Corporate Governance

Orkla

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 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 2-9 of the Norwegian Accounting Act (published on www.lovdata.no), the issuer rules for companies listed on the Oslo Stock Exchange (published on www.euronext.com) and the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES) (published on www.nues.no). This statement of policy will be an item of business at Orkla's Annual General Meeting on 24 April 2025. The company's auditor has assessed whether the information provided in this statement with regard to section 2-9 of the Accounting Act is consistent with the information provided in the annual financial statements. The auditor's statement can be found on page 286-288.

Orkla's Board of Directors actively adheres to good corporate governance standards and will ensure that Orkla complies with the requirements of section 2-9 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.

Orkla is an industrial investment company with ownership interests in independent portfolio companies. The Board of Directors has established governance principles with clear owner requirements and expectations for Orkla companies, and central corporate processes have been adapted to the governance model.

The statement of policy is structured in the same way as the NUES Code of Practice, covers each point in the Code and describes how Orkla complies with 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.

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 of Directors' report. Strategies, goals and plans have been developed for each portfolio company. Goals, strategies and risk profiles are evaluated 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 must be an integral part of all decision-making processes. The topics considered to be material for Orkla, the company's sustainability goals and Orkla's approach to this work are described in greater detail in the Sustainability Statement.

Orkla seeks to be a good place to work and to have a culture characterised by respect and inclusion. To achieve this, the company works actively to promote diversity, equality and inclusion. Orkla has adopted goals relating to gender balance, equal pay for equal work and increased diversity in Orkla ASA and its businesses. The Sustainability Statement contains further discussion of these goals and how Orkla is working to achieve desired results.

The Nomination Committee must base its recommendation to the General Meeting regarding the election of members to the Board of Directors on the company's expertise and diversity needs; see section 4.3 of the Nomination Committee instructions.

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 2024, Orkla's equity totalled NOK 51.4 billion. A dividend of NOK 6.00 per share was paid out for the 2023 financial year, including NOK 3.00 additional to the company's ordinary dividend.

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. Dividends should be stable and rise gradually, and should normally constitute 50%–70% of earnings per share. The Board of Directors has proposed a dividend of NOK 10 per share for the 2024 financial year, including NOK 6 in addition to the company's ordinary dividend. The dividend will be paid out on 6 May 2025 to shareholders of record of 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 2024, 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 2024, Orkla had bought back 1,440,000 of its own shares under the current authorisation for the purpose of implementing employee incentive programme. Orkla's holding of treasury shares totalled 2,492,984 as at 31 December 2024. In the period from 31 December 2024 to 12 March 2025 the company has bought back an additional 3,560,000 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 in section 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 greater 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 before the end of May each year. 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 each individual candidate for a position on 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 the chair of the General Meeting to vote as the proxy for absent shareholders, but shareholders are also free to choose an alternative 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 2024 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 also cast such direct advance votes in 2025. Both the notice of the General Meeting and the website provide further information on the use of proxies, advance voting and shareholders' right to submit items of business for consideration at the General Meeting.

Documents concerning items of business to be considered at the General Meeting are made available on the company's website. A shareholder may nonetheless ask to be sent documents pertaining to items of business to be considered at the General Meeting, and shareholders are informed of this right in the notice of the General Meeting.

The General Meeting is led by an independent chairperson proposed by the Board of Directors and approved by the General Meeting; this person will normally be the Chair of the Nomination Committee.

While members of the Board of Directors are present at General Meetings, it is not normally the case that the entire Board attends. To date, no items of business at General Meetings have rendered this necessary. The Board Chair, the President and CEO, and representatives from the Orkla Management Team are present to reply to any questions that may be raised.

7. The Nomination Committee
Under the Articles of Association, Orkla has a Nomination Committee whose members are elected by the General Meeting. The instructions for the Nomination Committee have been adopted by the General Meeting and can 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 on the preparation and implementation of elections to the Nomination Committee and the Board of Directors, eligibility criteria, general requirements regarding recommendations, and the number of Committee members and their term of service, as well as detailed procedural rules for the Committee's work. Information on 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 shareholders are served, and meets the requirements of the NUES Code of Practice regarding the Committee's independence of company management and the Board of Directors. No Nomination Committee members 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 32, information is provided about the composition of the Nomination Committee and the number of Orkla ASA shares owned by Committee members as at 31 December 2024.

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 shareholders and to meet the company's need for expertise, capacity and diversity. The Board's composition satisfies the requirements of the NUES Code of Practice as regards Board members' independence of company management, main shareholders and material business relationships.

Two of the Board members are defined as non-independent of the company's main shareholders. All of the shareholder-elected Board members are defined as independent of company management and material business relationships. There are few instances in which Board members are disqualified from considering Board matters. Representatives of executive management do not serve on the 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. However, it is long-standing practice that shareholder-elected Board members only serve for a one-year term, on the grounds that an annual assessment of the Board's overall composition 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. Additional information about Board members can be found on page 33-35.

Under Norwegian law and in accordance with Orkla's current system of corporate democracy, Orkla's employees in Norway have the right to elect up to three members of the Board of Directors of Orkla ASA. The composition of the company's governing bodies is described on page 32.

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 and to ensure that Board decisions are implemented. There are also provisions intended to ensure that company employees and other involved parties are adequately informed of Board decisions, and that the guidelines on 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 can be found on Orkla's website.

The Rules of Procedure further establish that no Board member may participate in the consideration of or any decision on a matter which 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 likely 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 those matters. Such matters must be reported to 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 participate in the consideration of such matters.

To avoid any harm 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. The Rules of Procedure for the Board of Directors therefore contain procedural rules for such transactions. 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 of Directors will ensure that a valuation is obtained from an independent third party.

The Board adopts an annual meeting and activity plan that covers strategic planning, business issues and oversight activities. In 2024, eight meetings were held in accordance with the Board's activity plan. The Board also dealt with one matter in writing. A total of 81 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 President and 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 the other members are Stein Erik Hagen and Terje Utstrand. The SVP HR & Compensation 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 Bengt Rem, and the other members are Christina Fagerberg and Roger Vangen. The SVP Risk, Control & Investigations acts as secretary to the Audit Committee. The composition of the committee meets the requirements of the NUES Code of Practice as regards independence and expertise. The Nomination Committee's recommendation of candidates for election to the Board includes information on which Board members fulfil necessary independence and competence requirements to sit on the Audit Committee. The committee's mandate is set out in the Board's Rules of Procedure and in brief is as follows:

- verify 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 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 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 dialogue with CEOs and board chairs. The risk profiles of all operating companies and Orkla ASA as the group parent are updated annually and are 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 managed 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.

In 2024, the Central Finance staff have been responsible for presenting Orkla's consolidated risk profile to the Orkla Management Team and the Board of Directors, based on risk assessments prepared by the individual group companies and assessments by central specialist functions.

The internal audit function has been dissolved and a new Risk, Control & Investigation function has been established

Orkla's internal audit function was dissolved with effect from 1 November 2024 and replaced with a new Risk, Control & Investigation function. The new function will provide the Board of Directors with information on the status of the company's risk management and internal control systems.

The responsibilities of the new function include:

- develop and implement a risk management and internal control framework for Orkla ASA, and give guidance to majority-stake companies on best practice in the area of risk management and internal control
- carry out and report regularly on risk assessments prepared for Orkla ASA
- maintain Orkla's whistleblowing channel, ensure professional, confidential handling and investigation of matters reported via the channel and, when requested, provide support for the handling of locally reported whistleblowing cases
- monitor the external auditor to ensure compliance with the engagement agreement and worldwide agreement
- monitor the use of external suppliers of internal audit services requested by the Board of Directors
- serve as secretariat for the Board of Directors' Audit Committee
- quality assure and approve CEO-related costs on behalf of the Board Chair

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 which sets out the company's 10 main financial reporting principles. Financial information is reported through Orkla's common reporting system, Tagetik. Every month, all the companies report figures in Tagetik, based on data from their own Enterprise Resource Planning (ERP) systems. Tagetik features a general chart of accounts and integrated control systems in the form of data check accounts and check reports designed to ensure information consistency. 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 received by members of the Board of Directors is disclosed in the chapter on salary and other remuneration paid to senior Orkla ASA executives in 2024. The chapter also confirms that Board remuneration is not linked to Orkla's performance, and that no options have been issued to Board members.

12. Salary and other remuneration paid to 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 can 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-linked programmes, are intended to support the company's business strategy, long-term interests and financial capacity. A ceiling has been set on performance-linked 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 enclosed with the notice of the Annual General Meeting.

13. Information and communication

Orkla aims to ensure that its financial and sustainability reports inspire 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 statements are prepared in accordance with the European Sustainability Reporting Standards (ESRS). 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 the annual and quarterly reports. In 2024, 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 2025 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 the 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 Audit Committee an assessment of risk, internal control and the quality of Orkla's financial and sustainability 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. 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.

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 external auditor by the group, broken down into statutory audit tasks and other services required by law. Moreover, the external 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.

Orkla

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