1,568,354	2.3	0	0	0	0
CE	5.1 Repair, refurbishment and remanufacturing	0	0	0	0	7,500	0.3
CE	5.3 Preparation for re-use of end-of-life products and product components	0	0	0	0	480	0
CE	5.5 Product-as-a-service and other circular-use and result-oriented service models	0	0	2,000	0.1	15,000	0.6
	Total taxonomy-eligible activities	**2,994,652**	**4.4**	**829,551**	**29.5**	**163,471**	**6.0**
	Total taxonomy non-eligible activities	**64,802,348**	**95.6**	**1,804,963**	**64.2**	**2,555,185**	**93.8**
	Total taxonomy-eligible and non-eligible activities	**67,797,000**	**100.0**	**2,812,000**	**100.0**	**2,722,993**	**100.0**

* The six environmental objectives are: Climate Change Mitigation (CCM), Climate Change Adaptation (CCA), Water and Marine Resources (WTR), Pollution Prevention and Control (PPC), Circular Economy (CE) and Biodiversity and ecosystems (BIO)

4. Appendix: KPI tables

The key performance indicators (KPIs) include the revenue KPI, CapEx KPI and OpEx KPI. In presenting the KPIs in the Taxonomy, we have used the templates in Annex II to Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 by specifying the content and presentation of the information to be disclosed.

Table 1: Proportion of capital expenditure accounted for by products or services associated with Taxonomy-aligned economic activities – information for 2023

Financial Year N	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')								
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Category enabling activity (19)	Category transitional activity (20)
		TNOK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Collection and transport of non-hazaradous waste in source segregated fractions	CCM 5.5	1,349	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		
Installation, maintenance or repair of energy efficiency equipment	CCM 7.3	110,690	3.9	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	CCM 7.4	1,963	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	E	
Installation, maintenance or repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	2,301	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	61,183	2.2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**177,487**	**6.3**	**6.3**	**0**	**0**	**0**	**0**	**0**									
Of which Enabling		176,138	6.3	6.3	0	0	0	0	0									
Of which Transitional		0	0	%														
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL									
Electricity generation from hydropower	CCM 4.5	140,314	5.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Construction or operation of facilities that produce heat/cool using waste heat	CCM 4.25	5,041	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Construction, extension and operation of waste water collection and treatment	CCM 5.3	35,740	1.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	7,606	0.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Construction of new buildings	CCM 7.1 / CE 3.1	528,404	18.8	EL	N/EL	N/EL	N/EL	EL	N/EL									
Renovation of buildings	CCM 7.2 / CE 3.2	12,689	0.5	EL	N/EL	N/EL	N/EL	EL	N/EL									
Acquisition and exercising ownership of buildings	CCM 7.7	97,756	3.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	2,000	0.1	N/EL	N/EL	N/EL	N/EL	EL	N/EL									
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**829,551**	**29.5**	29.4	0	0	0	0.1	0									
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**1,007,037**	**35.8**	35.7	0	0	0	0.1	0									
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CapEx of Taxonomy-non-eligible activities		**1,804,963**	**64.2**															
Total		**2,812,000**	**100**															

Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
EL - Taxonomy eligible activity for the relevant objective.
N/EL - Taxonomy non-eligible activity for the relevant objective

CCM 7.1 / CE 3.1 Construction of new buildings	Proportion of CapEx/Total CapEx	
	Aligned per objective	Eligible per objective
CCM	0%	18.8%
CCA	0%	0%
WTR	0%	0%
CE	0%	18.8%
PPC	0%	0%
BIO	0%	0%

CCM 7.2 / CE 3.2 Renovation of existing buildings	Proportion of CapEx/Total CapEx	
	Aligned per objective	Eligible per objective
CCM	0%	0.5%
CCA	0%	0%
WTR	0%	0%
CE	0%	0.5%
PPC	0%	0%
BIO	0%	0%

Table 2: Proportion of turnover accounted for by products or services associated with Taxonomy-aligned economic activities – information for 2023

Financial year N	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')								
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Category enabling activity (19)	Category transitional activity (20)
		TNOK	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**									
Of which Enabling		0	0	0	0	0	0	0	0									
Of which Transitional		0	0	0														
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL									
Electricity generation from hydropower	CCM 4.5	1,426,298	2.1	OM	I/OM	I/OM	I/OM	I/OM	I/OM									
Manufacture of active pharmaceutical ingredients (API) or drug substances	PPC 1.1	1,568,354	2.3	I/OM	I/OM	I/OM	OM	I/OM	I/OM									
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,994,652**	**4.4**	2.1	0	0	2.3	0	0									
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**2,994,652**	**4.4**	2.1	0	0	2.3	0	0									
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy-non-eligible activities		**64,802,348**	**95.6**															
TOTAL		**67,797,000**	**100**															

Y - Yes. Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N - No. Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
EL - Taxonomy eligible activity for the relevant objective.
N/EL - Taxonomy non-eligible activity for the relevant objective

Table 3: Proportion of operating expenses accounted for by products or services associated with Taxonomy-aligned economic activities - information for 2023

Financial year N	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')								
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Category enabling activity (19)	Category transitional activity (20)
		TNOK	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Installation, maintenance or repair of energy efficiency equipment	CCM 7.3	1,923	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	CCM 7.4	295	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2,119	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**4,337**	**0.2**	**0.2**	**0**	**0**	**0**	**0**	**0**									
Of which Enabling		4,337	0.2	0	0	0	0	0	0									
Of which Transitional		0	0	0														
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				Y; N; N/EL	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*									
Electricity generation from hydropower	CCM 4.5	117,059	4.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Construction, extension and operation of waste water collection and treatment	CCM 5.3	4,028	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	16,532	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Renovation of existing buildings	**CCM 7.2** / CE 3.2	1,524	0.1	EL	N/EL	N/EL	N/EL	OM	N/EL									
Acquisition and exercising ownership of buildings	CCM 7.7	1,349	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Repair, refurbishment and remanufacturing	CE 5.1	7,500	0.3	N/EL	N/EL	N/EL	N/EL	EL	N/EL									
Preparation for re-use of end-of-life products and product components	CE 5.3	480	0	N/EL	N/EL	N/EL	N/EL	EL	N/EL									
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	15,000	0.6	N/EL	N/EL	N/EL	N/EL	EL	N/EL									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**163,471**	**6.0**	5.2	%	%	%	0.8	%									
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**167,808**	**6.2**	5.3	%	%	%	0.8	%									
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OpEx of Taxonomy-non-eligible activities		**2,555,185**	**93.8**															
TOTAL		**2,722,993**	**100**															

Y - Yes. Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N - No. Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
EL - Taxonomy eligible activity for the relevant objective.
N/EL - Taxonomy non-eligible activity for the relevant objective

CCM 7.2 / CE 3.2 Renovation of existing buildings	Proportion of OpEx/Total OpEx	
	Aligned per objective	Eligible per objective
CCM	0%	0.1%
CCA	0%	0%
WTR	0%	0%
CE	0%	0.1%
PPC	0%	0%
BIO	0%	0%

Table 4: Nuclear energy related activities

Nuclear energy related activities	Y/N
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	N
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	N
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	N
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	N
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	N
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	N

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

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www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT ACCOUNTANT'S ASSURANCE REPORT

To the board of directors in Orkla ASA

Scope

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 defined and specified in the Orkla ASA's GRI Index (publicly available on https://www.orkla.com/reporting-and-results/) (the "Subject Matter") as for the year then ended.

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 the Sustainability report, 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 (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.

Orkla ASA's responsibilities

The Board of Directors and Group Chief Executive Officer (management) are responsible for 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 conclusion.

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INDEPENDENT ACCOUNTANT'S ASSURANCE REPORT

To the board of directors in Orkla ASA

Scope

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 defined and specified in the Orkla ASA's GRI Index (publicly available on https://www.orkla.com/reporting-and-results/) (the "Subject Matter") as for the year then ended.

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 the Sustainability report, 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 (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.

Orkla ASA's responsibilities

The Board of Directors and Group Chief Executive Officer (management) are responsible for 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 conclusion.

Our Independence and Quality Control

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.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or 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 if a reasonable assurance engagement had 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:

- Interviews with key personnel to understand the business and the climate and environmental reporting process
- Interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- Test on a sample basis the calculation Criteria against the methodologies outlines in the Criteria
- Analytical review procedures of the data and inquiries to those in charge on any material misstatements identified in the climate and environmental indicators
- Review of assumptions used in calculation of the climate and environmental indicators
- Comparison, on a sample basis, of data with the underlying source information
- Comparison of the presentation of the Subject Matter with the presentation requirements outlined in the Criteria
- Assessed the overall presentation of sustainability reporting against the criteria in the GRI
  - EY has provided limited assurance on the following GRI-indicators: 302-1, 302-3, 303-1, 303-2, 303-3, 303-4, 305-1, 305-2, 305-3, 305-4, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4 and 306-5.
  - EY does not provide assurance on GRI 3 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.

7. Group Directory

Group Directory

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Portfolio companies

Orkla Foods Europe

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- Orkla Foods Norge AS, Nora div., Rygge
- Orkla Foods Norge AS, Elverum div.
- Orkla Foods Norge AS, Arna div.
- Orkla Foods Norge AS, Råbekken div.
- Orkla Foods Norge AS, Sem div.
- Orkla Foods Norge AS, Sløgstad div., Stranda
- Orkla Foods Norge AS, Svemorka div., Stranda
- Orkla Foods Norge AS, Sunda div., Oslo
- Orkla Foods Norge AS, Stabburet div., Vigrestad
- Orkla Foods Norge AS, Voss div.

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- 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 Struer A/S, Struer, Denmark

Orkla Foods Danmark A/S
Delta Park 45, 4. sal, DK-2665 Vallensbæk Strand, Denmark
Tel.: +45 43 58 93 00 / www.orkla.dk
- Orkla Foods Danmark A/S, Ansager, Denmark
- Orkla Foods Danmark A/S, Skælskør, Denmark
- Easyfood A/S, Kolding, Denmark

Orkla Suomi
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- 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., Panenské Břežany, Czech Republic
- Orkla Foods Česko a Slovensko a.s., Praha, 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
- DOMA Prešov s.r.o., Prešov, Slovakia
- Khell Food Kft., Budaörs, Hungary

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- BAPA s.r.o., Letohrad, Czech Republic
- BAPA s.r.o., Hněvotín, Czech Republic
- BAPA s.r.o., Staré Město, Czech Republic
- BAPA s.r.o., Dolní Dobrouč, Czech Republic
- FRUTA Podivin, a.s., Podivin, Czech Republic
- Slovacka Fruta, a.s., Kunovice, Czech Republic
- PIKA, a.s., Bzenec, Czech Republic
- Orkla Foods Fresh Slovensko s.r.o., Prešov, Slovakia
- Orkla Foods Fresh Slovensko s.r.o., Pezinok, Slovakia
- HAME HUNGARIA Kft., Komárom, Hungary
- HAME HUNGARIA Kft., Budapest, Hungary

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- Laima factory, Laimas street 6, Birznieki, LV-2164, Latvia

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- Idun Industri AS, Hvam and Rakkestad, Norway
- Bako AS, Hvam, Norway
- My Bakery, Hvam, Norway
- Arne B. Corneliussen AS, Oslo, Norway
- Norstamp AS, Stokke, Norway

OV GROUP
- Orchard Valley Foods Sweden AB, Malmö, Sweden
- Orchard Valley Foods UK, Tenbury Wells, Leominster, St. Ives, Harrogate, England
- Orchard Valley Foods GmbH, Mainz, Germany
- Hans Kaspar AG, Zufikon, Switzerland
- Cake Décor Ltd, Glasgow, Scotland
- For All Baking Ltd, Glasgow, Scotland

NIC GROUP
- Nic Sverige, Dala-Järna, Sweden
- Nic Danmark, Århus, Denmark
- Nic UK, Omagh, Glasgow, Cornwall and Barking, U.K.
- Eisunion, Nürnberg, Bremen, Gießen, Altlußheim, Hannover, Chemnitz and Taufkirchen, Germany
- Nic Nederland B.V., Waddinxveen, The Netherlands
- Win Equipment, Bunschoten, The Netherlands
- Laan Heiloo B.V., Heiloo, The Netherlands
- Vaffelbagaren, Kristianstad, Sweden

- Hadecoup, Herk-de-Stad, Belgium
- Nic Finland, Turku, Finland

Denali Ingredients
- Denali Ingredients LLC, New Berlin, USA

Odense Group
- Frödinge, Vimmerby, Sweden
- Odense Marcipan A/S, Odense, Hobro, Hedehusene, Denmark

Credin & CBP group
- Credin A/S, Juelsminde, Denmark
- Credin Sverige AB, Stenkullen, Sweden
- Credin Polska, Sobotka, Poland
- Credin Portugal, Freixeira, Portugal
- Credin Productos Alimenticios, Barcelona, Spain
- CBP A/S, Vejle, Denmark

Dragsbæk Group
- Dragsbæk A/S, Thisted, Denmark
- Kjarnavörur hf, Reykjavik, Iceland
- Innbak hf, Reykjavik, Iceland
- UAB Vilniaus Margarino Gamykla (VMG), Vilnius, Lithuania
- KT Food, Randers, Denmark
- Gæðabakstur, Reykjavik, Iceland
- Blume Food I/S, Randers, Denmark
- NATURLI' Foods, Vejen, Denmark
- PureOil I/S, Thisted, Denmark
- Grønvang Food ApS, Vejen, Denmark
- Isbud, Reykjavik, Iceland
- Scandinavian Retail Food A/S, Randers, Denmark
- Nonni Litli ehf, Reykjavik, Iceland
- Ismejeriet Thy, Thisted, Denmark
- Ejendomsselskabet M&P Nielsen I/S, Thisted, Denmark
- Grønvang Estate I/S, Thisted, Denmark

KÅKÅ Group
- KåKå AB, Lomma, Örebro, Sollentuna and Göteborg, Sweden
- Jästbolaget AB, Sollentuna, Sweden
- Werners Gourmetservice, Skara, Sweden
- Tredo AB, Södertälje, Sweden

OFI NEE
- Condite Oy, Naantali, Finland
- Minordija, Kaunas, Lithuania
- LaNordija, Spilve, Latvia
- Vilmix, Viljandi, Estonia
- PGD, Warszawa, Szczecin, Gdańsk, Łomża, Kolbuszowa, Kielce, Skalmierzyce and Wrocław, Poland
- Ambasador, Piaseczno, Gdańsk, Bydgoszcz, Lublin and Orzysz, Poland

OFI CSE
- Ekvia, Nitra, Slovakia
- Belusa Foods, Beluša, Slovakia
- Orkla Food Ingredients Česko, Praha and Středokluky, Czech Republic
- Kanakis, Acharnai, Attica, Greece
- Orkla Foods Romania, Covasna, Iași and București, Romania

Sonneveld Group
- Sonneveld Group B.V., Papendrecht, The Netherlands
- Sonneveld Ltd., Thirsk, England
- Sonneveld NV/SA, Brussels, Belgium
- Sonneveld France SARL, Cergy, France
- Sonneveld Kft, Ócsa, Hungary
- Vamo BV, Duiven, The Netherlands
- Quattro Enzyme Solutions BV, Papendrecht, The Netherlands
- Broer Bakkerijgrondstoffen B.V., Waddinxveen, The Netherlands

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Orkla Wound Care AB
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Healthspan Ltd.
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PwC Legal, Level 26, Pwc Tower, 15 Customs Street West,
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100 Avebury Blvd, Milton Keynes MK9 1FH, U.K.

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- Trollhättan
- Strömstad
- Stockholm

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Orkla India

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- MTR Foods Pvt. Limited, Bangalore, India
- Rasoi Magic Foods Pvt. Limited, Pune, India

Eastern Condiments (a Division of MTR Foods Pvt Ltd.)
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Tel.: + 91 48 4300 1100 / www.eastern.in
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- Guntur plant, Pradesh, India
- Kothamangalam Unit, India
- Vannapuram, Tamarind Unit, Kerala, India
- Adimali unit I, Kerala, India
- Adimali unit II, Kerala, India
- Theni plant, Theni, India

Orkla House Care

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Orkla House Care Benelux B.V.
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Stoke Prior, Bromsgrove, B60 4AE, U.K.
Tel.: +44 1527 575441 / www.harrisbrushes.com

Harris Decorating Tools (Zhaoqing) Ltd.
West Off of G321 National-Highway Fangzhi-Road, Mugang Town, Zhaoqing City, Guangdong Province, PRC, China

The European Pizza Company

https://tepc.com/

The European Pizza Company B.V.
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New York Pizza
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Da Grasso Sp. z oo
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www.gymgrossisten.com
www.bodystore.com
www.fitnessmarket.com
www.bodyman.dk
- Trollhättan, Sweden
- Eskilstuna, Sweden

- Proteinfabrikken AS, Stokke, Norway / www.proteinfabrikken.no
- Proteinfabrikken AB, Sweden
- VM International AB, Sweden

Pierre Robert Group

Pierre Robert Group AS
Drammensveien 149A, 0277 Oslo, Norway
Tel.: +47 22 54 40 00 / www.pierrerobertgroup.no

Pierre Robert Oy
Äyritie 16, 01510 Vantaa, Finland

Orkla Trading AS
Drammensveien 149A, 0277 Oslo, Norway

Iddeveien 42 AS
Drammensveien 149A, 0277 Oslo, Norway

Lilleborg AS

Drammensveien 149, 0277 Oslo, Norway
Tel.: +47 815 36 000 / www.orkla.no / www.lillleborg.no
- Lilleborg AS, Technical Division, Furuset, Oslo, Norway

Financial Investments

Orkla Eiendom AS
Street address: Drammensveien 149, 0277 Oslo, Norway
Postal address: P.O. Box 423 Skøyen, 0213 Oslo, Norway
Tel.: +47 22 54 40 00 / www.orklaeiendom.no

Orkla Energi AS
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Postal address: P.O. Box 423 Skøyen, 0213 Oslo, Norway
Tel.: +47 22 54 40 00

Aktieselskapet Saudefaldene
Vangnes 19, 4200 Sauda, Norway
Tel.: +47 52 78 80 00

Sarpsfoss Limited
Borregaardsveien 24
P.O. Box 162, 1701 Sarpsborg, Norway
Tel.: +47 22 54 40 00
- Mossefossen ANS, Moss, Norway

Trælandsfos AS
Trælandsveien 129, 4480 Kvinesdal, Norway
c/o Orkla Energi AS, P.O. Box 423 Skøyen, 0213 Oslo, Norway
Tel.: +47 22 54 40 00

Business Service companies

Orkla Financial Services AS
Street address: Drammensveien 149, 0277 Oslo, Norway
Postal address: P.O. Box 423 Skøyen, 0213 Oslo, Norway
Tel.: +47 22 54 40 00
- Orkla Financial Services AS, Malmø div., Sweden
- Orkla Accounting Center Estonia OÜ, Tallinn, Estonia

Orkla IT AS
Street address: Drammensveien 149, 0277 Oslo, Norway
Postal address: P.O. Box 383 Skøyen, 0213 Oslo, Norway
Tel.: +47 22 09 62 00

Orkla Procurement AS
Street address: Drammensveien 149, 0277 Oslo, Norway
Postal address: P.O. Box 423 Skøyen, 0213 Oslo, Norway
Tel.: +47 22 54 40 00
- Malmö, Sweden
- Stockholm, Sweden
- Vejle, Denmark
- Praha, Czech Republic
- Tallinn, Estonia
- Göteborg, Sweden
- København, Denmark
- Shanghai, China

Other businesses

Orkla Insurance Company DAC
Elm Park, Merrion Road, Dublin 4, Ireland
Tel.: +353 1 661 6211

Orkla Investeringer AS
P.O. Box 423 Skøyen, 0213 Oslo, Norway
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Design: ANTI
Photo: Bjørn Wad